

SLM CORP
Form 4
February 07, 2012

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Torre Bates Ann

(Last) (First) (Middle)

300 CONTINENTAL DRIVE

(Street)

NEWARK, DE 19713

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
SLM CORP [SLM]

3. Date of Earliest Transaction
(Month/Day/Year)

02/03/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
Common Stock	02/03/2012		A		3,439 (1) \$ 0	18,739	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Options (Right to Buy)	\$ 15.99	02/03/2012		A	13,994	(1) 02/03/2017	Common Stock	13,994

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Torre Bates Ann 300 CONTINENTAL DRIVE NEWARK, DE 19713		X		

Signatures

/s/ Carol R. Rakatansky (POA) /s/ Ann Torre Bates
 02/07/2012
 **Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
 Represents annual grant of equity awards to a non-employee director. The restricted stock and stock options will vest if the non-employee (1) director is re-elected as a director at the Company's 2012 annual meeting of shareholders, which meeting is currently scheduled for May 2012.

Remarks:

Exhibit 24 - Power of Attorney

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ts.

In discharging its oversight role, the Audit Committee reviewed and discussed the audited financial statements contained in the Company's Annual Report to Stockholders for fiscal year ended December 31, 2017 with the Company's management and independent registered public accounting firm. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee also discussed with the independent registered public accounting firm the matters required by Statement on Auditing Standard No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T.

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In addition, the Audit Committee discussed with the independent registered public accounting firm the registered public accounting firm's independence from the Company and its management, and the independent registered public accounting firm provided to the Audit Committee the written disclosures and letter required from the independent registered public accounting firm by PCAOB Ethics and Independence Rule 3526 *Communications with Audit Committee Concerning Independence*.

The Audit Committee discussed with the Company's internal auditors and independent registered public accounting firm the overall scope and plans for their respective audits. The Audit Committee met with the internal auditors and independent registered public accounting firm, with and without management present, to discuss the results of their examinations, the evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

Based on the review and discussions referred to above, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 for filing with the Securities and Exchange Commission.

Audit Committee:
Melvin F. Lazar (Chairman)
Archie R. Dykes
Karen K. Edwards
William C. Green

April 9, 2018

Table of Contents**EXECUTIVE OFFICERS**

Our executive officers are elected annually by our Board of Directors and serve for a term of one year and until their respective successors are elected and qualify. Set forth below is information regarding our executive officers, as of the date of this proxy statement, unless otherwise indicated:

Name	Age	Position
Ivan Kaufman(*)	57	Chairman of the Board of Directors, Chief Executive Officer and President
Paul Elenio		Chief Financial Officer and Treasurer
	50	
Fred Weber		Executive Vice President Managing Director of Structured Finance and Principal Transactions
	57	
John Caulfield		Chief Operating Officer Agency Lending
	51	
Gene Kilgore		Executive Vice President Structured Securitization
	51	
John J. Bishar, Jr.		General Counsel and Corporate Secretary
	68	
Andrew Guziewicz		Chief Credit Officer Structured Finance
	58	
John Natalone		Executive Vice President Treasury and Servicing
	52	
Thomas Murphy		Executive Vice President Chief Information Officer
	60	
Bonnie Habyan		Executive Vice President Marketing
	53	
Daniel P. Kenny		Executive Vice President Chief Asset Manager, Servicing and Asset Management
	56	
Thomas Ridings		Chief Accounting Officer
	50	
Frank Lutz		Executive Vice President Chief Production Officer
	51	

(*)

Biographical information is provided above under "Board of Directors Continuing Directors."

Paul Elenio. Mr. Elenio has served as our Chief Financial Officer and Treasurer since 2005. Mr. Elenio joined Arbor National Holdings, Inc., the predecessor company of our Former Manager, Arbor Commercial Mortgage, in 1991. In 1995, he was promoted to Vice President, Controller, in 2002 assumed the position of Vice President of Finance and in 2004 was further promoted to Senior Vice President, Finance. Mr. Elenio is responsible for overseeing all aspects of our financial operations. This includes financial reporting, tax planning, budgeting, and the appropriate utilization of our capital. He is also in charge of investor relations. Prior to joining Arbor Commercial Mortgage, Mr. Elenio was employed with Ernst & Young from 1989 to 1990 in the auditing department.

Fred Weber. Mr. Weber has served as our Executive Vice President Managing Director of Structured Finance and Principal Transactions since 2003. Mr. Weber was employed by Arbor Commercial Mortgage from 1999 until 2003. At Arbor Commercial Mortgage, Mr. Weber oversaw Arbor Commercial Mortgage's structured finance and principal transaction group, where he was responsible for origination, underwriting and closing coordination of debt and equity financing for various asset types and classes of commercial real estate nationwide. He has been involved in the mortgage banking industry for more than 20 years and has extensive real estate finance and acquisition experience. Mr. Weber is a member of the real estate finance committee of the Real Estate Board of New York. From 1997 through 1999, Mr. Weber was a partner and co-head of the real estate department with Kronish Lieb Weiner & Hellman LLP. Previously, Mr. Weber was a partner with the law firm of Weil, Gotshal & Manges LLP.

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Table of Contents

John Caulfield. Mr. Caulfield serves as our Chief Operating Officer Agency Lending and is responsible for managing the overall production of Arbor's national sales force and overseeing the implementation of our integrated sales and marketing efforts. He has extensive experience in the mortgage finance industry and a tenured track record of more than three decades with Arbor and its family of companies. He is responsible for all capital market activities relating to all of Arbor's lending products. In addition, he oversees the management of agency related trading and investment banking partnerships. Mr. Caulfield manages the operations functions of Arbor's agency pipeline from screening through closing. He is a member of Arbor's DUS Loan Committee.

Gene Kilgore. Mr. Kilgore has served as our Executive Vice President Structured Securitization since 2004. From 2001 to 2004, Mr. Kilgore was a portfolio manager for ZAIS Group, LLC, a structured finance investment advisor. From 2000 to 2001, Mr. Kilgore was director of risk finance at Barclays Capital. From 1996 to 2000, Mr. Kilgore worked at Standard & Poor's Ratings Service, where he was a director in the collateralized debt obligations group. He has also served as Vice President of Corporate Lending and Commercial Real Estate at Wachovia Bank.

John J. Bishar, Jr. Mr. Bishar, General Counsel and Corporate Secretary, served as one of our directors from 2007 through 2012. In 2009, Mr. Bishar was named General Counsel of Arbor Commercial Mortgage. From 2007 until 2008, he was the U.S. General Counsel of National Grid U.S.A., a wholly-owned subsidiary of National Grid plc, a multi-national energy delivery company. During 2009, he was the Senior Advisor to National Grid's current U.S. General Counsel. At National Grid U.S.A., Mr. Bishar was responsible for all U.S. legal matters, as well as U.S. ethics, compliance and risk reporting. National Grid plc acquired KeySpan Corporation, a large, diversified U.S. energy delivery company, in 2007. Mr. Bishar was Executive Vice President, General Counsel and Chief Governance Officer of KeySpan Corporation from 2002 until the acquisition. At KeySpan Corporation, Mr. Bishar was responsible for the Legal Services Business Unit, the Corporate Secretary's Office and for all governance and compliance matters. Prior to joining KeySpan in 2002, Mr. Bishar was a partner in the law firm of Cullen and Dykman LLP. He was the managing partner of the firm from 1993 to 2002 and a member of the firm's executive committee. From 1980 to 1987, Mr. Bishar was a Vice President and the General Counsel and Corporate Secretary of LITCO Bancorporation of New York Inc.

Andrew Guziewicz. Mr. Guziewicz joined Arbor in 2008. As Chief Credit Officer Structured Finance, he oversees the underwriting process for all structured finance transactions and is a Voting Member of Arbor's Credit Committee. Mr. Guziewicz has more than 20 years of commercial mortgage underwriting experience. Prior to joining Arbor, he was a Director for Merrill Lynch & Co., Inc., where he was responsible for managing the underwriting of loans from \$50 million to over \$5 billion, which were originated for securitization or private placement in capital markets. He has also held positions at Deutsche Bank Securities, Inc., Aetna Real Estate Investments and GE Capital.

John Natalone. Mr. Natalone has served as our Executive Vice President Treasury and Servicing since 1995 and is responsible for managing all of our financing and bank relationships and Arbor's Asset and Credit Risk Management functions. In addition, he also oversees Arbor's Treasury and Servicing Operations and is a member of Arbor's Loan Committee. Mr. Natalone joined Arbor National Holdings, Inc., the predecessor company of our Former Manager, Arbor Commercial Mortgage, and held the title of Senior Director, Office of the President from 1991 to 1995, where he assisted the President in running various business units. Prior to joining Arbor, Mr. Natalone held positions at GE Mortgage and Ernst & Young.

Thomas Murphy. Mr. Murphy has more than 25 years of professional experience in the information technology field and serves as Arbor's Executive Vice President Chief Information Officer. Prior to joining Arbor in 2004, Mr. Murphy was the Chief Information Officer at Titleserv Inc., an electronic real estate title and settlement services company. He also brings a wealth of IT experience

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Table of Contents

to Arbor from previous positions at Bank America Mortgage, Lending Solutions, Inc., First Boston Capital Group, Lockheed Martin Information Management Systems and IBM Corporation.

Bonnie Habyan. Ms. Habyan, Executive Vice President Marketing, joined Arbor in 2004 and her current responsibilities encompass a comprehensive scope of marketing operation functions that include corporate marketing, new business development, client systems and marketing automation. Her role was recently expanded to include the management of Arbor's technology and automation initiatives as they relate to the customer journey and loan origination process. Ms. Habyan led a team to develop and implement Arbor Loan Express (ALEX), our first automated online loan processing system, and recently was appointed to serve on Fannie Mae's DUS® Technology Subcommittee. She has been at Arbor for 13 years, serving as Vice President of Marketing and Senior Vice President before advancing to her current role.

