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

FORM 10-Q

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

For the quarterly period ended September 30, 2007

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

For the transition period from __________ to ___________

Commission File Number: 001-32171

Bimini Capital Management, Inc.
(Exact name of registrant as specified in its charter)

Maryland **(State or other jurisdiction of incorporation or organization)**	**72-1571637** **(I.R.S. Employer Identification No.)**

3305 Flamingo Drive, Vero Beach, Florida 32963
(Address of principal executive offices) (Zip Code)

(772) 231-1400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☑ NO ☐

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

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☑

As of November 7, 2007, the number of shares outstanding of the registrant's Class A Common Stock, $0.001 par value, was 24,814,673**;** the number of shares outstanding of the registrant's Class B Common Stock**,** $0.001 par value, was 319,388; and the number of shares outstanding of the registrant's Class C Common Stock, $0.001 par value, was 319,388.

BIMINI CAPITAL MANAGEMENT, INC.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

BIMINI CAPITAL MANAGEMENT, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	(Unaudited) September 30, 2007	December 31, 2006
MORTGAGE-BACKED SECURITIES:		
Available-for-Sale, pledged to counterparties, at fair value	$ 706,142,008	$ 2,803,019,180
Held for Trading, pledged to counterparties, at fair value	545,857,683	-
Unpledged, at fair value	1,894,116	5,714,860
TOTAL MORTGAGE BACKED SECURITIES	1,253,893,807	2,808,734,040
Cash and cash equivalents	24,873,520	82,751,795
Restricted cash	35,300,000	-
Principal payments receivable	141,963	12,209,825
Accrued interest receivable	7,417,094	14,072,078
Property and equipment, net	4,220,905	4,372,997
Prepaids and other assets	6,540,105	6,168,736
Assets held for sale	100,480,950	1,009,324,465
TOTAL ASSETS	$ 1,432,868,344	$ 3,937,633,936
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Repurchase agreements	$ 1,211,487,000	$ 2,741,679,650
Junior subordinated notes due to Bimini Capital Trust I & II	103,097,000	103,097,000
Accrued interest payable	7,782,597	17,776,464
Unsettled security transactions	34,284,695	-
Dividends payable	-	1,266,937
Accounts payable, accrued expenses and other	569,508	692,469
Minority interest in consolidated subsidiary	-	770,563
Liabilities related to assets held for sale	50,891,355	879,916,024
TOTAL LIABILITIES	1,408,112,155	3,745,199,107
STOCKHOLDERS' EQUITY:		
Preferred Stock, $0.001 par value; 10,000,000 shares authorized; designated 1,800,000 Class A Redeemable and 2,000,000 Class B Redeemable; no shares issued and outstanding as of September 30, 2007 and December 31, 2006	-	-
Class A Common Stock, $0.001 par value; 98,000,000 shares designated: 24,764,545 shares issued and outstanding as of September 30, 2007 and 24,515,717 shares issued and outstanding as of December 31, 2006	24,765	24,516
Class B Common Stock, $0.001 par value; 1,000,000 shares designated, 319,388 shares issued and outstanding as of September 30, 2007 and December 31, 2006	319	319
Class C Common Stock, $0.001 par value; 1,000,000 shares designated, 319,388 shares issued and outstanding as of September 30, 2007 and December 31, 2006	319	319
Additional paid-in capital	337,722,247	335,646,460
Accumulated other comprehensive loss	-	(76,773,610)
Accumulated deficit	(312,991,461)	(66,463,175)
TOTAL STOCKHOLDERS' EQUITY	24,756,189	192,434,829
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$ 1,432,868,344	$ 3,937,633,936

See notes to consolidated financial statements.

BIMINI CAPITAL MANAGEMENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Nine Months Ended		Three Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Interest income, net of amortization of premium and discount	$ 90,793,422	$ 137,871,403	$ 24,634,854	$ 43,050,539
Interest expense	(98,557,333)	(127,619,461)	(23,233,893)	(44,917,360)
NET INTEREST INCOME (EXPENSE)	(7,763,911)	10,251,942	1,400,961	(1,866,821)
FAIR VALUE ADJUSTMENT-AVAILABLE-FOR-SALE SECURITIES	(1,707,840)	-	(1,707,840)	-
FAIR VALUE ADJUSTMENT-HELD FOR TRADING SECURITIES	282,089	-	282,089	-
REALIZED LOSS ON SALE OF MORTGAGE-BACKED SECURITIES	(20,492,779)	-	(1,104,402)	-
OTHER EXPENSE, NET	-	(95,155)	-	(165,721)
OTHER-THAN-TEMPORARY LOSS ON MORTGAGE-BACKED SECURITIES	(55,250,278)	-	-	-
TOTAL NET REVENUES (DEFICIENCY OF REVENUES)	(84,932,719)	10,156,787	(1,129,192)	(2,032,542)
DIRECT REIT OPERATING EXPENSES	632,709	742,376	181,007	196,552
GENERAL AND ADMINISTRATIVE EXPENSES:				
Compensation and related benefits	3,562,711	4,867,274	1,218,881	1,296,758
Directors' fees and liability insurance	581,608	630,069	197,634	210,035
Audit, legal and other professional fees	1,004,987	890,202	323,761	213,901
Other administrative expenses	507,811	646,706	174,634	156,204
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	5,657,117	7,034,251	1,914,910	1,876,898
TOTAL EXPENSES	6,289,826	7,776,627	2,095,917	2,073,450
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	(91,222,545)	2,380,160	(3,225,109)	(4,105,992)
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY	770,563	-	-	-
INCOME (LOSS) FROM CONTINUING OPERATIONS	(90,451,982)	2,380,160	(3,225,109)	(4,105,992)
DISCONTINUED OPERATIONS (see Note 11):				
Loss from discontinued operations, net of tax	(148,451,063)	(18,003,022)	(5,609,698)	(2,149,703)
Gain(loss) on sale and disposal of assets of discontinued operations, net of tax	(6,357,596)	-	4,111,607	-
TOTAL LOSS FROM DISCONTINUTED OPERATIONS, NET OF TAX	(154,808,659)	(18,003,022)	(1,498,091)	(2,149,703)
NET LOSS	$ (245,260,641)	$ (15,622,862)	$ (4,723,200)	$ (6,255,695)

BIMINI CAPITAL MANAGEMENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
(Unaudited)

	Nine Months Ended		Three Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
BASIC AND DILUTED NET INCOME (LOSS) PER SHARE OF:				
CLASS A COMMON STOCK				
Continuing operations	$ (3.63)	$ 0.10	$ (0.13)	$ (0.16)
Discontinued operations	(6.21)	(0.73)	(0.06)	(0.09)
Total basic and diluted net (loss) per Class A share	$ (9.84)	$ (0.63)	$ (0.19)	$ (0.25)
CLASS B COMMON STOCK				
Continuing operations	$ (3.61)	$ 0.10	$ (0.13)	$ (0.16)
Discontinued operations	(6.18)	(0.73)	(0.06)	(0.09)
Total basic and diluted net (loss) per Class B share	$ (9.79)	$ (0.63)	$ (0.19)	$ (0.25)
WEIGHTED AVERAGE SHARES OUTSTANDING USED IN COMPUTING BASIC AND DILUTED PER SHARE AMOUNTS:				
Class A Common Stock	24,600,795	24,644,020	24,690,089	24,376,375
Class B Common Stock	319,388	319,388	319,388	319,388
CASH DIVIDENDS DECLARED PER SHARE OF:				
CLASS A COMMON STOCK	$ 0.05	$ 0.41	$ -	$ 0.05
CLASS B COMMON STOCK	$ 0.05	$ 0.41	$ -	$ 0.05

See notes to consolidated financial statements.

BIMINI CAPITAL MANAGEMENT, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)
Nine Months Ended
September 30, 2007

	Common Stock, Amounts at par value						
	Class A	Class B	Class C	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balances, December 31, 2006	$ 24,516	$ 319	$ 319	$ 335,646,460	$ (76,773,610)	$ (66,463,175)	$ 192,434,829
Issuance of Class A Common Stock for board compensation and equity plan share exercises, net	249	-	-	129,934	-	-	130,183
Cash dividends declared, March 2007	-	-	-	-	-	(1,267,645)	(1,267,645)
Amortization of equity plan compensation	-	-	-	2,196,682	-	-	2,196,682
Equity plan shares withheld for statutory minimum withholding taxes	-	-	-	(250,829)	-	-	(250,829)
Reclassify net realized loss on mortgage-backed security sales	-	-	-	-	19,388,377	-	19,388,377
Net loss	-	-	-	-	-	(245,260,641)	(245,260,641)
Unrealized gain on available-for-sale securities, net	-	-	-	-	2,134,955	-	2,134,955
Other-than-temporary loss on mortgage-backed securities	-	-	-	-	55,250,278	-	55,250,278
Comprehensive loss	-	-	-	-	-	-	(168,487,031)
Balances, September 30, 2007	$ 24,765	$ 319	$ 319	$ 337,722,247	$ -	$ (312,991,461)	$ 24,756,189

See notes to consolidated financial statements.

BIMINI CAPITAL MANAGEMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	September 30, 2007	September 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (loss) from continuing operations	$ (90,451,982)	$ 2,380,160
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used in) operating activities:		
Other-than-temporary loss on mortgage backed securities	55,250,278	-
Amortization of premium and discount on mortgage backed securities	8,759,452	(8,939,798)
Stock compensation	2,076,036	2,655,358
Depreciation and amortization	627,044	562,817
Loss on sales of mortgage-backed securities	20,492,779	-
Fair value adjustments, net on mortgage-backed securities	1,425,751	-
Changes in operating assets and liabilities:		
Decrease in accrued interest receivable	6,654,984	713,042
Decrease in prepaids and other assets	371,367	2,292,900
(Decrease) in accrued interest payable	(9,993,867)	(10,156,981)
(Decrease) increase in accounts payable, accrued expenses and other	(122,961)	651,095
NET CASH USED IN OPERATING ACTIVITIES	(4,911,119)	(9,841,407)
CASH FLOWS FROM INVESTING ACTIVITIES:		
From available-for-sale securities:		
Purchases	(1,140,585,456)	(706,141,129)
Sales	1,896,831,041	-
Principal repayments	835,792,555	1,054,217,682
Purchases of property and equipment, and other	(3,937)	(754,294)
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,592,034,203	347,322,259
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Increase)/decrease in restricted cash	(35,300,000)	1,480,000
Proceeds from repurchase agreements	13,167,044,670	18,264,624,674
Principal payments on repurchase agreements	(14,697,237,320)	(18,605,483,307)
Stock issuance and other costs	-	(128,384)
Purchase of treasury stock	-	(4,500,327)
Cash dividends paid	(2,534,582)	(8,967,293)
NET CASH USED IN FINANCING ACTIVITIES	(1,568,027,232)	(352,974,637)
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash provided by (used in) operating activities	734,846,245	(23,073,187)
Net cash provided by (used in) investing activities	1,195,582	(2,521,423)
Net cash (used in) financing activities	(813,015,954)	(21,164,599)
NET CASH USED IN DISCONTINUED OPERATIONS	(76,974,127)	(46,759,209)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(57,878,275)	(62,252,994)
CASH AND CASH EQUIVALENTS, Beginning of the period	82,751,795	122,072,166
CASH AND CASH EQUIVALENTS, End of the period	$ 24,873,520	$ 59,819,172

BIMINI CAPITAL MANAGEMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Unaudited)

	Nine Months Ended	
	September 30, 2007	**September 30, 2006**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 108,551,200	$ 199,590,000
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Cash dividends declared and payable, not yet paid	$ -	$ 1,267,736

See notes to consolidated financial statements.

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Business Description

Bimini Capital Management, Inc., a Maryland corporation ("Bimini Capital"), was originally formed in September 2003 as Bimini Mortgage Management, Inc. ("Bimini Mortgage") for the purpose of creating and managing a leveraged investment portfolio consisting of residential mortgage backed securities ("MBS"). Bimini Capital's website is located at http://www.biminicapital.com.

On November 3, 2005, Bimini Capital, then known as Bimini Mortgage, acquired Opteum Financial Services, LLC. This entity, which was previously referred to as "OFS," was renamed Orchid Island TRS, LLC effective July 3, 2007. Hereinafter, any historical mention, discussion or references to Opteum Financial Services, LLC or to OFS (such as in previously filed documents or Exhibits) now means Orchid Island TRS, LLC or "OITRS." Upon closing of the transaction, OITRS became a wholly-owned taxable REIT subsidiary of Bimini Mortgage. Under the terms of the transaction, Bimini Mortgage issued 3.7 million shares of Class A Common Stock and 1.2 million shares of Class A Redeemable Preferred Stock to the former members of OITRS.

On February 10, 2006, Bimini Mortgage changed its name to Opteum Inc. ("Opteum"). At Opteum's 2006 Annual Meeting of Stockholders, the shares of Class A Redeemable Preferred Stock issued to the former members of OITRS were converted into shares of Opteum's Class A Common Stock on a one-for-one basis following the approval of such conversion by Opteum's stockholders.

On December 21, 2006, Opteum sold to Citigroup Global Markets Realty Corp. ("Citigroup Realty") a Class B non-voting limited liability company membership interest in OITRS, representing 7.5% of all of OITRS's outstanding limited liability company membership interests, for $4.1 million. Immediately following the transaction, Opteum held Class A voting Limited Liability Company membership interests in OITRS representing 92.5% of all of OITRS's outstanding limited liability company membership interests. In connection with the transaction, Opteum also granted Citigroup Realty the option, exercisable on or before December 20, 2007, to acquire additional Class B non-voting limited liability company membership interests in OITRS representing 7.49% of all of OITRS's outstanding limited liability company membership interests.

On April 18, 2007, the Board of Managers of OITRS, at the recommendation of the Board of Directors of Opteum, approved the closure of OITRS' wholesale and conduit mortgage loan origination channels in the second quarter of 2007. Also, during the second quarter of 2007, substantially all of the other operating assets of OITRS were sold. Therefore, OITRS is accounted for as a discontinued operation, all OITRS's assets are considered as held for sale, and OITRS is reported as a discontinued operation for all periods presented following applicable accounting standards. For financial statement presentation purposes, and for the quarter ended September 30, 2007, Bimini Capital is now operating in a single business segment, as a REIT.

On September 28, 2007, Opteum changed its name to Bimini Capital Management, Inc.

Bimini Capital has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, Bimini Capital is generally not subject to federal income tax on its REIT taxable income provided that it distributes to its stockholders at least 90% of its REIT taxable income on an annual basis. OITRS has elected to be treated as a taxable REIT subsidiary and, as such, is subject to federal, state and local income taxation. In addition, the ability of OITRS to deduct interest paid or accrued to Bimini Capital for federal, state and local tax purposes is subject to certain limitations.

As used in this document, discussions related to "Bimini Capital," the parent company, the registrant, and to real estate investment trust ("REIT") qualifying activities or the general management of Bimini Capital's portfolio of mortgage backed securities ("MBS") refer to "Bimini Capital Management, Inc." Further, discussions related to Bimini Capital's taxable REIT subsidiary or non-REIT eligible assets refer to OITRS and its consolidated subsidiaries. Discussions relating to the "Company" refer to the consolidated entity (the combination of Bimini Capital and OITRS). The assets and activities that are not REIT eligible, such as mortgage origination, acquisition and servicing activities, were formerly conducted by OITRS and are now reported as discontinued operations.

Liquidity

The Company has obtained committed funding arrangements that provide specified advance rates and funding levels and are available to finance the Company's MBS portfolio. Should the Company's financing be withdrawn and the Company's committed funding agreements not be sufficient to finance all of the Company's MBS investments, the Company may be forced to sell such assets, which may result in losses upon such sales. While the financing in place for the Company's retained interests, trading held by OITRS is committed through December 19, 2007, the lender on the financing facility has and may continue to request additional margin be posted in connection with the facility. If the Company is unable to meet such requests in the future, the Company may be forced to sell the assets or seek alternative financing. At present, such alternative financing arrangements for the residual interests may not be available or only available at substantially higher cost to OITRS. If cash resources are, at any time, insufficient to satisfy the Company's liquidity requirements, such as when cash flow from operations were materially negative, the Company may be required to pledge additional assets to meet margin calls, liquidate assets, sell additional debt or equity securities or pursue other financing alternatives. Any sale of mortgage-related securities or other assets held for sale at prices lower than the carrying value of such assets would reduce the Company's income. The Company presently believes that its equity and junior subordinated debt capital, combined with the cash flow from operations and the utilization of borrowings, will be sufficient to enable the Company to meet its anticipated liquidity requirements. Continued disruptions in market conditions could, however, adversely affect the Company's liquidity, including the lack of available financing for the Company's MBS assets beyond the capacity of the Company's committed facilities ($0.3 billion as of September 30, 2007), increases in interest rates, increases in prepayment rates substantially above expectations and decreases in value of assets held for sale. Therefore, no assurances can be made regarding the Company's ability to satisfy its liquidity and working capital requirements.

Management is currently pursuing all cost saving opportunities to maximize future earnings, including strategic options designed to increase the efficiency with which the Company manages its operations.

Interim Financial Statements

The accompanying interim financial statements reflect all adjustments, consisting of normal recurring items that, in the opinion of management, are necessary for a fair presentation of the Company's financial position, results of operations, statement of stockholders' equity and cash flows for the periods presented. These interim financial statements have been prepared in accordance with disclosure requirements for interim financial information and accordingly, they may not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for annual financial statements. The operating results for the interim period ended September 30, 2007 are not necessarily indicative of results that can be expected for the year ended December 31, 2007. The consolidated balance sheet as of December 31, 2006 was derived from audited financial statements included in the Company's 2006 Annual Report on Form 10-K but does not include all disclosures required by accounting principals generally accepted in the United States. The financial statements included as part of this Form 10-Q should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates affecting the accompanying financial statements include the fair values of MBS, the prepayment speeds used to calculate amortization and accretion of premiums and discounts on MBS, the recording of certain balances related to the discontinued operation, including the realizability of the deferred tax assets and related valuation allowance, the valuation of mortgage loans held for sale, the amount of the impairment charges recorded on certain assets, the valuation of retained interests, trading and the fair value of mortgage servicing rights and estimated lease termination costs.

Consolidation

The accompanying consolidated financial statements include the accounts of Bimini Capital and its majority-owned subsidiary, OITRS, as well the wholly-owned and majority-owned subsidiaries of OITRS. OITRS is reported as a discontinued operation for all periods presented. All inter-company accounts and transactions have been eliminated from the consolidated financial statements.

Bimini Capital owned 100% of OITRS until December 21, 2006, when a Class B non-voting interest representing 7.5% of OITRS's then outstanding limited liability company membership interest was sold to Citigroup Realty. Citigroup Realty's proportionate share in the after-tax results of OITRS's operations, are included in the accompanying statements of operation. During the nine months ended September 30, 2007, the proportionate share of OITRS's loss exceeded the net investment attributable to Citigroup Realty. Therefore, the portion of the net loss of OITRS that is attributable to Citigroup Realty's interest that is in excess of their investment is charged against the Company. Citigroup Realty's net investment balance on December 31, 2006 was $0.8 million. During the quarter ended March 31, 2007, Citigroup Realty's interest in the net loss of OITRS was limited to their $0.8 million net investment, and the remainder was charged against the Company. The entire loss for the second quarter and the quarter ended September 30, 2007 was charged against the Company. The losses absorbed by the Company which are in excess of Citigroup Realty's investment totaled approximately $10.8 million and $0.1 million for the nine and three months ended September 30, 2007, respectively. In future periods, the Company will be credited first for these absorbed losses before Citigroup Realty's investment is reinstated.

As further described in Note 5, Bimini Capital has a common share investment in two trusts used in connection with the issuance of Bimini Capital's junior subordinated notes. Pursuant to the accounting guidance provided in Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 46, *Consolidation of Variable Interest Entities*, Bimini Capital's common share investments in the trusts are not consolidated in the financial statements of Bimini Capital, and accordingly, these investments are accounted for on the equity method.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less. The carrying amount of cash equivalents approximates its fair value as of September 30, 2007 and December 31, 2006.

Restricted cash represents cash held on deposit as collateral with certain repurchase agreement counterparties (i.e. lenders). Such amounts may be used to make principal and interest payments on the related repurchase agreements.

