Cherry Hill Mortgage Investment Corp
Form DEF 14A
April 25, 2019
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant o

Check the appropriate box:

- oPreliminary Proxy Statement
- o**Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- oDefinitive Additional Materials
- oSoliciting Material Under §240.14a-12

Cherry Hill Mortgage Investment Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- oFee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CHERRY HILL MORTGAGE INVESTMENT CORPORATION
1451 Route 34, Suite 303
Farmingdale, New Jersey 07727

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the 2019 Annual Meeting of Stockholders (the Annual Meeting) of Cherry Hill Mortgage Investment Corporation (the Company) will be held on June 12, 2019, at 8:00 a.m., Eastern Time, at The Westin Mount Laurel, 555 Fellowship Road, Mount Laurel, New Jersey 08054. At the Annual Meeting, the Company s stockholders will be asked to vote on the following matters:

(1) the election to the Board of Directors of the Company of the four nominees named in the attached Proxy Statement to serve until the 2020 Annual Meeting of Stockholders and until their successors are duly elected and qualified;
(2) approval, on a non-binding advisory basis, of the compensation of our named executive officers for the year ended December 31, 2018;
(3) approval, on a non-binding advisory basis, of the preferred frequency of future non-binding advisory votes on the compensation of our named executive officers;
(4) the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and
(5) such other business as may properly be brought before the Annual Meeting and at any adjournments or postponements thereof.

We know of no other matters to come before the Annual Meeting. Only stockholders of record as of the close of business on April 12, 2019 are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement of the meeting.

Whether or not you plan to attend the Annual Meeting, your vote is very important, and we encourage you to vote promptly. If you vote by proxy, but later decide to attend the Annual Meeting in person, or for any other reason desire to revoke your proxy, you may do so at any time before your proxy is voted.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Martin J. Levine

Martin J. Levine,
Secretary

Farmingdale, New Jersey
April 26, 2019

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 12, 2019

The notice of meeting, proxy statement and annual report are available at www.edocumentview.com/CHMI.

CHERRY HILL MORTGAGE INVESTMENT CORPORATION
1451 Route 34, Suite 303
Farmingdale, New Jersey 07727
(877) 870-7005

PROXY STATEMENT
2019 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

Proxy Solicitation

The Board of Directors (the Board) of Cherry Hill Mortgage Investment Corporation, a Maryland corporation (we, our, us or our company), has made these materials available to you in connection with its solicitation of proxies for its Annual Meeting of Stockholders to be held on June 12, 2019, at 8:00 a.m., Eastern Time, at The Westin Mount Laurel, 555 Fellowship Road, Mount Laurel, New Jersey 08054, and at any adjournments or postponements thereof (the Annual Meeting). These materials were mailed to our stockholders on or about April 26, 2019.

All stockholders will have the ability to access our proxy materials at www.edocumentview.com/CHMI.

In addition to solicitation by mail, certain of our directors and officers may solicit proxies by telephone, personal contact or other means of communication. They will not receive any additional compensation for these activities. In addition, brokers, banks and other persons holding common stock on behalf of beneficial owners will be requested to solicit proxies or authorizations from beneficial owners. We will bear all costs incurred in connection with the preparation, assembly and mailing of our proxy materials and the solicitation of proxies and will reimburse brokers, banks and other nominees, fiduciaries and custodians for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of our common stock. Although no proxy solicitor has been engaged at this time, we may determine it is necessary to employ an outside firm to assist in the solicitation process. If so, we will pay the proxy solicitor reasonable and customary fees.

No person is authorized to give any information or to make any representation not contained in this Proxy Statement and, if given or made, you should not rely on that information or representation as having been authorized by us. The delivery of this Proxy Statement does not imply that the information herein has remained unchanged since the date of this Proxy Statement.

Cherry Hill Contact Information

The mailing address of our principal executive office is 1451 Route 34, Suite 303, Farmingdale, New Jersey 07727, and our main telephone number is (877) 870-7005. We maintain an Internet website at www.chmireit.com. Information at or connected to our website is not and should not be considered part of this Proxy Statement.

FREQUENTLY ASKED QUESTIONS ABOUT THE ANNUAL MEETING

On what am I voting?

You are being asked to vote on the following proposals:

- the election of the director nominees named in this Proxy Statement (Proposal No. 1);
- approval, on a non-binding advisory basis, of the compensation paid to our named executive officers for the year ended December 31, 2018 (the Say-on-Pay Proposal) (Proposal No. 2);
- approval, on a non-binding advisory basis, of the preferred frequency of future non-binding advisory votes on the compensation of our named executive officers (Proposal No. 3); and
- the ratification of the appointment of Ernst & Young LLP (E&Y) as our independent registered public accounting firm for the fiscal year ending December 31, 2019 (Proposal No. 4).

Who can vote?

Holders of our common stock as of the close of business on the record date, April 12, 2019, are entitled to vote, either in person or by proxy, at the Annual Meeting. Each share of our common stock has one vote.

How do I vote?

By Proxy—Before the Annual Meeting, you can give a proxy to vote your shares in one of the following ways:

- using the telephone or Internet voting procedures described on the accompanying proxy card; or
- by completing and signing your proxy card and mailing it in time to be received prior to the Annual Meeting.

In Person—You may come to the Annual Meeting and cast your vote there. If your shares are held in street name (for example, if your shares are held in the name of a broker, bank or other nominee (each, a nominee)) and you wish to attend the Annual Meeting and vote in person, you must (a) bring to the Annual Meeting an account statement or letter from your nominee indicating that you were the beneficial owner of the shares on April 12, 2019, and (b) obtain a legal proxy from your nominee giving you the right to vote the shares your nominee holds on your behalf.

The telephone and Internet voting procedures are designed to confirm your identity, to allow you to give your voting instructions and to verify that your instructions have been properly recorded. If you wish to vote by telephone or Internet, please follow the instructions that are included on the accompanying proxy card. If you mail us your properly completed and signed proxy card, or vote by telephone or Internet, your shares will be voted according to the choices that you specify.

If you sign and mail your proxy card without marking any choices, your proxy will be voted:

- **FOR** the election of all director nominees named in this Proxy Statement;
- **FOR** the approval, on a non-binding advisory basis, of the compensation paid to our named executive officers for the year ended December 31, 2018;
- **FOR** the approval, on a non-binding advisory basis, of holding future non-binding advisory votes on the compensation of our named executive officers every three years; and
- **FOR** the ratification of the appointment of E&Y as our registered independent public accounting firm for the fiscal year ending December 31, 2019;

We do not expect any other matters to be brought before the Annual Meeting. However, by giving your proxy, you appoint the persons named as proxies as your representatives at the Annual Meeting. If any matter requiring a stockholder vote should arise at the Annual Meeting and that matter is not described in our proxy material, the proxy holders will vote your shares in accordance with their best judgment.

May I change or revoke my vote?

Yes. You may change your vote or revoke your proxy at any time prior to the Annual Meeting by:

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- notifying our Secretary in writing at 1451 Route 34, Suite 303, Farmingdale, New Jersey 07727, that you are revoking your proxy;
- providing another signed proxy that is dated after the proxy you wish to revoke; or
- attending the Annual Meeting and voting in person.

Will my shares be voted if I do not provide my proxy?

It depends on whether you hold your shares in your own name or in street name by a nominee. If you hold your shares directly in your own name, they will not be voted unless you provide a proxy or vote in person at the Annual Meeting.

Brokerage firms generally have the authority to vote customers un-voted shares on certain routine matters. If your shares are held in street name by a brokerage firm, the brokerage firm can vote your shares for the ratification of the appointment of E&Y as our registered independent public accounting firm for the fiscal year ending December 31, 2019 (Proposal No. 4) if you do not timely provide your voting instructions, because this matter is considered routine under the applicable rules. The other items (Proposals Nos. 1, 2 and 3) are not considered routine, and the brokerage firm cannot vote your shares without your specific voting instruction.

What constitutes a quorum?

As of the record date, a total of 16,658,170 shares of our common stock were issued and outstanding and entitled to vote at the Annual Meeting. In order to conduct the Annual Meeting, a majority of the shares entitled to vote must be present in person or by proxy. This is referred to as a quorum. If you submit a properly executed proxy card or vote by telephone or on the Internet, you will be considered part of the quorum. Abstentions and broker non-votes will be counted as present and entitled to vote for purposes of determining a quorum. If a quorum is not present, the Annual Meeting may be adjourned or postponed from time to time until a quorum is obtained, to a date not more than 120 days after the original record date without notice other than announcement at the Annual Meeting. A broker non-vote occurs when a nominee who holds shares in street name has not received voting instructions from the beneficial owner of the shares and either chooses not to vote those shares on a routine matter or is not permitted to vote those shares on a non-routine matter.

What vote is needed to approve the matters submitted?

Election of Directors (Proposal No. 1). Directors are elected by a plurality of the votes cast at the Annual Meeting. Plurality means that the nominees receiving the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the Annual Meeting. For purposes of this vote, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote for this proposal.

Say-on-Pay (Proposal No. 2). The affirmative vote of a majority of the votes cast at the Annual Meeting is required to approve the Say-on-Pay Proposal. For purposes of this vote, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote for this proposal.

Frequency of Future Say-on-Pay Proposals (Proposal No. 3). The affirmative vote of a majority of the votes cast at the Annual Meeting for the option of every three years, every two years or every year will be the frequency for future non-binding advisory votes on the compensation of our named executive officers. For purposes of this vote, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote for this proposal. In the event that no option receives a majority of the votes cast, we will consider the option that receives the most votes by stockholders at the Annual Meeting to be the option selected by our stockholders.

Ratification of Appointment of E&Y (Proposal No. 4). The affirmative vote of a majority of the votes cast at the Annual Meeting is required to approve this proposal. For purposes of this vote, abstentions will not be counted as votes cast and will have no effect on the result of the vote for this proposal. Because this matter is considered routine under applicable rules, we do not expect there to be any broker non-votes on this proposal.