Daniel P. Kenny. Mr. Kenny, Executive Vice President Chief Asset Manager, Servicing and Asset Management, leads the post-closing activities in support of Arbor's agency and balance sheet lending programs. A 30-year commercial real estate industry veteran, Mr. Kenny joined Arbor in 2011. Earlier in his career, Mr. Kenny held senior-level positions at several other commercial real estate investment and lending organizations, including KeyBank, Dillon Read Capital Management UBS Investment Bank, Bayerische Hypo und Vereinsbank, Skopbank, CorEast Savings Bank and Chase Manhattan Bank.

Thomas Ridings. As Arbor's Chief Accounting Officer, Mr. Ridings is responsible for overseeing our accounting operations and financial reporting functions, including budgeting and internal audit. Mr. Ridings joined Arbor in 2013. Prior to joining Arbor, Mr. Ridings worked at W. P. Carey Inc., a publicly traded, diversified REIT and a leading global owner and manager of commercial real estate, from 2004 to 2013. At W. P. Carey he served in various positions including Executive Director, Chief Audit Executive, Chief Risk Officer and Chief Accounting Officer. From 2000 to 2004, Mr. Ridings served in various accounting and financial reporting roles at Computer Associates, a publicly traded, global software company. Mr. Ridings also worked at Ernst & Young, LLP where he held various positions in their assurance services practice from 1990 to 2000. He is a Certified Public Accountant.

Frank Lutz. Mr. Lutz, Executive Vice President Chief Production Officer, joined Arbor in 2018 and is responsible for overseeing all of the Company's agency lending platforms for business development and our national production network and originations team. He also serves as a liaison between our agency partners as it relates to production. Mr. Lutz has over 25 years of multifamily agency experience. Prior to joining Arbor, Mr. Lutz was a Senior Vice President, Fannie Mae Liaison with Berkadia from 2011 to 2018 and was responsible for managing Berkadia's Fannie Mae and Freddie Mac production relationships. While there, he also served as the Chairman of the Fannie Mae DUS® Advisory Council. Prior to joining Berkadia, Mr. Lutz was with Fannie Mae where he served as Senior Vice President, Customer Management for the Northeast.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy and Principles

The Compensation Committee is aware that the real estate finance industry is highly competitive and that experienced professionals have significant career mobility. We compete for executive talent with a large number of real estate investment companies and specialty finance companies, some of which are privately owned and some of which are publicly traded and have significantly larger market capitalization than us. We are a specialized company in a highly competitive industry and our ability to attract, retain and reward our "named executive officers" and other key employees is essential to maintaining our competitive position in the real estate finance industry. For 2017, our "named executive officers" are Mr. Kaufman, our Chief Executive Officer, Mr. Elenio, our Chief Financial Officer, and Messrs. Weber, Caulfield and Kilgore, the three most highly compensated executive officers (other than our Chief Executive Officer and our Chief Financial Officer) who were serving as our executive officers as of the end of 2017.

Prior to May 31, 2017, we were externally managed and advised by Arbor Commercial Mortgage. Effective May 31, 2017, we exercised our option to fully internalize our management team and terminate the existing management agreement. Prior to the termination of the management agreement, we were required to reimburse our Former Manager for a portion of the base salaries and annual cash bonuses paid to employees of our Former Manager who provided services to us in accordance with the terms of the management agreement, although the Compensation Committee had the sole discretion to approve our portion of the annual cash bonus payable to the most highly compensated of these employees. Prior to May 31, 2017, the cash compensation and benefits paid or provided to Mr. Elenio, and disclosed and described herein, were provided by our Former Manager. Effective June 1, 2017, Mr. Elenio was compensated directly by us. Messrs. Kaufman, Weber, Caulfield and Kilgore were compensated directly by us during 2017.

The Compensation Committee's goal is to maintain compensation programs that are competitive within our industry, reward executives if we achieve our operational, financial and strategic goals and build stockholder value. In determining the form and amount of compensation payable by us to the named executive officers, the Compensation Committee is guided by the following objectives and principles:

Compensation levels should be sufficiently competitive to attract, motivate and retain key executives. We aim to ensure our executive compensation program attracts, motivates and retains high performance talent and rewards them for the Company achieving and maintaining a competitive position in our industry. The Compensation Committee believes that total compensation should increase with position and responsibility.

Compensation related directly to performance and incentive compensation should constitute a substantial portion of total compensation. We aim to promote a pay-for-performance culture, with a substantial portion of total compensation being "at risk." Accordingly, a substantial portion of total compensation should be tied to and vary with our operational, financial and strategic performance, as well as individual performance. The Compensation Committee believes that executives with greater roles and the ability to directly impact our strategic goals and long-term results should bear a greater proportion of the risk if these goals and results are not achieved.

Long-term incentive compensation should align executives' interests with the Company's stockholders. Awards of equity-based compensation encourage executives to focus on our long-term growth and prospects and motivate executives to manage the Company from the perspective of owners with a meaningful stake in the Company, as well as to focus on long-term career orientation.

Table of Contents

The Compensation Committee does not employ a specific policy, practice or formula regarding an allocation between cash and non-cash compensation with respect to compensation paid to our executives.

The Compensation Committee reviews at least annually, the goals and objectives of our executive compensation plans, incentive compensation plans, equity-based plans and other compensation and employee benefit plans. The Compensation Committee believes that our compensation and benefits are competitive with its peers and provide appropriate incentives for strong performance.

Compensation Setting Process

Management's Role in the Compensation-Setting Process

The Compensation Committee believes our Chief Executive Officer, Mr. Kaufman, is in the best position to determine the responsibilities of each other named executive officer and observe how well each executive performs his responsibilities. Mr. Kaufman provides recommendations to the Compensation Committee regarding base salary levels and the form and amount of the annual cash incentive awards and stock-based compensation paid to all of our other named executive officers. Mr. Kaufman's recommendations are based on his evaluation of each other named executive officer's performance, contribution toward achieving operational, financial and strategic goals, current and historical compensation elements and our financial performance. The Compensation Committee has the ability to modify any of these recommendations and is solely responsible for ultimately determining and approving all of our compensation arrangements for these named executive officers. Additionally, Mr. Kaufman and our other officers provide compensation and other information to the Compensation Committee upon its request.

Mr. Kaufman does not participate in any deliberations or approvals by the Compensation Committee with respect to his compensation.

See "Determining Compensation Levels" below for more information about the Compensation Committee's process for determining the compensation of the named executive officers.

Compensation Consultants

The Compensation Committee's charter provides the committee with the sole authority to retain, terminate, obtain advice from, oversee and compensate any compensation consulting firm or other adviser as it deems appropriate. We have provided appropriate funding to the Compensation Committee to do so.

For 2017, the Compensation Committee did not engage a compensation consultant to advise on the compensation of its executive officers as it continued to apply the principles developed with FPL Associates, its consultant, in 2014. FPL Associates has no other relationships with us and is considered an independent third-party advisor. The Compensation Committee conducted a specific review of its relationship with FPL Associates and determined that its work for the Compensation Committee did not raise any conflicts of interest, consistent with the guidance provided under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), by the SEC and by the NYSE. The Compensation Committee continues to monitor the independence of its compensation consultant on a periodic basis.

Determining Compensation Levels

The Compensation Committee annually determines targeted total compensation levels, as well as the individual compensation components for the named executive officers. In making such determinations, the Compensation Committee reviews and considers: (1) recommendations of our Chief Executive Officer (for the other named executive officers); (2) historical compensation levels for

Table of Contents

each named executive officer; (3) industry and market conditions and our future objectives and challenges; and (4) overall effectiveness of the executive compensation program. The Compensation Committee does not utilize specific performance-based goals and does not engage in benchmarking compensation, but reviews general industry trends as well as our overall performance in determining targeted total compensation levels.

Based upon its review of the applicable factors described above, the Compensation Committee approved the total compensation payable to Mr. Kaufman with respect to his service in 2017. Based upon discussions and recommendations of our Chief Executive Officer, and upon its review of the applicable factors described above, the Compensation Committee approved the base salary and incentive awards of each of Messrs. Elenio, Weber, Caulfield and Kilgore with respect to their service in 2017. The Compensation Committee believes these approved forms and levels of compensation are reasonable, appropriate and in line with our compensation philosophy and principles.

Elements of Compensation

Total compensation for the named executive officers is generally comprised of the following components:

base salary;

annual cash incentive awards;

stock-based incentive awards; and

retirement and other benefits.

Other than Mr. Kaufman's Annual Incentive Agreement described below in "Executive Compensation in 2018," our named executive officers do not have employment, severance or change of control agreements, although their restricted stock award agreements provide for accelerated vesting upon a change of control as further described under "Stock-Based Incentive Awards Stock Awards." All of the named executive officers are employed at will, which enables us to terminate their employment at any time and for any reason. This is consistent with our performance-based employment and compensation philosophy.

Base Salary

Salaries provide executives with a base level of income and help achieve the objectives outlined above by attracting and retaining strong talent with the skills and experience necessary to achieve our key business objectives. The Compensation Committee reviewed and approved, with respect to 2017, the base salaries of Messrs. Kaufman, Elenio, Weber, Caulfield and Kilgore. Generally, base salaries are not based upon specific measures of corporate performance, but are determined by: (1) tenure of service; (2) scope and complexity of the position, including current job responsibilities; (3) an evaluation of each officer's individual performance and contribution to our operational, financial and strategic goals and objectives; and (4) with respect to the named executive officers other than Mr. Kaufman, the recommendations of our Chief Executive Officer. Consistent with compensation practices commonly applied in the real estate finance industry, salaries generally consist of a lower percentage of an executive's total compensation, with a substantial portion of total compensation coming from incentive compensation that is tied to our performance.