Valuation of Mortgage Backed Securities

The valuation of the Company's investments in MBS is governed by Statement of Financial Accounting Standards ("SFAS") No. 107, *Disclosures about Fair Value of Financial Instruments*. SFAS No. 107 defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. All REIT securities are reflected in the Company's financial statements at their estimated fair value as of September 30, 2007 and December 31, 2006. Estimated fair values for MBS are based on the average of third-party broker quotes received and/or independent pricing sources when available.

In accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, the Company classifies its investments in MBS as either trading investments, available-for-sale investments or held-to-maturity investments. Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. Although the Company generally intends to hold its MBS until maturity, it may, from time to time, sell any of its MBS as part of the overall management of the business and/or to meet liquidity needs. The Company classifies all of its securities acquired prior to June 30, 2007 as available-for-sale. All securities acquired after June 30, 2007 are classified as held for trading.

When the fair value of an available-for-sale security is less than amortized cost, management considers whether there is an other-than-temporary impairment in the value of the security. The decision is based on the credit quality of the issue (agency versus non-agency and for non-agency, the credit performance of the underlying collateral), the security prepayment speeds, the length of time the security has been in an unrealized loss position and the Company's ability and intent to hold securities. As of September 30, 2007, the Company did not hold any non-agency securities in its portfolio. If, in management's judgment, an other-than-temporary impairment exists, the cost basis of the security is written down in the period to fair value and the unrealized loss is recognized in current period earnings. During the six month period ended June 30, 2007, due to liquidity and working capital needs, the Company determined, at June 30, 2007, that it no longer had the ability to hold such assets until their amortized cost could be fully recovered. Accordingly, the cost basis of all MBS classified as available-for-sale were written down to fair value as of June 30, 2007 and the previously unrealized loss was recognized in current period earnings. The measurement basis for other-than-temporarily impaired (OTTI) MBS is the lower of cost or market (LOCOM) method. An impairment loss is recognized in earnings equal to the difference between the MBS' cost and its fair value at the balance sheet date of the reporting period for which the assessment is made. The LOCOM method generally recognizes the net decrease in value but not the net appreciation in the value of those securities. The fair value of impaired MBS then becomes the new cost basis of the MBS and is not adjusted for subsequent recoveries in fair value.

Property and Equipment, net

Property and equipment, net, consisting primarily of computer equipment with a depreciable life of 3 years, office furniture with a depreciable life of 12 years, leasehold improvements with a depreciable life of 15 years, land which has no depreciable life and building with a depreciable life of 30 years, is recorded at acquisition cost and depreciated using the straight-line method over the estimated useful lives of the assets.

Bimini Capital's property and equipment as of September 30, 2007 and December 31, 2006, is net of accumulated depreciation of $0.4 million and $0.2 million, respectively. Depreciation expense for the nine and three months ended September 30, 2007 was $0.2 million and $0.04 million, respectively, and was $0.09 million and $0.03 million for the nine and three months ended September 30, 2006, respectively.

Repurchase Agreements

The Company finances the acquisition of its MBS through the use of repurchase agreements. Under these repurchase agreements, the Company sells securities to a repurchase counterparty and agrees to repurchase the same securities in the future for a price that is higher than the original sales price. The difference between the sales price that the Company receives and the repurchase price that the Company pays represents interest paid to the repurchase counterparty. Although structured as a sale and repurchase obligation, a repurchase agreement operates as a financing under which the Company pledges its securities as collateral to secure a loan which is equal in value to a specified percentage of the estimated fair value of the pledged collateral. The Company retains beneficial ownership of the pledged collateral. At the maturity of a repurchase agreement, the Company is required to repurchase the underlying MBS and concurrently receives back its pledged collateral from the repurchase counterparty or, with the consent of the repurchase counterparty, the Company may renew such agreement at the then prevailing rate. These repurchase agreements may require the Company to pledge additional assets to the repurchase counterparty in the event the estimated fair value of the existing pledged collateral declines. As of September 30, 2007 and December 31, 2006, the Company did not have any margin calls on its repurchase agreements that it was not able to satisfy with either cash or additional pledged collateral.

Original terms to maturity of the Company's repurchase agreements generally, but not always, range from one month to twelve months; however, the Company is not precluded from entering into repurchase agreements with shorter or longer maturities. Repurchase agreement transactions are reflected in the financial statements at their cost, which approximates their fair value because of the short-term nature of these instruments. Should a counterparty decide not to renew a repurchase agreement at maturity, the Company must either refinance elsewhere or be in a position to satisfy this obligation. If, during the term of a repurchase agreement, a counterparty files for bankruptcy, the Company could experience difficulty recovering its pledged assets and may have an unsecured claim against the counterparty's assets for the difference between the amount received by the Company and the estimated fair value of the collateral pledged to such counterparty.

Interest Income Recognition on MBS

All securities acquired during the three month period ended September 30, 2007 are being classified as held for trading. Income on held for trading securities is based on the stated interest rate of the security. Changes in fair value during the period are recorded in earnings and reported as fair value adjustment-held for trading securities in the accompanying consolidated statement of operations. Premium or discount present at the date of purchase is not amortized.

MBS are recorded at cost on the date the MBS are purchased or sold, which is generally the trade date. Realized gains or losses from MBS transactions are determined based on the specific identified cost of the MBS. Interest income is accrued based on the outstanding principal amount of the MBS and their stated contractual terms. With respect to securities classified as available-for-sale, premiums and discounts associated with the purchase of the MBS are amortized or accreted into interest income over the estimated lives of the MBS adjusted for estimated prepayments using the effective interest method. Adjustments are made using the retrospective method to the effective interest computation each reporting period. The adjustment is based on the actual prepayment experiences to date and the present expectation of future prepayments of the underlying mortgages and/or the current value of the indices underlying adjustable rate mortgage securities versus index values in effect at the time of purchase or the last adjustment period. For securities classified as held-for-trading interest income is based on the stated interest rate and the outstanding principal balance, premium or discount associated with the purchase of the MBS are not amortized.

Comprehensive Income (Loss)

In accordance with SFAS No. 130, *Reporting Comprehensive Income*, the Company is required to separately report its comprehensive income (loss) each reporting period. Other comprehensive income refers to revenue, expenses, gains and losses that, under GAAP, are included in comprehensive income but are excluded from net income, as these amounts are recorded directly as an adjustment to stockholders' equity. Other comprehensive income (loss) arises from unrealized gains or losses generated from changes in market values of securities classified as available-for-sale, provided however that such securities are not other than temporarily impaired.

Comprehensive (loss) is as follows:
(in thousands)

	(Unaudited)			
	Nine Months Ended		Three Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Net (loss)	$ (245,261)	$ (15,623)	$ (4,723)	$ (6,256)
Realized loss on MBS	19,389	-	-	-
Other-than-temporary loss on MBS	55,250	-	-	-
Unrealized gain (loss) on available-for-sale securities, net	2,135	(21,536)	-	12,360
Comprehensive (loss)	$ (168,487)	$ (37,159)	$ (4,723)	$ 6,104

Stock-Based Compensation

The Company adopted SFAS No. 123(R), *Share-Based Payment*, on January 1, 2006, and this adoption did not have an impact on the Company, as the Company had previously accounted for stock-based compensation using the fair value based method prescribed by SFAS No. 123, *Accounting for Stock-Based Compensation*. For stock and stock-based awards issued to employees, a compensation charge is recorded against earnings based on the fair value of the award. For transactions with non-employees in which services are performed in exchange for the Company's common stock or other equity instruments, the transactions are recorded on the basis of the fair value of the service received or the fair value of the equity instruments issued, whichever is more readily measurable at the date of issuance. Bimini Capital's stock-based compensation transactions resulted in an aggregate of $2.3 million and $0.8 million of compensation expense for the nine and three months ended September 30, 2007, respectively, and $3.1 million and $1.5 million of compensation expense for the nine and three months ended September 30, 2006, respectively.

Earnings Per Share

The Company follows the provisions of SFAS No. 128, *Earnings per Share*, and the guidance provided in the FASB's Emerging Issues Task Force (“EITF”) Issue No. 03-6, *Participating Securities and the Two-Class Method under FASB Statement No. 128, Earnings Per Share*, which requires companies

with complex capital structures, common stock equivalents or two (or more) classes of securities that participate in the declared dividends to present both basic and diluted earnings per share ("EPS") on the face of the consolidated statement of operations. Basic EPS is calculated as income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated using the "if converted" method for common stock equivalents. However, the common stock equivalents are not included in computing diluted EPS if the result is anti-dilutive.

Outstanding shares of Class B Common Stock, participating and convertible into Class A Common Stock, are entitled to receive dividends in an amount equal to the dividends declared on each share of Class A Common Stock if, as and when authorized and declared by the Board of Directors. Following the provisions of EITF 03-6, shares of the Class B Common Stock are included in the computation of basic EPS using the two-class method and, consequently, are presented separately from Class A Common Stock.

The shares of Class C Common Stock are not included in the basic EPS computation as these shares do not have participation rights. The outstanding shares of Class C Common Stock, totaling 319,388 shares, are not included in the computation of diluted EPS for the Class A Common Stock as the conditions for conversion into shares of Class A Common Stock were not met.

Income Taxes

Bimini Capital has elected to be taxed as a REIT under the Code. As further described in Note 11, Discontinued Operations, OITRS is a taxpaying entity for income tax purposes and is taxed separately from Bimini Capital. Bimini Capital will generally not be subject to federal income tax on its REIT taxable income to the extent that Bimini Capital distributes its REIT taxable income to its stockholders and satisfies the ongoing REIT requirements, including meeting certain asset, income and stock ownership tests. A REIT must generally distribute at least 90% of its REIT taxable income to its stockholders, of which 85% generally must be distributed within the taxable year, in order to avoid the imposition of an excise tax. The remaining balance may be distributed up to the end of the following taxable year, provided the REIT elects to treat such amount as a prior year distribution and meets certain other requirements.

Recent Accounting Pronouncements

On February 15, 2007, the FASB issued statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115* ("SFAS 159"). This standard permits an entity to measure financial instruments and certain other items at estimated fair value. Most of the provisions of SFAS No. 159 are elective; however, the amendment to SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, applies to all entities that own trading and available-for-sale securities. The fair value option created by SFAS 159 permits an entity to measure eligible items at fair value as of specified election dates. The fair value option is generally applied instrument by instrument, is irrevocable unless a new election date occurs, and must be applied to the entire instrument and not to only a portion of the instrument. SFAS 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. The Company is currently evaluating the impact of SFAS 159, if any, on the consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, to eliminate the diversity in practice that exists due to the different definitions of fair value that are dispersed among the many accounting pronouncements that require fair value measurements and the limited guidance for applying those definitions. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, of adopting SFAS 157 on the financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* ("FIN 48"), which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that the Company recognize in its financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective as of the beginning of the 2007 fiscal year, with the cumulative effect, if any, of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company adopted FIN 48 on January 1, 2007, and such adoption did not have a material impact on the Company's consolidated financial position and results of operations.

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments — an amendment of FASB Statements No. 133 and 140*. SFAS 155 (i) permits an entity to measure at fair value any financial instrument that contains an embedded derivative that otherwise would require bifurcation; (ii) establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; and (iii) contains other provisions that are not germane to the Company. SFAS 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year beginning after September 15, 2006. A scope exception under SFAS 155 where by securitized interests that only contain an embedded derivative that is tied to the prepayment risk of the underlying prepayable financial asset, and for which the investor does not control the right to accelerate the settlement was adopted by the FASB. The MBS securities owned in the REIT portfolio fall under this scope exception. However, in the future, the Company may own securities that may not fall under the exception or the FASB may repeal the exception, in which case the Company would be subject to the provisions of SFAS 155. Should securities owned by the Company fall under the provisions of SFAS 155 in the future, the Company's results of operations may exhibit volatility as certain of its future investments may be marked to market through the income statement.

NOTE 2. MORTGAGE BACKED SECURITIES

As of September 30, 2007 and December 31, 2006, all of Bimini Capital's MBS were classified as either held for trading or available-for-sale. The measurement basis for other-than-temporarily impaired available-for-sale MBS is the LOCOM method. An impairment loss is recognized in earnings equal to the difference between the MBS' cost and its fair value at the balance sheet date of the reporting period for which the assessment is made. The LOCOM method recognizes the net decrease in value but not the net appreciation in the value of those securities. The fair value of impaired MBS would then become the new cost basis of the MBS and should not be adjusted for subsequent recoveries in fair value. Estimated fair value was determined based on the average of third-party broker quotes received and/or independent pricing sources when available.

The following are the carrying values of Bimini Capital's MBS portfolio as of September 30, 2007 and December 31, 2006:
(in thousands)

	September 30, 2007	December 31, 2006
Adjustable Rate Mortgages	$ 640,670	$ 2,105,818
Fixed Rate Mortgages	252,695	626,428
Hybrid Arms	360,529	76,488

Total	$ 1,253,894	$ 2,808,734

The following table presents the components of the carrying value of Bimini Capital's MBS portfolio of securities as of September 30, 2007 and December 31, 2006:
(in thousands)

	September 30, 2007	December 31, 2006
Available-for-Sale Securities		
Principal balance	$ 696,892	$ 2,779,867
Unamortized premium	11,448	116,114
Unaccreted discount	(304)	(502)
Gross unrealized gains	-	422
Other-than-temporary losses	-	(9,971)
Gross unrealized losses	-	(77,196)
Held for Trading Securities	545,858	-
Carrying value/estimated fair value	$ 1,253,894	$ 2,808,734

As a result of the other-than-temporary impairment of MBS as of September 30, 2007, Bimini Capital's available-for-sale MBS investments are carried on a LOCOM basis and therefore there are no unrealized losses.

The following table presents for Bimini Capital's MBS investments with gross unrealized losses, the estimated fair value and gross unrealized losses aggregated by investment category, as of December 31, 2006:
(in thousands)

	Loss Position More than 12 Months		Loss Position Less than 12 Months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Hybrid Arms and Balloons	$ 67,437	$ (1,858)	$ -	$ -	$ 67,437	$ (1,858)
Adjustable Rate Mortgages	1,232,644	(46,715)	348,901	(2,591)	1,581,545	(49,306)
Fixed Rate Mortgages	515,067	(25,662)	48,604	(370)	563,671	(26,032)
	$ 1,815,148	$ (74,235)	$ 397,505	$ (2,961)	$ 2,212,653	$ (77,196)

As of September 30, 2007, all of Bimini Capital's MBS investments have contractual maturities greater than 24 months. Actual maturities of MBS investments are generally shorter than stated contractual maturities. Actual maturities of Bimini Capital's MBS investments are affected by the contractual lives of the underlying mortgages, periodic payments of principal, and prepayments of principal.

As stated in Note 1, the overall decline in fair value of MBS was other-than-temporary as of June 30, 2007. Accordingly, the adjustment to reduce MBS to fair value was recorded in earnings. Generally, the factors considered in making this determination include: the expected cash flow from the MBS investment, the general quality of the MBS owned, any credit protection available, current market conditions, and the magnitude and duration of the historical decline in market prices as well as Bimini Capital's ability and intention to hold the MBS owned. As of June 30, 2007, the Company no longer had the ability and intent to hold such securities until their value could be recovered due to the Company's liquidity and working capital requirements caused by the turmoil in the mortgage market.

NOTE 3. EARNINGS PER SHARE

The Company has dividend eligible stock incentive plan shares that were outstanding during the nine and three months ended September 30, 2007 and 2006, respectively. These stock incentive plan shares have dividend participation rights, but no contractual obligation to share in losses. Since there is no such obligation, these incentive plan shares are not included, pursuant to EITF 03-6, in the basic EPS computation for the Class A Common Stock in any period there is a loss from continuing operations, even though they are participating securities. Therefore, the computation of basic and diluted EPS for the Class A Common Stock for the nine and three months ended September 30, 2007 excludes 259,016 incentive plan shares.

During the nine months ended September 30, 2006, 76,375 of Restricted Shares (See Note 7) and 562,018 of incentive plan shares are included in the basic and diluted EPS computations because they are participating securities and there is income from continuing operations during this nine month period. The computation of basic and diluted EPS for the three months ended September 30, 2006 does not include these shares as there is a loss from continuing operations in this period.

The table below reconciles the numerators and denominators of the EPS. See the consolidated statements of operations for the breakdown between continuing operations and discontinued operations.
(in thousands, except per share)

	Nine Months Ended		Three Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Basic and diluted EPS per Class A common share:				
Numerator: net loss allocated to the Class A common shares	$ (242,138)	$ (15,421)	$ (4,663)	$ (6,176)
Denominator: basic and diluted:				

Class A common shares outstanding at the balance sheet date	24,765	24,473	24,765	24,397
Dividend eligible equity plan shares issued as of the balance sheet date	-	638	-	-
Effect of weighting	(164)	(467)	(75)	(21)
Weighted average shares-basic and diluted	24,601	24,644	24,690	24,376
Basic and diluted net (loss) per Class A common share	$ (9.84)	$ (0.63)	$ (0.19)	$ (0.25)
Basic and diluted EPS per Class B common share:				
Numerator: net loss allocated to Class B common shares	$ (3,123)	$ (202)	$ (60)	$ (80)
Denominator: basic and diluted:				
Class B common shares outstanding at the balance sheet date	319	319	319	319
Effect of weighting	-	-	-	-
Weighted average shares-basic and diluted	319	319	319	319
Basic and diluted net (loss) per Class B common share	$ (9.79)	$ (0.63)	$ (0.19)	$ (0.25)

NOTE 4. REPURCHASE AGREEMENTS

Bimini Capital has entered into repurchase agreements to finance most of its MBS security purchases. The repurchase agreements are short-term borrowings that bear interest at rates that have historically moved in close relationship to the forward London Interbank Offered Rate ("LIBOR") interest rate curve. As of September 30, 2007, Bimini Capital had an outstanding amount of $1.2 billion with a net weighted average borrowing rate of 5.23% and these agreements were collateralized by MBS with a fair value of $1.3 billion. As of December 31, 2006, Bimini Capital had an outstanding amount of $2.7 billion with a net weighted average borrowing rate of 5.31%, and these agreements were collateralized by MBS with a fair value of $2.8 billion.

As of September 30, 2007, Bimini Capital's repurchase agreements had remaining maturities as summarized below:
(in thousands)

	OVERNIGHT (1 DAY OR LESS)	BETWEEN 2 AND 30 DAYS	BETWEEN 31 AND 90 DAYS	GREATER THAN 90 DAYS	TOTAL
Agency-Backed Mortgage Backed Securities:					
Amortized cost of securities sold, including accrued interest receivable	$ 45,003	$ 409,417	$ 135,716	$ 397,313	$ 987,449
Fair market value of securities sold, including accrued interest receivable	$ 45,003	$ 409,417	$ 135,716	$ 397,313	$ 987,449
Repurchase agreement liabilities associated with these securities	$ 43,501	$ 553,955	$ 138,875	$ 475,156	$ 1,211,487
Net weighted average borrowing rate	5.15%	5.42%	5.25%	5.02%	5.23%

As of December 31, 2006, Bimini Capital's repurchase agreements had remaining maturities as summarized below:

(in thousands)

	OVERNIGHT (1 DAY OR LESS)	BETWEEN 2 AND 30 DAYS	BETWEEN 31 AND 90 DAYS	GREATER THAN 90 DAYS	TOTAL
Agency-Backed Mortgage Backed Securities:					
Amortized cost of securities sold, including accrued interest receivable	$ —	$ 859,344	$ 807,488	$ 1,149,309	$ 2,816,141
Fair market value of securities sold, including accrued interest receivable	$ —	$ 833,436	$ 793,702	$ 1,106,228	$ 2,733,366
Repurchase agreement liabilities associated with these securities	$ —	$ 842,094	$ 805,595	$ 1,093,991	$ 2,741,680
Net weighted average borrowing rate	—	5.31%	5.33%	5.29%	5.31%

As of September 30, 2007, Bimini Capital's repurchase agreements had the following counterparties, amounts at risk and weighted average remaining maturities:

(in thousands)

Repurchase Agreement Counterparties	Amount Outstanding	Amount at Risk(1)	Weighted Average Maturity of Repurchase Agreements in Days	Percent of Total Amount Outstanding
JP Morgan Securities Inc.	$ 432,173	$ (45,594)	169	35.67%
Deutsche Bank Securities, Inc.	357,227	(130,272)	204	29.49
UBS Securities LLC	151,797	(4,339)	23	12.53
Morgan Stanley	94,221	1,488	34	7.78
BNP Paribas Securities Corp.	55,959	(22,424)	10	4.62
Lehman Brothers Inc	36,703	801	174	3.03
ING Financial Markets,LLC	34,440	715	75	2.84
Cantor Fitzgerald	31,942	189	78	2.64
Countrywide Securities Corporation	9,004	569	3	0.74
Goldman Sachs & Co.	8,021	262	28	0.66
Total	$ 1,211,487	$ (198,605)		100.00%

(1) Equal to the fair value of securities sold, plus accrued interest income, minus the sum of repurchase agreement liabilities, plus accrued interest expense.