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PROPOSAL NO. 1:
ELECTION OF DIRECTORS

Our Board has fixed the number of directors at four. The four persons named below (each, a director nominee) currently serve on our Board and have been recommended by our Nominating and Corporate Governance Committee and nominated by our Board to serve on our Board until our 2020 Annual Meeting of Stockholders and until their respective successors are elected and qualified.

Our Board has no reason to believe that any of the director nominees will be unable, or will decline, to serve if elected. If any director nominee is unable to stand for election, the persons appointed to vote your proxy may vote at the Annual Meeting for another candidate proposed by our Board, or our Board may choose to reduce the size of our Board, provided that we continue to have a majority of independent directors following any such reduction. In addition, our Board has determined that all of the director nominees, other than Mr. Lown, are independent under applicable rules of the U. S. Securities and Exchange Commission (the SEC) and the New York Stock Exchange (the NYSE).

The following table sets forth the name, position with our company prior to the Annual Meeting and age at the Annual Meeting of each director nominee:

Name	Position	Age
Jeffrey B. Lown II	President and Chief Executive Officer	55
Robert C. Mercer, Jr.	Independent Director	71
Joseph P. Murin	Independent Director	69
Regina M. Lowrie	Independent Director	65

We believe that all of the director nominees are intelligent, experienced and proactive with respect to management and risk oversight, and that they exercise good judgment. The biographical descriptions below set forth certain information with respect to each director nominee, including the experience, qualifications, attributes or skills of each director nominee that led us to conclude that such person should serve as a director.

Jeffrey B. Lown II has served as our President and as a director since the completion of our initial public offering in October 2013 and as our Chief Executive Officer since March 2017. Mr. Lown also served as our Chief Investment Officer through March 2016, at which time Julian Evans was appointed as Chief Investment Officer. Mr. Lown has over 20 years of combined experience in the financial services industry and the residential mortgage markets. Mr. Lown joined Freedom Mortgage Corporation (Freedom Mortgage) in April 2012 and served as Executive Vice President in charge of strategic funding projects and capital markets until July 2016, at which time he began to focus his full-time efforts on us and the management of our business. Prior to joining Freedom Mortgage, Mr. Lown served as a Portfolio Manager at Avenue Capital Group from April 2011 to January 2012. Prior to co-founding and serving as a principal of Green Lake Investment Partners, LLC in the fall of 2010, Mr. Lown spent 11 months at New Oak Capital LLC as head of the residential mortgage loan business and as a member of the bank advisory group. Prior to joining New Oak Capital, Mr. Lown was a fellow at the Office of Thrift Supervision (the OTS), from March 2008 through September 2009. At the OTS, he served as an advisor to the Senior Deputy Director s office and focused on residential mortgage loan origination and residential asset valuation and RMBS. Noteworthy assignments included participating in the creation of the Obama administration s Making Home Affordable modification program, the review of TARP Capital Purchase Program applications for OTS thrifts and working with the Acting Deputy Director of Examinations, Supervision, and Consumer Protection and regional staff on troubled institutions.

Before OTS, from April 2002 to March 2008, Mr. Lown worked at UBS Securities LLC in mortgage trading. While at UBS Securities, Mr. Lown managed an internal mortgage origination platform specializing in Alt-A mortgage loans, overseeing all units within the organization, including sales, capital markets and operations. Mr. Lown began his career at Salomon Brothers (now Citigroup) in 1991, where he spent 11 years working for the mortgage trading desk.

The last six years at Citigroup were in the Mortgage Finance Group where Mr. Lown held several positions both in investment banking and mortgage finance roles. While serving in these positions, he developed strong credit, contract finance and securitization skills.

As a consequence of Mr. Lown s more than 20 years experience in the residential mortgage markets, our Board, upon the recommendation of our Nominating and Corporate Governance Committee, believes that he is well qualified to provide valuable advice in many important areas and he should serve as a director.

Robert C. Mercer, Jr. has served as a director, chairman of our Audit Committee and member of our Compensation Committee and Nominating and Corporate Governance Committee since March 15, 2017 when he was appointed to fill a vacancy on our Board and is independent in accordance with applicable NYSE and SEC rules. Mr. Mercer has over 40 years of management and executive experience in generating and servicing consumer loans and mortgages. From July 2009 to March 2017, Mr. Mercer served as a Senior Examiner/Subject Matter Expert – Credit Risk, Operations and Counterparty Management at the Federal Housing Finance Agency (FHFA) in Washington, D.C. At FHFA Mr. Mercer monitored Freddie Mac s seller/servicer and mortgage insurance counterparty risk analysis focusing on concentration of risk, regulatory risk and servicing transfer approvals. He also monitored Freddie Mac s credit loss forecasting and loan loss reserve adequacy for its single family and multifamily loan portfolios.

Prior to his work at FHFA, Mr. Mercer s experience includes managing problem portfolio workouts, managing due diligence processes involving mergers and acquisitions, purchasing mortgage portfolios and developing or enhancing profit and risk models to improve portfolio predictability and profitability. In addition to his operational experience, he also has an extensive credit risk background, having been Chief Credit Officer of Citicorp National Services. Mr. Mercer has been involved in all aspects of credit risk management, including the development of proprietary score cards.

As President of American Equity Mortgage, Inc. in St. Louis, Missouri, Mr. Mercer was responsible for expanding the retail branch network and improving operational efficiencies. Mr. Mercer has held senior executive and management positions in consumer lending at a series of financial institutions that ultimately became part of National City Bank, including Equibank, Integra Bank and Altegra Credit Company. Prior to that Mr. Mercer held positions at Citicorp and Valley National Bank in Phoenix, Arizona after beginning his career with a thirteen-year stint at Ford Motor Credit Company.

Mr. Mercer brings to our Board over 40 years of experience in the consumer lending and mortgage industry sectors. Due to the depth and extent of his financial and credit risk management experience, our Board, upon the recommendation of our Nominating and Corporate Governance Committee, believes that he should serve as a director.

Joseph Murin has served as a director, chairman of our Nominating and Corporate Governance Committee and member of our Audit Committee and Compensation Committee since the completion of our initial public offering in October 2013 and is independent in accordance with applicable NYSE and SEC rules. Since September 2009, Mr. Murin has served as the Chairman of The Collingwood Group LLC, a Washington, D.C.-based strategic investment and advisory firm serving the financial services industry that he co-founded in 2009. Since September 2012, Mr. Murin has served as President of New Day Financial LLC, a mortgage lender that provides homeowners with FHA, VA and reverse mortgage loans, and as Chairman of the Board of Directors of Chrysalis Holdings, LLC, a private investment firm focused on building and growing successful businesses that provide home financing, data analytics and technology solutions in the mortgage banking and financial services industries. From October 2001 to October 2007, Mr. Murin served, and since December 2009, he has served, as a director of the Point Park University. From July 2011 to August 2012, Mr. Murin served as the Chief Executive Officer of National Real Estate Information Services, a portfolio company owned by funds managed by affiliates of Fortress Investment Group, LLC.

President George W. Bush nominated Mr. Murin in October 2007 to serve as President of Ginnie Mae, a position which he held from July 2008 to August 2009. He also served as a consultant to the White House until he was confirmed by the U.S. Senate from January 2008 until May 2008. Prior to his nomination to serve as President of Ginnie Mae, Mr. Murin was with HUD for two years, to which he brought more than 40 years of diverse experience in the financial services, mortgage and banking industries. This experience includes having served as the Chief Executive Officer of a number of financial organizations such as Century Mortgage Co. from September 1986 to January 1989, Lender s Service Inc. from May 1991 to December 2001, and Mortgage Settlement Network Innovations from September 2004 to August 2007. Mr. Murin served as a director for iGATE Corporation (NASDAQ: IGTE) from August 2009 to April 2013. Mr. Murin holds a bachelor s degree in business from National Louis University.

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As a consequence of Mr. Murin s more than 40 years experience in the financial services, mortgage and banking industries, including his service as President of Ginnie Mae, our Board, upon the recommendation of our Nominating and Corporate Governance Committee, believes that he is well qualified to provide valuable advice to our Board in many important areas and that he should serve as a director.

Regina Lowrie has served as a director, chairman of our Compensation Committee and member of our Audit Committee and Nominating and Corporate Governance Committee since the 2015 Annual Meeting. With more than 30 years of experience in the financial services industry, Ms. Lowrie s background includes senior management positions in sales, operations, acquisitions and investments, enterprise risk management, regulatory oversight, policies and procedures. She is a Certified Mortgage Banker (CMB) and holds the distinction of being the first woman Chairman of the National Mortgage Bankers Association in the organization s 94-year history. Ms. Lowrie also was the first woman to lead the local chapter of the Philadelphia Mortgage Bankers Association.

Ms. Lowrie is the founder, President and Chief Executive Officer of RML Advisors, headquartered in Blue Bell, Pennsylvania. RML Advisors charter is to serve the financial services industry as an advisor and consultant providing a broad range of services to assist clients in developing a blueprint for success in a volatile market with numerous regulatory challenges. RML Advisors also specializes in helping mortgage banking clients analyze various enterprise risks including compliance risks associated with service providers. From 2007 to 2013. Ms. Lowrie was the President of Vision Mortgage Capital, a division of Continental Bank, and Senior Vice President of Continental Bank. She was responsible for creating, developing, directing and managing all aspects of the mortgage division, including strategic planning, enterprise risk management, quality control, compliance, secondary marketing and sales operations and budgeting process.

From 1994 to 2006, Ms. Lowrie was the President and Chief Executive Officer of Gateway Funding Diversified Mortgage Services, located in Horsham, Pennsylvania. At the time Gateway Funding was sold in 2006, Gateway Funding had grown to 800 employees with 57 branch offices and had a loan production of $3.5 billion with revenues of over $100 million. Prior to 1994, Ms. Lowrie held executive and senior management positions at Commonwealth Federal Savings and Loan and subsequently Comnet Mortgage Services.

Based on Ms. Lowrie s more than 30 years of experience in all aspects of the residential mortgage business, our Board, upon the recommendation of our Nominating and Corporate Governance Committee, believes that she should serve as a director.

Our Board recommends that you vote FOR the election of each director nominee named above.