Please refer to the "Summary Compensation Table for 2017" below for a further description of the base salaries paid to our named executive officers with respect to their services during 2017.

Table of Contents

Annual Incentive Awards

We aim to promote a pay-for-performance culture, with a substantial portion of total compensation being "at risk." The annual incentive award may be in the form of cash, stock-based awards or a combination thereof, at the discretion of the Compensation Committee. We do not have a specific policy, practice or formula regarding an allocation between the cash component and the stock-based component. These awards are designed to help achieve the objectives of the compensation program and may vary significantly from year to year. In 2017, the Compensation Committee did not establish any specific performance-based goals that must be met in order to receive the annual incentive award.

The Compensation Committee believes that the structure and ultimate payout amounts of the incentive awards are appropriate to attract, retain and reward the named executive officers, are competitive with those offered by our peers, provide a strong, long-term performance and retention incentive, support a pay-for-performance culture and increase each named executive officer's vested interest in the Company.

The Compensation Committee determines the annual incentive awards of the named executive officers in amounts relative to each individual's contributions and responsibilities. Individuals with increased ability to directly impact our performance were allocated larger awards because they bear a greater proportion of the risk that compensation will decrease if we do not perform as expected. We paid cash incentive awards to the following executives with respect to their performance in 2017:

Mr. Elenio received an annual cash incentive award of \$750,000 with respect to his work on behalf of the Company.

Mr. Weber received an annual cash incentive award of \$1,000,000 for managing our loan portfolio and origination platform.

Mr. Caulfield received an annual cash incentive award of \$1,000,000 for managing our Agency origination production.

Mr. Kilgore received an annual cash incentive award of \$800,000 for managing our securitization platform.

Our independent directors approved the payment of a \$3,850,000 cash bonus to Mr. Kaufman with respect to his work on our behalf for the year ended December 31, 2017, under the terms of an Annual Incentive Agreement described below in "Executive Compensation in 2018."

Stock-Based Incentive Awards

Since the Company's formation in 2003, the Compensation Committee has granted our named executive officers (as well as certain other employees of ours, employees of the Former Manager who provided us services and our non-management directors) stock awards, consisting of shares of our common stock that may, in the discretion of the Compensation Committee, either: (i) vest annually over a multi-year period, subject to the recipient's continued service to us; or (ii) vest immediately. The recipients of these awards realize value as the common stock underlying the awards vest, with the value increasing if our stock performance increases after the date of grant. Additionally, all of the common stock underlying these restricted stock awards, whether or not vested, is entitled to cash dividends paid to our stockholders because we feel that this further aligns the interests of the holders with those of our stockholders generally.

The Compensation Committee believes that stock-based awards must be sufficient in size and value to achieve our goals of both providing a strong, long-term performance and retention incentive for named executive officers and increasing their vested interest in the Company. In determining the equity component of a named executive officer's compensation, the Compensation Committee considers

Table of Contents

all relevant factors, including the Company's performance and relative stockholder return, the awards granted in past years and the relative value of the awards.

Stock-Based Awards for 2017. Consistent with its historical practice of granting annual stock-based awards to the named executive officers with respect to their service to the Company and performance in the most recently completed fiscal year, in 2018, the Compensation Committee granted certain of our named executive officers stock-based awards, consisting of restricted stock with a multi-year vesting schedule under our 2017 Amended Omnibus Stock Incentive Plan ("2017 Stock Incentive Plan") with respect to their service to the Company and performance in 2017. On March 5, 2018, the Compensation Committee granted, effective March 9, 2018, an aggregate of 265,444 shares of restricted stock to certain of our employees with respect to their 2017 performance, of which 116,955 shares, in the aggregate, were granted to Messrs. Elenio, Weber, Caulfield and Kilgore. One third of the shares were vested as of the date of grant, one third will vest in March 2019, and the remaining third will vest in March 2020 (subject to the executives continued employment). In addition, Mr. Kaufman was granted, in accordance with his Annual Incentive Agreement: (i) 63,584 shares of restricted stock, of which one quarter of the shares were vested as of the date of grant and one quarter will vest on each of the first, second and third anniversaries of the date of grant; (ii) performance-vesting restricted stock units which vest at the end of a four-year performance period based upon our achievement of total shareholder return objectives, and which entitle Mr. Kaufman to receive up to 381,503 shares of common stock; and (iii) 357,569 shares of restricted stock after obtaining certain performance based goals related to the integration of the acquisition of our Former Manager's Agency business completed in 2016 (the "Acquisition"), which vest in full on the third anniversary in August 2020.

We do not have a formal policy on timing equity compensation grants in connection with the release of material non-public information to affect the value of compensation. The Compensation Committee has generally granted stock-based awards once a year.

Future Grants of Stock Options. The Compensation Committee has traditionally viewed restricted stock awards as more effective than stock options in achieving our compensation objectives. However, the Compensation Committee also considers stock options, in addition to restricted stock awards, as a viable tool to retain key employees. To the extent that the Compensation Committee decides to grant stock options in the future, it is anticipated that: (i) the exercise price for the stock options will be equivalent to the market price of the underlying common stock on the date of grant; (ii) the stock options will vest over a multi-year period; and (iii) the stock options will be exercisable for a maximum of ten years from the date of grant. Stock options align employee incentives with the interests of stockholders because they have value only if our stock price increases over time. The Compensation Committee believes that the ten-year term of the stock options will help focus employees on our long-term growth. Given that stock options vest over a multi-year period, stock options are intended to help retain key associates and keep employees focused on long-term performance. To date, no such options have been granted.

Retirement and Other Benefits

We maintain a 401(k) plan for our employees, including the named executive officers, as a source of retirement income by enabling participants to save on a pre-tax basis and by providing Company matching contributions. All of the named executive officers participated in the 401(k) plan in 2017. We do not maintain any non-qualified deferred compensation plans that would allow the named executive officers to elect to defer receipt (and taxation) of their base salaries, bonuses or other compensation, nor do we maintain a defined benefit pension plan.

The named executive officers are eligible to participate in our active employee flexible benefits plans, which are generally available to all our employees. Under these plans, all employees are entitled to medical, dental, vision, life insurance and long-term disability coverage. Additionally, all of our

Table of Contents

employees are entitled to vacation, sick leave and other paid holidays. The Compensation Committee believes that our commitment to provide the employee benefits described above recognizes that the health and well-being of our employees contribute directly to a productive and successful work life that enhances results for the Company and its stockholders.

In 2017, we provided all of our named executive officers with (i) \$250,000 of life insurance coverage and (ii) long-term disability coverage with a maximum annual benefit of \$120,000.

For further information regarding the premiums paid on the named executive officers' insurance policy, please refer to the "Summary Compensation Table for 2017" below.

Advisory Vote to Approve Named Executive Officer Compensation

In the 2011 annual meeting of stockholders, the Board resolved to accept the stockholders' recommendation to hold an advisory vote on the compensation of our named executive officers every three years. Accordingly, we conducted an advisory vote on the compensation of our named executive officers at our 2014 and 2017 annual meetings of stockholders, at which 93% and 90%, respectively, of the votes cast were in favor of this advisory proposal. The Compensation Committee believes this favorable outcome conveyed our stockholders' support of the Compensation Committee's decisions and the existing executive compensation programs. As a result, the Compensation Committee made no material changes in the structure of our compensation programs or pay for performance philosophy, except with respect to Ivan Kaufman's Annual Incentive Agreement described in "Executive Compensation in 2018" below.

The Board and the Compensation Committee continue to expect to take the results of the 2017 vote and future votes into consideration when making future compensation decisions with respect to the named executive officers, but are not required to do so.

Deductibility of Executive Compensation

Prior to the enactment of the Tax Cuts and Jobs Act of 2017 ("Tax Act"), Section 162(m) of the Internal Revenue Code generally limited the deductible amount of total annual compensation paid by a public company to each "covered employee" (the chief executive officer and three other most highly compensated executive officers other than the chief financial officer) to no more than \$1,000,000. Unless an exception applies, compensation otherwise deductible in connection with equity-based awards was subjected to this limit.

Under the enacted Tax Act, the exception under Section 162(m) for "performance-based" compensation will no longer be available, subject to transition relief for certain grandfathered arrangements in effect as of November 2, 2017. Among the changes to Section 162(m) under the Tax Act, the covered employees will be expanded to include the chief financial officer, and once one of our named executive officers is considered a covered employee, the named executive officer will remain covered employees as long as they receive compensation from us. The Committee has not adopted a formal policy that requires all compensation paid to the named executive officers to be fully deductible.

Executive Compensation in 2018

In 2015, we entered into an Annual Incentive Agreement with Ivan Kaufman, which generally sets forth the agreement between Mr. Kaufman and us with respect to Mr. Kaufman's annual base salary and incentive compensation from the Company commencing in 2015 and continuing during his service as Chief Executive Officer. That agreement was amended in March of 2017, primarily to provide for certain incentive compensation dependent on our successful integration of the Acquisition. Under the terms of the agreement, Mr. Kaufman will have an annual base salary of \$1,000,000 and an annual performance cash bonus target opportunity of 220% of base salary (with a threshold annual bonus

Table of Contents

opportunity of 110% and a maximum annual bonus opportunity of 330% of base salary with the opportunity to earn an additional \$550,000 annually in the event of extraordinary performance with respect to corporate capital growth goals). The goals applicable to the annual performance bonus will relate to our adjusted funds from operations, corporate capital growth (as noted above), balance sheet-management and efficiency, the relative risk of our portfolio, the growth of our Agency servicing portfolio and the Compensation Committee's assessment of Mr. Kaufman's leadership and achievement of subjective goals during the calendar year. These goals (and the other goals contemplated by the agreement) are to be set by the Compensation Committee of our Board of Directors.