The amount at risk as of September 30, 2007 would be $19.4 million versus ($198.6) million had the Company not executed the sale late in the period of certain MBS pledged to counterparties. The sale of such securities settled on October 2, 2007 and the fulfillment of the associated repurchase obligation was accelerated. However, as of September 30, 2007 such repurchase obligation still existed and is reflected in the table above.

As of December 31, 2006, Bimini Capital's repurchase agreements had the following counterparties, amounts at risk and weighted average remaining maturities:

(in thousands)

Repurchase Agreement Counterparties	Amount Outstanding	Amount at Risk(1)	Weighted Average Maturity of Repurchase Agreements in Days	Percent of Total Amount Outstanding
Deutsche Bank Securities, Inc.	$ 834,940	$ 10,189	28	30.45%
JP Morgan Securities Inc.	652,936	13,195	98	23.82
Nomura Securities International, Inc.	463,410	13,405	94	16.90
WAMU Capital Corp.	333,587	12,476	24	12.17
Countrywide Securities Corporation	206,220	4,401	79	7.52
BNP Paribas Securities Corp.	92,155	2,666	18	3.36
Goldman Sachs & Co.	70,068	1,278	122	2.56
Bank of America Securities, LLC	54,120	1,742	136	1.97
UBS Securities LLC	21,515	231	17	0.78
Greenwich Capital Markets, Inc.	12,729	44	7	0.47
Total	$ 2,741,680	$ 59,627		100.00%

(1) Equal to the fair value of securities sold, plus accrued interest income, minus the sum of repurchase agreement liabilities, plus accrued interest expense.

NOTE 5. TRUST PREFERRED SECURITIES

On May 17, 2005, Bimini Capital completed a private offering of $50.0 million of trust preferred securities of Bimini Capital Trust I (“BCTI”), a Delaware statutory business trust sponsored by Bimini Capital. BCTI used the proceeds of the private offering, together with Bimini Capital's investment of $1.6 million in BCTI common equity securities, to purchase $51.6 million aggregate principal amount of Bimini Capital's BCTI Junior Subordinated Notes with terms that parallel the terms of the BCTI trust preferred securities.

The BCTI trust preferred securities and Bimini Capital's BCTI Junior Subordinated Notes have a fixed rate of interest until March 30, 2010, of 7.61% and thereafter, through maturity in 2035, the rate will float at a spread of 3.30% over the prevailing three-month LIBOR rate. The BCTI trust preferred securities and Bimini Capital's BCTI Junior Subordinated Notes require quarterly interest distributions and are redeemable at Bimini Capital's option, in whole or in part and without penalty, beginning March 30, 2010 and at any date thereafter. Bimini Capital's BCTI Junior Subordinated Notes are subordinate and junior in right of payment of all present and future senior indebtedness. The proceeds from the private offering net of costs were approximately $48.5 million.

On October 5, 2005, Bimini Capital completed a private offering of $50.0 million of trust preferred securities of Bimini Capital Trust II (“BCTII”), a Delaware statutory business trust sponsored by Bimini Capital. BCTII used the proceeds of the private offering, together with Bimini Capital's investment of $1.5 million in BCTII common equity securities, to purchase $51.5 million aggregate principal amount of Bimini Capital's BCTII Junior Subordinated Notes with terms that parallel the terms of the BCTII trust preferred securities.

The BCTII trust preferred securities and Bimini Capital's BCTII Junior Subordinated Notes have a fixed rate of interest until December 15, 2010, of 7.8575% and thereafter, through maturity in 2035, the rate will float at a spread of 3.50% over the prevailing three-month LIBOR rate. The BCTII trust preferred securities and Bimini Capital's BCTII Junior Subordinated Notes require quarterly interest distributions and are redeemable at Bimini Capital's option, in whole or in part and without penalty, beginning December 15, 2010, and at any date thereafter. Bimini Capital's BCTII Junior Subordinated Notes are subordinate and junior in right of payment of all present and future senior indebtedness. The proceeds from the private offering net of costs were approximately $48.5 million.

Each trust is a variable interest entity pursuant to FIN No. 46 because the holders of the equity investment at risk do not have adequate decision making ability over the trust's activities. Since Bimini Capital's investment in each trust's common equity securities was financed directly by the applicable trust as a result of its loan of the proceeds to Bimini Capital, that investment is not considered to be an equity investment at risk pursuant to FIN No. 46. Since Bimini Capital's common share investments in BCTI and BCTII are not a variable interest, Bimini Capital is not the primary beneficiary of the trusts. Therefore, Bimini Capital has not consolidated the financial statements of BCTI and BCTII into its financial statements. Based on the aforementioned accounting guidance, the accompanying consolidated financial statements present Bimini Capital's BCTI and BCTII Junior Subordinated Notes issued to the trusts as liabilities and Bimini Capital's investments in the common equity securities of BCTI and BCTII as assets. For financial statement purposes, Bimini Capital records payments of interest on the Junior Subordinated Notes issued to BCTI and BCTII as interest expense.

NOTE 6. CAPITAL STOCK

Issuances of Class A Common Stock

During the nine and three months ended September 30, 2007, the Company issued a total of 74,960 and 63,918 shares, respectively, of Class A Common Stock to its independent directors for the payment of director fees for services rendered.

During the nine and three months ended September 30, 2007, the Company issued 173,868 and 97,067 shares, respectively, of its Class A Common Stock to employees pursuant to the terms of the stock incentive plan phantom share grants (see Note 7).

Dividends Declared and Paid in 2007

On March 9, 2007, the Company's Board of Directors declared a $0.05 per share cash dividend to the holders of its dividend eligible securities on the record date of March 26, 2007. The distribution totaling $1.3 million was paid on April 13, 2007.

Other Classes of Common and Preferred Stock

There was no change in the issued and outstanding shares of the Company’s Class B and Class C Common Stock or its Class A and Class B Redeemable Preferred Stock during the nine and three months ended September 30, 2007.

NOTE 7. STOCK INCENTIVE PLANS

On December 1, 2003, Bimini Capital adopted the 2003 Long Term Incentive Compensation Plan (the “2003 Plan”) to provide Bimini Capital with the flexibility to use stock options and other awards as part of an overall compensation package to provide a means of performance-based compensation to attract and retain qualified personnel. The 2003 Plan was amended and restated in March 2004. Key employees, directors and consultants are eligible to be granted stock options, restricted stock, phantom shares, dividend equivalent rights and other stock-based awards under the 2003 Plan. Subject to adjustment upon certain corporate transactions or events, a maximum of 4,000,000 shares of the Class A Common Stock (but not more than 10% of the Class A Common Stock outstanding on the date of grant) may be subject to stock options, shares of restricted stock, phantom shares and dividend equivalent rights under the 2003 Plan.

During the nine months ended September 30, 2007, Bimini Capital granted 25,607 phantom shares to employees with an aggregate fair value of $0.2 million. For the three months ended September 30, 2007, Bimini Capital granted no phantom shares to employees. Each phantom share represents a right to receive a share of Bimini Capital's Class A Common Stock. Dividend equivalent rights were also granted on these phantom shares.

Phantom share awards are valued at the fair value of Bimini Capital’s Class A Common Stock at the date of the grant. The total grant date value of all awards since the inception of the 2003 Plan is $10.0 million. The phantom share awards do not have an exercise price. The grant date value is being amortized to compensation expense on a straight-line basis over the vesting period of the respective award. The phantom shares vest, based on the employees’ continuing employment, following a schedule as provided in the grant agreements, for periods through December 15, 2009.

As of September 30, 2007, a total of 759,457 phantom share awards have been granted since the inception of the 2003 Plan, however 21,421 phantom shares have been forfeited due to the termination of the grantee’s employment. The future compensation charge that was eliminated by the forfeitures totaled $195,587. Of the phantom shares not forfeited, 553,846 phantom shares have fully vested since inception of the 2003 Plan and 184,190 phantom shares remain unvested as of September 30, 2007. Of the 553,846 phantom shares that have fully vested, 478,520 phantom shares have been settled as of September 30, 2007 and an equivalent number of shares of the Company’s Class A Common Stock have been issued to grantees or surrendered by grantees to pay income taxes. As of September 30, 2007, there were 75,326 phantom shares that, although fully vested as of such date, had not been settled. No phantom share awards have expired.

For the nine and three months ended September 30, 2007, 254,185 and 141,000 phantom shares, respectively, were settled and an equivalent number of shares of the Company’s Class A Common Stock were issued to grantees or surrendered by grantees to pay income taxes. For the nine and three months ended September 30, 2006, 153,657 and 50,250 phantom shares were settled and an equivalent number of shares of the Company’s Class A Common Stock were issued to grantees or surrendered by grantees to pay income taxes. As of September 30, 2007, there were 259,516 phantom shares outstanding that had not been settled as of such date, 184,190 of which were unvested and 75,326 of which were vested. Total compensation cost recognized for the nine and three months ended September 30, 2007 was $2.2 million and $0.8 million, respectively. Total compensation cost recognized for the nine and three months ended September 30, 2006 was $2.2 million and $0.7 million, respectively. Dividends paid on unsettled phantom shares are charged to retained earnings when declared.

Bimini Capital also has adopted the 2004 Performance Bonus Plan (the “Performance Bonus Plan”). The Performance Bonus Plan is an annual bonus plan that permits the issuance of the Company’s Class A Common Stock in payment of stock-based awards made under the plan. No stock-based awards have been made under and no shares of the Company’s stock have been issued under the Performance Bonus Plan.

On July 17, 2006, the Company granted 79,725 restricted shares of its Class A Common Stock to certain key employees of the Company's subsidiary pursuant to the terms of the 2003 Plan. Such share grants were initially recorded by OITRS prior to the merger with the Company. However, during the three month period ended June 30, 2006, these awards were cancelled when the Company and the subject employees agreed to forego the award in contemplation of a new grant under the Company's 2003 Plan. The restricted shares are valued at the fair value of Opteum's Class A Common Stock at the date of grant, which totaled $693,608 for the July 2006 awards, and this amount was amortized to compensation over the vesting period of the award, net of any forfeitures. The restricted shares do not have an exercise price. Dividends that were paid on the restricted shares are charged to retained earnings when declared. The shares were subject to forfeiture prior to the November 3, 2006, vesting date. During the three months ended September 30, 2006, 3,350 shares were forfeited and for the period from October 1, 2006 through November 2, 2006, an additional 1,300 shares were forfeited. A total of 75,075 restricted shares remained on the November 3, 2006 vesting date.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Outstanding Litigation. The Company is involved in various lawsuits and claims, both actual and potential, including some that it has asserted against others, in which monetary and other damages are sought. Except as described below, these lawsuits and claims relate primarily to contractual disputes arising out of the ordinary course of the Company’s business. The outcome of such lawsuits and claims is inherently unpredictable. However, management believes that, in the aggregate, the outcome of all lawsuits and claims involving the Company will not have a material effect on the Company’s consolidated financial position or liquidity; however, any such outcome may be material to the results of operations of any particular period in which costs, if any, are recognized. (see Note 11(n))

On September 17, 2007, a complaint was filed in the U.S. District Court for the Southern District of Florida by William Kornfeld against the Company, certain of the Company’s current and former officers and directors, Flagstone Securities, LLC and BB&T Capital Markets alleging various violations of the federal securities laws and seeking class action certification. On October 9, 2007, a complaint was filed in the U.S. District Court for the Southern District of Florida by Richard and Linda Coy against the Company, certain of the Company’s current and former officers and directors, Flagstone Securities, LLC and BB&T Capital Markets alleging various violations of the federal securities laws and seeking class action certification. The Company believes the plaintiffs’ claims in these actions are without merit, has filed a motion to consolidate these actions and intends to vigorously defend the cases.

No accrual for any losses that may result from the Company’s outstanding litigation have been recorded on the Company’s financial statements.

Guarantees. Bimini Capital has guaranteed the obligations of OITRS and OITRS’s wholly-owned subsidiary, HS Special Purpose, LLC, under their respective financing facilities with Citigroup described in Note 11(o). These guarantees will remain in effect so long as the applicable financing facilities remain in effect. If an Event of Default occurs under these financing facilities that are not cured or waived, Bimini Capital may be required to perform under its guarantees. There is no specific limitation on the maximum potential future payments under these guarantees. However, Bimini Capital’s liability under these guarantees would be reduced in an amount equal to the amount by which the collateral securing such obligations exceeds the amounts outstanding under the applicable facilities.

NOTE 9. INCOME TAXES

Taxable income, as generated by Bimini Capital’s qualifying REIT activities, is computed differently from Bimini Capital’s financial statement net income as computed in accordance with GAAP. Depending on the number and size of the various items or transactions being accounted for differently, the differences between Bimini Capital’s REIT taxable income (loss) and Bimini Capital’s financial statement net income (loss) can be substantial and each item can affect several years. Since inception through September 30, 2007, Bimini Capital's REIT taxable income is approximately $92.9 million greater than Bimini Capital's financial statement net income as reported in its financial statements.

For the nine months ended September 30, 2007, Bimini Capital's REIT taxable loss was approximately $78.0 million less than Bimini Capital's financial statement net loss from REIT activities. During 2007, Bimini Capital's most significant book to tax differences include the $55.3 million other-than-temporary loss on MBS recorded at June 30, 2007, interest on inter-company loans with OITRS, equity plan stock awards, depreciation of property and equipment, the accounting for debt issuance costs and $20.5 million of losses realized on certain MBS sales. The debt issuance costs are being amortized, and property and equipment are being depreciated, over different useful lives for tax purposes. The future deduction of equity plan stock compensation against REIT taxable income is uncertain as to the amount, because the tax impact is measured at the fair value of the shares as of a future date, and this amount may be greater than or less than the financial statement expense already recognized by Bimini Capital.

The $55.3 million other-than-temporary loss on MBS is not recognized for tax purposes, as it does not represent an actual sale of any MBS securities by Bimini Capital. For tax purposes, the gain or loss on MBS sales are recognized only when the actual sale transaction is completed. During the nine months ended September 30, 2007, book losses of approximately $20.5 million on MBS sales were realized; the tax capital losses for these MBS sales are only available to the REIT to offset future capital gains, and therefore they do not reduce REIT taxable income.

NOTE 10. SUBSEQUENT EVENTS

On October 29, 2007, NYSE Regulation, Inc. notified the Company that the Company’s average global market capitalization over a consecutive thirty trading day period has fallen below the NYSE’s minimum quantitative continued listing criteria for REITs of $25.0 million. As a result, trading in the Company’s Class A common stock on the NYSE was suspended prior to the market opening on November 5, 2007. The Company has applied to list its Class A common stock on another national securities market, however, no assurance can be given that the Company’s Class A common stock will be approved for listing on such national securities market. Until such time that the Company’s Class A common stock is approved for listing on another national securities market, the Company’s Class A common stock will trade over the counter.

NOTE 11. DISCONTINUED OPERATIONS-OITRS

(a) - Background and activities as of March 31, 2007

Beginning in April 2007, the Board of Managers of OITRS, at the recommendation of and with the approval of the Board of Directors of Bimini Capital, began a process that would eventually result in the sale or closure of all business operations within OITRS. The decision to sell and/or close OITRS was made after evaluation of, among other things, short and long-term business prospects for OITRS, and its ability to recover from recent large operating losses. Due to this decision, all OITRS assets are considered as held for sale, and have been accounted for as discontinued operations under applicable accounting standards for all periods presented.

The impact of these decisions included OITRS recording impairment charges on goodwill and other intangible assets and on certain fixed assets. In accordance with SFAS No. 144, the closure and/or sale of mortgage loan origination channels resulted in an impairment charge of $6.0 million during the three months ended March 31, 2007. In addition, accordance with SFAS No. 142, OITRS recorded impairment charges for both goodwill and other intangible assets not subject to amortization of approximately $2.8 million as of March 31, 2007.

(b) - Activities during the three months ended June 30, 2007

On April 18, 2007, the Board of Managers of OITRS approved the closure of OITRS’s wholesale and conduit mortgage origination channels. On April 20, 2007, the wholesale and conduit mortgage loan origination channels ceased accepting applications for new mortgages from borrowers.

On April 26, 2007, OITRS entered into a binding agreement to sell a majority of its private-label and agency mortgage servicing portfolio, which had an aggregate unpaid principal balance of approximately $5.9 billion as of March 31, 2007. The aggregate sales proceeds were used to repay debt that was secured by OITRS’s mortgage servicing portfolio. All servicing was transferred to the buyer on or before July 2, 2007. The transaction resulted in a loss of $2.8 million.

On May 7, 2007, OITRS signed a binding agreement to sell its retail mortgage loan origination channel to a third party. On June 30, 2007, OITRS entered into an amendment to this agreement. The sales price was $1.5 million plus the assumption of certain liabilities, including the assumption of certain future operating lease obligations of OITRS.

The closure of the wholesale and conduit mortgage loan origination channels, coupled with sale of the retail channel, resulted in charges totaling $7.6 million associated with severance payments to employees and operating lease termination costs, among other less significant costs.

(c) – Activities during the three months ended September 30, 2007

On July 25, 2007, OITRS entered into a binding agreement to sell a majority of its remaining private-label and agency mortgage servicing portfolio, which had an aggregate unpaid principal balance of approximately $3.0 billion as of June 30, 2007. The aggregate sales proceeds were used to repay the debt that secured OITRS's mortgage servicing portfolio. The transaction, which was subject to various closing conditions, was completed on September 4, 2007. The transaction resulted in a loss of $0.1 million.

The following table summarizes the OITRS assets held for sale and liabilities related to the assets held for sale, as of September 30, 2007 and December 31, 2006:

(in thousands)

	September 30, 2007	December 31, 2006
Cash and cash equivalents	$ 1,466	$ 9,754
Mortgage loans held for sale	1,907	749,834
Retained interests, trading	71,593	104,199
Securities held for sale	318	858
Originated mortgage servicing rights	2,640	98,859
Receivables	11,972	5,958
Property and equipment, net	342	11,415
Prepaids and other assets	10,243	28,447
Assets held for sale	$ 100,481	$ 1,009,324
Warehouse lines of credit and drafts payable	$ -	$ 734,879
Other secured borrowings	37,298	121,977
Accounts payable, accrued expenses and other	13,593	23,060
Liabilities related to assets held for sale	$ 50,891	$ 879,916

The following table summarizes the results of operations of OITRS for the nine month periods ended September 30, 2007 and 2006:

(in thousands)

	Nine Months Ended	
	September 30, 2007	September 30, 2006
Interest income, net	$ 22,543	$ 66,379
Interest expense	(17,521)	(56,189)
Net interest income	5,022	10,190
Gain (Loss) on mortgage banking activities	(68,920)	17,430
Other income and expenses, net and non-recurring items	(15,412)	5,237
Net servicing income (loss)	(13,868)	(8,133)
Other interest expense and loss reserves	(23,617)	(5,624)
Total net revenues (deficiency of revenues)	(116,795)	19,100
General and administrative expenses	(30,833)	(52,816)
Loss before benefit (provision) for income taxes	(147,628)	(33,716)
Benefit (provision) for income taxes and valuation allowance	(7,181)	15,713
Total loss from discontinued operations, net of taxes	$ (154,809)	$ (18,003)

Intercompany interest expense of $8.1 million and $6.8 million for the nine months ended September 30, 2007 and 2006, respectively, has been eliminated in consolidation.

The following table summarizes the results of operations of OITRS for the three month periods ended September 30, 2007 and 2006:

(in thousands)

	Three Months Ended	
	September 30, 2007	September 30, 2006
Interest income, net	$ 515	$ 25,330
Interest expense	(472)	(22,184)
Net interest income	43	3,146
Gain (Loss) on mortgage banking activities	(7,105)	20,136
Other income and expenses, net and non-recurring items	4,364	2,206
Net servicing income (loss)	(1,241)	(8,112)
Other interest expense and loss reserves	1,077	(5,129)
Total net revenues (deficiency of revenues)	(2,862)	12,247

General and administrative expenses	(2,918)	(17,459)
Loss before benefit (provision) for income taxes	(5,780)	(5,212)
Benefit (provision) for income taxes and valuation allowance	4,282	3,063
Total loss from discontinued operations, net of taxes	$ (1,498)	$ (2,149)

Intercompany interest expense of $2.8 million for the three months ended September 30, 2007 and 2006 has been eliminated in consolidation.