CORPORATE GOVERNANCE

Our Board of Directors

Our business is managed by Cherry Hill Mortgage Management, LLC (the Manager), subject to the oversight and direction of our Board. Our Manager is an SEC-registered investment adviser and is responsible for administering our business activities and day-to-day operations. The directors are informed about our business at meetings of our Board and its committees and through supplemental reports and communications.

There were four meetings of our Board in 2018. Each director attended all of the meetings of our Board. Each independent director also attended all committee meetings for the committees on which the director served in 2018. Although our company does not have a policy regarding board members attendance at the Annual Meeting, all of our directors attended the 2018 Annual Meeting. In accordance with NYSE requirements and our Corporate Governance Guidelines, the independent directors of our Board regularly meet in executive session without management present. Generally, these executive sessions follow a meeting of our Board or of our Audit Committee. In 2018, the independent directors of our Board met in executive session seven times without management present.

Our Board has established three standing committees that are comprised solely of independent directors, the principal functions of which are briefly described below. Matters put to a vote at any one of our three committees must be approved by a majority of the directors on the committee who are present at a meeting at which there is a quorum or by unanimous written consent of the directors on that committee.

Lead Independent Director

Mr. Murin, the chairman of the Nominating and Corporate Governance Committee, serves as the lead independent director. The lead independent director generally is the point of contact for persons desiring to communicate directly with the independent directors. All interested parties may do so by using the IR Contact tab under the Investor Relations section on our website, which is www.chmireit.com, and leaving a message.

Director Independence

Our Board, has determined, after taking into account all facts and circumstances, that there are no material transactions, relationships or arrangements between us and Mr. Mercer, Mr. Murin or Ms. Lowrie requiring disclosure under applicable SEC rules and regulations or otherwise and each of them is independent in accordance with applicable NYSE rules.

Corporate Governance Guidelines

Our Board has adopted Corporate Governance Guidelines, which provide the framework for our governance and represent our Board s current views with respect to selected corporate governance issues considered to be of significance to our stockholders. A current copy of the Corporate Governance Guidelines can be found under Investor Relations—Corporate Governance on our website at www.chmireit.com.

Code of Business Conduct and Ethics

Our Board has established a Code of Business Conduct and Ethics that applies to our officers, directors and employees when such individuals are acting for or on our behalf. A current copy of the Code of Business Conduct and Ethics can be found under Investor Relations—Corporate Governance on our website at www.chmireit.com. Any waiver of the Code of Business Conduct and Ethics may be made only by the Nominating and Corporate Governance Committee and will be promptly disclosed to stockholders in accordance with applicable SEC and NYSE rules.

Availability of Corporate Governance Materials

Stockholders may view our corporate governance materials, including the charters of our Audit Committee, our Compensation Committee, our Nominating and Corporate Governance Committee, our Corporate Governance Guidelines and our Code of Business Conduct and Ethics, on our website at www.chmireit.com under the section

Investor Relations — Corporate Governance, and these documents are available in print to any stockholder upon request by writing to 1451 Route 34, Suite 303, Farmingdale, New Jersey 07727, Attention: Secretary. Information at or connected to our website is not and should not be considered a part of this Proxy Statement.

Committees of our Board

Our Board has established three standing committees:

- the Audit Committee;
- the Compensation Committee; and
- the Nominating and Corporate Governance Committee.

The members of these standing committees are appointed by and serve at the discretion of our Board.

Audit Committee

The current members of our Audit Committee are Mr. Mercer (Chairman), Mr. Murin and Ms. Lowrie. Each of these members has been determined to be independent within the meaning of the applicable standards of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act). In addition, each of these members meets the financial literacy requirements for audit committee membership under the NYSE s rules and the rules and regulations of the SEC. Our Board has determined that each of Mr. Mercer and Mr. Murin is an audit committee financial expert as such term is defined in Item 407(d)(5)(ii) of Regulation S-K. No member of our Audit Committee serves on the audit committee of more than three public companies.

Our Audit Committee held seven meetings in 2018. The primary purpose of our Audit Committee is to assist our Board in fulfilling its oversight responsibility relating to: (i) the integrity of our financial statements and financial reporting process, our systems of internal accounting and financial controls and other financial information we provide; (ii) the performance of the internal audit services function; (iii) the annual independent audit of our financial statements, the engagement of the independent auditors and the evaluation of the independent auditors qualifications, independence and performance; (iv) our compliance with legal and regulatory requirements, including our disclosure controls and procedures; and (v) the evaluation of risk assessment and risk management policies.

Compensation Committee

The members of our Compensation Committee are Ms. Lowrie (Chairman), Mr. Mercer and Mr. Murin. Our Board has determined that each member of our Compensation Committee is independent within the meaning of the applicable standards of the NYSE. Each member of our Compensation Committee qualifies as a non-employee director for purposes of Rule 16b-3 under the Exchange Act.

Our Compensation Committee held four meetings in 2018. The primary purpose of our Compensation Committee is to assist our Board in discharging its responsibilities relating to the management agreement with our Manager and the compensation of our Manager, directors and executive officers and administration of our compensation plans, policies and programs, including but not limited to our 2013 Equity Incentive Plan (our 2013 Plan). Our Compensation Committee has overall responsibility for evaluating and recommending changes to the compensation plans, our policies and programs and approving and recommending to our Board for its approval awards under, and amendments to, our 2013 Plan. Our Compensation Committee may form and delegate authority to subcommittees comprised solely of independent directors or its chair when appropriate.

Nominating and Corporate Governance Committee

The members of our Nominating and Corporate Governance Committee are Mr. Murin (Chairman), Mr. Mercer and Ms. Lowrie. By virtue of his position of chairman, Mr. Murin also serves as the lead independent director. Our Board

has determined that each member of our Nominating and Corporate Governance Committee is independent within the meaning of the applicable standards of the NYSE.

Our Nominating and Corporate Governance Committee held four meetings in 2018. The primary purpose of our Nominating and Corporate Governance Committee is to assist our Board by: (i) identifying individuals

qualified to become members of our Board, consistent with any guidelines and criteria approved by our Board; (ii) considering and recommending director nominees for our Board to select in connection with each annual meeting of stockholders; (iii) considering and recommending nominees for election to fill any vacancies on our Board and to address related matters; (iv) developing and recommending to our Board corporate governance guidelines applicable to us; (v) overseeing an annual evaluation of our Board s and management s performance; and (vi) providing counsel to our Board with respect to the organization, function and composition of our Board and its committees. Our Nominating and Corporate Governance Committee is also in charge of reviewing and, where appropriate, approving transactions between us and Freedom Mortgage.

Board Leadership Structure

Our Board has not established a fixed policy regarding the separation of the roles of Chief Executive Officer and Chairman of our Board. As of the date of this Proxy Statement, our Board has not named a director to act as Chairman of the Board.

Risk Management Oversight

Management has implemented various risk management procedures regarding portfolio management, counterparty exposure and financial position that involve close consultation with individuals responsible for those areas. Our Board is responsible for overseeing enterprise-wide risks. Our Board uses its standing committees to monitor and address areas of risk within the scope of each committee s expertise and as required by the charter of each committee. For example, our Audit Committee oversees the financial statements, accounting and auditing functions. Our Board also receives updates directly from management. In this regard, Mr. Lown, due to his service as a director of our company and as our Chief Executive Officer and President, plays a particularly important role by communicating with our independent directors and keeping them updated on the important aspects of our operations.

Criteria and Procedures for Selection of Director Nominees

Although our Board retains ultimate responsibility for nominating individuals for election as directors, our Nominating and Corporate Governance Committee conducts the initial screening and evaluation process. As provided in our Corporate Governance Guidelines, director nominees, including those directors eligible to stand for re-election, are selected based on, among other things, the following factors:

- requirements of applicable laws and NYSE listing standards, including independence;
- the absence of material relationships with us;
- strength of character;
- diversity;
- age;
- skills; and
- experience.

In conducting the screening and evaluation of potential director nominees, the Nominating and Corporate Governance Committee considers candidates recommended by directors and our management, as well as recommendations from our stockholders. Subject to the discretion of the Nominating and Corporate Governance Committee, we anticipate that any director candidates submitted to us by our stockholders will be evaluated by our Nominating and Corporate Governance Committee on the same basis as any other director.

Our Nominating and Corporate Governance Committee evaluates each individual in the context of our Board as a whole, with the objective of recommending a group of directors that can best contribute to the success of the business and represent stockholder interests through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a director for re-election, the Committee also considers the director s past attendance at meetings and participation in and contributions to the activities of our Board.

We do not have a formal policy about diversity of Board membership, but our Nominating and Corporate Governance Committee will consider a broad range of factors when nominating individuals for election as

directors, including differences of viewpoint, professional experience, education, skill, other personal qualities and attributes, race, gender and national origin. The Nominating and Corporate Governance Committee neither includes nor excludes any candidate from consideration solely based on the candidate s diversity traits.

Our Nominating and Corporate Governance Committee will consider appropriate nominees for directors whose names are submitted in writing by a stockholder. See Other Information—Stockholder Proposals and Director Nominations for the 2020 Annual Meeting of Stockholders.

Communication with Our Board

Stockholders and other interested parties who wish to communicate with our lead independent director or our Board may do so by writing to the Secretary of Cherry Hill Mortgage Investment Corporation, 1451 Route 34, Suite 303, Farmingdale, New Jersey 07727. The independent, non-employee directors have directed our Secretary to act as their agent in processing any written communications received. All communications that relate to matters within the scope of the responsibilities of our Board and its standing committees will be forwarded to the lead independent director. Communications that relate to matters that are within the scope of the responsibilities of one of our Board s standing committees also will be forwarded to the chair of the appropriate committee. Communications that relate to ordinary business matters that are not within the scope of the responsibilities of our Board will be sent to the appropriate member of management.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee are or have been an employee or officer of our company, our Manager or Freedom Mortgage. None of our executive officers currently serves, or during the past fiscal year has served, as a member of the board of directors or compensation committee of another entity that has one or more executive officers serving on our Board or Compensation Committee, and none of such members has any relationship requiring disclosure by our company under Item 404 of Regulation S-K under the Exchange Act.