The agreement further provides for: (i) annual grants of three-year time-vesting restricted stock with a value at grant of \$550,000; (ii) annual grants, for a five year period, of performance and time based-vesting restricted stock with an annual grant value of \$3,000,000, dependent on reaching certain goals relating to our integration of the Acquisition, including originations, growth in the servicing portfolio and the weighted average servicing fee; and (iii) performance-vesting restricted stock units with an annual value at grant of \$3,300,000, relating to our total shareholder return objectives. Each grant of performance and time based-vesting restricted stock noted in clause (ii) above will vest in full on the third anniversary of the grant date. The performance-vesting restricted stock units noted in clause (iii) above will vest, in whole or in part, based on the attainment of total shareholder return goals over a four year period. In March 2016, 2017 and 2018, the Compensation Committee granted Mr. Kaufman performance-vesting restricted stock units under clause (iii) above, which entitle Mr. Kaufman to receive up to 421,348 shares, 448,980 shares and 381,503 shares, respectively, of common stock which vest at the end of a four-year performance period based upon our achievement of total shareholder return objectives.

The agreement also provides for the treatment of the various incentive awards upon a termination of Mr. Kaufman's employment. Among other things, the agreement provides that in the event of a termination of employment by the Company without cause or by Mr. Kaufman for good reason (as such terms are defined in the agreement), then the annual bonus for the year of termination will be paid out at the target level of performance (which is 220% of base salary), all unvested restricted stock issued pursuant to clauses (i) and (ii) in the preceding paragraph will vest in full and performance-vesting restricted stock units described in clause (iii) of the preceding paragraph will vest pro-rata based on the elapsed portion of the performance period (based upon actual performance).

The agreement also provides that the value of Mr. Kaufman's annual cash bonus and equity incentive awards will increase by 10% for each increase of 25% in our GAAP equity capitalization, measured year-over-year (from December 31, 2016) through the first day of any subsequent calendar year.

In March 2018, the Compensation Committee approved the salaries of Messrs. Kaufman, Elenio, Weber, Caulfield and Kilgore for 2018, all of which did not increase from 2017.

The Compensation Committee intends to continue its strategy of compensating our named executive officers through programs that emphasize incentive compensation, fostering a pay-for-performance culture. To that end, a majority of executive compensation will continue to be tied to Company and individual performance, while maintaining an appropriate balance between cash and non-cash compensation.

Management Agreement

We were previously externally managed and advised by ACM. Effective May 31, 2017, we exercised our option to fully internalize our management team and terminate the existing management agreement, which included the transfer of approximately 100 employees.

Table of Contents

Prior to May 31, 2017, ACM provided us with a variety of advisory and professional services vital to our operations, including underwriting, accounting and treasury, compliance, marketing, information technology and human resources, for which we reimbursed ACM for its actual costs incurred and included the allocable portion of the base salaries, annual cash bonuses and employee benefits paid to our Former Manager's employees who provide such services to us. Prior to May 31, 2017, the cash compensation and benefits paid or provided to Mr. Elenio was provided by ACM and included in the management fee. Effective June 1, 2017, Mr. Elenio was compensated directly by us.

The 2017, 2016 and 2015 base management fees were \$6.7 million, \$12.6 million and \$10.9 million, respectively. A portion of this amount represented our allocable portion of the base salary and annual cash bonus paid to Mr. Elenio with respect to his service to the Company while he was employed by ACM.

Compensation Committee Report on Executive Compensation

The Compensation Committee reviewed and discussed the "Compensation Discussion and Analysis" with our management. Based upon this review and their discussions, the Compensation Committee recommended that the Board of Directors include the "Compensation Discussion and Analysis" in our proxy statement for the 2018 annual meeting of stockholders. In addition, the Compensation Committee considered whether our executive compensation program encourages unnecessary risk taking and has concluded that it does not.

Compensation Committee:

William C. Green (Chairman)
William Helmreich
Melvin F. Lazar
George Tsunis

April 9, 2018

Table of Contents**Executive Compensation****Summary Compensation Table for 2017**

The following table sets forth the total compensation amounts paid to our named executive officers for the years ended December 31, 2017, 2016 and 2015.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	All Other Compensation (\$)(2)	Total (\$)
Ivan Kaufman	2017	1,000,000	3,850,000	4,612,420	5,970	9,468,390
Chief Executive Officer and President	2016	1,000,000	3,500,000	1,367,277	5,895	5,873,172
	2015	1,000,000	3,441,304	2,439,035	6,310	6,886,649
Paul Elenio	2017	500,000	750,000	400,500	5,970	1,656,470
Chief Financial Officer	2016	442,655(3)	1,216,732(3)	331,500	5,241	1,996,128
	2015	378,334(3)	420,000(3)	174,750	5,034	978,118
Fred Weber	2017	500,000	1,000,000	200,250	5,970	1,706,220
Executive Vice President Structured Finance	2016	500,000	1,250,000	198,237	5,895	1,954,132
	2015	500,000	1,700,000	174,750	6,293	2,381,043
John Caulfield	2017	500,000	1,000,000	150,188	5,970	1,656,158
Chief Operating Officer Agency Lending	2016	N/A	N/A	N/A	N/A	N/A
	2015	N/A	N/A	N/A	N/A	N/A
Gene Kilgore	2017	500,000	800,000	175,219	5,970	1,481,189
Executive Vice President Structured Securitization	2016	500,000	800,000	173,441	5,895	1,479,336
	2015	500,000	850,000	174,750	6,293	1,531,043

- (1) Represents the aggregate grant date fair value of restricted common stock awards and performance-vesting restricted stock units granted in the respective years, determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 Compensation Stock Compensation ("ASC 718") and represents the probable outcome of the performance condition. See "Executive Compensation Compensation Discussion and Analysis Compensation Setting Process Stock-Based Incentive Awards" for further information on stock awards.
- (2) Amounts reflect our matching contributions to the 401(k) plan and basic term life insurance.
- (3) Prior to the termination of our management agreement with ACM effective May 31, 2017, Mr. Elenio did not receive cash compensation or benefits from us for serving as our executive officer, other than the cash bonus amounts that are stated below. Prior to June 1, 2017, he was employed and compensated by our Former Manager, ACM, who was reimbursed \$914,628 and \$798,334 in cash as our allocable portion of the annual salary and bonus payable to Mr. Elenio in 2016 and 2015, respectively. In addition, our independent directors approved the payment of a cash bonus of \$750,000 by the Company to Mr. Elenio with respect to his work on behalf of the Company for the year ended December 31, 2016. See "Compensation Discussion & Analysis Management Agreement" for further information.

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Table of Contents

Grants of Stock-Based Awards for 2017

The following shares of restricted common stock and performance-vesting restricted stock units were granted to the named executive officers pursuant to our stock incentive plans in effect at the grant dates and Annual Incentive Agreement during 2017.

Name	Grant Date	Number of Shares of Stock or Units #(1)	Grant Date Fair Value of Stock Awards \$(2)
Ivan Kaufman	03/20/17	523,810	1,641,022
	08/02/17	357,569	2,971,398
Paul Elenio	03/20/17	50,000	400,500
Fred Weber	03/20/17	25,000	200,250
John Caulfield	03/20/17	18,750	150,188
Gene Kilgore	03/20/17	21,875	175,219

(1) Represents restricted common shares, granted to the named executive officers, and performance-based restricted stock and performance-based restricted stock units granted to Mr. Kaufman, in 2017 with respect to their 2016 performance.

(2) Represents the aggregate grant date fair value of restricted common stock awards and performance-vesting restricted stock units granted in the respective years, determined in accordance with ASC 718. See "Executive Compensation Compensation Discussion and Analysis Compensation Setting Process Stock-Based Incentive Awards" for further information on stock awards.

Cash dividends are paid on all outstanding shares of restricted stock at the same rate as is paid to all stockholders, which was \$0.72 per share for 2017. See "Executive Compensation Compensation Discussion and Analysis Forms of Compensation Stock-Based Incentive Awards" for further information.

Outstanding Equity Awards at 2017 Fiscal Year-End

The table below lists the number of shares of restricted common stock and performance-vesting restricted stock units held by each of our named executive officers as of December 31, 2017.

Name	Stock Awards	
	Number of Shares or Units of Stock That Have Not Vested #(1)	Market Value of Shares or Units of Stock That Have Not Vested \$(2)
Ivan Kaufman	1,783,471(3)	15,409,189
Paul Elenio	49,999(4)	431,991
Fred Weber	26,633(5)	230,109
John Caulfield	16,236(6)	140,279
Gene Kilgore	23,303(7)	201,338

(1) For all named executive officers, as of December 31, 2017, these shares were subject to the terms of the restricted stock award agreements, and additionally for Mr. Kaufman, the Annual Incentive Agreement.

(2) Based on the closing stock price of our common stock on December 31, 2017 of \$8.64.

(3) Of the 467,378 unvested restricted common stock awards for Mr. Kaufman, 54,836 shares vested in March 2018, while 36,265 shares and 18,708 shares will vest in March 2019 and 2020, respectively, and 357,569 shares will vest in August 2020. The 1,316,093 performance-vesting restricted stock

Table of Contents

units granted to Mr. Kaufman will vest, in whole or in part, based on the attainment of total shareholder return goals over a four year period.

- (4) Of the 49,999 unvested stock awards for Mr. Elenio, 33,333 shares vested in March 2018, while 16,666 shares will vest in March 2019.
- (5) Of the 26,633 unvested stock awards for Mr. Weber, 18,299 shares vested in March 2018, while 8,334 shares will vest in March 2019.
- (6) Of the 16,236 unvested stock awards for Mr. Caulfield, 9,986 shares vested in March 2018, while 6,250 shares will vest in March 2019.
- (7) Of the 23,303 unvested stock awards for Mr. Kilgore, 16,012 shares vested in March 2018, while 7,291 shares will vest in March 2019.

