

# Corporate Policies and Procedures Manual

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***Audit Committee:  
Procedures for the Submission,  
Receipt and Handling of Concerns  
and Complaints Regarding Internal  
Controls, Auditing and Compliance  
Matters***

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NEW YORK MORTGAGE TRUST & SUBSIDIARIES

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**New York Mortgage Trust, Inc. Policies and Procedures Manual**

Section: Audit Committee

Revision Date: October 2, 2006

Subject: Handling of Concerns & Complaints

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CORPORATE GOVERNANCE E-MAIL: GOVERNANCE@NYMTRUST.COM	6
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## Procedures for the Submission, Receipt and Handling of Concerns and Complaints Regarding Internal Controls, Auditing and Compliance Matters

### I. PURPOSE

The following procedures outline the process for the submission, receipt, retention and treatment of concerns and complaints received by New York Mortgage Trust, Inc. (the “Company”) regarding its and its affiliates’ respective compliance, accounting, auditing and internal controls practices and procedures, including the process for the confidential, anonymous submission by directors, officers and employees of the Company and its affiliates of concerns regarding questionable accounting or auditing matters and compliance matters (collectively, “Complaints”).

### II. APPLICABILITY

The following procedures apply to Complaints submitted by directors, officers and employees of the Company and its affiliates as well as Complaints submitted by third parties.

### III. RESPONSIBILITIES

- A. The Audit Committee (the “Committee”) will cause management of the Company to implement these procedures.
- B. The Committee will periodically review and/or revise the processes implemented by the Company to receive, retain and treat Complaints and implement these procedures.
- C. The Corporate Secretary will be responsible for implementing and maintaining the procedures outlined herein and for necessary reporting to the Committee.

### IV. PROCEDURES FOR RECEIVING AND HANDLING COMPLAINTS.

- A. The Company shall also provide methods to submit Complaints, such as providing a toll-free telephone hotline, web-based reporting service, identifying individual contacts within the Company and its affiliates who can receive Complaints and providing a mailing address and an e-mail address to send written Complaints. These sources will be made widely known by the Company. Any telephone hotline, web-based reporting service or other methods may be maintained with a reputable third party vendor to be retained by the Corporate

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- Secretary that specializes in this type of services and who provides such services seven days a week, twenty-four hours a day. Such vendor shall also demonstrate the ability to maintain all reports received in strict confidence and promptly submit reports to the in-house legal counsel. The Audit Chair will receive and evaluate all reports submitted by the vendor.
- B. The Company shall widely disseminate to its and its affiliates' directors, officers, employees, customers and suppliers the reporting methods described in IV.A above and the purpose of such reporting methods.
- C. Upon receipt of a Complaint, which was brought to the attention of the Corporate Secretary by supervisors, managers or other appropriate personnel who initially spoke with an employee who reported illegal and/or unethical behavior, the Corporate Secretary shall promptly conduct an initial screening of the Complaint to assess the nature, legitimacy and significance of the Complaint. In addition, if an employee feels uncomfortable speaking with their supervisor, manager or other appropriate personnel for whatever reason, they may report the matter to members of executive management team which can be located on the company's website at [www.nymtrust.com](http://www.nymtrust.com).
- D. Upon conclusion of the initial screening, the Corporate Secretary shall make a determination whether to (i) report such Complaint to the Chairperson of the Committee pursuant to Sections IV.F or VI.B. below, (ii) proceed with further investigation (iii) close the file. The Corporate Secretary may, as necessary, seek the advice and guidance of the Company's outside legal counsel, independent auditors and other outside experts in making this determination.
- E. If the Corporate Secretary determines to proceed with further investigation, the Corporate Secretary shall develop an appropriate investigation strategy that comports with the circumstances alleged in the Complaint. This strategy should involve consultations with appropriate senior management of the Company and its affiliates not implicated in the Complaint and appropriate consultations with the Company's outside counsel, independent auditors and other outside experts.
- F. If a Complaint implicates the Corporate Secretary, the Corporate Secretary shall so apprise the Chairperson of the Committee. If the Chairperson reasonably concludes that the Corporate Secretary cannot or should not screen or further evaluate the Complaint, the Chairperson will identify the appropriate person or persons to investigate and handle the Complaint.
- G. All reports shall be transcribed and all submissions shall be maintained in a confidential file in the office of the Corporate Secretary. Access to the confidential file shall be restricted to members of the Committee. All submissions shall be maintained in such file for a minimum of seven years following receipt of such submissions.

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**PROTECTIONS FOR INDIVIDUALS SUBMITTING COMPLAINTS.**

- A. The procedures established by the Company for the submission of Complaints shall allow those persons reporting Complaints to do so confidentially and anonymously.
- B. The Company shall take all appropriate steps, and comply with all applicable laws and regulations, to prevent retaliation by the Company or its affiliates against any individual who submits a Complaint where such retaliation is because of the fact that such person has submitted such Complaint.

**VI. REPORTING.**

- A. The Corporate Secretary shall provide to the Committee a quarterly report of all Complaints received by the Company and the status of those Complaints, regardless of disposition.
- B. Where a Complaint alleges or otherwise suggests the existence of (i) material inaccuracies in the Company's or its affiliates' financial reporting, (ii) fraud or other intentional misconduct with respect to the Company's or its affiliates' accounting, auditing and internal controls by management of the Company or its affiliates or those responsible for such functions or (iii) material non-compliance with applicable law, the Corporate Secretary shall report such Complaint to the Chairperson of the Committee promptly after the initial screening thereof. Other Complaints will be reported to the Committee at the next regularly scheduled quarterly meeting of the Committee unless the Corporate Secretary determines that earlier reporting is necessary.
- C. The Corporate Secretary shall update the Committee on the status of pending investigations at each quarterly meeting of the Committee.
- D. The Committee will from time to time report to the Board of Directors the status of pending investigations and a summary of Complaints during the reporting period. The summary may be prepared by the Corporate Secretary. The Corporate Secretary may assist the Committee in making this report to the Board of Directors.

## Appendix A

### Submission of Concerns and Complaints Regarding Internal Controls, Auditing and Compliance Matters

CORPORATE GOVERNANCE E-MAIL: [GOVERNANCE@NYMTRUST.COM](mailto:GOVERNANCE@NYMTRUST.COM)

An email to the corporate governance email address will go to Steven Mumma, Chief Executive Officer for investigation and resolution. The email address that the email originated from will be known.

CORPORATE GOVERNANCE PHONE: 866-265-3859

The corporate governance phone is managed by an independent third party contractor (Nasdaq OMX). A message left on the answering system of the corporate governance hotline will be left anonymously. Your message will be scrambled and digitized such that the voice cannot be recognized. A caller is to utilize Option 1 to anonymously report a matter to the Audit Committee Chair and should only be used for matters that involve executive management or was not, in the caller's opinion, handled adequately by executive management. This message will be sent to the Audit Committee Chair.

For a message left utilizing Option 1, an audio version of the voice modified message and a transcribed version of the voice modified message will automatically be sent to David Bock, Independent Board Member and Chair of the Audit Committee.