DIRECTOR COMPENSATION

For 2018, each independent director was paid an annual cash retainer of $45,000, paid quarterly in arrears. The chairperson of our Audit Committee was paid an additional cash retainer of $10,000 and the chairperson of each of our Compensation Committee and the Nominating and Corporate Governance Committee was paid an additional cash retainer of $5,000. Each member of our Audit Committee, other than the chairperson, was paid an additional cash retainer of $2,500. The lead independent director was paid an additional cash retainer of $10,000. Mr. Lown, our President and Chief Executive Officer, did not receive any cash or equity compensation for his service as a director.

On June 13, 2018, pursuant to our 2013 Plan, we granted each of our independent directors 2,752 restricted shares of common stock, which will become non-forfeitable on June 13, 2019.

No equity-based compensation was awarded to, earned by or paid to any of our directors in 2018 other than the restricted share awards described above and, with respect to Mr. Lown in his capacity as an executive officer, as described below under Executive Compensation.

We reimburse our independent directors for reasonable out-of-pocket expenses incurred in connection with the performance of their duties as directors, including, without limitation, travel expenses in connection with their attendance at in-person board and committee meetings.

We have entered into indemnification agreements with each of our current directors and intend to enter into indemnification agreements with each of our future directors. The indemnification agreements provide these directors the maximum indemnification permitted under Maryland law. The agreements provide, among other things, for the advancement of expenses and indemnification for liabilities which such person may incur by reason of his or her status as a present or former director of our company in any action or proceeding arising out of the performance of such person s services as a present or former director of our company.

The table below describes the compensation earned by our directors other than Mr. Lown for 2018. Mr. Lown s compensation is described below under Executive Compensation.

Name	Fees Earned or Paid in Cash	Stock Awards[(1)]	Total Compensation
Regina M. Lowrie	$ 52,500	$ 50,004	$ 102,504
Robert C. Mercer, Jr.	$ 55,000	$ 50,004	$ 105,004
Joseph P. Murin	$ 62,500	$ 50,004	$ 112,504

(1) Represents the aggregate grant date fair value of 2,752 restricted shares of common stock awarded to each of our three independent directors on June 13, 2018, pursuant to our 2013 Plan, calculated in accordance with FASB ASC Topic 718, disregarding estimated forfeitures.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transactions

Subservicing Agreement with Freedom Mortgage

Freedom Mortgage, which is owned and controlled by Mr. Middleman, directly serviced approximately half of our company s portfolio of mortgage servicing rights in 2018 pursuant to a subservicing agreement entered into on June 10, 2015. Freedom Mortgage has given notice of termination of the subservicing agreement without cause which termination will be effective in the second or third quarter of 2019, and the subservicing of the affected mortgage loans is in the process of being transferred to one of our company s other subservicers. In 2018, our company paid $4.8 million in customary fees to Freedom Mortgage for specified services under the subservicing agreement.

Joint Marketing Recapture Agreement

In June 2016, our mortgage servicing subsidiary, Aurora Financial Group, Inc (Aurora), entered into a joint marketing recapture agreement with Freedom Mortgage. Pursuant to this agreement, Freedom Mortgage refinanced certain mortgage loans sub-serviced by Freedom Mortgage and underlying Aurora s portfolio of mortgage servicing rights (MSRs), as directed by Aurora. This agreement will terminate upon the termination of the subservicing agreement with Freedom Mortgage. During the year ended December 31, 2018, MSRs on 98 loans with an aggregate unpaid principal balance of approximately $21.5 million had been received from Freedom Mortgage which generated approximately $32,000 in fees due to Freedom Mortgage.

Management Agreement

We are a party to a management agreement with our Manager pursuant to which our Manager provides for the day-to-day management of our operations. The management agreement requires our Manager to manage our business and affairs in conformity with the policies and investment guidelines approved and monitored by our Board. The management agreement has an initial term that expires on October 22, 2020 and will be automatically renewed for one-year terms thereafter unless terminated by either us or our Manager. Under certain circumstances, our Manager is entitled to receive a termination fee from us in an amount equal to three times the average annual management fee amount earned by our Manager during the two four-quarter periods ending as of the end of the most recently completed fiscal quarter prior to the effective date of termination or, in the case of non-renewal, the expiration of the term.

Our Manager, through its services agreement with Freedom Mortgage, provides us with our officers and appropriate support personnel in order to deliver the management services called for under the management agreement. We reimburse our Manager for the allocable share of the salary and benefits paid to our Chief Financial Officer (who also serves as our Treasurer and Secretary), our controller and our general counsel, based on agreed upon percentages originally based on the working time and effort spent on matters related to our company. The amount of the salary and benefits reimbursed with respect to these officers is subject to the approval of our Compensation Committee of our Board. Our Compensation Committee does not determine the amount of cash compensation paid to any of our officers.

Under the management agreement, we pay our Manager an annual management fee. The management fee is payable quarterly in arrears in cash in the amount equal to 1.50% per annum of our stockholders equity, with stockholders equity being calculated, as of the end of any fiscal quarter, as (a) the sum of (1) the net proceeds from any issuances of our common stock or other equity securities issued by us or our operating partnership (without double counting) since our inception, plus (2) our and our operating partnership s (without double counting) retained earnings calculated in accordance with U.S. generally accepted accounting principles (GAAP), at the end of the most recently completed fiscal quarter (without taking into account any non-cash equity compensation expense incurred in current or prior

periods), less (b) any amount that we or our operating partnership have paid to repurchase shares of our common stock or other equity securities issued by us or our operating partnership since inception. For purposes of the management agreement, stockholders equity excludes (1) any unrealized gains, losses or other non-cash items that have impacted stockholders equity as reported in our financial statements prepared in accordance with GAAP, regardless of whether such items are included in other comprehensive income or loss, or in net income, and (2) one-time events pursuant to changes in GAAP, and certain non-cash items not otherwise described above in each case, after discussions between our Manager and our independent directors and approval by a majority of our independent directors.

For the fiscal year ended December 31, 2018, we incurred approximately $5.1 million in management fees payable to our Manager pursuant to the management agreement. In addition, we reimbursed our Manager for approximately $858,000 of allocable expenses reimbursable by us under the management agreement, including the allocable portion of the salary and other benefits paid to our Chief Financial Officer, our controller and our general counsel.

Our Manager is not entitled to receive any incentive fee under the management agreement, and no such incentive fee was paid to our Manager for the fiscal year ended December 31, 2018.

Our Manager s sole member is the CHMM Blind Trust, a grantor trust established for the benefit of, but not controlled by, Mr. Middleman. Mr. Middleman is also the founder and sole stockholder of Freedom Mortgage. Accordingly, all management fee compensation paid by us to our Manager accrues to the benefit of Mr. Middleman.

Our Manager is a party to a services agreement with Freedom Mortgage, pursuant to which Freedom Mortgage provides to our Manager the personnel, services and resources as needed by our Manager to enable our Manager to carry out its obligations and responsibilities under the management agreement. We are a named third-party beneficiary to the services agreement and, as a result, have, as a non-exclusive remedy, a direct right of action against Freedom Mortgage in the event of any breach by our Manager of any of its duties, obligations or agreements under the management agreement that arise out of or result from any breach by Freedom Mortgage of its obligations under the services agreement. The services agreement had an initial term that expired in October 2014, and it is subject to renewal for successive annual periods by our Manager and Freedom Mortgage. In addition, the services agreement will terminate upon the termination of the management agreement. Pursuant to the services agreement, our Manager makes certain payments to Freedom Mortgage in connection with the services provided. All service agreement fees paid by our Manager to Freedom Mortgage accrue to the benefit of Mr. Middleman.

Indemnification Agreements

For information regarding indemnification agreements that we have entered into with our directors and executive officers, please see Director Compensation.

Registration Rights

Upon completion of our initial public offering, we entered into a registration rights agreement with Mr. Middleman pursuant to which we agreed to register the resale by Mr. Middleman of up to 1,000,000 shares of our common stock which he acquired in a private placement completed concurrently with our initial public offering. We refer to these shares as the registrable shares. In November 2014, we filed, and the SEC subsequently declared effective, a registration statement on Form S-3 covering the resale from time to time by Mr. Middleman of the registrable shares. We are obligated to maintain the effectiveness of this registration statement until all the registrable shares have been sold under the shelf registration statement or become eligible for sale, without restriction, pursuant to Rule 144 under the Securities Act of 1933, as amended (the Securities Act). Mr. Middleman has agreed to pay all underwriting discounts, commissions and transfer taxes, if any, attributable to the resale of the registrable shares. We have agreed to pay all costs and expenses incurred in connection with the registration of the registrable shares.

Related Party Transaction Policies

Our Board has adopted a policy regarding the approval of any related person transaction, which is any transaction or series of transactions in which we or any of our subsidiaries is or are to be a participant, where the amount involved exceeds $120,000, and a related person (as defined under SEC rules) has a direct or indirect material interest. Under the policy, a related person would need to promptly disclose to our Secretary any related person transaction and all material facts about the transaction. Our Secretary would then assess and promptly communicate that information to our Audit Committee. Based on its consideration of all of the relevant facts and circumstances, our Audit Committee will decide whether or not to approve such transaction. If we were to become aware of an existing related person

transaction that has not been pre-approved under this policy, the transaction would be referred to this committee, which would evaluate all options available, including ratification, revision or termination of such transaction. Our policy will require any director who may be interested in a related person transaction to recuse himself or herself from any consideration of such related person transaction.

Any transaction between our company and Freedom Mortgage requires the approval of our Nominating and Corporate Governance Committee, regardless of the dollar amount of the transaction.

EXECUTIVE OFFICERS

Set forth below are the ages of our executive officers as of the annual meeting:

Name	Position	Age
Jeffrey B. Lown II	President and Chief Executive Officer	55
Martin J. Levine	Chief Financial Officer, Treasurer and Secretary	67
Julian B. Evans	Chief Investment Officer	49

Biographical information with respect to Mr. Lown is set forth above under Proposal No.1: Election of Directors. We have no executive officers other than the executive officers named above, all of whom are fully dedicated to our company and its business.