Vested Stock-Based Awards for 2017

The table below lists the number of shares of restricted common stock held by each of our named executive officers that vested (pursuant to the terms of the related restricted stock award agreement and Annual Incentive Agreement in connection to Mr. Kaufman) during 2017.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(1)
Ivan Kaufman	89,836	711,299
Paul Elenio	41,668	327,594
Fred Weber	26,634	209,517
John Caulfield	11,653	91,966
Gene Kilgore	24,346	191,626

- (1) Value realized equals the fair market value of the shares on the date the shares vested.

Potential Payments Upon Change in Control or Termination

Except for the Annual Incentive Agreement with Mr. Kaufman entered into in March 2015, and amended in March 2017, as described above in "Executive Compensation in 2018," we do not maintain employment, severance or change in control agreements with any of the named executive officers and, therefore, we are not obligated to pay cash severance to any of the named executive officers other than Mr. Kaufman upon a termination of their employment.

Change in Control

The restricted stock award agreements that govern the shares of restricted common stock granted to the named executive officers pursuant to our 2017 Stock Incentive Plan provides for the full vesting of such shares in the event of a "change of control" (as defined in the agreement) of the Company. If a change in control had occurred on December 31, 2017, the market value of the shares of restricted common stock held by each named executive officer that would have become vested, based on the closing stock price of \$8.64 on December 31, 2017, was equal to: (i) Mr. Kaufman, \$4,038,146; (ii) Mr. Elenio, \$431,991; (iii) Mr. Weber, \$230,109; (iv) Mr. Caulfield, \$140,279; and (v) Mr. Kilgore, \$201,338.

Table of Contents

Termination

If Mr. Kaufman's employment was terminated on December 31, 2017: (i) by the Company without cause; or (ii) by Mr. Kaufman for "good reason" (as defined in the agreement), the unvested shares of restricted common stock he held would have become vested and he would have been entitled to the same value described under "Change in Control" above. In addition, the market value of the pro-rata performance-vesting restricted stock units that would have vested based on the terms of his Annual Incentive Agreement was equal to \$5,678,579, based on the closing stock price of \$8.64 on December 31, 2017.

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Act and Item 402(u) of Regulation S-K, we are required to disclose the ratio of our median employee's annual total compensation to the annual total compensation of our principle executive officer.

For 2017, the median of the annual total compensation of all of our employees, excluding the compensation of our Chairman, Chief Executive Officer and President, Mr. Kaufman, was \$80,430, and the annual total compensation of Mr. Kaufman was \$9,468,390. As a result, Mr. Kaufman's annual total compensation was 118 times that of the median annual total compensation of our employees.

To identify the median of the annual total compensation for all of our employees, as well as to determine the annual total compensation of our median employee and Mr. Kaufman, we took the following steps:

1. We determined that, as of December 31, 2017, our employee population consisted of 446 individuals with all of these individuals located in the United States. This population consisted of our full-time and part-time employees;
2. To identify the median employee from our employee population, we compared the total compensation amounts of our employees as reflected in our payroll records and reported to the Internal Revenue Service on Form W-2 for 2017. Since all of our employees are located in the United States, we did not make any cost-of-living adjustments in identifying the median employee. The salaries for permanent employees who were hired during 2017 and were working for us as of December 31, 2017 were annualized. We also annualized the compensation of all employees that transferred to us in connection with the internalization of our management team and termination of management agreement effective May 31, 2017; and
3. With respect to the annual total compensation of Mr. Kaufman, we used the amount reported in the "Total" column of our 2017 Summary Compensation Table included in this proxy statement.

The pay ratio reported above is a reasonable estimate calculated in a manner consistent with SEC rules based on our internal records and the methodology described above. Since the rules used for identifying the median of the annual total compensation allows a variety of methodologies, application of certain exclusions and reasonable estimates and assumptions, the pay ratio reported by other companies may not be comparable to our pay ratio, as other companies have different employee populations and compensation practices and may have used different methodologies, exclusions, estimates and assumptions in calculating their pay ratios.

Director Compensation

The Compensation Committee's recommendations regarding compensation of our directors are reported to, and approved by, the full Board of Directors. The Compensation Committee directly engaged FPL Associates, an independent third-party advisor, with respect to the compensation of its

Table of Contents

directors and, in March 2017, the Board of Directors approved an updated compensation program for our directors, which was effective beginning in 2017 and summarized as follows.

Each non-management director is paid a director's fee of \$145,000 per year consisting of \$60,000 of cash and approximately \$85,000 in stock. Also, the Lead Director is paid an additional fee of \$50,000 per year, each independent director who serves as chairman of the Audit Committee is paid an additional fee of \$25,000 per year, each independent director who serves as chairman of the Compensation Committee is paid an additional fee of \$15,000 per year, and each independent director who serves as chairman of the Corporate Governance Committee is paid an additional fee of \$10,000 per year. Additionally, each independent director who serves on a committee is paid an additional fee per year of \$10,000 for the Audit Committee (other than the chairman) and the Compensation Committee (other than the chairman), and \$5,000 for the Corporate Governance Committee (other than the chairman). In addition, we reimburse all directors for reasonable out-of-pocket expenses incurred in connection with their services on the Board of Directors. We also reimburse all directors up to \$2,500 per year for continuing education costs incurred in connection with their services on the Board of Directors.

2017 Director Compensation Table

The following table sets forth the compensation amounts paid by us to our directors for the year ended December 31, 2017.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Total (\$)
Archie R. Dykes	75,000	85,106	160,106
Karen K. Edwards	75,000	85,106	160,106
William C. Green	135,000	85,106	220,106
William Helmreich	80,000	85,106	165,106
Melvin F. Lazar	95,000	85,106	180,106
Joseph Martello(2)	0	80,100	80,100
George Tsunis	75,000	85,106	160,106

(1)

Represents the aggregate grant date fair value of common stock awards granted in 2017, determined in accordance with ASC 718. The number of shares and grant date fair value of common stock awards granted during 2017 are set forth below. Each of these awards consisted of shares of common stock that were issued without vesting restrictions as of the grant date, except for Joseph Martello, who was granted restricted common shares in his capacity as a service provider to the Company whereby one third of the shares vested as of the date of grant, one third vested in March 2018 and the remaining third will vest in March 2019.

Table of Contents

Name	Number of Shares Granted (#)	Grant Date Fair Value of Stock Awards (\$)
Archie R. Dykes	10,625	85,106
Karen K. Edwards	10,625	85,106
William C. Green	10,625	85,106
William Helmreich	10,625	85,106
Melvin F. Lazar	10,625	85,106
Joseph Martello(2)	10,000	80,100
George Tsunis	10,625	85,106

(2)

Mr. Martello, the Chief Operating Officer of Arbor Management, LLC (which is the managing member of ACM) did not receive cash fees for his service as a director and was granted restricted shares of common stock in his capacity as a service provider to the Company. The number of granted shares of common stock that vested immediately on March 14, 2017 totaled 3,333 with a fair market value of \$26,667 as of the grant date and the number of shares that were not vested as of December 31, 2017 totaled 6,667 with a market value of \$53,336 as of December 31, 2017.

On March 5, 2018, the Compensation Committee granted each of our non-management directors an award of 9,770 shares of fully vested common stock, with a grant date of March 9, 2018.

Compensation Committee Interlocks and Insider Participation

Messrs. Green, Lazar, Tsunis and Dr. Helmreich served as members of our Compensation Committee during 2017. Dr. Helmreich has been retained as a part-time consultant in the capacity of Chairman for Academic Affairs by North Shore Hebrew Academy since 2000. Prior to 2000, Dr. Helmreich was the President of North Shore Hebrew Academy. Our Chairman and Chief Executive Officer, Mr. Kaufman, and Dr. Helmreich are both members of the Board of Trustees of North Shore Hebrew Academy High School.

Equity Compensation Plan Information

The following table presents information as of December 31, 2017 regarding the 2017 Stock Incentive Plan, which is our only equity compensation plan.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Available for Future Issuance
Equity compensation plans approved by security holders:			
2017 Stock Incentive Plan(1)	0	N/A	3,596,828
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	0	N/A	3,596,828

(1)

On May 17, 2017, the stockholders authorized the issuance of an additional 5,000,000 shares of our common stock to be used for grants under the 2017 Stock Incentive Plan.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates how many shares of our common stock and our special voting preferred stock are beneficially owned by: (i) each of our directors and each nominee for director; (ii) each of our executive officers; and (iii) all of our directors and executive officers as a group. The following table also indicates how many shares of our common stock and special voting preferred stock are beneficially owned by each person known to us to be the beneficial owner of more than five percent (5%) of the outstanding shares of our common stock and special voting preferred stock, in each case, based solely on, and as of the date of, such person's filing of a Schedule 13D or Schedule 13G with the SEC. Unless otherwise indicated, the persons named in the following table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

The following table lists separately the outstanding shares of our special voting preferred stock that are currently held by ACM and our executive officers as a separate class of our voting securities. These shares of special voting preferred stock entitle the holder to one vote on all matters submitted to a vote of our stockholders and are paired with an equal number of common units of our operating partnership ("OP Units"), each of which is currently redeemable for cash or, at our option, shares of our common stock on a one-for-one basis. Each share of special voting preferred stock will be redeemed and cancelled by us upon the redemption of its paired operating partnership unit for cash or shares of our common stock. In December 2017, our Former Manager distributed 5,780,348 OP units to its members, which includes, but not limited to, Mr. Kaufman and his affiliated entities and certain of our officers and employees. In accordance with SEC beneficial ownership rules, the following table attributes to ACM (and to Mr. Kaufman, as the controlling owner of ACM) beneficial ownership of

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Table of Contents

the: (i) 15,450,421 shares of special voting preferred stock currently held by ACM; and (ii) 5,349,053 shares of common stock currently held by ACM.