For the three month period ended September 30, 2007, OITRS accrued $0.2 million in expected retention bonus payments for employees related to the wind down of the mortgage origination operations. For the period $0.1 million of such payments were disbursed to employees. Liabilities recorded at June 30, 2007 associated with the wind down of the mortgage origination business were $6.6 million. The liability was comprised of the following:

(in thousands)

Severance payments	$ 91
Retention bonuses	103
Property lease rents	6,054
Equipment lease rents	400
Total	$ 6,648

Changes in the liability for the three months ended September 30, 2007 were as follows:

(in thousands)

Liability recorded June 30, 2007	$ 6,648
Less severance payments made	(91)
Plus additional retention bonuses accrued	130
Less property lease rents made	(670)
Less adjustments to anticipated property lease settlements	(3,989)
Less adjustments to anticipated equipment lease settlements	(350)
Liability balance at September 30, 2007	$ 1,678

Adjustments to anticipated lease and equipment lease rents to be paid were based on actual settlements obtained and revised estimates of the settlement of the remaining obligations.

(d) - Significant accounting policies of OITRS

The following accounting policies were applicable prior to the discontinuation of the residential mortgage origination operations. Going forward such policies generally will not be applicable to OITRS as it no longer originates residential mortgage loans. OITRS will continue to actively market for sale originated mortgage servicing rights and retained interests in securitizations, but will not generate any such assets in the future.

Mortgage Loans Held for Sale. Mortgage loans held for sale represent mortgage loans originated and held by the Company pending sale to investors. The mortgages are carried at the lower of cost or market as determined by outstanding commitments from investors or current investor yield requirements calculated on the aggregate loan basis. Deferred net fees or costs are not amortized during the period the loans are held for sale, but are recorded when the loan is sold. These transfers of financial assets are accounted for as sales for financial reporting purposes when control over the assets has been surrendered. Control over transferred assets is surrendered when (i) the assets have been isolated from the Company; (ii) the purchaser obtains the right, free of conditions that constrain such purchaser from taking advantage of that right, to pledge or exchange the transferred assets and (iii) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. These transactions are treated as sales in accordance with SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*. Gains or losses on such sales are recognized at the time legal title transfers to the purchaser and are based upon the difference between the sales proceeds from the purchaser and the allocated basis of the loan sold, adjusted for net deferred loan fees and certain direct costs and selling costs. A valuation allowance is recorded to adjust mortgage loans held for sale to the lower of cost or market.

Retained Interest, Trading. The Company uses warehouse loan arrangements to finance the origination and purchase of pools of fixed and adjustable-rate residential mortgage loans (the “Mortgage Loans”). Subsequent to their origination or purchase, OITRS either sells these Mortgage Loans to third-party institutional investors through bulk sale arrangements or through securitization transactions. The Company generally makes several representations and warranties regarding the performance of the Mortgage Loans in connection with each sale or securitization.

In a securitization, the Company accumulates the desired amount of Mortgage Loans and securitizes them in order to create marketable securities. First, pursuant to a Mortgage Loan Purchase Agreement (“MLPA”), the Company sells Mortgage Loans to Opteum Mortgage Acceptance Corporation (“OMAC”), the Company's wholly-owned special purpose entity created for the execution of these securitizations. Under this MLPA, the Company makes general representations and warranties for the Mortgage Loans sold by the Company to OMAC.

OMAC then deposits the Mortgage Loans purchased from the Company into a Real Estate Mortgage Investment Conduit (“REMIC”) trust where, pursuant to a Pooling and Servicing Agreement (“P&S Agreement”), the rights to the cash flows associated with such Mortgage Loans are sold to investors in the form of marketable debt securities. These securities, issued by the REMIC trust, are divided into different classes of certificates (the “Certificates”) with varying claims to payments received on the Mortgage Loans.

Certain of these Certificates are offered to the public (the "Public Certificates") pursuant to a prospectus. These Public Certificates are sold to underwriters on the closing date pursuant to an underwriting agreement. The proceeds from the sale of the Public Certificates to the underwriters (less an underwriting discount) are ultimately transferred to the Company as partial consideration for the Mortgage Loans sold to OMAC pursuant to the MLPA.

Finally, subsequent to a securitization transaction as described above, the Company typically executes an additional net interest margin ("NIM") securitization, or "resecuritization" of the non-publicly offered Certificates, representing prepayment penalties and over-collateralization fundings (the "Underlying Certificates"). This NIM securitization is typically transacted as follows:

OMAC first deposits the Underlying Certificates into a trust (the "NIM Trust") pursuant to a deposit trust agreement. The NIM Trust, pursuant to an indenture, then issues (i) notes (the "NIM Notes") representing interests in the Underlying Certificates and (ii) an owner trust certificate (the "Owner Trust Certificate") representing the residual interest in the NIM Trust. The NIM Notes are sold to third parties via private placement transactions. The net proceeds from the sale of the NIM Notes and the Owner Trust Certificate are then transferred from OMAC to the Company. The Owner Trust Certificates from the Company's various securitizations represent retained interests, trading which are included in discontinued operations on the accompanying consolidated balance sheet.

Mortgage Servicing Rights. The estimated fair value of MSRs is determined by obtaining a market valuation from a specialist who brokers MSRs. The broker, Interactive Mortgage Advisors, LLC, is 50% owned by OITRS. To determine the market valuation, the broker uses a valuation model that incorporates assumptions relating to the estimate of the cost of servicing the loan, a discount rate, a float value, an inflation rate, ancillary income of the loan, prepayment speeds and default rates that market participant's use for acquiring similar servicing rights. Gains or losses on the sale of MSRs are recognized when title and all risks and rewards have irrevocably passed to the purchaser of such MSRs and there are no significant unresolved contingencies.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets*. SFAS 156 amends SFAS 140 with respect to the accounting for separately-recognized servicing assets and liabilities. SFAS 156 requires all separately-recognized servicing assets and liabilities to be initially measured at fair value and permits companies to elect, on a class-by-class basis, to account for servicing assets and liabilities on either a lower of cost or market value basis or a fair value measurement basis. OITRS elected to early adopt SFAS 156 as of January 1, 2006, and to measure all mortgage servicing assets at fair value (and as one class). As a result of adopting SFAS 156, OITRS recognized a $2.6 million after-tax ($4.3 million pre-tax) increase in retained earnings as of January 1, 2006, representing the cumulative effect adjustment of re-measuring all servicing assets and liabilities that existed as of December 31, 2005, from a lower of amortized cost or market basis to a fair value basis.

Gain (Loss) on Sale of Loans. Gains or losses on the sale of mortgage loans are recognized at the time legal title transfers to the purchaser of such loans based upon the difference between the sales proceeds from the purchaser and the allocated basis of the loan sold, adjusted for net deferred loan fees and certain direct costs and selling costs. The Company defers net loan origination costs and fees as a component of the loan balance on the balance sheet. Such costs are not amortized and are recognized into income as a component of the gain or loss upon sale. Accordingly, salaries, commissions, benefits and other operating expenses of $22.2 million and $0.0 million, for the nine and three months ended September 30, 2007 and $45.1 million and $14.9 million, respectively, for the nine and three months ended September 30, 2006 were capitalized as direct loan origination costs and reflected in the basis of loans sold for gain on sale recognition purposes. The net gain/(loss) on mortgage loans for the nine and three months ended September 30, 2007 was ($65.3) million and ($12.8) million and for the nine and three months ended September 30, 2006 was ($18.7) million and ($20.7) million, respectively.

Servicing Fee Income. Servicing fee income is generally a fee based on a percentage of the outstanding principal balances of the mortgage loans serviced by the Company (or by a subservicer where the Company is the master servicer) and is recorded as income as the installment payments on the mortgages are received by the Company or the subservicer.

Income taxes. OITRS and its activities are subject to corporate income taxes and the applicable provisions of SFAS No. 109, *Accounting for Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. To the extent management believes deferred tax assets will not be fully realized in future periods, a provision is recorded so as to reflect the net portion, if any, of the deferred tax asset management expects to realize.

(e) - Mortgage Loans Held for Sale

Prior to ceasing operations, upon the closing of a residential mortgage loan or shortly thereafter, OITRS would sell or securitize the majority of its mortgage loan originations. OITRS also sold mortgage loans insured or guaranteed by various government-sponsored entities and private insurance agencies. The insurance or guaranty is provided primarily on a nonrecourse basis to OITRS, except where limited by the Federal Housing Administration and Veterans Administration and their respective loan programs. Mortgage loans held for sale consist of the following as of September 30, 2007 and December 31, 2006:

(in thousands)

	September 30, 2007	December 31, 2006
Mortgage loans held for sale, and other, net	$ 6,203	$ 741,545
Deferred loan origination costs and other-net	-	9,188
Lower of cost or market and valuation allowance	(4,296)	(899)
	$ 1,907	$ 749,834

Included in mortgage loans held for sale (as of December 31, 2006 only) above are IRLCs. Fluctuations in the fair market value of IRLCs and other derivatives employed for hedging are reflected in the consolidated statement of operations under discontinued operations.

(f) - Retained Interest, Trading

Retained interest, trading is the subordinated interests retained by OITRS resulting from securitizations and includes the over-collateralization and residual net interest spread remaining after payments to the Public Certificates and NIM Notes. Retained interest, trading represents the present value of estimated cash flows to be received from these subordinated interests in the future. The subordinated interests retained are classified as "trading securities" and are reported at fair value with unrealized gains or losses reported in earnings.

All of OITRS's securitizations were structured and are accounted for as sales in accordance with SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. Generally, to meet the sale treatment requirements of SFAS No. 140, the REMIC trust is structured as a "qualifying special purpose entity" or QSPE, which specifically limits the REMIC trust's activities, and OITRS surrenders control over the mortgage loans upon their transfer to the REMIC trust.

Valuation of Investments. OITRS classifies its retained interests as trading securities and therefore records these securities at their estimated fair value. In order to value the unrated, unquoted, investments, OITRS will record these assets at their estimated fair value utilizing pricing information available directly from dealers and the present value calculated by projecting the future cash flows of an investment on a publicly available analytical system. When a publicly available analytical system is utilized, OITRS will input the following variable factors which will have an impact on determining the market value:

Interest Rate Forecast. LIBOR interest rate curve.

Discount Rate. The present value of all future cash flows utilizing a discount rate assumption established at the discretion of OITRS to represent market conditions and value of similar instruments with similar risks. Discount rates used will vary over time. Management observes discount rates used for assets with similar risk profiles. In selecting which assets to monitor for variations in discount rates, management seeks to identify assets that share most, if not all of the risk attributes of the Company's retained interests, trading. Such assets are typically traded between market participants whereby the discount rate is the primary variable.

Prepayment Forecast. The prepayment forecast may be expressed by OITRS in accordance with one of the following standard market conventions: 1) Constant Prepayment Rate (CPR) or 2) Percentage of a Prepayment Vector (PPV). Prepayment forecasts may be changed as OITRS observes trends in the underlying collateral as delineated in the Statement to Certificate Holders generated by the REMIC trust's Trustee for each underlying security. Prepayment forecast will also vary over time as the level of interest rates change, the difference between rates available to borrowers on adjustable rate versus fixed rate mortgages change and non-interest rate related variables fluctuate such as home price appreciation, among others.

Credit Performance Forecast. A forecast of future credit performance of the underlying collateral pool will include an assumption of default frequency, loss severity, and a recovery lag. In general, OITRS will utilize the combination of default frequency and loss severity in conjunction with a collateral prepayment assumption to arrive at a target cumulative loss to the collateral pool over the life of the pool based on historical performance of similar collateral by the originator. The target cumulative loss forecast will be developed and noted at the pricing date of the individual security but may be updated by OITRS consistent with observations of the actual collateral pool performance. The Company utilizes a third party source to forecast credit performance.

Default Frequency may be expressed by OITRS in accordance with any of three standard market conventions: 1) Constant Default Rate (CDR) 2) Percentage of a Standard Default Assumption (SDA) curve, or 3) a vector or curve established to meet forecasted performance for specific collateral pools.

Loss Severity will be expressed by OITRS in accordance with historical performance of similar collateral and the standard market conventions of a percentage of the unpaid principal balance of the forecasted defaults lost during the foreclosure and liquidation process.

During the first year of a new issue OITRS may balance positive or adverse effects of the prepayment forecast and the credit performance forecast allowing for deviation between actual and forecasted performance of the collateral pool. After the first year OITRS will generally adjust the Prepayment and Credit Performance Forecasts to replicate actual performance trends without balancing adverse and positive effects.

The following table summarizes OITRS's residual interests in securitizations as of September 30, 2007 and December 31, 2006:

(in thousands)

Series	Issue Date	September 30, 2007	December 31, 2006
HMAC 2004-1	March 4, 2004	$ 2,248	$ 2,948
HMAC 2004-2	May 10, 2004	707	1,939
HMAC 2004-3	June 30, 2004	175	362
HMAC 2004-4	August 16, 2004	1,033	1,544
HMAC 2004-5	September 28, 2004	3,261	4,545
HMAC 2004-6	November 17, 2004	4,179	9,723
OMAC 2005-1	January 31, 2005	6,704	13,331
OMAC 2005-2	April 5, 2005	8,399	14,259
OMAC 2005-3	June 17, 2005	10,070	16,091
OMAC 2005-4	August 25, 2005	10,611	12,491
OMAC 2005-5	November 23, 2005	9,217	8,916
OMAC 2006-1	March 23, 2006	11,057	13,219
OMAC 2006-2	June 26, 2006	3,932	4,831
Total		$ 71,593	$ 104,199

Key economic assumptions used in measuring the fair value of retained interests at the date of securitization resulting from securitizations completed in 2006 were as follows:

	December 31, 2006
Prepayment speeds (CPR)	36.25%
Weighted-average-life (in years)	4.18
Expected credit losses	0.74%
Discount rates	16.81%
Interest rates	Forward LIBOR Yield curve

As of September 30, 2007 and December 31, 2006, key economic assumptions and the sensitivity of the current fair value of residual cash flows to the immediate 10% and 20% adverse change in those assumptions are as follows:

(in thousands)

	September 30, 2007	December 31, 2006
Carrying value of retained interests – fair value	$ 71,593	$ 104,199
Weighted average life (in years)	4.57	4.26
Prepayment assumption (annual rate)	30.46%	37.88%
Impact on fair value of 10% adverse change	$ (5,394)	$ (8,235)
Impact on fair value of 20% adverse change	$ (10,095)	$ (14,939)
Expected credit losses (% of original unpaid principal balance)	0.83%	0.56%
Impact on fair value of 10% adverse change	$ (4,474)	$ (3,052)
Impact on fair value of 20% adverse change	$ (8,899)	$ (6,098)
Residual cash-flow discount rate	20.00%	16.03%
Impact on fair value of 10% adverse change	$ (4,090)	$ (4,575)
Impact on fair value of 20% adverse change	$ (7,808)	$ (8,771)
Interest rates on variable and adjustable loans and bonds	Forward LIBOR Yield Curve	Forward LIBOR Yield Curve
Impact on fair value of 10% adverse change	$ (20,473)	$ (18,554)
Impact on fair value of 20% adverse change	$ (38,997)	$ (39,292)

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based upon a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of the variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption, in reality, changes in one factor may result in changes in another which may magnify or counteract the sensitivities. To estimate the impact of a 10% and 20% adverse change of the Forward LIBOR curve, a parallel shift in the forward LIBOR curve was assumed based on the Forward LIBOR curve as of September 30, 2007 and December 31, 2006.

Static pool loss percentages are calculated by using the original unpaid principal balance of each pool of assets as the denominator. The following static pool loss percentages are calculated based upon all OITRS securitizations that have been completed to date:

(in thousands)

Series	Issue Date	Original Unpaid Principal Balance	Actual Losses Through September 30, 2007	Projected Future Credit Losses as of September 30, 2007	Projected Total Credit Losses as of September 30, 2007
HMAC 2004-1	March 4, 2004	$ 309,710	0.25%	0.16%	0.41%
HMAC 2004-2	May 10, 2004	388,737	0.59%	0.17%	0.76%
HMAC 2004-3	June 30, 2004	417,055	0.29%	0.22%	0.51%
HMAC 2004-4	August 16, 2004	410,123	0.24%	0.22%	0.46%
HMAC 2004-5	September 28, 2004	413,875	0.25%	0.29%	0.54%
HMAC 2004-6	November 17, 2004	761,027	0.57%	0.42%	0.99%
OMAC 2005-1	January 31, 2005	802,625	0.22%	0.50%	0.72%
OMAC 2005-2	April 5, 2005	883,987	0.17%	0.48%	0.65%
OMAC 2005-3	June 17, 2005	937,117	0.18%	0.50%	0.68%
OMAC 2005-4	August 25, 2005	1,321,739	0.10%	0.78%	0.88%
OMAC 2005-5	November 23, 2005	986,277	0.05%	0.94%	0.99%
OMAC 2006-1	March 23, 2006	934,441	0.05%	0.96%	1.01%
OMAC 2006-2	June 26, 2006	491,572	0.03%	1.77%	1.80%
Total		$ 9,058,285			

The table below summarizes certain cash flows received from and paid to securitization trusts:

(in thousands)

	Nine Months Ended	
	September 30, 2007	September 30, 2006
Proceeds from securitizations	$ -	$ 1,436,838
Servicing fees received	11,375	13,720
Servicing advances	5,110	547
Cash flows received on retained interests	4,479	3,642

The following information presents quantitative information about delinquencies and credit losses on securitized financial assets as of September 30, 2007 and December 31, 2006:

(in thousands)

As of Date	Total Principal Amount of Loans	Principal Amount of Loans 60 Days or more past due	Net Credit Losses
September 30, 2007	$ 4,735,080	$ 337,087	$ 17,884
December 31, 2006	5,849,013	138,205	5,210

(g) – Mortgage Servicing Rights, Net

Activities for MSRs are summarized as follows for the nine months ended September 30, 2007 and for the year ended December 31, 2006:

(in thousands)

	September 30, 2007	December 31, 2006
Balance at beginning of period	$ 98,859	$ 86,082
Adjustment to fair value upon adoption of SFAS 156 as of January 1, 2006	-	4,298
Additions	7,727	43,175
Changes in fair value:		
Changes in fair value due to changes in market conditions and run-off	(13,785)	(33,551)
Changes in fair value due to change in valuation assumptions	(2,558)	(1,145)
Less servicing sold	(87,603)	-
Balance at end of period	$ 2,640	$ 98,859

The Company has elected to account for all originated MSRs as one class and, therefore, all MSRs are carried at fair value. As a result of the early adoption of SFAS 156, the carrying value of the MSRs were increased by approximately $4.3 million (pre-tax) as of January 1, 2006. As required by the provisions of SFAS 156, the net of tax effect was recorded as a cumulative effect adjustment to retained earnings of OITRS as of January 1, 2006. In addition, changes in value due to run-offs of the portfolio are recorded as valuation adjustments instead of amortization.

The fair value of MSRs is determined using discounted cash flow techniques based on market assumptions. Changes in fair value are the result of changes in market conditions, changes in valuation assumptions and run-off of the underlying mortgage loans. Changes in fair value due to run-off of the underlying mortgage loans and changes in value due to changes in market conditions are grouped together above. When the underlying assumptions used for valuation purposes are changed, the effect on fair value is presented separately. For the nine and three months ended September 30, 2007, such changes to the underlying assumptions resulted in changes in fair value of $2.6 million and $0.0 million. For the nine and three months ended September 30, 2006, such changes to the underlying assumptions resulted in changes in fair value of $1.1 million and $0.0 million, respectively. During the nine and three months ended September 30, 2007, the MSR value increased/(decreased) by $96.2 million and $29.5 million. During the nine and three months ended September 30, 2006, the MSR value increased/(decreased) by and $15.2 million and $4.6 million, respectively. The decreases for the nine and three months ended September 30, 2007 include the sale of $87.6 and $29.1 million, respectively, of MSR. Excluding the MSR sale, the decreases for the nine and three months ended September 30, 2007, were ($8.6) million and ($0.4) million, respectively. Additions/reductions to the servicing portfolio, net of run-off, for the nine and three months ended September 30, 2007, were ($1.3) million and ($0.5) million. Additions to the servicing portfolio, net of run-off, for the nine and three months ended September 30, 2006, were $20.3 million and $13.7 million, respectively. The balance of the changes in fair value for the nine and three months ended September 30, 2007 and 2006 were the result of changes market conditions. Estimates of fair value involve several assumptions, including the key valuation assumptions about market expectations of future prepayment rates, interest rates and discount rates. Prepayment rates are projected using a prepayment model. The model considers key factors, such as refinance incentive, housing turnover, seasonality and aging of the pool of loans. Prepayment speeds incorporate expectations of future rates implied by the forward LIBOR/swap curve, as well as collateral specific information.