Martin Levine has served as our Chief Financial Officer, Treasurer and Secretary since our inception in October 2012. Mr. Levine has over 30 years of industry expertise. Mr. Levine joined Freedom Mortgage in 2012 to spearhead the firm s servicing oversight operations and financial reporting of its multi-billion dollar servicing portfolio.

Prior to joining Freedom Mortgage, Mr. Levine was Executive in Charge of Loan Administration at Real Estate Mortgage Network, Inc. from April 2008 to May 2011, where he was responsible for handling and resolving all legacy issues. From July 1999 to March 2007, Mr. Levine was Executive Vice President and Chief Operating Officer at Opteum Financial Services, a taxable real estate investment trust (REIT) subsidiary of Opteum Mortgage Management, Inc. At Opteum, Mr. Levine was in charge of managing all aspects of the daily operations of Opteum s TRS including finance, human resources, technology, risk management, compliance and audit functions. During his eight-year tenor at Opteum, Mr. Levine set the vision, offered executive sponsorship and ensured execution of multi-business strategic initiatives including heading up risk management of the firm s portfolio of retained mortgage servicing rights and successfully implementing a change of process and system to comply with the Sarbanes Oxley Act. Prior to Opteum, Mr. Levine held various positions in the financial services industry. From July 1987 to June 1999, he served as Executive Vice President of Operations at First Town Mortgage Corporation, a licensed mortgage banking institution headquartered in Secaucus, New Jersey. Prior to First Town Mortgage, Mr. Levine held the position of Vice President of Corporate Operations at Kaplan Companies, a diversified real estate management company, from March 1986 to July 1987. Prior to Kaplan, Mr. Levine served as Vice President, Chief Financial Officer and Treasurer for Pan American Properties a publicly listed REIT from October 1982 to February 1986. Prior to Pan American Properties, Mr. Levine spent the first nine years of his career working as a licensed CPA for large public accounting firms including Kenneth Leventhal & Company (from January 1981 to October 1982), Coopers and Lybrand (from January 1980 to January 1981) and Touche, Ross and Company (from July 1973 to January 1980).

Julian Evans has served as our Senior Trader and Portfolio Manager since our initial public offering in October 2013. In March 2016, Mr. Evans was appointed Chief Investment Officer. Mr. Evans has over 20 years of experience in the financial services industry with more than 17 years trading mortgage backed securities.

Prior to joining our company, Mr. Evans was a Director at Deutsche Asset Management where he was head of the MBS Sector Team and Senior Portfolio Manager responsible for a platform of $25 billion of mortgage- backed securities. Prior to that Mr. Evans was a Vice President at Times Square Capital Management, Inc. (formerly known as Cigna Investment Management) where he was head trader for all mortgage-related products and assisted in the management of an $11 billion portfolio of structured products. Mr. Evans obtained a Bachelor of Arts degree in Economics from Trinity College. He also holds a Master of Business Administration degree from the University of Michigan and is a certified financial analyst.

EXECUTIVE COMPENSATION

We are externally managed by our Manager. Each of our executive officers is supplied to us through our Manager. We rely completely on our Manager to provide us with investment advisory services. For 2018, our named executive officers are Mr. Lown, our President and Chief Executive Officer (our principal executive officer), Mr. Levine, our Chief Financial Officer, Treasurer and Secretary (our principal financial and accounting officer), and Mr. Evans, our Chief Investment Officer. We have no executive officers other than Messrs. Lown, Levine and Evans.

Compensation Discussion and Analysis

Our Compensation Discussion and Analysis describes our compensation program, objectives and policies for the executive officers named in this Proxy Statement.

Executive Compensation Overview

We are externally managed by our Manager pursuant to a management agreement between our Manager and us. Our named executive officers and other key professionals are supplied to us through our Manager and its services agreement with Freedom Mortgage, which directly pays the cash compensation and benefits for all of our personnel, including our named executive officers. The levels of cash compensation for our named executive officers are determined by Freedom Mortgage based on factors of its choosing, although Mr. Lown, our President and Chief Executive Officer, discusses the levels of cash compensation with the president of Freedom Mortgage. Our Compensation Committee does not determine the amount of cash compensation paid to our named executive officers. We reimburse our Manager for the cash compensation paid to our Chief Financial Officer. We believe that our Manager uses payments made by us under the management agreement in part to pay for the services it receives under the services agreement with Freedom Mortgage, including services rendered by our President and Chief Executive Officer and Chief Investment Officer.

As an externally managed company, we utilize a hybrid approach to the compensation program for our named executive officers. Our Manager, through its services agreement with Freedom Mortgage, is obligated under the management agreement to pay or cause to be paid all cash compensation of our named executive officers. Equity incentive compensation that is awarded to our named executive officers from time to time is our responsibility and is determined by our Compensation Committee, which consists solely of independent directors, in accordance with our 2013 Plan. As described in more detail in the following sections, we believe that the terms of the management agreement and the utilization of our 2013 Plan effectively align the interests of our management with those of our stockholders.

We were an emerging growth company under the Jumpstart Our Business Startups Act (the JOBS Act) from our initial public offering in October 2013 through December 31, 2018. Thus, this is the first annual meeting of stockholders at which we will conduct a non-binding say-on-pay advisory vote on the compensation of our named executive officers.

Compensation Philosophy

Our principal objective is to generate attractive current yields and risk-adjusted total returns for our stockholders over the long term, primarily through dividend distributions and secondarily through capital appreciation. Our Manager assists in our efforts to achieve this objective by selectively constructing and actively managing a portfolio of mortgage servicing assets and residential mortgage backed securities.

Our equity compensation program attempts to promote our principal objective by establishing short-term operational and strategic goals that align with the long-term interests of our stockholders. The goals covered capital, portfolio and operational risk control categories and included instituting at the market programs for sales of common and preferred shares to increase trading liquidity, growing the servicing portfolio to $20 billion while instituting a flow purchase program, and increasing the servicing oversight and SEC reporting capabilities. We have used long-term incentive partnership units (LTIP Units) under our 2013 Plan to provide the equity compensation for our named executive officers. LTIP Units are a special class of partnership interest in our operating partnership, Chery Hill Operating Partnership L.P. LTIP Units, whether vested or not, receive the same quarterly per unit distributions as common units of limited partnership interest in our operating partnership (OP Units), which distributions equal per-share distributions on shares of our common stock. As a result, we believe that LTIP Units are a useful instrument to foster this alignment as they vest over a three-year period and receive the same dividends that holders of our common stock

receive.

Cash and Other Compensation

The cash compensation and benefits for our named executive officers and other personnel who conduct our regular business are paid through our Manager s services agreement with Freedom Mortgage. Personnel serving as officers of Aurora, our mortgage servicing subsidiary, including our Chief Financial Officer who serves as its president, receive nominal payments from Aurora to comply with certain requirements of the government

sponsored entities. Except for those payments, we do not pay or accrue any salaries to our named executive officers. However, under the management agreement we reimburse our Manager for the cash compensation paid to our Chief Financial Officer, as reflected in the Summary Compensation Table below.

The management agreement with our Manager does not require that any specified amount or percentage of the management fees we pay to it be allocated to our named executive officers. However, the aggregate compensation of our named executive officers that may reasonably be associated with their management of our company totaled approximately $2.3 million for 2018. This aggregate amount represents approximately 39% of the $5.9 million in total management fees and reimbursements paid by us to our Manager for 2018. All of our named executive officers receive fixed cash compensation, although our Chief Investment Officer receives a portion on a deferred basis.

Equity-Based Compensation

Our Compensation Committee is responsible for overseeing the equity incentive component of our compensation program and approves and recommends all equity awards granted pursuant to our 2013 Plan, which awards are then ratified by our Board.

The equity compensation paid to our named executive officers is designed to drive and reward corporate performance. We believe our equity compensation program reflects good governance practices and the best interests of our stockholders, while striving to meet the following core objectives:

- *Strengthen our Ability to Retain our Work Force* – We are a specialized company operating in a highly competitive industry, and our continued success depends on retaining our talented executive team. Our equity compensation program is designed to attract and retain highly qualified executives whose abilities and expertise are critical to our long-term success and our competitive advantage. The LTIP Units awarded vest over a three-year period which is particularly important for our Compensation Committee since these individuals do not have employment contracts and our Compensation Committee does not have control over the level of cash compensation received by these individuals.
- *Align Risk and Reward* – We are committed to creating an environment that encourages increased profitability for our company without undue risk-taking. We strive to focus our executive officers' decisions on goals that are consistent with our overall business strategy without threatening the long-term viability of our company.
- *Align Interests with Stockholders* – We are committed to using our equity compensation program to focus our named executive officers' attention on creating value for our stockholders. We believe that our equity compensation program directly aligns the interests of our named executive officers with those of our stockholders and encourages our named executive officers to focus on creating long-term stockholder value.

Pursuant to our 2013 Plan, our Compensation Committee may grant equity awards in the form of LTIP Units, options, stock awards, stock appreciation rights, performance units, incentive awards or other equity-based awards to individuals performing services for us through our Manager. Although our 2013 Plan provides for the use of these types of instruments, we have used LTIP Units exclusively with our named executive officers.

Initially, LTIP Units do not have full parity with OP Units with respect to liquidating distributions. Under the terms of the LTIP Units, our operating partnership revalues its assets upon the occurrence of certain specified events, and any increase in our operating partnership s valuation from the time of grant until such event is allocated first to the holders of LTIP Units to equalize the capital accounts of such holders with the capital accounts of holders of OP Units. Upon equalization of the capital accounts of the holders of LTIP Units with the holders of OP Units, the LTIP Units achieve full parity with the OP Units for all purposes, including with respect to liquidating distributions. If such parity is reached, vested LTIP Units may be converted into an equal number of OP Units at any time, and thereafter enjoy all the rights of OP Units, including the right to cause our operating partnership to redeem their OP Units for cash or at our option, those OP Units may be purchased by us for shares of common stock on a one-for-one basis. However, there are circumstances under which such parity would not be reached.