Name and Address(1)	Shares of Common Stock Beneficially Owned(2)		Shares of Special Voting Preferred Stock Beneficially Owned(2)		Total Shares of Voting Stock Beneficially Owned(2)	
	Number	Percentage	Number	Percentage	Number	Percentage
Ivan Kaufman(3)	6,294,286	10.1%	19,471,527	91.7%	25,765,813	30.8%
Arbor Commercial Mortgage, LLC(3)	5,349,053	8.6%	15,450,421	72.8%	20,799,474	24.9%
Leon G. Cooperman(4)	4,836,000	7.8%			4,836,000	5.8%
Wellington Management Company, LLP(5)	3,876,645	6.2%			3,876,645	4.6%
BlackRock, Inc.(6)	5,009,229	8.0%			5,009,229	6.0%
Archie R. Dykes	124,355	*			124,355	*
Karen K. Edwards	102,905	*			102,905	*
William C. Green	92,335	*			92,335	*
William Helmreich	188,505	*			188,505	*
Melvin F. Lazar	185,000	*			185,000	*
George Tsunis	45,355	*			45,355	*
Joseph Martello(7)	118,940	*	82,022	*	200,962	*
John J. Bishar, Jr.(7)	107,235	*	26,421	*	133,656	*
John Caulfield(7)	102,619	*	14,851	*	117,470	*
Paul Elenio(7)	348,370	*	23,347	*	371,717	*
Andrew Guziewicz(7)	46,846	*	5,317	*	52,163	*
Bonnie Habyan(7)	102,593	*	5,050	*	107,643	*
Daniel P. Kenny(7)	66,816	*	3,414	*	70,230	*
Gene Kilgore(7)	368,861	*	42,189	*	411,050	*
Thomas Murphy(7)	57,750	*	18,027	*	75,777	*
John Natalone(7)	209,926	*	36,285	*	246,211	*
Fred Weber(7)	445,540	*	57,009	*	502,549	*
Thomas Ridings	83,678	*			83,678	*
All directors and executive officers as a group (19 persons)	9,091,915	14.6%	19,785,459	93.2%	28,877,374	34.5%
Total shares outstanding	62,469,535		21,230,769		83,700,304	

*

Less than one percent.

(1) Unless otherwise indicated in the following footnotes, the address for each person or entity listed in the table above is 333 Earle Ovington Boulevard, Suite 900, Uniondale, New York, 11553.

(2) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes securities over which a person has voting or investment power and securities that a person has the right to acquire within 60 days of the date hereof.

(3) Mr. Kaufman, together with (i) the Ivan and Lisa Kaufman Family Trust, (ii) the Ivan Kaufman Grantor Retained Trust and (iii) Arbor Management, LLC, the managing member of ACM and an entity owned wholly by Mr. Kaufman, beneficially own approximately 70% of the outstanding membership interests of ACM. Amounts provided for Mr. Kaufman also includes the shares owned, and separately disclosed, by Arbor Commercial Mortgage, LLC.

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Table of Contents

- (4) Based on information included in the Schedule 13G filed by Leon G. Cooperman, on February 14, 2018, which includes 2,000,000 shares owned by the Leon and Toby Cooperman Family Foundation for which Mr. Cooperman is a trustee. The address of the principal business office of Mr. Cooperman is 7118 Melrose Castle Lane, Boca Raton, FL 33496.
- (5) Based on information included in the Schedule 13G filed by Wellington Management Company, LLP on February 8, 2018. Wellington Management Company has sole dispositive power over all such shares and sole voting power over 2,440,452 of these shares.
- (6) Based on information included in the Schedule 13G filed by Black Rock Inc. on January 29, 2018. BlackRock Inc. has sole dispositive power over all such shares and sole voting power over 4,913,829 of these shares.
- (7) These individuals hold Class B membership interests in ACM. For purposes of the SEC's beneficial ownership rules, the shares held by ACM are not deemed to be beneficially owned by such individuals. See "Certain Relationships and Related Transactions Relationships with Our Manager Common Management" below for further details.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of a class of our equity securities registered pursuant to Section 12 of the Exchange Act, to file reports of ownership on Forms 3, 4 and 5 with the SEC. Officers, directors and greater than 10% stockholders are required to furnish us with copies of all Forms 3, 4 and 5 that they file.

Based solely on our review of the copies of such forms received by it, or written representations from certain reporting persons that no filings were required for those persons, we believe that during and with respect to the fiscal year ended December 31, 2017 all filings required by Section 16(a) of the Exchange Act were timely made, except for the Form 4 filed for Mr. Lazar related to his purchase of 230 shares of our comon stock on March 19, 2018 (which we reported on April 2, 2018).

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policy Regarding the Review, Approval or Ratification of Transactions with Related Persons

In recognition of the fact that transactions involving related parties can present potential or actual conflicts of interest or create the appearance that our decisions are based on considerations other than the best interests of the Company and its stockholders, the Board of Directors has adopted a written policy, the "Policy and Procedures With Respect to Related Person Transactions," which we refer to as our Related Persons Policy, which provides for the review and approval (or, if completed, ratification) by the Independent Director Committee (or, in certain circumstances, the Chair of the Independent Director Committee) of all transactions involving us in which a related party is known to have a direct or indirect interest, including transactions required to be reported under paragraph (a) of Item 404 of Regulation S-K promulgated by the SEC. All Related Persons (as defined below) are required to report to our Corporate Secretary, who is required to submit to our Independent Director Committee any such related party transaction prior to its completion.

Our Related Persons Policy covers all transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which we (including any of its subsidiaries) are, or will be, a participant and the amount involved exceeds \$120,000, and in which any Related Person had, has or will have a direct or indirect material interest.

A "Related Person," as defined in our Related Persons Policy, means any person who is, or at any time since the beginning of our last fiscal year was, a director or executive officer of ours or a nominee to become a director of ours; any person who is known to be the beneficial owner of more than 5% of any class of our voting securities; any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

In reviewing any related person transaction, all of the relevant facts and circumstances must be considered, including (i) the related person's relationship to us and his or her interest in the transaction, (ii) the proposed aggregate value of the transaction, or, in the case of indebtedness, the amount of principal that would be involved, (iii) the benefits to us, (iv) the availability of comparable products or services that would avoid the need for a related person transaction and (v) the terms of the transaction and the terms available to unrelated third parties or to employees generally.

Relationships with Our Former Manager

Arbor Commercial Mortgage's Ownership Interest in the Company and Related Registration Rights

ACM currently owns 15,450,421 operating partnership units in our operating partnership, Arbor Realty Limited Partnership (the "Partnership"), representing approximately 18.5% partnership interest in our operating partnership. Each of the operating partnership units currently held by ACM are paired with one share of our special voting preferred stock, each of which entitles the holder to one vote on all matters submitted to a vote of our stockholders. Combined with its direct ownership of 5,349,053 shares of our common stock, ACM is currently entitled to a number of votes representing approximately 25.0% of the voting power of our outstanding voting securities. We have granted ACM shelf registration rights, or, if such rights are not available, demand registration rights with respect to the shares currently owned by it. ACM is also entitled to participate in primary or secondary offerings of our common stock with respect to these shares. We have also agreed to certain restrictions on the registration rights that we may grant to any other holder or prospective holder of our securities without

Table of Contents

the prior written consent of ACM so long as we are still obligated to register any of the shares currently owned by ACM pursuant to the registration rights agreement.

Common Management

Mr. Ivan Kaufman, our Chairman and Chief Executive Officer, is also the Chief Executive Officer of Arbor Commercial Mortgage. Mr. Kaufman and entities controlled by Mr. Kaufman collectively own 70% of the outstanding membership interests in ACM. Mr. Joseph Martello, one of our directors, currently serves as the Chief Operating Officer of Arbor Management, LLC, the managing member of ACM. Mr. Martello owns a 1.4% interest in ACM and is also the sole trustee of the Ivan and Lisa Kaufman Family Trust for the benefit of Mr. Kaufman's family, which owns a 37% interest in ACM, and a co-trustee, along with Mr. Kaufman, of the Ivan Kaufman Grantor Retained Annuity Trust, which also owns an equity interest in ACM. Mr. John Bishar, our General Counsel, also serves as General Counsel to ACM. Mr. Bishar owns a 0.5% interest in ACM. Mr. Paul Elenio, our Chief Financial Officer and Treasurer, currently serves as the Chief Financial Officer of ACM. Mr. Elenio owns a 0.4% interest in ACM. Mr. Fred Weber, our Executive Vice President of Structured Finance, was responsible for overseeing ACM's structured finance and principal transactions group from 1999 until 2003. Mr. Weber owns a 1.0% interest in ACM. Mr. Gene Kilgore, our Executive Vice President Structured Securitization, owns a 0.7% interest in ACM. Mr. Andrew Guziewicz, our Chief Credit Officer, owns a 0.1% interest in ACM. Mr. John Caulfield, our Chief Operating Officer Agency Lending, owns a 0.3% interest in ACM. Ms. Bonnie Habyan, our Executive Vice President Marketing, owns a 0.1% interest in ACM. Mr. Daniel P. Kenny, our Executive Vice President Chief Asset Manager, Servicing and Asset Management, owns a 0.1% interest in ACM. Mr. Thomas Murphy, our Executive Vice President Chief Information Officer, owns a 0.3% interest in ACM. Mr. John Natalone, our Executive Vice President Treasury and Servicing, owns a 0.6% interest in ACM. Messrs. Kaufman, Martello, Bishar, Elenio, Weber, Caulfield, Kilgore, Kenny, Murphy and Natalone, as well as Ms. Habyan, are all members of ACM's executive committee.

Management and Shared Services Agreements

Prior to May 31, 2017, we were externally managed and advised by ACM. Effective May 31, 2017, we exercised our option to fully internalize our management team and terminate the existing management agreement. Prior to the termination of the management agreement, we were required to reimburse our Former Manager for a portion of the base salaries and annual cash bonuses paid to employees of our Former Manager who provided services to us in accordance with the terms of the management agreement.