As of September 30, 2007 and December 31, 2006, key economic assumptions and the sensitivity of the current fair value of MSR rights cash flows to the immediate 10% and 20% adverse change in those assumptions are as follows: (Note: base case prepayment and discount rate assumptions are a weighted average of the values applied to the various mortgage loans).

(in thousands)

	September 30,	December 31,

	2007	2006
Prepayment assumption (annual rate) (PSA)	450.9	424.6
Impact on fair value of 10% adverse change	$ (74)	$ (3,923)
Impact on fair value of 20% adverse change	$ (144)	$ (7,557)
MSR Cash-Flow Discount Rate	14.16%	14.50%
Impact on fair value of 10% adverse change	$ (124)	$ (3,505)
Impact on fair value of 20% adverse change	$ (236)	$ (6,727)

These sensitivities are entirely hypothetical and should be used with caution. As the figures indicate, changes in fair value based upon 10% and 20% variations in assumptions generally cannot be extrapolated to greater or lesser percentage variation because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of the variation in a particular assumption on the fair value of the MSR is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another which may magnify or counteract the sensitivities.

(h) - Warehouse lines of credit and drafts payable

OITRS issues drafts or wires at loan settlement in order to facilitate the closing of mortgage loans held for sale. Drafts payable represent mortgage loans on which a closing has occurred prior to quarter end but the related drafts have not cleared the respective bank. Upon clearing the bank, the drafts are funded by the appropriate warehouse line of credit. Warehouse and aggregate lines of credit and loan sale agreements accounted for as financing consisted of the following as of September 30, 2007 and December 31, 2006:

(in thousands)

Warehouse and aggregation lines of credit:	**September 30, 2007**	**December 31, 2006**
A committed warehouse line of credit for $100.0 million between OITRS and Residential Funding Corporation ("RFC"). The agreement expired on February 28, 2007 and was not renewed. RFC is now a party to the JPM syndicated facility below.	$ -	$ 6,172
A syndicated committed warehouse line of credit for $850.0 million as of December 31, 2006, between OITRS and JP Morgan Chase ("JPM"). The agreement was scheduled to expire on May 30, 2007. The agreement was extended until July 31, 2007 and the limit reduced in stages, initially to $155 million through June 30, 2007 and $50.0 million through July 31, 2007. The agreement provides for interest rates based upon one month LIBOR plus a margin of 0.60% to 1.50% depending on the product originated or acquired. During the extension period the applicable margin was increased to 1.5% on all borrowings.	-	409,609
An aggregation facility for $1.5 billion as of December 31, 2006 for the whole loan and servicing rights facility, collectively, (of which no more than $100.0 million as of December 31, 2006 may be allocated to the servicing rights facility) between HS Special Purpose, LLC, a wholly-owned subsidiary of OITRS, and Citigroup Global Markets Realty Corp. ("Citigroup") to aggregate loans pending securitization. The agreement was scheduled to expire on December 19, 2007. The agreement provides for interest rates based upon one month LIBOR plus a margin of 0.30%. The facility was amended on May 25, 2007 and the limit was reduced to $300 million maturity date changed to September 30, 2007. On August 9, 2007, the facility was further amended and the limit was reduced to $40 million.	-	5,358
A $750.0 million purchase and security agreement between OITRS and UBS Warburg Real Estate Securities, Inc. ("UBS Warburg"). The agreement expired on February 28, 2007 and was not renewed.	-	3,283
Drafts payable	-	6,542
Loan sale agreements accounted for as financings:		
An uncommitted $700.0 million purchase agreement between OITRS and Colonial Bank. The facility is due upon demand and can be cancelled by either party upon notification to the counterparty. OITRS incurs a charge for the facility based on one month LIBOR plus 0.50% for the first $300.0 million purchased and one month LIBOR plus 0.75% for the amount used above and beyond $300.0 million. The facility is secured by loans held for sale and cash generated from sales to investors. The borrowing capacity of the facilities was reduced to $30 million effective July 1, 2007 and both parties agreed to cancel the facility effective July 31, 2007.	-	303,915
Total warehouse lines and drafts payable	$ -	$ 734,879

The facilities were secured by mortgage loans and other assets of OITRS. The facilities contained various covenants pertaining to tangible net worth, net income, available cash and liquidity, leverage ratio, and servicing delinquency. As of September 30, 2007, all such facilities have matured.

(i) – Other Secured Borrowings

Other secured borrowings consisted of the following as of September 30, 2007 and December 31, 2006:

(in thousands)

	September 30, 2007	December 31, 2006

A committed warehouse line of credit between OITRS and JP Morgan Chase, that allows for a sublimit for Originated Mortgage Servicing Rights. The agreement was extended until July 31, 2007 and the limit reduced in stages, initially to $75.0 million through June 30, 2007 and $20.0 million through July 31, 2007. The agreement was further extended until September 28, 2007. The agreement provides for interest rate based on LIBOR plus 1.50% to 1.85% depending on collateral type.	$ -	$ 71,657
Citigroup Global Realty Inc., line of credit for $80.0 million secured by the retained interests in securitizations through OMAC 2006-2. The facility expires on December 19, 2007. The agreement provides for interest rate based on LIBOR plus 1.00%.	37,298	50,320
	$ 37,298	$ 121,977

The Citigroup Global Reality Inc. facility is secured by the retained interests in securitizations of OITRS. The facility contains covenants pertaining to tangible net worth, available cash and liquidity and a leverage ratio. As of September 30, 2007, OITRS is in compliance with all such covenants.

(j) - Income taxes

As previously described, Bimini Capital acquired OITRS on November 3, 2005, and OITRS is a taxpaying entity for income tax purposes and is taxed separately from Bimini Capital. Therefore, OITRS separately reports an income tax provision or benefit based on its own taxable activities. The income tax provision for the nine and three months ended September 30, 2007 differs from the amount determined by applying the statutory Federal rate of 35% to the pre-tax loss due primarily to the recording of and adjustment to the deferred tax asset valuation allowances. The net deferred tax assets generated by the net loss incurred during the nine months ended September 30, 2007 are offset in their entirety by a deferred tax asset valuation allowance. The amount of the gross tax benefit generated by this loss is reduced by an offsetting valuation allowance of the same amount.

OITRS recorded a deferred tax asset valuation allowance of approximately $37.4 million during the three month period ended March 31, 2007; there was no allowance recorded previously. At December 31, 2006, OITRS had recorded net deferred tax assets of approximately $7.1 million. The recording of the valuation allowance (among other items) during the three months ended March 31, 2007 resulted in OITRS recording an income tax provision of $11.5 million, and reduced the December 31, 2006 net deferred tax asset to a net deferred tax liability at March 31, 2007 of approximately $4.3 million. As part of the recording of this allowance, State tax NOLs were fully allowanced, as their availability to fully offset recorded deferred tax liabilities was not assured. The losses incurred by OITRS post-March 31, 2007 are sufficient to ensure that the State NOLs will be available to offset recorded deferred tax liabilities and realized gains on sales of OITRS assets; therefore the net deferred tax liability of $4.3 million is now offset by the deferred tax assets related to the State NOLs expected to be realized, and this is achieved by a $4.3 million reduction in the deferred tax asset valuation allowance previously recorded against the State NOLs. Consequently, the benefit for income taxes for the three months ended September 30, 2007 is $4.3 million, and the provision for income taxes for the nine months ended September 30, 2007 is $7.2 million.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income within OITRS. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment, including the impacts of the closing of the OITRS wholesale and conduit mortgage loan origination channels, the sale of the retail mortgage loan origination channel, and other actions related to the operations of OITRS. At this time, management believes it is more likely than not that the Company will not realize the full benefits of all of the federal and state tax loss carryforwards, and that the Company will not realize any benefit of the other deferred tax assets. Therefore, the Company has recorded a valuation allowance against the net deferred tax assets of OITRS. As of September 30, 2007, OITRS has an estimated federal tax net operating loss carryforward of approximately $187 million, which begins to expire in 2025, and is fully available to offset future taxable income.

The effective income tax benefit for the nine and three months ended September 30, 2006 differs from the amount determined by applying the statutory Federal rate of 35% to the pre-tax loss due primarily to permanent differences, the state tax benefit (net of the Federal tax effect) and valuation allowance.

(k) - Transactions With a Related Party

During the nine and three months ended September 30, 2007, OITRS received aggregate payments of $0.4 million and $0.0 million, respectively, from Southstar Funding, LLC ("Southstar Funding") primarily in exchange for the performance of certain interim loan servicing functions. Southstar Funding is fifty percent owned by Southstar Partners, LLC ("Southstar Partners"). Certain former officers of OITRS, one of whom is also a former director of the Company, own membership interests in Southstar Partners. In addition, a former officer of OITRS as well as a former director of the Company serves on the Board of Managers of Southstar Funding. As of September 30, 2007, there were no amounts due from or owed to Southstar Partners or Southstar Funding. Amounts paid for interim loan servicing were determined on an arms-length basis and are comparable to amounts charged to other, non-related parties. On April 11, 2007, Southstar Funding filed a voluntary petition under Chapter 7 of the U.S. Bankruptcy Code.

(l) - Loans Sold to Investors. Generally, OITRS is not exposed to significant credit risk on its loans sold to investors. In the normal course of business, OITRS provides certain representations and warranties during the sale of mortgage loans which obligate it to repurchase loans which are subsequently unable to be sold through the normal investor channels. The repurchased loans are secured by the related real estate properties, and can usually be sold directly to other permanent investors. There can be no assurance, however, that OITRS will be able to recover the repurchased loan value either through other investor channels or through the assumption of the secured real estate.

OITRS recognizes a liability for the estimated fair value of this obligation at the inception of each mortgage loan sale based on the anticipated repurchase levels and historical experience. The liability is recorded as a reduction of the gain on sale of mortgage loans and included as part of other liabilities in the accompanying financial statements.

Changes in the liability during the nine months ended September 30, 2007 and 2006:

(in thousands)

	Nine Months Ended	
	September 30, 2007	**September 30, 2006**
Balance—Beginning of period	$ 7,136	$ 2,038
Provision	16,159	3,803

Charge-Offs	(14,013)	(2,456)
Balance—End of period	$ 9,282	$ 3,385

(m) - Net Worth Requirements. OITRS is required to maintain certain specified levels of minimum net worth to maintain its approved status with Fannie Mae, HUD, and other investors. As of September 30, 2007, the highest minimum net worth requirement applicable to OITRS was approximately $0.3 million. OITRS had negative net worth of approximately ($65.2) million as of September 30, 2007. Subject to the approval of Bimini Capital's Board of Directors, Bimini Capital may forgive inter-company debt in order to restore the net worth of OITRS to an amount in excess of the required minimum.

(n) - Outstanding Litigation. OITRS is involved in various lawsuits and claims, both actual and potential, including some that it has asserted against others, in which monetary and other damages are sought. These lawsuits and claims relate primarily to contractual disputes arising out of the ordinary course of OITRS's business as previously conducted. The outcome of such lawsuits and claims is inherently unpredictable. However, management believes that, in the aggregate, the outcome of all lawsuits and claims involving OITRS will not have a material effect on the Company's consolidated financial position or liquidity; however, any such outcome may be material to the results of operations of any particular period in which costs, if any, are recognized.

As part of the November 3, 2005 merger pursuant to which OITRS became a wholly-owned subsidiary of Bimini Capital, the parties to the Agreement and Plan of Merger and Reorganization (the "Merger Agreement") agreed to special resolution procedures concerning certain litigation matters in which OITRS was a party and that was pending at the time of the merger. Certain provisions of the Merger Agreement specified the manner in which four separate litigation matters would be treated for purposes of determining the rights and obligations of the parties to the Merger Agreement. In two of these matters, OITRS was the plaintiff and was seeking money damages from third parties. In the other two matters, OITRS was a defendant and was defending itself against claims for money damages. The two matters in which OITRS was the plaintiff and one of the two matters in which OITRS was a defendant have been concluded. The net proceeds received by OITRS as a result of the conclusion of these matters are being held in escrow and will be used to satisfy amounts, if any, paid in connection with the resolution of the other matter in which OITRS is a defendant.

Pursuant to the terms of the Merger Agreement, the former owners of OITRS must indemnify the Company for any liabilities arising from the two matters in which OITRS was a defendant. In addition, the former owners of OITRS are entitled to receive any amounts paid to the Company upon the settlement or final resolution of the two matters in which OITRS was the plaintiff.

(o) Guarantees. OITRS has guaranteed the obligations of OITRS's wholly-owned subsidiary, HS Special Purpose, LLC, under its financing facility with Citigroup described in Note 11(i). This guaranty will remain in effect so long as the applicable financing facility remains in effect. If an Event of Default occurs under this financing facility that is not cured or waived, OITRS may be required to perform under its guaranty. There is no specific limitation on the maximum potential future payments under this guaranty. However, OITRS's liability under this guaranty would be reduced in an amount equal to the amount by which the collateral securing such obligations exceeds the amounts outstanding under the applicable facility. See also Note 8.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward-Looking Statements

When used in this Quarterly Report on Form 10-Q, in future filings with the Securities and Exchange Commission (the "Commission") or in press releases or other written or oral communications, statements which are not historical in nature, including those containing words such as "anticipate," "estimate," "should," "expect," "believe," "intend" and similar expressions, are intended to identify "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

These forward-looking statements are subject to various risks and uncertainties, including, but not limited to, those described or incorporated by reference in Part II – Item 1A – Risk Factors of this Form 10-Q. These and other risks, uncertainties and factors, including those described in reports that the Company files from time to time with the Commission, could cause the Company's actual results to differ materially from those reflected in such forward-looking statements. All forward-looking statements speak only as of the date they are made and the Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report.

Introduction

As used in this document, discussions related to "Bimini Capital," the parent company, the registrant, and to real estate investment trust ("REIT") qualifying activities or the general management of Bimini Capital's portfolio of mortgage backed securities ("MBS") refer to "Bimini Capital Management, Inc." Further, discussions related to Bimini Capital's taxable REIT subsidiary or non-REIT eligible assets refer to Opteum Financial Services, LLC and its consolidated subsidiaries. This entity, which was previously referred to as "OFS," was renamed Orchid Island TRS, LLC effective July 3, 2007. Hereinafter, any historical mention, discussion or references to Opteum Financial Services, LLC or to OFS (such as in previously filed documents or Exhibits) now means Orchid Island TRS, LLC or "OITRS." Discussions relating to the "Company" refer to the consolidated entity (the combination of Bimini Capital and OITRS). Any assets and activities that are not REIT eligible, such as mortgage origination, acquisition and servicing activities, are conducted by OITRS.

Bimini Capital Management, Inc., formerly Opteum Inc. and Bimini Mortgage Management, Inc., was formed in September 2003 to invest primarily in but not limited to, residential mortgage related securities issued by the Federal National Mortgage Association (more commonly known as Fannie Mae), the Federal Home Loan Mortgage Corporation (more commonly known as Freddie Mac) and the Government National Mortgage Association (more commonly known as Ginnie Mae). Bimini Capital attempts to earn a return on the spread between the yield on its assets and its costs, including the interest expense on the funds it borrows. It generally intends to borrow between eight and twelve times the amount of its equity capital in an attempt to enhance its returns to stockholders. This leverage may be adjusted above or below this range to the extent management or the Company's Board of Directors deems necessary or appropriate. For purposes of this calculation, Bimini Capital treats its junior subordinated notes as an equity capital equivalent. Bimini Capital is self-managed and self-advised and has elected to be taxed as a REIT for U.S. federal income tax purposes.

On April 18, 2007, the Board of Managers of OITRS, at the recommendation of the Board of Directors of the Company, approved the closure of the wholesale and conduit mortgage loan origination channels. Both channels ceased accepting new applications for mortgage loans on April 20, 2007. On May 7, 2007, OITRS signed a binding agreement to sell its retail mortgage loan origination channel to a third party as well. On June 30, 2007, OITRS entered into an amendment to this agreement. The proceeds of the transactions were approximately $1.5 million plus the assumption of certain liabilities of OITRS. The transaction, coupled with the disposal of the conduit and wholesale origination channels, resulted in a loss of approximately $10.5 million. Going forward, OITRS will not operate a mortgage loan origination business and the results of the mortgage origination business are reported as discontinued operations for the nine and three months ended September 30, 2007.

OITRS was acquired by the Company in November 2005. As a result of the merger, OITRS became a wholly-owned taxable REIT subsidiary of Bimini Capital. On December 21, 2006, Bimini Capital sold to Citigroup Global Markets Realty Corp. ("Citigroup Realty") a Class B non-voting limited liability company membership interest in OITRS, representing 7.5% of all of OITRS's outstanding limited liability company membership interests, for $4.1 million. OITRS is subject to corporate income taxes and files separate federal and state income tax returns.

Dividends to Stockholders

In order to maintain its qualification as a REIT, Bimini Capital is required (among other provisions) to annually distribute dividends to its stockholders in an amount at least equal to, generally, 90% of Bimini Capital's REIT taxable income. REIT taxable income is a term that describes Bimini Capital's operating results calculated in accordance with rules and regulations promulgated pursuant to the Internal Revenue Code.

Bimini Capital's REIT taxable income is computed differently from net income as computed in accordance with generally accepted accounting principles ("GAAP net income"), as reported in the Company's accompanying consolidated financial statements. Depending on the number and size of the various items or transactions being accounted for differently, the differences between REIT taxable income and GAAP net income can be substantial and each item can affect several reporting periods. Generally, these items are timing or temporary differences between years; for example, an item that may be a deduction for GAAP net income in the current year may not be a deduction for REIT taxable income until a later year.

As a REIT, Bimini Capital may be subject to a federal excise tax if Bimini Capital distributes less than 85% of its taxable income by the end of the calendar year. Accordingly, Bimini Capital's dividends are based on its taxable income, as determined for federal income tax purposes, as opposed to its net income computed in accordance with GAAP (as reported in the accompanying consolidated financial statements).

Results of Operations

PERFORMANCE OVERVIEW

Described below are the Company's results of operations for the nine and three months ended September 30, 2007, as compared to the Company's results of operations for the nine and three months ended September 30, 2006. During the nine month period ended September 30, 2007, the Company ceased all mortgage origination business at OITRS. As stated above, results of those operations are reported in the financial statements as discontinued operations. As a result of these actions, the Company's financial statements are not comparable to prior reports filed since the acquisition of OITRS.

Consolidated net loss for the nine and three months ended September 30, 2007, was $245.3 million and $4.7 million, respectively, compared to a consolidated net loss of $15.6 million and $6.3 million, respectively, for the nine and three months ended September 30, 2006. Consolidated net loss per basic and diluted share of Class A Common Stock was $9.84 and $0.19, respectively, for the nine and three months ended September 30, 2007, compared to a consolidated net loss per basic and diluted share of Class A Common Stock of $0.63 and $0.25, respectively, for the comparable prior period. The decline in consolidated net loss was driven primarily by a permanent impairment taken on MBS securities in the Company's MBS portfolio, continued poor operating results of OITRS and declines in the value of the retained interest in securitization, also at OITRS.

At June 30, 2007, the Company no longer had the ability and intent to hold until recovery MBS securities whose values are impaired as of June 30, 2007. Accordingly, due to liquidity and working capital needs brought about by the turmoil in the mortgage market, the Company no longer had the ability to hold such assets until their amortized cost could be fully recovered. During the three months ended June 30, 2007, the Company sold securities with a market value at the time of sale of approximately $782.0 million that were impaired at the time of sale, realizing losses on sale of $18.6 million. The Company recorded $55.3 million of permanent impairments on the remaining $1.3 billion of MBS securities held as available-for-sale in the second quarter of 2007. During the three months ended September 30, 2007, the Company sold $910.0 million of the remaining $1.3 billion securities, that previously been classified as impaired assets, realizing losses on sale of $1.0 million. Commencing on June 30, 2007, and for all periods thereafter, such available securities permanently impaired are valued on a lower of cost or market (LOCOM) basis. When such securities are valued on a LOCOM basis the yield at which the Company recognized interest income is adjusted to reflect the new carrying value. As a result of these actions the Company's net interest margin (or NIM) on it's portfolio of MBS securities increased to 88 basis points as of September 30, 2007. The NIM measures the spread, in basis points, between the weighted average yield on the MBS portfolio and the weighted average borrowing costs on the repo liabilities. This figure does not incorporate the effect of other sources of interest income or expense nor overhead expenses.