The grant of LTIP Units does not trigger a tax event for either us or the recipient and limits the financial statement impact due to the three-year vesting feature. They also provide an immediate reward to the recipients

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because LTIP Units receive distributions as and when dividends are paid on our common stock, whether or not the LTIP Units have fully vested. This form of reward also creates an incentive that is fully aligned with that of our stockholders since distributions are only made if and to the extent holders of our common stock receive dividends.

We believe our compensation policies are particularly appropriate since we are an externally managed REIT. To qualify as a REIT for federal income tax purposes, regulations require us to distribute to our stockholders each calendar year at least 90% of our REIT taxable income (including certain items of non-cash income), determined without regard to the deduction for dividends paid and excluding net capital gain. As a result, we believe that our stockholders are principally interested in receiving attractive risk-adjusted dividends and stability in book value. Accordingly, we want to provide an incentive to our personnel that rewards success in achieving these goals and efforts to build the business over time. We believe that this alignment of interests provides an incentive to our personnel to implement strategies that will enhance our long-term performance and promote growth in dividends while preserving book value.

Historically, grants of LTIP Units have been made mid-year in reference to the prior year s performance in order to coincide with determinations of cash compensation by our Manager through Freedom Mortgage. In June 2018, our Compensation Committee and Board approved the grant of an aggregate amount of 19,500 LTIP Units under our 2013 Plan to our named executive officers with Mr. Lown receiving 8,500 LTIP Units, Mr. Levine receiving 5,750 LTIP Units and Mr. Evans receiving 5,250 LTIP Units. The LTIP Units were granted to our named executive officers in recognition of our overall development and the financial performance of the business during the fiscal year ended December 31, 2017. Consistent with our compensation philosophy and objectives discussed above, our Compensation Committee considered a number of key company results and developments in determining whether it was appropriate to grant awards for performance during the twelve months ended December 31, 2017, including that our company:

- delivered a total stockholder return of 10.0% for 2017;
- produced a full year return on book value of 9.32% with dividends of $1.96 per share notwithstanding the impacts of concerns related to a potential rising interest rate environment;
- in 2017 completed the strategic disposition of the original portfolio of excess MSRs and added $9.5 billion unpaid principle balance of full MSRs;
- expanded the capital and investor base of our company through the issuance of common stock and Series A Preferred Stock raising net proceeds of approximately $139.2 million; and
- continued to expand and diversify its financing counterparties by adding eight new counterparties.

When determining the number of LTIP Units granted to each of our named executive officers, our Compensation Committee took into account the factors described above, as well as the individual s role and responsibility in attaining the results listed above, the individual s expected and actual job performance, the individual s ability to influence the outcome of our company s future performance, the value of the award in retaining and motivating key personnel, and economic and market conditions generally. Our Compensation Committee considered all of these factors in exercising its discretion to determine the equity awards granted to each named executive officer for his performance during the year ended December 31, 2017.

We have not in the past made equity awards on a fixed schedule to our named executive officers, and our Compensation Committee s decision on whether to approve any equity awards in future periods will depend on a number of factors, including our company s performance, market trends and practices, expense implications, tax efficiencies or other considerations in our Compensation Committee s sole discretion.

Role of Named Executive Officers in Equity-Based Compensation Decisions

Our Compensation Committee makes all equity-based compensation decisions related to our named executive officers. Our Compensation Committee receives input from Mr. Lown, our President and Chief Executive Officer, regarding the equity compensation and performance of our named executive officers other than himself, including recommendations as to the equity compensation levels that he believes are commensurate with an individual s job

performance, skills, experience, qualifications, criticality to our company, as well as with our compensation philosophy, external market data and considerations of internal equity. Mr. Lown regularly attends meetings of our Compensation Committee, except when our Compensation Committee is meeting in

executive session or when his own equity compensation arrangements are being considered. Our Compensation Committee communicates its views and decisions regarding equity compensation arrangements for our named executive officers to Mr. Lown, who is generally responsible for implementing such arrangements.

Compensation Policies and Practices as They Relate to Risk Management

The management fee under the management agreement is calculated based on a fixed percentage of stockholder equity, as adjusted and defined in that agreement, and is payable quarterly in arears. Calculation of the management fee is not primarily dependent upon our financial performance or the performance of our named executive officers. Thus, the management fee does not create an incentive for our management to take excessive or unnecessary risks. Specifically, the use of stockholders equity to calculate the base management fee does not result in leveraged pay-out curves, steep pay-out cliffs, or set unreasonable goals and thresholds, each of which can promote excessive and unnecessary risks. Our independent directors are provided with the management fees and expenses each quarter, providing a check upon any improper effort by our Manager to increase compensation payments indirectly via the pass-through of costs. We will continue to have certain costs allocated to us by our Manager for compensation, data services and proprietary technology and other costs, but most expenses we incur with third-party vendors are paid directly by us. The management fee itself cannot be increased or revised without the approval of our independent directors.

We believe this management fee is not reasonably likely to increase risks that would have a material adverse effect on us. We have designed the incentives and rewards related to grants of LTIP Units under our 2013 Plan, as such policies and practices relate to or affect risk taking on our behalf, in a manner that we believe will not cause our named executive officers provided to us through our Manager to seek to make higher risk investments. We have designed the equity compensation portion of the compensation program in an attempt to align the efforts of our personnel to meet specified short-term and strategic goals with the long-term best interests of our stockholders.

Compensation Committee Report

In accordance with and to the extent permitted by applicable law or regulation, the information contained in this Compensation Committee Report is not soliciting material, is not deemed to be filed with the SEC and is not to be incorporated by reference into any future filing under the Securities Act or under the Exchange Act, except to the extent that the Company specifically incorporates such information by reference in such filing.

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management, and based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Submitted By the Compensation Committee:
Regina Lowrie, Chair
Joseph P. Murin
Robert C. Mercer, Jr.

Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the past three fiscal years.

Name and Position	Year	Salary[1]	Stock Awards[2]	Total
Jeffrey B. Lown II	2018	—	$ 154,445	$ 154,445
President and Chief Executive Officer (Principal Executive Officer)	2017	—	$ 137,250	$ 137,250
	2016	—	$ 110,950	$ 110,950
Martin J. Levine	2018	$ 520,000	$ 104,478	$ 624,478
Chief Financial Officer, Treasurer and Secretary (Principal Financial and Accounting Officer)	2017	$ 365,000	$ 91,500	$ 456,500
	2016	$ 325,000	$ 71,325	$ 396,325
Julian B. Evans	2018	—	$ 95,393	$ 95,393
Chief Investment Officer	2017	—	$ 82,350	$ 82,350
	2016	—	$ 59,438	$ 59,438

(1) Amounts in this column represent our allocable share of the salary and other benefits paid to Mr. Levine through our Manager and reimbursed by us to our Manager based upon an agreed upon percentage. It also includes $40,000 paid to Mr. Levine by our mortgage servicing subsidiary, Aurora for acting as its president. This amount is not reimbursed by our Manager.

(2) On June 13, 2018, (a) Mr. Lown was granted 8,500 LTIP Units, (b) Mr. Levine was granted 5,750 LTIP Units, and (c) Mr. Evans was granted 5,250 LTIP Units. These LTIP Units were granted pursuant to our 2013 Plan and vest ratably over a three-year period beginning on the one-year anniversary of the grant date. With respect to the LTIP Units, the dollar amounts indicated in the table under Stock Awards represent the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718, disregarding estimated forfeitures. For additional information regarding the valuation of LTIP Units, see Note 6 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Grants of Plan-Based Awards

The following table summarizes each equity award granted to our named executive officers pursuant to our 2013 Plan during the fiscal year ended December 31, 2018:

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units[1]	Grant Date Fair Value of Stock and Option Awards[2]
Jeffrey B. Lown II	6/13/2018	8,500	$ 154,445
Martin J. Levine	6/13/2018	5,750	$ 104,478
Julian B. Evans	6/13/2018	5,250	$ 95,393

(1) See also *Summary Compensation Table*, above. The LTIP Units were granted pursuant to our 2013 Plan and will vest in three equal annual installments beginning on the first anniversary of the grant date, so long as the named executive officer complies with the terms and conditions of his LTIP Unit award agreement.

(2) The amounts in this column represent the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718, disregarding estimated forfeitures. For additional information regarding the valuation of LTIP Units, see Note 6 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

The LTIP Units described above were granted to our named executive officers pursuant to our 2013 Plan. Our Manager, our operating partnership and Freedom Mortgage are not eligible to participate in our 2013 Plan because participation in our 2013 Plan is limited to individuals.

Our 2013 Plan is administered by our Compensation Committee, except that our 2013 Plan will be administered by our Board with respect to awards made to directors who are not employees. Our officers, employees and directors and the officers and employees of our affiliates are eligible to participate in our 2013 Plan. In addition, individuals who provide services to us or an affiliate through our Manager are eligible to receive awards under our 2013 Plan.

Our 2013 Plan provides for grants of up to an aggregate of 5.0% of the outstanding shares of our common stock (on a fully diluted basis) at the time of the award, subject to a maximum aggregate number of shares of

our common stock that may be issued under our 2013 Plan of 1,500,000 shares. As of the date of mailing of this Proxy Statement, 1,168,838 shares of our common stock remained available for future grants under our 2013 Plan.

Outstanding Equity Awards at December 31, 2018

The following table sets forth information concerning equity incentive plan awards for each of our named executive officers outstanding at December 31, 2018.

Name	Number of Shares That Have Not Vested[1]	Market Value of Share That Have Not Vested[2]
Jeffrey B. Lown II	15,832	$ 277,693
Martin J. Levine	10,583	$ 185,626
Julian B. Evans	9,500	$ 166,630

(1) Represents shares of common stock underlying unvested LTIP Units granted to our named executive officers pursuant to our 2013 Plan. The LTIP Units will vest ratably over the three-year period beginning on the one-year anniversary of the grant date.

(2) Pursuant to SEC rules, for purposes of this table the market value per share of common stock underlying unvested LTIP Units is assumed to be $17.54, the closing market price per share of our common stock on December 31, 2018.

