

NEW YORK MORTGAGE TRUST INC  
Form 10-Q  
August 09, 2006

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2006.**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 001-32216**

**NEW YORK MORTGAGE TRUST, INC.  
(Exact name of registrant as specified in its charter)**

**Maryland  
(State or other jurisdiction of  
incorporation or organization)**

**47-0934168  
(I.R.S. Employer  
Identification No.)**

**1301 Avenue of the Americas, New York, New York 10019  
(Address of principal executive office) (Zip Code)**

**(212) 634-9400  
(Registrant's telephone number, including area code)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filers" and "large accelerated filers" in Rule 12b-2 of the Exchange Act. (check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares of the registrant's common stock, par value \$.01 per share, outstanding on August 1, 2006 was 18,024,840.

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**NEW YORK MORTGAGE TRUST, INC.**

**FORM 10-Q**

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**PART I: FINANCIAL INFORMATION**  
**NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(dollar amounts in thousands)

	<b>June 30, 2006 (unaudited)</b>	<b>December 31, 2005</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,911	\$ 9,056
Restricted cash	1,255	5,468
Investment securities - available for sale	652,674	716,482
Due from loan purchasers	76,139	121,813
Escrow deposits - pending loan closings	1,385	1,434
Accounts and accrued interest receivable	10,514	14,866
Mortgage loans held for sale	84,327	108,271
Mortgage loans held in securitization trusts	690,502	776,610
Mortgage loans held for investment	—	4,060
Prepaid and other assets	24,636	16,505
Derivative assets	10,899	9,846
Property and equipment, net	6,985	6,882
<b>TOTAL ASSETS</b>	<b>\$ 1,566,227</b>	<b>\$ 1,791,293</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Financing arrangements, portfolio investments	\$ 1,039,799	\$ 1,166,499
Financing arrangements, loans held for sale/for investment	157,006	225,186
Collateralized debt obligations	213,486	228,226
Due to loan purchasers	869	1,652
Accounts payable and accrued expenses	19,651	22,794
Subordinated debentures	45,000	45,000
Derivative liabilities	229	394
Other liabilities	383	584
<b>Total liabilities</b>	<b>1,476,423</b>	<b>1,690,335</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 13)</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock, \$0.01 par value, 400,000,000 shares authorized, 18,327,371 shares issued and 18,024,840 outstanding at June 30, 2006 and 18,258,221 shares issued and 17,984,843 outstanding at December 31, 2005	183	183
Additional paid-in capital	102,590	107,573
Accumulated other comprehensive (loss)/income	(2,643)	1,910
Accumulated deficit	(10,326)	(8,708)
<b>Total stockholders' equity</b>	<b>89,804</b>	<b>100,958</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,566,227</b>	<b>\$ 1,791,293</b>

See notes to consolidated financial statements.



**NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(amounts in thousands, except per share data)  
(unaudited)

	For the Six Months Ended		For the Three Months Ended	
	2006	June 30, 2005	2006	June 30, 2005
<b>REVENUE:</b>				
<b>Interest income:</b>				
Investment securities and loans held in securitization trusts	\$ 33,052	\$ 27,081	\$ 15,468	\$ 14,218
Loans held for investment	—	3,605	—	1,944
Loans held for sale	8,275	6,100	3,233	3,507
Total interest income	41,327	36,786	18,701	19,669
<b>Interest expense:</b>				
Investment securities and loans held in securitization trusts	26,438	19,339	12,359	10,719
Loans held for investment	—	2,545	—	1,401
Loans held for sale	5,947	3,843	2,632	1,995
Subordinated debentures	1,779	494	894	416
Total interest expense	34,164	26,221	15,885	14,531
Net interest income	7,163	10,565	2,816	5,138
<b>OTHER INCOME (EXPENSE):</b>				
Gain on sales of mortgage loans	10,051	12,649	5,981	8,328
Brokered loan fees	6,270	4,534	3,493	2,534
(Loss) gain on sale of current period securitized loans	(747)	—	26	—
Gain on sale of securities and related hedges	—	921	—	544
Realized loss on sale of investment securities	(969)	—	—	—
Miscellaneous income (expense)	267	104	148	(10)
Total other income	14,872	18,208	9,648	11,396
<b>EXPENSES:</b>				
Salaries and benefits	12,342	16,572	6,001	9,430
Brokered loan expenses	4,935	4,206	2,767	2,686
Occupancy and equipment	2,615	3,716	1,289	1,582
Marketing and promotion	1,216	2,590	429	1,190
Data processing and communications	1,414	1,190	753	672
Office supplies and expenses	1,038	1,258	433	685
Professional fees	2,531	1,846	1,250	1,102
Travel and entertainment	283	446	101	230
Depreciation and amortization	1,086	767	521	424
Other	772	553	405	177
Total expenses	28,232	33,144	13,949	18,178
<b>(LOSS) BEFORE INCOME TAX</b>				
BENEFIT	(6,197)	(4,371)	(1,485)	(1,644)
Income tax benefit	4,579	4,880	1,663	2,190