For the nine and three months ended September 30, 2007, comprehensive (loss) was ($168.5) million and ($4.7) million, respectively, including the net unrealized gain/(loss) on available-for-sale securities of $2.1 million and $0.0 million and the reclassification during the nine months ended September 30, 2007 of the other-than-temporary loss on MBS of $55.3 million. For the nine and three months ended September 30, 2007, realized loss on mortgage-backed securities sales of $19.4 million and $0.0 million were made to reflect the realized loss on sales of assets previously reflected in comprehensive loss as unrealized losses on available-for-sale securities. For the nine and three months ended September 30, 2006, comprehensive income/(loss) was ($37.2) million and $6.1 million, respectively, including the net unrealized gain/(loss) on available-for-sale securities of ($21.5) million and $12.4 million, respectively. The factors resulting in the unrealized loss on available-for-sale securities are described below.

Comprehensive (loss) is as follows:

(in thousands)

	Nine Months Ended		Three Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006

Net (loss)	$ (245,261)	$ (15,623)	$ (4,723)	$ (6,256)
Realized loss on MBS	19,389	-	-	-
Other-than-temporary loss on MBS	55,250	-	-	-
Unrealized gain (loss) on available-for-sale securities, net	2,135	(21,536)	-	12,360
Comprehensive (loss)	$ (168,487)	$ (37,159)	$ (4,723)	$ 6,104

Unrealized gains/(losses) on available-for-sale securities is a component of accumulated other comprehensive loss, which is included in stockholders' equity on the consolidated balance sheet. Accumulated other comprehensive loss is the difference between the fair market value of the portfolio of MBS securities and their cost basis. The unrealized gain on available-for-sale securities for the nine months ended September 30, 2007 was driven by a combination of a decrease in short term rates for the period, which tends to increase the fair market value of the Company's portfolio of MBS securities, and increased amortization of net premium for the period, which lowers the cost basis in the portfolio of MBS securities. The increased amortization for the period was the result of the continued upward resetting of ARM securities in the portfolio, which results in higher coupons on the securities relative to their booked yields, and therefore greater amortization.

The Company has negative retained earnings (titled "Accumulated deficit" in the stockholders' equity section of the accompanying consolidated financial statements) as of September 30, 2007, partially because of the consequences of Bimini Capital's tax qualification as a REIT. As is more fully described in the "Dividends to Stockholders" section above, Bimini Capital's dividends are based on its REIT taxable income, as determined for federal income tax purposes, and not on its net income computed in accordance with GAAP (as reported in the accompanying consolidated financial statements).

For the nine months ended September 30, 2007, Bimini Capital's REIT taxable loss was approximately $78.0 million less than Bimini Capital's net loss from REIT activities computed in accordance with GAAP. The most significant difference was the impairment taken on available-for-sale securities which is reflected in GAAP earnings but is not a deduction to arrive at REIT taxable income. Another contributor is attributable to interest on inter-company loans with OITRS as well as timing differences in the recognition of compensation expense attributable to phantom stock awards. In April of 2007, the Board of Directors of the Company approved the forgiveness of up to $108.3 million of inter-company debt with OITRS. Such action will reduce future interest income associated with the inter-company debt. With respect to the phantom stock awards, the future deduction of this temporary difference is uncertain as to the amount (the amount of the tax impact is measured at the fair value of the shares as of a future date and this amount may be greater than or less than the financial statement deduction already taken by Bimini Capital). Since inception through September 30, 2007, Bimini Capital's REIT taxable income is approximately $92.9 million greater than Bimini Capital's financial statement net income as computed in accordance with GAAP. During the nine months ended September 30, 2007, tax capital losses from the sale of MBS assets were realized; these capital losses are only available to the REIT to offset future capital gains and therefore they do not reduce REIT taxable income.

PERFORMANCE OF BIMINI CAPITAL'S MBS PORTFOLIO

For the nine and three months ended September 30, 2007, the REIT generated ($7.8) million and $1.4 million of net interest income (loss). Included in these results were $90.8 million and $24.6 million of interest income, respectively, offset by $98.6 million and $23.2 million of interest expense, respectively. Inclusive in these results is the quarterly retrospective adjustment of ($4.8) million and ($0.4) million for the nine and three month periods ended September 30, 2007. The retrospective adjustment is described below under Critical Accounting Policies/Income Recognition. Net interest income is (down)/up approximately ($18.1) million and $3.3 million, respectively, compared to the nine and three months ended September 30, 2006. The decline is mostly the result of the approximately 59.3% reduction in the MBS investment portfolio.

For the nine and three months ended September 30, 2007, the REIT's general and administrative costs were $5.7 million and $1.9 million, respectively. For the nine and three months ended September 30, 2006, the REIT's general and administrative costs were $7.0 million and $1.9 million, respectively. The decrease in general and administrative expenses was primarily the result of a reduction in employee bonus accruals. Operating expenses, which incorporate trading costs, fees and other direct costs, were $0.6 million and $0.2 million, for the nine and three months ended September 30, 2007 and $0.7 million and $0.2 million for the nine and three months ended September 30, 2006, respectively.

As stated above, the REIT recorded permanent impairment charges to various MBS securities during the nine months ended September 30, 2007. In addition, certain securities were sold that were impaired at the time of sale. As a result, the REIT had $20.5 million and $1.1 million, respectively, in losses from the sale of securities in the MBS portfolio during the nine and three months ended September 30, 2007. For the nine and three months ended September 30, 2006, Bimini Capital reported no gains/loss from the sale of MBS.

As of September 30, 2007, Bimini Capital's MBS portfolio consisted of $1.3 billion of agency or government MBS at fair value and had a weighted average yield on assets of 6.11% and a net weighted average borrowing cost of 5.23%. The following tables summarize Bimini Capital's agency and government mortgage related securities as of September 30, 2007:

Asset Category	Market Value (in thousands)	Percentage of Entire Portfolio	Weighted Average Coupon	Weighted Average Maturity in Months	Longest Maturity	Weighted Average Coupon Reset in Months	Weighted Average Lifetime Cap	Weighted Average Periodic Cap
Adjustable-Rate MBS	$ 640,670	51.09%	5.90%	342	1-July-46	2.97	9.63%	2.14%
Fixed-Rate MBS	$ 252,695	20.15%	7.17%	295	1-Sept-37	n/a	n/a	n/a
Hybrid Adjustable-Rate MBS	$ 360,529	28.76%	6.06%	346	1-Sept-37	41.55	11.85%	3.57%
Total Portfolio	$ 1,253,894	100.00%	6.20%	334	1-July-46	16.86	10.43%	2.94%

Agency	Market Value (in thousands)	Percentage of

		Entire Portfolio
Fannie Mae	$ 1,126,744	89.86%
Freddie Mac	98,649	7.87%
Ginnie Mae	28,501	2.27%
Total Portfolio	$ 1,253,894	100.00%

Entire Portfolio	
Effective Duration (1)	1.33
Weighted Average Purchase Price	$ 102.65
Weighted Average Current Price	$ 101.40

(1) Effective duration of 1.33 indicates that an interest rate increase of 1% would be expected to cause a 1.33% decline in the value of the MBS in the Company's investment portfolio.

In evaluating Bimini Capital's MBS portfolio assets and their performance, Bimini Capital's management team primarily evaluates these critical factors: asset performance in differing interest rate environments, duration of the security, yield to maturity, potential for prepayment of principal and the market price of the investment.

Bimini Capital's portfolio of MBS will typically be comprised of adjustable-rate MBS, fixed-rate MBS, hybrid adjustable-rate MBS and balloon maturity MBS. Bimini Capital seeks to acquire low duration assets that offer high levels of protection from mortgage prepayments. Although the duration of an individual asset can change as a result of changes in interest rates, Bimini Capital strives to maintain a portfolio with an effective duration of less than 2.0. The stated contractual final maturity of the mortgage loans underlying Bimini Capital's portfolio of MBS generally ranges up to 30 years. However, the effect of prepayments of the underlying mortgage loans tends to shorten the resulting cash flows from Bimini Capital's investments substantially. Prepayments occur for various reasons, including refinancing of underlying mortgages and loan payoffs in connection with home sales.

Prepayments on the loans underlying Bimini Capital's MBS can alter the timing of the cash flows from the underlying loans to the Company. As a result, Bimini Capital gauges the interest rate sensitivity of its assets by measuring their effective duration. While modified duration measures the price sensitivity of a bond to movements in interest rates, effective duration captures both the movement in interest rates and the fact that cash flows to a mortgage related security are altered when interest rates move. Accordingly, when the contract interest rate on a mortgage loan is substantially above prevailing interest rates in the market, the effective duration of securities collateralized by such loans can be quite low because of expected prepayments. Although some of the fixed-rate MBS in Bimini Capital's portfolio are collateralized by loans with a lower propensity to prepay when the contract rate is above prevailing rates, their price movements track securities with like contract rates and therefore exhibit similar effective duration.

As of September 30, 2007, approximately 51.09% of the REIT portfolio is comprised of short duration ARM securities. The REIT favors such securities since they offer attractive yields relative to alternative securities in an inverted yield curve environment such as the one the Company has been operating in recently. Going forward, to the extent the shape of the yield curve is less or not inverted, the composition of the portfolio may be changed to better take advantage of opportunities in the market at that time.

The value of the REIT's MBS portfolio changes as interest rates rise or fall. Bimini Capital faces the risk that the market value of its assets will increase or decrease at different rates than that of its liabilities, including its hedging instruments. Bimini Capital primarily assesses its interest rate risk by estimating the duration of its assets and the duration of its liabilities. Duration essentially measures the market price volatility of financial instruments as interest rates change. Bimini Capital generally calculates duration using various financial models and empirical data and different models and methodologies can produce different duration numbers for the same securities.

The following sensitivity analysis shows the estimated impact on the fair value of Bimini Capital's interest rate-sensitive investments as of September 30, 2007, assuming rates instantaneously fall 100 basis points, rise 100 basis points and rise 200 basis points:

(in thousands)

	Interest Rates Fall 100 Basis Points	Interest Rates Rise 100 Basis Points	Interest Rates Rise 200 Basis Points
Adjustable-Rate MBS			
(Fair Value $640,670)			
Change in fair value	$ 4,120	$ (4,120)	$ (8,240)
Change as a percent of fair value	0.64%	(0.64%)	(1.29%)
Fixed-Rate MBS			
(Fair Value $252,695)			
Change in fair value	$ 7,479	$ (7,479)	$ (14,958)
Change as a percent of fair value	2.96%	(2.96%)	(5.92%)
Hybrid Adjustable-Rate MBS			
(Fair Value $360,529)			
Change in fair value	$ 5,132	$ (5,132)	$ (10,264)
Change as a percent of fair value	1.42%	(1.42%)	(2.85%)
Cash			
(Fair Value $ 24,873,520)			
Portfolio Total			

(Fair Value $1,253,894)			
Change in fair value	$ 16,731	$ (16,731)	$ (33,462)
Change as a percent of fair value	1.33%	(1.33%)	(2.67%)

The table below reflects the same analysis presented above but with the figures in the columns that indicate the estimated impact of a 100 basis point fall or rise adjusted to reflect the impact of convexity.

(in thousands)

	Interest Rates Fall 100 Basis Points	Interest Rates Rise 100 Basis Points	Interest Rates Rise 200 Basis Points
Adjustable-Rate MBS			
(Fair Value $640,670)			
Change in fair value	$ 3,120	$ (5,217)	$ (13,121)
Change as a percent of fair value	0.49%	(0.81%)	(2.05%)
Fixed-Rate MBS			
(Fair Value $252,695)			
Change in fair value	$ 5,629	$ (8,907)	$ (19,495)
Change as a percent of fair value	2.23%	(3.52%)	(7.71%)
Hybrid Adjustable-Rate MBS			
(Fair Value $360,529)			
Change in fair value	$ 2,991	$ (6,982)	$ (16,240)
Change as a percent of fair value	0.83%	(1.94%)	(4.50%)
Cash			
(Fair Value $24,873,520)			
Portfolio Total			
(Fair Value $1,253,894)			
Change in fair value	$ 11,740	$ (21,105)	$ (48,855)
Change as a percent of fair value	0.94%	(1.68%)	(3.90%)

In addition to changes in interest rates, other factors impact the fair value of Bimini Capital's interest rate-sensitive investments and hedging instruments, such as the shape of the yield curve, market expectations as to future interest rate changes and other market conditions. Accordingly, in the event of changes in actual interest rates, the change in the fair value of Bimini Capital's assets would likely differ from that shown above and such difference might be material and adverse to Bimini Capital's stockholders.

For reference, the table below shows the principal balance of Bimini Capital's investment securities, the net unamortized premium, amortized cost of securities held, average cost expressed as a price, the fair market value of investments and the fair market value expressed as a price for the current quarter and each of the previous nine quarters for the portfolio of MBS securities only. Premium or discount associated with MBS securities classified as held for trading is not amortized. Approximately $0.5 billion of the $1.3 billion fair market value of MBS securities are classified as held-for-trading as of September 31, 2007. The data in the table below does not include information pertaining to discontinued operations at OITRS.

(in thousands)

Quarter Ended	Principal Balance of Investment Securities Held	Unamortized Premium (Net)	Amortized Cost of Securities Held	Amortized Cost/Principal Balance Held	Fair Market Value of Investment Securities Held	Fair Market Value/Principal Balance Held
September, 30 2007	$ 1,236,629	$ 11,144	$ 1,253,894	101.40	$ 1,253,894	101.40
June 30, 2007	1,801,492	17,144	1,818,636	100.95	1,818,636	100.95
March 31, 2007	2,893,761	109,445	3,003,206	103.78	2,931,796	101.31
December 31, 2006	2,779,867	115,612	2,895,479	104.16	2,808,734	101.04
September 30, 2006	3,055,791	122,300	3,178,091	104.00	3,080,060	100.79
June 30, 2006	3,396,910	120,769	3,517,679	103.56	3,407,288	100.31
March 31,2006	3,515,113	111,361	3,626,473	103.17	3,538,554	100.67
December 31, 2005	3,457,891	112,636	3,570,527	103.26	3,494,029	101.05
September 30, 2005	3,797,401	113,393	3,910,793	102.99	3,858,320	101.60
June 30, 2005	3,784,668	114,673	3,899,341	103.03	3,876,206	102.42

The table below shows Bimini Capital's average investments held, total interest income, yield on average earning assets, average repurchase obligations outstanding, interest expense, average cost of funds, net interest income and net interest spread for the quarter ended September 30, 2007, and the nine previous quarters for Bimini Capital's portfolio of MBS securities only. The data in the table below does not include information pertaining to discontinued operations at OITRS. Indicated in the table below, net interest spread (based on average investment securities held and the average balance of repurchase obligations outstanding for the period) increased during the third quarter of 2007 to 0.55% from (1.04%) in the second quarter of 2007. The total interest income figures below include the retrospective adjustment recorded for the respective quarters. Excluding the quarterly retrospective adjustment, the net interest margin increased from 0.00% in the second quarter of 2007 to 0.66% in the third quarter of 2007.

RATIOS FOR THE QUARTERS HAVE BEEN ANNUALIZED

(in thousands)

Quarter Ended	Average Investment	Total Interest Income	Yield on Average Interest	Average Balance of Repurchase	Interest Expense	Average Cost of Funds	Net Interest Income	Net Interest Spread

	Securities Held		Earning Assets	Obligations Outstanding				
September 30, 2007	$ 1,536,265	$ 24,634	6.41%	$ 1,497,409	$ 21,949	5.86%	$ 2,685	0.55%
June 30, 2007	2,375,216	29,009	4.89%	2,322,727	34,396	5.92%	(5,387)	(1.04%)
March 31, 2007	2,870,265	41,856	5.83%	2,801,901	38,357	5.48%	3,500	0.36%
December 31, 2006	2,944,397	35,162	4.78%	2,869,210	40,400	5.63%	(5,238)	(0.86%)
September 30, 2006	3,243,674	45,850	5.65%	3,151,813	42,710	5.42%	3,140	0.23%
June 30, 2006	3,472,921	57,027	6.57%	3,360,421	42,829	5.10%	14,198	1.47%
March 31, 2006	3,516,292	42,345	4.82%	3,375,777	37,661	4.46%	4,684	0.35%
December 31, 2005	3,676,175	43,140	4.69%	3,533,486	35,913	4.07%	7,227	0.63%
September 30, 2005	3,867,263	43,574	4.51%	3,723,603	33,102	3.56%	10,472	0.95%
June 30, 2005	3,587,629	36,749	4.10%	3,449,744	26,703	3.10%	10,045	1.00%

For the three months ended September 30, 2007, ($0.4) million of the $24.6 million of interest income was attributable to the quarterly retrospective adjustment. As a result of the retrospective adjustment, the yield on average interest earning assets for the period was reduced by 10.5 basis points to 641.4 basis points. For the three months ended September 30, 2006, $3.5 million of the $45.8 million of interest income was derived from the quarterly retrospective adjustment. The adjustment represented 45.0 basis points of the 450.7 basis points of the yield on average interest earning assets.

PERFORMANCE OF DISCONTINUED OPERATIONS OF OITRS

As stated above, the Company has sold or discontinued all residential mortgage origination activities at OITRS. Going forward, all reported financial results will reflect this decision. The principal business activities of OITRS were the origination and sale of mortgage loans. In addition, as part of the securitization of loans sold, OITRS retained an interest in the resulting residual interest cash flows more fully described below. Finally, OITRS serviced the loans securitized as well as some loans sold on a whole loan basis.

As of September 30, 2007, OITRS owned $1.9 million of mortgage loans net of deferred origination costs, mark to market and other adjustments which were classified as mortgage loans held for sale. Gains/(losses) realized on the mortgage banking activities for the nine and three months ended September 30, 2007, were ($68.9) million and ($7.1) million, respectively, and for the nine and three months ended September 30, 2006, were $17.4 million and $20.1 million, respectively. These gains/(losses) reflect the effects of the mark to market of IRLCs and loans held for sale prior to the sale date of ($3.6) million and $5.7 million, respectively, for the nine and three months ended September 30, 2007, and were ($1.2) million and ($0.4) million, respectively, for the nine and three months ended September 30, 2006. OITRS's gains/ (losses) from mortgage banking activities were the result of a sharp deterioration in the secondary market for the loans OITRS originates and sells. Owing to fears related to the credit performance of certain types of loans OITRS originated, namely high combined loan to value ("CLTV") and second lien mortgages, prices obtained upon sale were depressed and OITRS also experienced elevated levels of early payment defaults (EPDs), resulting in OITRS recording high loan loss reserves.

Gains/(losses) from mortgage banking activities include changes in the fair value of retained interests in securitizations and the associated hedge gains or losses. Excluding changes in fair value of retained interests in securitizations net of hedge gains and losses, OITRS had gains/(losses) from sales of mortgages held for sale of ($36.3) million and ($6.7) million, respectively, for the nine and three months ended September 30, 2007, and $26.1 million and $6.9 million, respectively, for the nine and three months ended September 30, 2006.

The retained interests in securitizations represent residual interests in loans originated or purchased by OITRS prior to securitization. The total fair market value of these retained interests was approximately $71.6 million as of September 30, 2007. Fluctuations in value of retained interests are primarily driven by projections of future interest rates (the forward LIBOR curve), the discount rate used to determine the present value of the residual cash flows and prepayment and loss estimates on the underlying mortgage loans. Due to higher forward LIBOR rates and increased loss assumptions on the underlying mortgage loans, the market value of the retained interests (decreased) by ($28.1) million and ($0.6) million, respectively, for the nine and three months ended September 30, 2007 and (decreased)/increased by ($1.4) million and $23.1 million, respectively, for the nine and three months ended September 30, 2006.

The table below provides details of OITRS's (loss) on mortgage banking activities for the nine and three months ended September 30, 2007 and 2006. OITRS recognizes a gain or loss on sale of mortgages held for sale only when the loans are actually sold.