In addition, we have entered into a shared services agreement with ACM and certain of its affiliates where we will provide limited support services to ACM and ACM will reimburse us for the costs of performing such services.

Non-Competition Agreements

We have entered into a non-competition agreement with Mr. Kaufman pursuant to which he has agreed not to pursue any structured finance opportunities in the multifamily and commercial real estate markets unless a majority of our independent directors affirmatively approves the pursuit by Mr. Kaufman of such opportunity and a majority of our independent directors and our credit committee have rejected the pursuit of such opportunity on our behalf. Mr. Kaufman has also agreed that if he is no longer an affiliate of ACM and he is no longer our Chief Executive Officer other than because of certain reasons specified in the non-competition agreement, he will not engage in the structured finance lending business for a period of one year after his departure from us. Mr. Kaufman's non-competition agreement also prohibits Mr. Kaufman from soliciting our customers or employees during its term.

Table of Contents

In addition, in connection with the closing of the Acquisition, we entered into another Non-Competition Agreement with our Former Manager and Mr. Kaufman pursuant to which our Former Manager and Mr. Kaufman agree not to pursue loans and similar investments in commercial mortgage backed securities, the multifamily agency business, permanent and bridge commercial and multifamily mortgage loans and mezzanine and preferred equity investments in commercial and multifamily real estate ("Company Target Investments"). We agreed not to pursue investments in any areas other than Company Target Investments. Each party to the Non-Competition Agreement agreed to not solicit the other parties' employees.

Related Party Transactions

In connection with the Acquisition, we entered into a \$50.0 million preferred equity interest financing agreement with ACM to finance a portion of the purchase price. In January 2018, this debt was paid off in full.

In April 2018, we acquired a \$9.4 million bridge loan which was originated by ACM. The loan was used to purchase several multifamily properties by a consortium of investors, which consisted of certain of our officers, including our chief executive officer, who together own 75% of the borrowing entity. The loan has an interest rate of LIBOR plus 5.0% with a LIBOR floor of 1.56% and matures in January 2021.

In December 2017, we acquired a \$32.8 million bridge loan which was originated by ACM. The loan was used to purchase several multifamily properties by a consortium of investors, which consisted of certain of our officers, including our chief executive officer, who together own 90% of the borrowing entity. The loan has an interest rate of LIBOR plus 5.0% with a LIBOR floor of 1.13% and matures in June 2020.

In the fourth quarter of 2017, we originated two bridge loans totaling \$28.0 million on two multifamily properties owned by a consortium of investors, consisting of certain of our officers, including our chief executive officer, who together own 45% in the borrowing entity. The loans have an interest rate of LIBOR plus 5.25% with LIBOR floors ranging from 1.24% to 1.54% and mature in the fourth quarter of 2020.

In July 2017, we originated a \$36.0 million bridge loan on a multifamily property owned by a consortium of investors. The consortium of investors includes certain of our officers, including our chief executive officer, who own an interest of approximately 95% in the borrowing entity. The loan has an interest rate of LIBOR plus 4.5% with a LIBOR floor of 1% and matures in July 2020.

In May 2017, we originated a \$46.9 million Fannie Mae loan on a multifamily property owned by a consortium of investors, including certain of our officers, who together own an interest of approximately 21.4% in the borrowing entity. We carry a maximum loss-sharing obligation with Fannie Mae on this loan of up to 5% of the original unpaid principal balance.

In March 2017, a consortium of investors, including our chief executive officer and our Former Manager, invested \$2.0 million for a 26.1% ownership interest in two portfolios of multifamily properties which has two bridge loans totaling \$14.8 million originated by us in 2016. The loans have an interest rate of LIBOR plus 5.25% with a LIBOR floor of 0.5% and mature in November 2018. One of the loans was repaid in full in the fourth quarter of 2017.

In January 2017, we modified a \$5.0 million preferred equity investment, increasing our balance to \$15.0 million, with a commitment to fund an additional \$5.0 million. This investment had a fixed dividend rate of 11% and was scheduled to mature in January 2020, however, it was repaid in full in the fourth quarter of 2017. We also entered into an agreement with a consortium of investors consisting of certain of our officers, including our chief executive officer, which admitted them as a member to

Table of Contents

fund the remaining \$5.0 million preferred equity investment, which was generally subordinate to our investment.

In January 2017, Ginkgo, of which one of our directors is a 33% managing member, purchased a multifamily apartment complex which assumed an existing \$8.3 million Fannie Mae loan that we service. Ginkgo subsequently sold the majority of its interest in this property and owned a 3.6% interest at December 31, 2017. We carry a maximum loss-sharing obligation with Fannie Mae on this loan of up to 20% of the original unpaid principal balance.

In September 2016, we originated \$48.0 million of bridge loans on six multifamily properties owned by a consortium of investors consisting of certain of our officers, including our chief executive officer, who together own interests ranging from approximately 10.5% to 12.0% in the borrowing entities. The loans have an interest rate of LIBOR plus 4.5% with a LIBOR floor of 0.25% and mature in September 2019. In August 2017, a \$6.8 million loan on one of the properties paid off in full.

In January 2016, we originated a \$19.0 million bridge loan on a multifamily property owned by a consortium of investors consisting of certain of our officers, including our chief executive officer, who together own an interest of approximately 7.5% in the borrowing entity. The loan had an interest rate of LIBOR plus 4.5% with a LIBOR floor of 0.25% and was scheduled to mature in January 2019. In January 2018, this loan paid off in full.

In November 2015, we originated a \$7.1 million bridge loan on a multifamily property owned by a consortium of investors consisting of certain of our officers, including our chief executive officer, who together own an interest of approximately 7.5% in the borrowing entity. In August 2017, this loan paid off in full. The loan had an interest rate of LIBOR plus 4.5%, with a LIBOR floor of 0.25%.

In April 2015, we originated a \$3.0 million mezzanine loan on a multifamily property that has a \$47.0 million first mortgage initially originated by our Former Manager. The loan bore interest at a fixed rate of 12.5% and was scheduled to mature in April 2025. In January 2018, this loan paid off in full.

In 2015, we invested \$9.6 million for 50% of our Former Manager's indirect interest in a joint venture with a third party that was formed to invest in a residential mortgage banking business. As a result of this transaction, we had an initial indirect interest of 22.5% in this entity. Since the initial investment, we invested an additional \$16.1 million through this joint venture in non-qualified residential mortgages purchased from the mortgage banking business's origination platform (which \$0.6 million was funded in 2017) and we received cash distributions totaling \$16.2 million (that were classified as returns of capital) as a result of the joint venture selling most of its mortgage assets (which \$3.2 million was received in 2017). We recorded a loss from these investments of \$7.2 million in 2017 and income of \$10.0 million and \$6.0 million during 2016 and 2015, respectively. In connection with a litigation settlement related to this investment, we provided a guaranty of up to 50% of any amounts payable in connection with the settlement. Our Former Manager has also provided us with a guaranty to pay up to 50% of any amounts we may pay under this guaranty. Our maximum exposure under this guaranty totals \$3.1 million. We have not accrued this amount as we currently believe that we will not be required to make any payments under this guaranty.

In 2014, we invested \$0.1 million for a 5% interest in a joint venture that owns two multifamily properties. The joint venture is comprised of a consortium of investors consisting of certain of our officers, including our chief executive officer, and other related parties, who together own an interest of 95%. In 2014, we originated two bridge loans totaling \$5.0 million to the joint venture with an interest rate of 5.5% over LIBOR. During 2016, one of the loans was repaid in full and we received proceeds of \$3.3 million. The maturity date of the remaining loan was extended to December 2017. During the fourth quarter of 2017, this loan was repaid in full and we received proceeds of \$1.7 million.

Table of Contents

In 2014, we originated a \$30.4 million bridge loan for an office property owned by a consortium of investors, including our chief executive officer and his affiliates, who together owned an interest of approximately 24% in the borrowing entity. The loan matured in August 2017 and was refinanced with a \$43.2 million bridge loan that has an interest rate of 4% over LIBOR with a LIBOR floor of 1.23% and an August 2020 maturity date. We also originated a \$4.6 million mezzanine loan in 2016 to this entity that had a fixed interest rate of 12%, which was repaid in full at maturity in August 2017. In the fourth quarter of 2017, the consortium of investors sold their ownership interest in the borrowing entity.

General

Every transaction entered into between us and an entity in which ACM holds equity interests raises a potential conflict of interest. Conflicts of interest with respect to these investments include, among others, decisions regarding (1) whether to waive defaults of such borrower, (2) whether to foreclose on the investment and (3) whether to permit additional financing on the properties securing our investments other than financing provided by us.

Other Relationships and Related Transactions

Arbor Management, LLC, the managing member of ACM, and ACM has outstanding loans to certain of our executive officers, summarized as follows:

The largest aggregate outstanding principal balance to Mr. Kenny during the two year period ended December 31, 2017 was \$40,000 and the total outstanding balance was \$20,000 as of December 31, 2017. Mr. Kenny made principal payments totaling \$10,000 during each of 2017 and 2016. The interest rate on the loan is prime and interest payments totaled \$975 and \$1,156 during 2017 and 2016, respectively.

The largest aggregate outstanding principal balance to Mr. Caulfield during the two year period ended December 31, 2017 was \$609,500 and the total outstanding balance was \$559,500 as of December 31, 2017. Mr. Caulfield made principal payments totaling \$25,000 during each of 2017 and 2016. There is no interest being charged on the aggregate loan balance.