Option Exercises and Stock Vested

	Stock Awards	
Name	Number of Shares Acquired on Vesting[1]	Value Realized on Vesting
Jeffrey B. Lown II	7,167	$ 132,908
Martin J. Levine	4,583	$ 84,961
Julian B. Evans	3,917	$ 72,578

(1) This number represents the vesting during 2018 of previously granted of service-based LTIP Units An individual, upon the vesting of an equity award, does not receive cash equal to the amount contained in the Value Realized on Vesting column of this table. Instead, the amounts contained in the Value Realized on Vesting column reflect the market value of our Common Stock on the applicable vesting date. For purposes of this table, it is assumed one LTIP Unit represents the economic equivalent of one share of Common Stock. The LTIP Units do not realize their full economic value until certain conditions are met as described in this proxy statement under the caption EXECUTIVE COMPENSATION—Compensation Discussion and Analysis—*Equity Based Compensation.*

Pension Benefits and Nonqualified Deferred Compensation

We do not provide any of our named executive officers with pension benefits or nonqualified deferred compensation.

Potential Payments Upon Termination or Change in Control

We do not have any employment agreements with any of our named executive officers and are not obligated to make any payments to them upon termination of employment. None of our named executive officers have the right to receive severance payments from us, and we are not required to make payments to any named executive officer upon a change of control of the Company. However, all LTIP Units granted pursuant to our 2013 Plan vest immediately upon a change of control if the recipient of such LTIP Units is still performing services for us at the time of such change of control. The value, based on the closing price of our common stock on December 31,2018, as reported by the NYSE of the LTIP Units held by our named executive officers as of December 31, 2018 that would be accelerated assuming a change in control was approximately $1.51 million of which approximately $802,000, $291,000 and $421,000 would be allocated to Messrs. Lown, Martin and Evans, respectively.

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CEO PAY RATIO DISCLOSURE

The SEC has issued final rules implementing the provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act that require U.S. publicly-traded companies to disclose the ratio of their chief executive officer s compensation to that of their median employee. As noted our Chief Executive Officer does not receive any direct cash compensation or benefits from us, and we do not reimburse our Manager or any of its affiliates for the cash compensation and benefits paid to Mr. Lown. Because we do not pay, or provide reimbursement for, any direct cash compensation to Mr. Lown and we have no employees, we are not able to calculate and provide a ratio of the median employee s annual total compensation to the total annual compensation of Mr. Lown.

PROPOSAL NO. 2:
ADVISORY VOTE ON EXECUTIVE COMPENSATION

The SEC adopted rules pursuant to Section 951 of the Dodd-Frank Act that afford our stockholders a vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers, also referred to as say-on-pay proposals. Last year we were not required to provide a say-on-pay proposal because we were an emerging growth company under the (JOBS) Act.

As described under Executive Compensation—Compensation Discussion and Analysis above, we are externally managed and advised by our Manager. Each named executive officer s compensation is comprised of cash compensation paid to them directly pursuant to the services agreement between our Manager and Freedom Mortgage and equity awards granted by our Compensation Committee. Additionally, we do not have any agreements with any of our named executive officers with respect to their cash compensation and do not intend to directly pay any cash compensation to them.

We do not determine the amount of the cash compensation payable by our Manager to our named executive officers. Our Manager and its affiliates determine the fixed and variable, if any, cash compensation earned by our named executive officers. Our Manager and its affiliates also determine whether and to what extent our named executive officers will be provided with employee benefit plans.

This proposal gives our stockholders the opportunity to express their views on the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. This vote is not intended to address any specific item of the compensation and is not a vote on our general compensation policies, compensation of our Board or our compensation policies as they relate to risk management. For the reasons discussed above, we are asking our stockholders to indicate their support for our named executive officer compensation by voting **FOR** the following resolution at the Annual Meeting:

RESOLVED, that the compensation of the Company s named executive officers, as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K (which disclosure includes the Compensation Discussion and Analysis, compensation tables and any related material disclosed in this Proxy Statement), is hereby approved.

The say-on-pay vote is advisory only, and therefore it will not bind us or our Board. However, our Board and our Compensation Committee will consider the voting results as appropriate when making future decisions regarding executive compensation.

Our Board recommends a vote FOR the approval of the advisory resolution relating to the compensation of our named executive officers as disclosed in this Proxy Statement.

PROPOSAL NO. 3:
ADVISORY VOTE ON FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION

As described in Proposal No. 2 above, Section 951 of the Dodd-Frank Act affords our stockholders an advisory say-on-pay vote to approve the compensation of our named executive officers. Pursuant to Section 14A of the Exchange Act, this proposal affords our stockholders an advisory vote on the frequency of future say-on-pay votes. We are asking your vote on whether the non-binding advisory vote on the compensation of our named executive officers should occur every three years, every two years or every year.

As previously discussed, we do not control the cash compensation or benefits paid to our named executive officers, the value of which outweighs the grant date fair value of the LTIP Units awarded by us under our 2013 Plan and approved by our Compensation Committee on a discretionary basis. The LTIP Units vest over a three-year period and are subject to forfeiture in certain circumstances prior to vesting. Neither we nor our Manager or any of its affiliates have any agreements with our named executive officers regarding their compensation including the discretionary equity compensation administered by our Compensation Committee.

We ask that you support a frequency period of every three years (a triennial vote) for future non-binding shareholder votes on the compensation of our named executive officers. This vote is advisory only, and therefore it will not bind our Board. However, our Board will consider the voting results as appropriate when determining the frequency with which to hold future say-on-pay votes.

Our Board recommends a vote FOR a frequency of three years for future non-binding advisory votes on compensation of our named executive officers.

AUDIT COMMITTEE REPORT

The members of the Audit Committee are Mr. Mercer (Chairman), Mr. Murin and Ms. Lowrie.

Each of the members of the Audit Committee has been determined to be independent within the meaning of the applicable standards of the NYSE and Rule 10A-3 of the Exchange Act. In addition, each of these members meets the financial literacy requirements for audit committee membership under the NYSE s rules and the rules and regulations of the SEC. Our Board has determined that each of Mr. Mercer and Mr. Murin is an audit committee financial expert as such term is defined in Item 407(d)(5)(ii) of Regulation S-K. No member of the Audit Committee serves on the audit committee of more than three public companies. Our Board has adopted, and annually reviews, the charter of the Audit Committee, which sets forth the Audit Committee s responsibilities and how it carries out those responsibilities.

The Audit Committee oversees our company s financial reporting process on behalf of our Board, in accordance with the charter of the Audit Committee. Pursuant to its charter, the primary purpose of the Audit Committee is to assist our Board in fulfilling its oversight responsibility relating to: (i) the integrity of the company s financial statements and financial reporting process, our systems of internal accounting and financial controls and other financial information we provide; (ii) the performance of the internal audit services function; (iii) the annual independent audit of our financial statements, the engagement of the independent auditors and the evaluation of the independent auditors qualifications, independence and performance; (iv) our compliance with legal and regulatory requirements, including our disclosure controls and procedures; and (v) the evaluation of risk assessment and risk management policies. Our registered independent public accounting firm, E&Y, is responsible for expressing an opinion on the conformity of our company s audited financial statements with generally accepted accounting principles.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management and E&Y the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018, and discussed with management and E&Y the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. In addition, the Audit Committee received and discussed the written disclosures and the letter from E&Y regarding E&Y s independence required by Public Company Accounting Oversight Board (PCAOB) Ethics and Independence Rule 3526, *Communication and Audit Committees Concerning Independence*, and has discussed with the independent auditors, the independent auditors independence. Moreover, the Audit Committee discussed with E&Y their independence from management and the Audit Committee and the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the PCAOB in Rule 3200T. In addition, the Audit Committee has evaluated and concluded the non-audit services provided by E&Y to our company comply with SEC independence rules.

Based on the reviews and discussions referred to above, prior to the filing with the SEC of our Annual Report on Form 10-K for the year ended December 31, 2018, the Audit Committee recommended to our Board (and our Board approved) that the audited financial statements be included in such annual report for filing with the SEC.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting. Members of the Audit Committee rely, without independent verification, on the information provided to them and on the representations made by management and the registered independent public accountants. Accordingly, the Audit Committee s oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee s considerations and discussions referred to above do not assure that the audit of our financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that E&Y is in fact independent.

Submitted by the Audit Committee
Robert Mercer (Chair),
Joseph Murin
Regina Lowrie

Use of Audit Committee Report

In accordance with and to the extent permitted by applicable law or regulation, the information contained in the foregoing Report of the Audit Committee is not soliciting material, is not deemed to be filed with the SEC and is not to be incorporated by reference into any future filing under the Securities Act or under the Exchange Act.

PROPOSAL NO. 4:
RATIFICATION OF APPOINTMENT OF E&Y

On March 14, 2019, our Audit Committee selected the accounting firm of E&Y to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2019. Although current laws, rules and regulations, as well as our Audit Committee charter, require our independent registered public accounting firm to be engaged, retained and supervised by our Audit Committee, our Board considers the appointment of the independent registered public accounting firm to be an important matter of stockholder concern and is submitting the appointment of E&Y for ratification by stockholders as a matter of good corporate practice. E&Y has served as our independent registered public accounting firm since 2012, prior to our company s initial public offering.

A representative of E&Y is expected to be present at the Annual Meeting and will be given the opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Our Board recommends that you vote FOR Proposal No. 4.

Fee Disclosure

The following is a summary of the fees billed to us by E&Y for professional services rendered for the years ended December 31, 2018 and 2017.

	Year Ended December 31,		
	2018	**2017**	**2016**
Audit Fees	$ 603,000	$ 657,750	$ 445,400
Tax Fees	110,000	65,050	113,607
All Other Fees	382,000	—	—
Total	**$ 1,095,000**	**$ 722,800**	**$ 559,007**

Audit Fees

Audit Fees consist of fees and expenses billed for professional services rendered for the audit of the financial statements and review of the interim consolidated financial statements, review of registration statements and the preparation of comfort letters and services that are normally provided by accountants in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

Audit-Related Fees consist of fees and expenses for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements that are not Audit Fees.