(LOSSES) ON MORTGAGE BANKING ACTIVITIES

(in thousands)

	Nine Months Ended		Three Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Fair Value adjustment of retained interests, trading	$ (28,126)	$ (1,406)	$ (634)	$ 23,071
Gain/ (loss) on sales of mortgage loans	(6,064)	65,775	(11,006)	20,288
Fees on brokered loans	1,749	4,485	-	1,350
Gain/(loss) on derivatives	(4,473)	(7,329)	246	(9,851)
Direct loan origination expenses, deferred	(7,122)	686	(1,627)	(3)
Fees earned, brokering	887	2,054	182	748
Write off purchased pipeline (Purchase Accounting Adjustment)	-	(534)	-	-
	$ (43,149)	$ 63,731	$ (12,839)	$ 35,603
Direct loan origination expenses, reclassified	(22,181)	(45,065)	-	(14,861)
Net gain/(loss) on sale of mortgage loans	$ (65,330)	$ 18,666	$ (12,839)	$ 20,742
Change in market value of IRLCs	$ 14	$ (34)	$ -	$ 775
Change in market value mortgage loans for held for sale	$ (3,604)	$ (1,202)	$ 5,734	$ (1,201)
Gain/(loss) on mortgage banking activities	$ (68,920)	17,430	$ (7,105)	$ 20,136

For the nine and three months ended September 30, 2007 and 2006, OITRS originated mortgage loans of $1.5 billion and $0.0 billion, and $4.7 billion and $1.9 billion, respectively. For the nine and three months ended September 30, 2007, OITRS sold $2.1 billion and $0.1 billion of originated mortgage loans. For the nine and three months ended September 30, 2006, OITRS sold $4.5 billion and $1.8 billion of originated mortgage loans. Of the originated mortgage loans sold during the nine and three months ended September 30, 2007, $0.8 billion of the $2.1 billion and $0.0 billion of the $0.1 billion, respectively, were sold on a servicing retained basis. Of the originated mortgage loans sold during the nine and three months ended September 30, 2006, $2.9 billion of the $4.5 billion and $1.3 billion of the $1.8 billion, respectively, were sold on a servicing retained basis.

For the nine and three months ended September 30, 2007 and 2006, OITRS had net servicing income/ (loss) of ($13.9) million and ($1.2) million, and ($8.1) million and ($8.1) million, respectively. The results for the nine and three month periods were driven primarily by negative fair value adjustments to the MSRs (inclusive of run-off of the servicing portfolio) for the nine and three months ended September 30, 2007 and the Company's early adoption of SFAS 156 on January 1, 2006 (for the nine and three months ended September 30, 2006).

As of September 30, 2007, OITRS held originated MSRs on approximately $0.7 billion in mortgages with a fair market value of approximately $2.6 million. For the nine and three months ended September 30, 2007 and 2006, additions to the MSRs were $7.7 million and $0.03 million, and $35.0 million and $17.9 million, respectively. In turn, the net fair value adjustments for the nine and three months ended September 30, 2007, reflect declines in fair value due to run-off of ($9.0) million and ($0.6) million and adjustments due to (decreases)/increases in fair value of ($4.8) million and $0.1 million, respectively. The net fair value adjustments for the nine and three months ended September 30, 2006 reflect declines in fair value due to run-off of $14.7 million and $4.2 million, respectively, and adjustments due to (decreases) in fair value of ($8.3) million and ($9.1) million, respectively. Changes in valuation assumptions for the nine and three months ended September 30, 2007 reduced the fair market value by $2.6 million and $0.0 million, respectively. Changes in valuation assumptions and early adoption of SFAS 156 in January of 2006 increased fair market value for the nine and three months ended September 30, 2006, by $7.3 million and $4.1 million, respectively.

Liquidity and Capital Resources

As of September 30, 2007, Bimini Capital had master repurchase agreements in place with 19 counterparties and had outstanding balances under 10 of these agreements. None of the counterparties to these agreements are affiliates of Bimini Capital. These agreements are secured by Bimini Capital's MBS and bear interest rates that are based on a spread to LIBOR.

As of September 30, 2007, Bimini Capital had obligations outstanding under its repurchase agreements totaling $1.2 billion with a net weighted average borrowing cost of 5.23%. All of Bimini Capital's outstanding repurchase agreement obligations are due in less than 15 months with $0.04 billion maturing overnight, $0.6 billion maturing between two and 30 days, $0.1 billion maturing between 31 and 90 days and $0.5 billion maturing in more than 90 days. Securing these repurchase agreement obligations as of September 30, 2007, were MBS with an estimated fair value of $1.3 billion and a weighted average maturity of 334 months.

As of September 30, 2007, Bimini Capital's repurchase agreements had the following counterparties, amounts outstanding, amounts-at-risk and weighted average remaining maturities:

(in thousands)

Repurchase Agreement Counterparties	Amount Outstanding	Amount at Risk(1)	Weighted Average Maturity of Repurchase Agreements in Days	Percent of Total Amount Outstanding
JP Morgan Securities Inc.	$ 432,173	$ (45,594)	169	35.67%
Deutsche Bank Securities, Inc.	357,227	(130,272)	204	29.49
UBS Securities LLC	151,797	(4,339)	23	12.53
Morgan Stanley	94,221	1,488	34	7.78
BNP Paribas Securities Corp.	55,959	(22,424)	10	4.62
Lehman Brothers Inc	36,703	801	174	3.03
ING Financial Markets LLC	34,440	715	75	2.84
Cantor Fitzgerald	31,942	189	78	2.64
Countrywide Securities Corporation	9,004	569	3	0.74
Goldman Sachs & Co.	8,021	262	28	0.66
Total	$ 1,211,487	$ (198,605)		100.00%

(1) Equal to the fair value of securities sold, plus accrued interest income, minus the sum of repurchase agreement liabilities, plus accrued interest expense.

The amount at risk as of September 30, 2007 would be $19.4 million versus ($198.6) million had the Company not executed the sale late in the period of certain MBS pledged to counterparties. The sale of such securities settled on October 2, 2007 and the fulfillment of the associated repurchase obligation was accelerated. However, as of September 30, 2007 such repurchase obligation still existed and is reflected in the table above.

Bimini Capital's master repurchase agreements have no stated expiration, but can be terminated at any time at Bimini Capital's option or at the option of the counterparty. However, once a definitive repurchase agreement under a master repurchase agreement has been entered into, it generally may not be terminated by either party. A negotiated termination can occur, but may involve a fee to be paid by the party seeking to terminate the repurchase agreement transaction.

Bimini Capital has entered into contracts and paid commitment fees to one counterparty providing for $0.3 billion in committed repurchase agreement facilities at pre-determined borrowing rates and haircuts for a 364 day period following the commencement date of each contract. The facility's capacity expiration date is April 23, 2008. Bimini Capital has no obligation to utilize these repurchase agreement facilities.

In addition, two of the agreements described above are available to provide financing for up to $150 million to cover margin requirements associated with monthly principal payments on the MBS portfolio.

It is the Company's present intention to seek to renew its various committed and uncommitted repurchase agreements as they become due or expire. However, market conditions could change making the renewal of these contractual arrangements more expensive or unattainable. Further, as discussed above, increases in short-term interest rates could negatively impact the valuation of Bimini Capital's MBS portfolio. Should this occur, Bimini Capital's ability to enter into new repurchase agreements or extend its existing repurchase agreements could be limited and may cause Bimini Capital's repurchase agreement counterparties to initiate margin calls. Under this scenario, Bimini Capital would likely seek alternative sources of financing which could include additional debt or equity financing or sales of assets.

Given the current turmoil in the mortgage market, such alternative sources of financing are not readily available to the Company. Further, as a result of the turmoil in the mortgage market, cash needs of OITRS were increased. The increased needs stemmed from margin calls on the financing line for the retained interest, trading. The Company, as guarantor, is potentially exposed to cash needs connected to the same financing line and to the extent OITRS has insufficient funds to meet margin calls or repay borrowings. Accordingly, during the three month period ended September 30, 2007, the Company undertook a series of assets sales intended to raise funds necessary to support the operations of OITRS and maintain adequate liquidity during the disruptions in the mortgage market that occurred and are continuing.

The Company has obtained a committed funding arrangement that provides specified advance rates and funding levels and is available to finance the Company's MBS portfolio. Should the Company's financing be withdrawn and the Company's committed funding agreements not be sufficient to finance all of the Company's MBS investments, the Company may be forced to sell such assets, which may result in losses upon such sales. While the financing in place for the Company's retained interests, trading held by OITRS is committed through December 19, 2007, the lender on the financing facility has and may continue to request additional margin be posted in connection with the facility. If the Company is unable to meet such requests in the future, the Company may be forced to sell the assets or seek alternative financing. At present, such alternative financing arrangements for the residual interests, trading may not be available or only available at substantially higher cost to OITRS. If cash resources are, at any time, insufficient to satisfy the Company's liquidity requirements, such as when cash flow from operations were materially negative, the Company may be required to pledge additional assets to meet margin calls, liquidate assets, sell additional debt or equity securities or pursue other financing alternatives. Any sale of mortgage-related securities or other assets held for sale at prices lower than the carrying value of such assets would reduce the Company's income. The Company presently believes that its equity and junior subordinated debt capital, combined with the cash flow from operations and the utilization of borrowings, will be sufficient to enable the Company to meet its anticipated liquidity requirements. Continued disruptions in market conditions could, however, adversely affect the Company's liquidity, including the lack of available financing for the Company's MBS assets beyond the capacity of the Company's committed facility (currently $0.3 billion), increases in interest rates, increases in prepayment rates substantially above expectations and decreases in value of assets held for sale. Therefore, no assurances can be made regarding the Company's ability to satisfy its liquidity and working capital requirements.

In May 2005, Bimini Capital completed a private offering of $51.6 million of trust preferred securities of Bimini Capital Trust I ("BCTI") resulting in the issuance by Bimini Capital of $51.6 million of junior subordinated notes. The interest rate payable by Bimini Capital on the BCTI junior subordinated notes is fixed for the first five years at 7.61% and then floats at a spread of 3.30% over three-month LIBOR for the remaining 25 years. However, the BCTI junior subordinated notes and the corresponding BCTI trust preferred securities are redeemable at Bimini Capital's option at the end of the first five year period and at any subsequent date that Bimini Capital chooses.

In addition, in October 2005, Bimini Capital completed a private offering of an additional $51.5 million of trust preferred securities of Bimini Capital Trust II ("BCTII") resulting in the issuance by Bimini Capital of an additional $51.5 million of junior subordinated notes. The interest rate on the BCTII junior subordinated notes and the corresponding BCTII trust preferred securities is fixed for the first five years at 7.8575% and then floats at a spread of 3.50% over three-month LIBOR for the remaining 25 years. However, the BCTII junior subordinated notes and the corresponding BCTII trust preferred securities are redeemable at Bimini Capital's option at the end of the first five year period and at any subsequent date that Bimini Capital chooses.

Bimini Capital attempts to ensure that the income generated from available investment opportunities, when the use of leverage is employed for the purchase of assets, exceeds the cost of its borrowings. However, the issuance of debt at a fixed rate for any long-term period, considering the use of leverage, could create an interest rate mismatch if Bimini Capital is not able to invest at yields that exceed the interest rates of the Company's junior subordinated notes and other borrowings.

LIQUIDITY AND CAPITAL RESOURCES OF THE DISCONTINUED OPERATIONS OF OITRS

OITRS has a $80.0 million committed line of credit secured by OITRS's retained interests in securitizations. The facility matures December 19, 2007. The facility contains various covenants pertaining to tangible net worth, available cash and liquidity and a leverage ratio. As of September 30, 2007, OITRS was in compliance with respect to all such covenants. In the event OITRS defaulted under the terms of the agreement, the lenders could force OITRS to liquidate the retained interest, trading, seek payment from the Company as guarantor, or force OITRS into an involuntary bankruptcy. In the event the Company was required to perform under its duties as guarantor, the Company's liquidity would be constrained or it may not be able to satisfy such obligations. In such event, this would also constitute an event of default under the terms of the agreement and the lenders would have the same remedies available to them as above. As of September 30, 2007, OITRS had an outstanding balance of approximately $37.3 million outstanding on the line of credit with the rate based on a spread to LIBOR.

Outlook

As discussed above, the Company's results of operations for the nine and three months ended September 30, 2007 continue to be impacted by disruptions in the residential mortgage market, the mortgage backed securities market and a general tightening of credit conditions brought about by adverse actions taken by ratings agencies, liquidations of various investment funds and substantial losses incurred by various market participants. As a result of these events, the Federal Reserve Open Market Committee has adjusted their target for overnight lending rates which has positively impacted the Company's borrowing rates.

The funding costs of the MBS portfolio have stabilized and the yield on the MBS assets now exceeds the funding costs through the combination of Federal Reserve actions mentioned above and as a result of the impairment charge taken. The need to fund negative cash flow operations at OITRS precluded the Company from reinvesting monthly pay-downs and also required the Company to sell MBS assets to generate funds throughout much of 2006 and 2007. Further, OITRS has exposure to early payment default claims that have been received from buyers of mortgage loans sold in the past. The settlement of such claims will also need to be funded. The Company believes that adequate reserves have been recorded for such exposure.

Going forward, the reduced cash flow needs for OITRS and resulting halt to asset sales should allow the NIM of the MBS portfolio to remain positive. However, the reduced size of the portfolio in relation to the Company's operating expenses will constrain the earnings potential of the Company in the near term.

Critical Accounting Policies

The Company's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company's significant accounting policies are described in Note 1 to the Company's accompanying Consolidated Financial Statements.

GAAP requires the Company's management to make some complex and subjective decisions and assessments. The Company's most critical accounting policies involve decisions and assessments which could significantly affect reported assets and liabilities, as well as reported revenues and expenses. The Company believes that all of the decisions and assessments upon which its financial statements are based were reasonable at the time made based upon information available to it at that time. Management has identified its most critical accounting policies to be the following:

LONG-LIVED ASSETS

The Company makes judgments and estimates about the carrying value of long-lived assets, comprising of property and equipment, including amounts to be capitalized, depreciation methods and useful lives. The Company also reviews these assets for impairment on a periodic basis or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The impairment test consists of a comparison of an asset's fair value with its carrying value; if the carrying value of the asset exceeds its fair value, an impairment loss is recognized in the Consolidated Statement of Operations in an amount equal to that excess. When an asset's fair value is not readily apparent from other sources, management's determination of an asset's fair value requires it to make long-term forecasts of future net cash flows related to the asset. These forecasts require assumptions about future demand, future market conditions and regulatory developments. Significant and unanticipated changes to these assumptions could require a provision for impairment in a future period.

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long Lived Assets* ("SFAS 144"), the closure and/or sale of mortgage loan origination channels (discussed in Note 11) required management to test the associated long lived assets for recoverability. In connection with the testing of recoverability of the long lived assets, OITRS recorded an impairment charge of $8.9 million and $0.0 million, respectively, for the nine and three months ended September 30, 2007. Further, in accordance with SFAS 144, such long lived assets were reported by OITRS as held for use as of March 31, 2007, and have been included in discontinued operations for the remainder of 2007.

GOODWILL AND OTHER INTANGIBLE ASSETS

In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, goodwill of a reporting unit (OITRS) and other intangible assets (the "*Opteum*" trade name) not subject to amortization shall be tested for impairment on an annual basis and between annual tests if an event occurs or circumstances change that indicate the intangible asset might be impaired, which, in the case of goodwill of a reporting unit, is when such event or circumstances would more likely than not reduce the fair value of that reporting unit below its carrying amount. The closure and or sale of the mortgage loan origination channels constituted such an event that would require impairment analyses on the goodwill and other intangibles not subject to amortization. Accordingly, OITRS recorded impairment charges of both goodwill and other intangible assets not subject to amortization of approximately $3.4 million and $0.0 million, respectively, for the nine and three months ended September 30, 2007.

MORTGAGE BACKED SECURITIES

The Company's investments in MBS are classified as available-for-sale securities or held for trading. Changes in fair value of securities held for trading are recorded through the statement of operations. The Company's MBS have fair values determined by management based on the average of third-party broker quotes received and/or by independent pricing sources when available. Because the price estimates may vary to some degree between sources, management must make certain judgments and assumptions about the appropriate price to use to calculate the fair values for financial reporting purposes. Alternatively, management could opt to have the value of all of its positions in MBS determined by either an independent third-party pricing source or do so internally based on managements own estimates. Management believes pricing on the basis of third-party broker quotes is the most consistent with the definition of fair value described in SFAS No. 107, *Disclosures about the Fair Value of Financial Instruments.*

When the fair value of an available-for-sale security is less than amortized cost, management considers whether there is an other-than-temporary impairment in the value of the security. The decision is based on the credit quality of the issue (agency versus non-agency and for non-agency, the credit performance of the underlying collateral), the security prepayment speeds, the length of time the security has been in an unrealized loss position and the Company's ability and intent to hold securities. As of September 30, 2007, the Company did not hold any non-agency securities in its portfolio. If, in management's judgment, an other-than-temporary impairment exists, the cost basis of the security is written down in the period to fair value and the unrealized loss is recognized in current period earnings. Such an event occurred in the period ended June 30, 2007 and as a consequence the cost basis of all MBS securities was written down to fair value and the previously unrealized loss recognized in earnings. As of June 30, 2007, all available-for-sale securities would then be valued as a lower of cost or market basis.

RETAINED INTEREST, TRADING

Retained interest, trading is the subordinated interests retained by the Company from the Company's various securitizations and includes the over-collateralization and residual net interest spread remaining after payments to the Public Certificates and NIM Notes (see Note 11). Retained interest, trading represents the present value of estimated cash flows to be received from these subordinated interests in the future. The subordinated interests retained are classified as "trading securities" and are reported at fair value with unrealized gains or losses reported in earnings. In order to value these unrated and unquoted retained interests, the Company utilizes either pricing available directly from dealers or calculates their present value by projecting their future cash flows on a publicly-available analytical system. When a publicly-available analytical system is employed, the Company uses the following variable factors in estimating the fair value of these assets:

Interest Rate Forecast. LIBOR interest rate curve.

Discount Rate. The present value of all future cash flows utilizing a discount rate assumption established at the discretion of the Company to represent market conditions and value.

Prepayment Forecast. The prepayment forecast may be expressed by the Company in accordance with one of the following standard market conventions: Constant Prepayment Rate ("CPR") or Percentage of a Prepayment Vector. Prepayment forecasts are made utilizing Citigroup Global Markets Yield Book and/or management estimates based on historical experience. Conversely, prepayment speed forecasts could have been based on other market conventions or third-party analytical systems. Prepayment forecasts may be changed as OITRS observes trends in the underlying collateral as delineated in the Statement to Certificate Holders generated by the securitization trust's Trustee for each underlying security.

Credit Performance Forecast. A forecast of future credit performance of the underlying collateral pool will include an assumption of default frequency, loss severity and a recovery lag. In general, the Company will utilize the combination of default frequency and loss severity in conjunction with a collateral prepayment assumption to arrive at a target cumulative loss to the collateral pool over the life of the pool based on historical performance of similar collateral by the originator. The target cumulative loss forecast will be developed and noted at the pricing date of the individual security but may be updated by the Company consistent with observations of the actual collateral pool performance.

As of September 30, 2007, and December 31, 2006, key economic assumptions and the sensitivity of the current fair value of retained interests to the immediate 10% and 20% adverse change in those assumptions are as follows:

(in thousands)

		September 30, 2007		December 31, 2006
Carrying value of retained interests – fair value	$	71,593	$	104,199
Weighted average life (in years)		4.57		4.26
Prepayment assumption (annual rate)		30.46%		37.88%
Impact on fair value of 10% adverse change	$	(5,394)	$	(8,235)
Impact on fair value of 20% adverse change	$	(10,095)	$	(14,939)
Expected Credit losses (annual rate)		0.83%		0.56%
Impact on fair value of 10% adverse change	$	(4,474)	$	(3,052)
Impact on fair value of 20% adverse change	$	(8,899)	$	(6,098)
Residual Cash-Flow Discount Rate		20.00%		16.03%
Impact on fair value of 10% adverse change	$	(4,090)	$	(4,575)
Impact on fair value of 20% adverse change	$	(7,808)	$	(8,771)
Interest rates on variable and adjustable loans and bonds		Forward LIBOR Yield Curve		Forward LIBOR Yield Curve
Impact on fair value of 10% adverse change	$	(20,473)	$	(18,554)
Impact on fair value of 20% adverse change	$	(38,997)	$	(39,292)

These sensitivities are entirely hypothetical and should be used with caution. As the figures indicate, changes in fair value based upon 10% and 20% variations in assumptions generally cannot be extrapolated to greater or lesser percentage variations because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of the variation in a particular assumption on the fair value of the subordinated interest is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another that may magnify or counteract the sensitivities. To estimate the impact of a 10% and 20% adverse change of the forward LIBOR curve, a parallel shift in the forward LIBOR curve was assumed based on the forward LIBOR curve as of September 30, 2007 and December 31, 2006.