Table of Contents

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Board of Directors, following the recommendation of the Corporate Governance Committee, has nominated Dr. William Helmreich and Mr. William C. Green, each to serve on the Board of Directors until our annual meeting of stockholders for 2021 and until their respective successors are duly elected and qualify. Each nominee has consented to being named in this proxy statement and to serve if elected. If, prior to the annual meeting, any nominee should become unavailable to serve, the shares of voting securities represented by a properly executed and returned proxy will be voted for such additional nominee as shall be designated by the Board of Directors, unless the Board of Directors determines to reduce the number of directors in accordance with our charter and bylaws. Election of each of the director nominees named in this Proposal No. 1 requires the affirmative vote of a plurality of all the votes cast in the election of directors at the annual meeting by holders of our voting securities. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the Board of Directors' nominees. Votes may be cast in favor of or withheld with respect to all of the director nominees, or any of them.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES FOR DIRECTORS IDENTIFIED ABOVE

Table of Contents**PROPOSAL NO. 2****RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2018**

The Audit Committee of our Board of Directors has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018. The Board has endorsed this appointment. Ernst & Young LLP audited our consolidated financial statements for the fiscal years ended December 31, 2017 and December 31, 2016. A representative of Ernst & Young LLP is expected to be present at the annual meeting and will be available to respond to appropriate questions from our stockholders and will be given an opportunity to make a statement if he or she desires to do so.

Stockholder ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm is not required by our bylaws or otherwise. However, the Board of Directors is submitting the appointment of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate governance. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2018 requires the affirmative vote of a majority of the votes cast on the proposal at the annual meeting by holders of our voting securities.

If this appointment is not ratified by our stockholders, the Audit Committee and the Board may each reconsider its recommendation and endorsement. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our best interest.

Independent Accountants' Fees

Aggregate fees for professional services rendered for us by Ernst & Young LLP and its affiliates for fiscal years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Audit Fees	\$ 2,178,354	\$ 2,218,933
Audit-Related Fees	851,032	395,333
Tax Fees		26,906
All Other Fees		
Total	\$ 3,029,386	\$ 2,641,172

The Audit Fees billed were for professional services rendered for the audit of our consolidated financial statements for the fiscal years ended December 31, 2017 and 2016 and for other services, including compliance with the Sarbanes-Oxley Act of 2002, accounting consultations billed as audit services, review of financial statements included in Forms 10-Q, comfort letters, consents and review of our registration statements under the Securities Act and other documents filed with the SEC in those fiscal years.

The Audit-Related Fees were for professional services rendered relating to: (i) due diligence and agreed-upon procedures for 2017 and 2016; and (ii) services performed in connection with the internalization of our management team and termination of the management agreement and Acquisition totaling \$29,008 for 2016.

The Tax Fees were for tax advisory services performed in connection with the Acquisition in 2016.

Table of Contents

Audit Committee Pre-Approval Policy

In accordance with applicable laws and regulations, the Audit Committee reviews and pre-approves any non-audit services to be performed by Ernst & Young LLP to ensure that the work does not compromise its independence in performing audit services. The Audit Committee also reviews and pre-approves all audit services. In some cases, pre-approval of a particular category or group of services, such as tax consulting services and audit services, is provided by the full Audit Committee for up to a year and is subject to a specific budget. In other cases, the Chairman of the Audit Committee has the delegated authority from the full Audit Committee to pre-approve additional services, and such pre-approvals are then communicated to the full Audit Committee. All audit related fees were approved by the Audit Committee.

The policy contains a de minimis provision that operates to provide retroactive approval for permissible non-audit services under certain circumstances. No services were provided by Ernst & Young LLP during 2017 and 2016 under such provision.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2018

Table of Contents

STOCKHOLDER PROPOSALS FOR 2019

Proposals received from stockholders in accordance with Rule 14a-8 under the Exchange Act are given careful consideration by our Corporate Governance Committee and our Board of Directors. If a stockholder intends to present a proposal at our 2019 annual meeting of stockholders pursuant to Rule 14a-8 under the Exchange Act, in order for such stockholder proposal to be included in our proxy statement for that meeting, the stockholder proposal must be received by our corporate headquarters, located at 333 Earle Ovington Boulevard, Suite 900, Uniondale, New York 11553, Attention: Secretary, on or before December 11, 2018.

In order for a stockholder to nominate directors or propose other business at our 2019 annual meeting of stockholders outside of Rule 14a-8, such nominations or proposal must contain the information required by our bylaws and be received by us in accordance with our bylaws. Pursuant to our current bylaws, stockholder nominations or proposals must be submitted no later than January 10, 2019 and no earlier than December 11, 2018; provided, however, in the event that mailing of the notice for the 2019 annual meeting of stockholders is advanced more than 30 days prior to or delayed more than 30 days after April 11, 2019, to be timely, a proposal by a stockholder must be delivered not earlier than the 120th day prior to the date of mailing of the notice for such meeting and not later than the close of business on the later of (1) the 90th day prior to the date of mailing of the notice for such meeting and (2) the tenth day following the date on which public announcement of the date of such meeting is first made.

OTHER MATTERS

Our Board of Directors knows of no other matters that have been submitted for consideration at this annual meeting. If any other matters properly come before our stockholders at this annual meeting, the persons named on the enclosed proxy card intend to vote the shares they represent in accordance with their discretion.

By Order of the Board of Directors,

John J. Bishar, Jr.
Secretary

April 11, 2018

Uniondale, New York

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ANNUAL MEETING OF STOCKHOLDERS OF ARBOR REALTY TRUST, INC. May 15, 2018 GO GREEN e-Consent makes it easy to go paperless. With e-Consent, you can quickly access your proxy material, statements and other eligible documents online, while reducing costs, clutter and paper waste. Enroll today via www.astfinancial.com to enjoy online access. NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL: The notice of meeting, proxy statement and proxy card are available at <http://www.arbor.com> Please sign, date and mail your proxy card in the envelope provided as soon as possible. Please detach along perforated line and mail in the envelope provided. 20230000000000000000 0 051518 Proposal 2. Ratification of the appointment of Ernst & Young LLP as the Proposal 3. To vote and otherwise represent the undersigned on any other matter that changes to the registered name(s) on the account may not be submitted via

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES LISTED IN PROPOSAL 1 AND FOR PROPOSAL 2. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x The Board of Directors recommends a vote FOR all nominees listed in Proposal 1. Proposal 1. Election of directors to serve on the Board of Directors of Arbor Realty Trust, Inc. NOMINEES: FOR ALL NOMINEES O William Helmreich O William C. Green WITHHOLD AUTHORITY FOR ALL NOMINEES FOR ALL EXCEPT (See instructions below) INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark FOR ALL EXCEPT and fill in the circle next to each nominee you wish to withhold, as shown here: The Board of Directors recommends a vote FOR Proposal 2. FOR AGAINST ABSTAIN independent registered public accounting firm of Arbor Realty Trust, Inc. for fiscal year 2018. properly comes before the meeting or any adjournment or postponement thereof in the discretion of the proxy holder. To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that this method. Signature of Stockholder Date: Signature of StockholderDate:

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ANNUAL MEETING OF STOCKHOLDERS OF ARBOR REALTY TRUST, May 15, 2018 INC. INTERNET - Access www.voteproxy.com and follow the on-screen instructions or scan the QR code with your smartphone. Have your proxy card available when you access the web page. TELEPHONE - Call toll-free 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call. Vote online/phone until 11:59 PM EST the day before the meeting. MAIL - Sign, date and mail your proxy card in the envelope provided as soon as possible. IN PERSON - You may vote your shares in person by attending the Annual Meeting. GO GREEN - e-Consent makes it easy to go paperless. With e-Consent, you can quickly access your proxy material, statements and other eligible documents online, while reducing costs, clutter and paper waste. Enroll today via www.astfinancial.com to enjoy online access. Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone or the Internet. 2023000000000000000 0 051518 independent registered public accounting firm of Arbor Realty O William Helmreich FOR ALL NOMINEES properly comes before the meeting or any adjournment or postponement thereof changes to the registered name(s) on the account may not be submitted via Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES LISTED IN PROPOSAL 1 AND FOR PROPOSAL 2. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x The Board of Directors recommends a vote FOR all nominees listed in Proposal 1. Proposal 1. Election of directors to serve on the Board of Directors of Arbor Realty Trust, Inc. NOMINEES: O William C. Green WITHHOLD AUTHORITY FOR ALL NOMINEES FOR ALL EXCEPT (See instructions below) INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark FOR ALL EXCEPT and fill in the circle next to each nominee you wish to withhold, as shown here: The Board of Directors recommends a vote FOR Proposal 2. FOR AGAINST ABSTAIN Proposal 2. Ratification of the appointment of Ernst & Young LLP as the Trust, Inc. for fiscal year 2018. Proposal 3. To vote and otherwise represent the undersigned on any other matter that in the discretion of the proxy holder. To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that this method. Signature of Stockholder Date: Signature of StockholderDate: NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL: The notice of meeting, proxy statement and proxy card are available at <http://www.arbor.com> COMPANY NUMBER ACCOUNT NUMBER PROXY VOTING INSTRUCTIONS

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- 0 ARBOR REALTY TRUST, INC. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 15, 2018 The undersigned stockholder of Arbor Realty Trust, Inc., a Maryland corporation (the "Company"), hereby appoints Paul Elenio, John J. Bishar, and Leah Fisher, and each of them, the proxy or proxies of the undersigned, with full power of substitution in each of them, to attend the Annual Meeting of Stockholders of the Company to be held on May 15, 2018 at 11:00 a.m., local time, at The Teleconference Center on the lower level of 333 Earle Ovington Boulevard, Uniondale, New York and any postponements or adjournments thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all proxies possessed by the undersigned if personally present at the meeting. This proxy, when properly executed, will be voted in the manner directed on the reverse side. If this proxy is executed but no instruction is given, this proxy will be voted "FOR" all nominees listed in Proposal 1 and FOR Proposal 2. The proxies are hereby authorized to vote in their discretion upon such other matters as may properly come before the meeting or any adjournment or postponement thereof. (Continued and to be signed on the reverse side) 14475 1.1