Tax Fees

Tax Fees consist of fees and related expenses billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal and state tax compliance and tax planning and structuring.

All Other Fees

All Other Fees consist of fees and expenses for products and services that are not Audit Fees, Audit-Related Fees or Tax Fees. There were no such fees in 2017 or 2016.

Pre-Approval Policy

All audit-related, tax and other services provided to us are reviewed and pre-approved by our Audit Committee. Our Audit Committee has approved a routine on-call tax advisory services arrangement with E&Y to provide for ready responses to tax issues from time to time. The engagement provides that no project may exceed $25,000, and the aggregate of all projects may not exceed $100,000 without the further approval of our Audit Committee. Our Audit Committee concluded that the provision of such services by E&Y in 2018 and 2017 was compatible with the maintenance of that firm s independence in the conduct of its auditing functions. All of the fees paid to E&Y in 2018 that are described above were approved by our Audit Committee.

Our Audit Committee has considered whether, and has determined that, the provision by E&Y of the services described under Audit-Related Fees, Tax Fees and All Other Fees is compatible with maintaining E&Y s independen from management and our company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain ownership information with respect to shares of our common stock for those persons known to us who directly or indirectly own, control or hold with the power to vote 5% or more of our outstanding common stock and all of our directors, each of the named executive officers and all of the directors and executive officers as a group calculated as of the dates and based on the amounts indicated below. In accordance with SEC rules, each listed person s beneficial ownership includes:

- all shares of common stock the investor actually owns beneficially or of record;
- all shares of common stock over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of a fund); and
- all shares of common stock the investor has the right to acquire within 60 days (such as upon exercise of options that are currently vested or which are scheduled to vest within 60 days).

	Common Shares Beneficially Owned		
Name and Address	**Number**	**Percentage of Outstanding Common Shares[1]**	
5% Shareholders:			
Stanley C. Middleman [2]	1,107,933	6.7	%
Renaissance Technologies LLC [3]	1,286,500	7.7	%
BlackRock Inc. [4]	1,396,380	8.4	%
Vanguard Group Inc. [5]	1,067,924	6.4	%
Directors and Named Executive Officers: [6]			
Jeffrey B. Lown II [7]	39,268		*
Martin J. Levine [8]	32,517		*
Julian B. Evans [9]	17,750		*
Joseph P. Murin [10]	18,485		*
Regina Lowrie	10,717		*
Robert C. Mercer, Jr.	5,485		*
All executive officers and directors as a group	124,222	1.0	%

* Denotes beneficial ownership of less than 1% of our Common Shares.

(1) Based on an aggregate amount of 16,652,170 shares of our common stock issued and outstanding as of December 31, 2018 (in the case of the 5% holders) and April 12, 2019 (in all other cases), plus the number of shares of our common stock that would be outstanding assuming that all LTIP Units beneficially owned by a named person become eligible to be exchanged, and are exchanged, for OP Units that are then exchanged for shares of our common stock.

(2) According to a Schedule 13D filed with the SEC on October 11, 2013, Mr. Middleman has sole voting power and sole dispositive power over 1,000,000 shares of our common stock. In addition, the shares reported herein include 20,000 shares of our common stock underlying LTIP Units granted to Mr. Middleman, all of which have vested and become non-forfeitable, and 84,600 shares of our common stock held by Freedom Mortgage. Freedom Mortgage is owned and controlled by Mr. Middleman. As such, Mr. Middleman may be deemed to have or share beneficial ownership of the shares of our common stock held directly by Freedom Mortgage. The address for the reporting person is c/o Freedom Mortgage Corporation, 907 Pleasant Valley Ave., Suite 3, Mount Laurel, New Jersey 08054.

(3) Information based on a Schedule 13G filed with the SEC on February 11, 2019 by Renaissance Technologies LLC. The Schedule 13G/A indicates that the reporting person is an investment adviser with sole voting power over 1,255,200 shares of our common stock, sole dispositive power over 1,255,200 shares of our common stock

and shared dispositive power over 31,300 shares of our common stock. The address for the reporting person is 800 Third Avenue, New York NY 10022.

(4) Information based on a Schedule 13G filed with the SEC on February 11, 2019, by BlackRock Inc. The Schedule 13G indicates that the reporting person is an investment adviser with sole voting power over 1,363,009 shares of our common stock and sole dispositive power over 1,396,380 shares of our common stock. The address for the reporting person is 55 East 52nd Street, New York, NY 10055.

(5) Information based on a Schedule 13G filed with the SEC on February 11, 2019 by Vanguard Group Inc. The Schedule 13G/A indicates that the reporting person is an investment adviser with sole voting power over 13,475 shares of our common stock, sole dispositive power over 1,054,449 shares of our common stock and shared dispositive power over 13,475 shares of our common stock. The address for the reporting person is 100 Vanguard Blvd., Malvern, PA 19355.

(6) The address for our executive officers and directors is Cherry Hill Mortgage Investment Corporation, 1451 Route 34, Suite 303, Farmingdale, New Jersey 07727.

(7) Includes 29,918 shares of our common stock underlying an equal number of vested LTIP Units that were granted to Mr. Lown on October 9, 2013, June 10, 2014, September 9, 2015, June 15, 2016 and June 14, 2017 but excludes 15,832 shares of our common stock underlying unvested LTIP Units that were granted to Mr. Lown on June 15, 2016, June 14, 2017 and June 13, 2018 and that vest ratably over a three-year period beginning on the one year anniversary of the applicable grant date.

(8) Includes 6,000 shares of our common stock underlying an equal number of vested LTIP Units that were granted to Mr. Levine on October 9, 2013, June 10, 2014, September 9, 2015, June 15, 2016 and June 14, 2017, but excludes 10,583 shares of our common stock underlying unvested LTIP Units that were granted to Mr. Levine on June 15, 2016, June 14, 2017 and June 13, 2018, and that vest ratably over a three-year period beginning on the one year anniversary of the applicable grant date.

(9) Includes 14,500 shares of our common stock underlying an equal number of vested LTIP Units that were granted to Mr. Evans on October 9, 2013, June 10, 2014, September 9, 2015, June 15, 2016 and June 14, 2017, but excludes 9,500 shares of our common stock underlying unvested LTIP Units that were granted to Mr. Evans on June 15, 2016, June 14, 2017 and June 13, 2018, and that vest ratably over a three-year period beginning on the one year anniversary of the applicable grant date.

(10) Includes 2,500 shares of our common stock underlying an equal number of vested LTIP Units that were granted to Mr. Murin on October 9, 2013.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors, executive officers and anyone holding 10% or more of a registered class of our equity securities to file reports with the SEC showing their holdings of, and transactions in, these securities. Based solely on a review of copies of such reports we received, we believe that during 2018, all reporting persons known to us filed such reports on a timely basis.

OTHER INFORMATION

Discretionary Voting Authority

We do not anticipate that any matter other than the proposals set out in this Proxy Statement will be raised at the Annual Meeting. If any other matters are properly presented at the Annual Meeting, the persons named as proxies will have discretion to vote on those matters according to their best judgment.

Stockholder Proposals and Director Nominations for the 2020 Annual Meeting of Stockholders

Requirements for Proposals to be Considered for Inclusion in Proxy Materials

Stockholders interested in submitting a proposal for inclusion in our proxy materials for our 2020 Annual Meeting of Stockholders may do so by following the procedures prescribed in Rule 14a-8 under the Exchange Act. To be eligible for inclusion in our proxy statement, stockholder proposals must be received no later than December 27, 2019, or 120 days prior to the first anniversary date of these materials and must comply with Rule 14a-8 under the Exchange Act regarding the inclusion of stockholder proposals in company-sponsored proxy materials. If we change the date of the 2020 Annual Meeting of Stockholders by more than 30 days from the first anniversary of the date of this year s annual meeting, stockholder proposals must be received a reasonable time before we begin to print and mail our proxy materials for the 2020 Annual Meeting of Stockholders. Proposals should be mailed to our Secretary at the following address:

Cherry Hill Mortgage Investment Corporation
1451 Route 34, Suite 303
Farmingdale, New Jersey 07727
Attention: Secretary

Requirements for Proposals Not Intended for Inclusion in Proxy Materials; Director Nominations

Stockholders who wish to nominate persons for election to our Board at the 2020 Annual Meeting of Stockholders or who wish to present a proposal at the 2020 Annual Meeting of Stockholders, but whose stockholder proposal will not be included in our proxy materials for such meeting, must deliver written notice of the nomination or proposal to our Secretary no earlier than November 27, 2019, the 150th day prior to the anniversary date of these materials, and no later than 5:00 p.m., Eastern Time, on December 27, 2019, the 120th day prior to the anniversary date of these materials (provided, however, that if the 2020 Annual Meeting of Stockholders is advanced or delayed by more than 30 days from the first anniversary of this year s meeting, nominations and proposals must be received no earlier than the 150th day prior to the date of the 2020 Annual Meeting of Stockholders and no later than the later of (i) the 120th day prior to the date of the 2020 Annual Meeting of Stockholders and (ii) the 10th day following the day on which public announcement of the date of the 2020 Annual Meeting of Stockholders is first made). The stockholder s written notice must include certain

information concerning the stockholder and each nominee as specified in our bylaws. If a stockholder s written notice is not received between the dates specified above and does not satisfy the additional requirements set forth in our bylaws, the notice will not be considered properly submitted and will not be acted upon at the 2020 Annual Meeting of Stockholders. A stockholder s written notice should be sent to our Secretary at the following address:

Cherry Hill Mortgage Investment Corporation
1451 Route 34, Suite 303
Farmingdale, New Jersey 07727
Attention: Secretary

Requests for Annual Report on Form 10-K

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, including the financial statements and the financial statement schedules, may be obtained at our website at www.chmireit.com. If you would like to receive a complimentary copy of our Annual Report on Form 10-K, please submit a written request to:

Cherry Hill Mortgage Investment Corporation
1451 Route 34, Suite 303
Farmingdale, New Jersey 07727
Attention: Investor Relations

Farmingdale, New Jersey
April 26, 2019

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Martin Levine

Martin Levine,
Secretary