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NET (LOSS) INCOME	\$	(1,618)	\$	509	\$	178	\$	546
Basic (loss) income per share	\$	(0.09)	\$	0.03	\$	0.01	\$	0.03
Diluted (loss) income per share	\$	(0.09)	\$	0.03	\$	0.01	\$	0.03
Weighted average shares outstanding-basic		17,950		17,802		17,933		17,807
Weighted average shares outstanding-diluted		17,950		18,123		18,296		18,121

See notes to consolidated financial statements.

**NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
**For the Six Months Ended June 30, 2006**  
(dollar amounts in thousands)  
**(unaudited)**

	Common Stock	Additional Paid-In Capital	Stockholders' Deficit	Accumulated Other Comprehensive (Loss)/ Income	Comprehensive (Loss)/ Income	Total
BALANCE, JANUARY 1, 2006 -- Stockholders' Equity	\$ 183	\$ 107,573	\$ (8,708)	\$ 1,910	\$ —	100,958
Net loss	—	—	(1,618)	—	(1,618)	(1,618)
Dividends declared	—	(5,113)	—	—	—	(5,113)
Repurchase of common stock	(1)	(299)	—	—	—	(300)
Vested restricted stock	1	554	—	—	—	555
Vested performance shares	—	136	—	—	—	136
Forfeited performance shares	—	(258)	—	—	—	(258)
Vested stock options	—	18	—	—	—	18
Forfeited stock options	—	(21)	—	—	—	(21)
Decrease in net unrealized gain on available for sale securities	—	—	—	(5,458)	(5,458)	(5,458)
Increase in net unrealized gain on derivative instruments	—	—	—	905	905	905
Comprehensive loss	—	—	—	—	(6,171)	—
BALANCE, JUNE 30, 2006 -- Stockholders' Equity	\$ 183	\$ 102,590	\$ (10,326)	\$ (2,643)	\$ —	89,804

See notes to consolidated financial statements.



**NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(dollar amounts in thousands)  
(unaudited)

	<b>For the Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2006</b>	<b>2005</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (1,618)	\$ 509
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,086	767
Amortization of premium on investment securities and mortgage loans	1,187	2,762
Loss on sale of current period securitized loans	747	—
Realized loss on sale of investment securities	969	—
Loss on sale of securities and related hedges	—	(921)
Purchase of mortgage loans held for sale	(213,367)	—
Origination of mortgage loans held for sale	(940,456)	(470,114)
Proceeds from sales of mortgage loans	1,176,475	464,429
Restricted stock compensation expense	433	2,074
Stock option grants - compensation expense	(3)	18
Deferred tax benefit	(4,579)	(4,880)
Change in value of derivatives	(313)	(944)
Minority interest expense	(10)	—
(Increase) decrease in operating assets:		
Due from loan purchasers	45,674	(80,898)
Escrow deposits - pending loan closings	49	(29,825)
Accounts and accrued interest receivable	4,352	2,456
Prepaid and other assets	(3,886)	(2,424)
Increase (decrease) in operating liabilities:		
Due to loan purchasers	(783)	492
Accounts payable and accrued expenses	(1,889)	7,916
Other liabilities	(201)	162
Net cash provided by (used in) operating activities	63,867	(108,421)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Restricted cash	4,213	1,366
Purchase of investment securities	(388,398)	(95,860)
Purchase of mortgage loans held in securitization trusts	—	(167,874)
Principal repayments received on mortgage loans held in securitization trusts	90,074	40,081
Proceeds from sale of investment securities	356,896	93,505
Origination of mortgage loans held for investment	—	(303,289)
Principal paydown on investment securities	88,529	197,170
Payments received on loans held for investment	—	6,246
Purchases of property and equipment	(1,049)	(1,603)
Net cash provided by (used in) investing activities	150,265	(230,258)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repurchase of common stock	(300)	—

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Change in financing arrangements, net	(209,620)		318,873
Dividends paid	(6,372)		(8,876)
Issuance of subordinated debentures	—		25,000
Capital contributions from minority interest member	15		—
Net cash (used in) provided by financing activities	(216,277)		334,997
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,145)		(3,682)
CASH AND CASH EQUIVALENTS - Beginning of period	9,056		7,613
CASH AND CASH EQUIVALENTS - End of period	\$ 6,911	\$	3,931
<b>SUPPLEMENTAL DISCLOSURE</b>			
Cash paid for interest			