MORTGAGE SERVICING RIGHTS

The Company recognizes mortgage servicing rights ("MSRs") as assets when separated from the underlying mortgage loans in connection with the sale of such loans. Upon sale of a loan, the Company measures the retained MSRs by allocating the total cost of originating a mortgage loan between the loan and the servicing right based on their relative fair values. Gains or losses on the sale of MSRs are recognized when title and all risks and rewards have irrevocably passed to the purchaser of such MSRs and there are no significant unresolved contingencies.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets*. The Company elected to early adopt SFAS 156 as of January 1, 2006, and to measure all mortgage servicing assets at fair value (and as one class).

To facilitate hedging of the MSRs, management has elected to utilize an internal model for valuation purposes. Accordingly, fair value is estimated based on internally generated expected cash flows considering market prepayment estimates, historical prepayment rates, portfolio characteristics, interest rates and other economic factors.

As of September 30, 2007, and December 31, 2006, key economic assumptions and the sensitivity of the current fair value of MSR cash flows to the immediate 10% and 20% adverse change in those assumptions are as follows:

(in thousands)

		September 30, 2007		December 31, 2006
Prepayment assumption (annual rate) (PSA)		450.9		424.6
Impact on fair value of 10% adverse change	$	(74)	$	(3,923)
Impact on fair value of 20% adverse change	$	(144)	$	(7,557)
MSR Cash-Flow Discount Rate		14.16%		14.50%
Impact on fair value of 10% adverse change	$	(124)	$	(3,505)
Impact on fair value of 20% adverse change	$	(236)	$	(6,727)

These sensitivities are entirely hypothetical and should be used with caution. As the figures indicate, changes in fair value based upon 10% and 20% variations in assumptions generally cannot be extrapolated to greater or lesser percentage variations because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of the variation in a particular assumption on the fair value of the MSRs is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another which may magnify or counteract the sensitivities.

INCOME RECOGNITION

Interest income on available-for-sale MBS is accrued based on the actual coupon rate and the outstanding principal amount of the underlying mortgages. Premiums and discounts are amortized or accreted into interest income over the estimated lives of the MBS using the effective yield method adjusted for the effects of estimated prepayments based on SFAS No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases - an amendment of FASB Statements No. 13, 60 and 65 and a rescission of FASB Statement No. 17.* Adjustments are made using the retrospective method to the effective interest computation each reporting period based on the actual prepayment experiences to date and the present expectation of future prepayments of the underlying mortgages. To make assumptions as to future estimated rates of prepayments, the Company currently uses actual market prepayment history for the securities it owns and for similar securities that the Company does not own and current market conditions. If the estimate of prepayments is incorrect, the Company is required to make an adjustment to the amortization or accretion of premiums and discounts that would have an impact on future income.

For securities classified as held for trading interest income is based on the stated interest rate and the outstanding principal balance, premium or discount associated with the purchase of the MBS are not amortized.

With respect to mortgage loans held for sale, interest income and interest expense are recognized as earned or incurred. Loans are placed on a non-accrual status when concern exists as to the ultimate collectability of principal or interest. Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible. The Company recognizes gain (or loss) on the sale of these loans. Gains or losses on such sales are recognized at the time legal title transfers to the purchaser of such loans based upon the difference between the sales proceeds from the purchaser and the allocated basis of the loan sold, adjusted for net deferred loan fees and certain direct costs and selling costs. The Company defers net loan origination costs and fees as a component of the loan balance on the balance sheet. Such costs are not amortized and are recognized into income as a component of the gain or loss upon sale. Accordingly, salaries, commissions, benefits and other operating expenses of $22.2 million and $0.0 million, respectively, during the nine and three months ended September 30, 2007 were capitalized as direct loan origination costs included in loss from discontinued operations.

Servicing fee income is generally a fee based on a percentage of the outstanding principal balances of the mortgage loans serviced by the Company (or by a sub-servicer where the Company is the master servicer) and is recorded as income as the installment payments on the mortgages are received by the Company or the sub-servicer.

INCOME TAXES

Bimini Capital has elected to be taxed as a REIT under the Code. As further described below, Bimini Capital's subsidiary, OITRS a taxpaying entity for income tax purposes and is taxed separately from Bimini Capital. Bimini Capital will generally not be subject to federal income tax on its REIT taxable income to the extent that Bimini Capital distributes its REIT taxable income to its stockholders and satisfies the ongoing REIT requirements, including meeting certain asset, income and stock ownership tests. A REIT must generally distribute at least 90% of its REIT taxable income to its stockholders, of which 85% generally must be distributed within the taxable year, in order to avoid the imposition of an excise tax. The remaining balance may be distributed up to the end of the following taxable year, provided the REIT elects to treat such amount as a prior year distribution and meets certain other requirements.

OITRS and its activities are subject to corporate income taxes and the applicable provisions of SFAS No. 109, *Accounting for Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. To the extent management believes deferred tax assets will not be fully realized in future periods, a provision is recorded so as to reflect the net portion, if any, of the deferred tax asset management expects to realize.

Off-Balance Sheet Arrangements

As previously discussed OITRS pools loans originated or purchased and then sells them or securitizes them to obtain long-term financing for its assets. Securitized loans are transferred to a trust where they serve as collateral for asset-backed bonds, which the trust primarily issues to the public. During the third quarter of 2007, OITRS did not execute a securitization, and is not expected to do so in the future. However, OITRS held approximately $71.6 million of retained interests from securitizations as of September 30, 2007.

The cash flows associated with OITRS's securitization activities over the nine and three months ended September 30, 2007, were as follows:

(in thousands)

	Nine Months Ended September 30, 2007	Three Months Ended September 30, 2007
Proceeds from securitizations	$ -	$ -
Servicing fees received	11,375	1,684
Servicing advances net of repayments	5,110	3,678
Cash flows received on retained interests	4,479	1,570

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no material changes to the Company's exposure to market risk since December 31, 2006. The information set forth under Item 7A – Quantitative and Qualitative Disclosures About Market Risk in the Company's Annual Report on Form 10-K for the period ended December 31, 2006, is incorporated herein by reference.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, the Company's management carried out an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Controls over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS.

The Company is involved in various lawsuits and claims, both actual and potential, including some that it has asserted against others, in which monetary and other damages are sought. Except as described below, these lawsuits and claims relate primarily to contractual disputes arising out of the ordinary course of the Company's business. The outcome of such lawsuits and claims is inherently unpredictable. However, management believes that, in the aggregate, the outcome of all lawsuits and claims involving the Company will not have a material effect on the Company's consolidated financial position or liquidity; however, any such outcome may be material to the results of operations of any particular period in which costs, if any, are recognized. See also Notes 8 and 11 to the Company's accompanying consolidated financial statements.

On September 17, 2007, a complaint was filed in the U.S. District Court for the Southern District of Florida by William Kornfeld against the Company, certain of the Company's current and former officers and directors, Flagstone Securities, LLC and BB&T Capital Markets alleging various violations of the federal securities laws and seeking class action certification. On October 9, 2007, a complaint was filed in the U.S. District Court for the Southern District of Florida by Richard and Linda Coy against the Company, certain of the Company's current and former officers and directors, Flagstone Securities, LLC and BB&T Capital Markets alleging various violations of the federal securities laws and seeking class action certification. The Company believes the plaintiffs' claims in these actions are without merit, has filed a motion to consolidate these actions and intends to vigorously defend the cases.

ITEM 1A. RISK FACTORS.

RISKS RELATED TO BIMINI CAPITAL'S MBS PORTFOLIO

Interest rate mismatches between Bimini Capital's adjustable-rate securities and its borrowings used to fund purchases of the mortgage-related securities may reduce net income or result in a loss during periods of changing interest rates.

Bimini Capital's portfolio of MBS includes adjustable rate MBS and hybrid adjustable rate MBS, and the mix of these securities in the portfolio may be increased or decreased over time. Additionally, the interest rates of these securities may vary over time based on changes in a short-term interest rate index, of which there are many. Bimini Capital finances its acquisitions of adjustable-rate securities in part with borrowings that have interest rates based on indices and repricing terms similar to, but perhaps with shorter maturities than, the interest rate indices and repricing terms of the adjustable-rate securities. Short-term interest rates are ordinarily lower than longer-term interest rates. During periods of changing interest rates, this interest rate mismatch between Bimini Capital's assets and liabilities could reduce or eliminate net income and dividend yield and could cause Bimini Capital to suffer a loss. In particular, in a period of rising interest rates, Bimini Capital could experience a decrease in, or elimination of, net income or a net loss because the interest rates on Bimini Capital's borrowings adjust faster than the interest rates on the adjustable-rate securities.

Interest rate fluctuations will also cause variances in the yield curve, which may reduce Bimini Capital's net income. The relationship between short-term and longer-term interest rates is often referred to as the "yield curve." If short-term interest rates rise disproportionately relative to longer-term interest rates (a flattening of the yield curve), Bimini Capital's borrowing costs may increase more rapidly than the interest income earned on assets. Because Bimini Capital's assets may bear interest based on longer-term rates than its borrowings, a flattening of the yield curve would tend to decrease net income and the market value of mortgage loan assets. Additionally, to the extent cash flows from investments that return scheduled and unscheduled principal are reinvested in mortgage loans, the spread between the yields of the new investments and available borrowing rates may decline, which would likely decrease Bimini Capital's net income. It is also possible that short-term interest rates may exceed longer-term interest rates (a yield curve inversion), in which event Bimini Capital's borrowing costs may exceed its interest income and it could incur operating losses.

A significant portion of Bimini Capital's portfolio consists of fixed-rate MBS, which may cause Bimini Capital to experience reduced net income or a loss during periods of rising interest rates.

Bimini Capital's portfolio includes or may include fixed-rate and balloon maturity MBS. Because the interest rate on a fixed-rate mortgage never changes, over time there can be a divergence between the interest rate on the loan and the current market interest rates. Bimini Capital funds its acquisition of fixed-rate MBS with short-term repurchase agreements and term loans. During periods of rising interest rates, Bimini Capital's costs associated with borrowings used to fund the acquisition of fixed-rate assets are subject to increases while the income it earns from these assets remains substantially fixed. This would reduce and could eliminate the net interest spread between the fixed-rate MBS that Bimini Capital purchases and the borrowings used to purchase them, which would reduce net interest income and could cause Bimini Capital to suffer a loss.

Increased levels of prepayments on the mortgages underlying Bimini Capital's mortgage-related securities might decrease net interest income or result in a net loss.

Pools of mortgage loans underlie the mortgage-related securities that Bimini Capital acquires. Bimini Capital generally receives payments that are made on these underlying mortgage loans. When Bimini Capital acquires mortgage-related securities, it anticipates that the underlying mortgages will prepay at a projected rate generating an expected yield. When borrowers prepay their mortgage loans faster than expected it results in corresponding prepayments on the mortgage-related securities that are faster than expected. Faster-than-expected prepayments could potentially harm the results of Bimini Capital's operations in various ways, including the following:

- Bimini Capital seeks to purchase some mortgage-related securities that have a higher interest rate than the market interest rate at the time. In exchange for this higher interest rate, Bimini Capital will be required to pay a premium over the market value to acquire the security. In accordance with applicable accounting rules, Bimini Capital will be required to amortize this premium over the term of the mortgage-related security. If the mortgage-related security is prepaid in whole or in part prior to its maturity date, however, Bimini Capital must expense any unamortized premium that remained at the time of the prepayment.

- A portion of Bimini Capital's adjustable-rate MBS may bear interest at rates that are lower than their fully indexed rates, which are equivalent to the applicable index rate plus a margin. If an adjustable-rate mortgage-backed security is prepaid prior to or soon after the time of adjustment to a fully-indexed rate, Bimini Capital will have held that mortgage-related security while it was less profitable and lost the opportunity to receive interest at the fully indexed rate over the remainder of its expected life.

- If Bimini Capital is unable to acquire new mortgage-related securities to replace the prepaid mortgage-related securities, Bimini Capital's financial condition, results of operations and cash flow may suffer and it could incur losses.

Prepayment rates generally increase when interest rates fall and decrease when interest rates rise, but changes in prepayment rates are difficult to predict. Prepayment rates also may be affected by other factors, including, without limitation, conditions in the housing and financial markets, general economic conditions and the relative interest rates on adjustable-rate and fixed-rate mortgage loans. While Bimini Capital seeks to minimize prepayment risk, it must balance prepayment risk against other risks and the potential returns of each investment when selecting investments. No strategy can completely insulate the Company from prepayment or other such risks.

Bimini Capital may incur increased borrowing costs related to repurchase agreements that would harm Bimini Capital's results of operations.

Bimini Capital's borrowing costs under repurchase agreements are generally adjustable and correspond to short-term interest rates, such as LIBOR or a short-term Treasury index, plus or minus a margin. The margins on these borrowings over or under short-term interest rates may vary depending upon a number of factors, including, without limitation:

- the movement of interest rates;

- the availability of financing in the market; and

- the value and liquidity of Bimini Capital's mortgage-related securities.

Most of the Bimini Capital's borrowings are collateralized borrowings in the form of repurchase agreements. If the interest rates on these repurchase agreements increase, Bimini Capital's results of operations will be harmed and it may incur losses.

Interest rate caps on Bimini Capital's adjustable-rate MBS may reduce its income or cause it to suffer a loss during periods of rising interest rates.

Adjustable-rate MBS are typically subject to periodic and lifetime interest rate caps. Periodic interest rate caps limit the amount an interest rate can increase during any given period. Lifetime interest rate caps limit the amount an interest rate can increase through the maturity of a mortgage-backed security. Bimini Capital's borrowings typically are not subject to similar restrictions. Accordingly, in a period of rapidly increasing interest rates, the interest rates paid on Bimini Capital's borrowings could increase without limitation while caps could limit the interest rates on its adjustable-rate MBS. This problem is magnified for adjustable-rate MBS that are not fully indexed. Further, some adjustable-rate MBS may be subject to periodic payment caps that result in a portion of the interest being deferred and added to the principal outstanding. As a result, the Company may receive less cash income on adjustable-rate MBS than it needs to pay interest on its related borrowings. Interest rate caps on Bimini Capital's MBS could reduce its net interest income or cause it to suffer a net loss if interest rates were to increase beyond the level of the caps.

Bimini Capital may not be able to purchase interest rate caps at favorable prices, which could cause the Company to suffer a loss in the event of significant changes in interest rates.

Bimini Capital's policies permit it to purchase interest rate caps to help it reduce Bimini Capital's interest rate and prepayment risks associated with investments in mortgage-related securities. This strategy potentially helps the Company reduce Bimini Capital's exposure to significant changes in interest rates. A cap contract is ultimately no benefit to Bimini Capital unless interest rates exceed the target rate. If Bimini Capital purchases interest rate caps but does not experience a corresponding increase in interest rates, the costs of buying the caps would reduce Bimini Capital's earnings. Alternatively, Bimini Capital may decide not to enter into a cap transaction due to its expense, and it would suffer losses if interest rates later rise substantially. Bimini Capital's ability to engage in interest rate hedging transactions is limited by the REIT gross income requirements. See "Legal and Tax Risks" below.

Bimini Capital's leverage strategy increases the risks of Bimini Capital's operations, which could reduce net income and the amount available for distributions to stockholders or cause Bimini Capital to suffer a loss.

Bimini Capital generally seeks to borrow between eight and twelve times the amount of Bimini Capital's equity, although at times its borrowings may be above or below this amount. For purposes of this calculation, Bimini Capital treats trust preferred securities as an equity capital equivalent. The Company incurs this indebtedness by borrowing against a substantial portion of the market value of its mortgage-related securities. The Company's total indebtedness, however, is not expressly limited by its policies and will depend on its and its prospective lender's estimate of the stability of its portfolio's cash flow. As a result, there is no limit on the amount of leverage that Bimini Capital may incur. Bimini Capital faces the risk that it might not be able to meet its debt service obligations or a lender's margin requirements from its income and, to the extent Bimini Capital cannot, it might be forced to liquidate some of its assets at unfavorable prices. Bimini Capital's use of leverage amplifies the risks associated with other risk factors, which could reduce its net income and the amount available for distributions to stockholders or cause it to suffer a loss. For example:

- A majority of Bimini Capital's borrowings are secured by its mortgage-related securities, generally under repurchase agreements. A decline in the market value of the mortgage-related securities used to secure these debt obligations could limit Bimini Capital's ability to borrow or result in lenders requiring it to pledge additional collateral to secure its borrowings. In that situation, Bimini Capital could be required to sell mortgage-related securities under adverse market conditions in order to obtain the additional collateral required by the lender. If these sales are made at prices lower than the carrying value of the mortgage-related securities, Bimini Capital would experience losses.

- A default under a mortgage-related security that constitutes collateral for a loan could also result in an involuntary liquidation of the mortgage-related security, including any cross-collateralized mortgage-related securities. This would result in a loss to Bimini Capital of the difference between the value of the mortgage-related security upon liquidation and the amount borrowed against the mortgage-related security.

- To the extent Bimini Capital is compelled to liquidate qualified REIT assets to repay debts, Bimini Capital's compliance with the REIT rules regarding its assets and its sources of income could be negatively affected, which would jeopardize its qualification as a REIT. Losing Bimini Capital's REIT qualification would cause it to lose tax advantages applicable to REITs and would decrease profitability and distributions to stockholders.

- If Bimini Capital experiences losses as a result of its leverage policy, such losses would reduce the amounts available for distribution to stockholders.

An increase in interest rates may adversely affect the Company's stockholder's equity, which may harm the value of its Class A Common Stock.

Increases in interest rates may negatively affect the fair market value of the Company's mortgage-related securities. The Company's fixed-rate MBS will generally be more negatively affected by such increases. In accordance with GAAP, the Company will be required to reduce the carrying value of the Company's mortgage-related securities by the amount of any decrease in the fair value of mortgage-related securities compared to amortized cost. If unrealized losses in fair value occur, the Company will have to either reduce current earnings or reduce stockholders' equity without immediately affecting current earnings, depending on how it classifies the mortgage-related securities under GAAP. In either case, the Company's stockholder's equity will decrease to the extent of any realized or unrealized losses in fair value.

Bimini Capital depends on borrowings to purchase mortgage-related securities and reach Bimini Capital's desired amount of leverage. If Bimini Capital fails to obtain or renew sufficient funding on favorable terms or at all, it will be limited in its ability to acquire mortgage-related securities, which will harm its results of operations.

Bimini Capital depends on borrowings to fund acquisitions of mortgage-related securities and reach Bimini Capital's desired amount of leverage. Accordingly, Bimini Capital's ability to achieve its investment and leverage objectives depends on its ability to borrow money in sufficient amounts and on favorable terms. In addition, Bimini Capital must be able to renew or replace Bimini Capital's maturing borrowings on a continuous basis. Bimini Capital depends on many lenders to provide the primary credit facilities for Bimini Capital's purchases of mortgage-related securities. If Bimini Capital cannot renew or replace maturing borrowings on favorable terms or at all, it may have to sell its mortgage-related securities under adverse market conditions, which would harm its results of operations and may result in permanent losses.

Possible market developments could cause Bimini Capital's lenders to require it to pledge additional assets as collateral. If Bimini Capital's assets were insufficient to meet the collateral requirements, it might be compelled to liquidate particular assets at inopportune times and at unfavorable prices.

Possible market developments, including a sharp or prolonged rise in interest rates, a change in prepayment rates or increasing market concern about the value or liquidity of one or more types of mortgage-related securities in which Bimini Capital's portfolio is concentrated, might reduce the market value of its portfolio, which might cause its lenders to require additional collateral. Any requirement for additional collateral might compel Bimini Capital to liquidate its assets at inopportune times and at unfavorable prices, thereby harming its operating results. If Bimini Capital sells mortgage-related securities at prices lower than the carrying value of the mortgage-related securities, it would experience losses.

Bimini Capital's use of repurchase agreements to borrow funds may give Bimini Capital's lenders greater rights in the event that either Bimini Capital or any of its lenders file for bankruptcy, which may make it difficult for it to recover its collateral in the event of a bankruptcy filing.

Bimini Capital's borrowings under repurchase agreements may qualify for special treatment under the bankruptcy code, giving its lenders the ability to avoid the automatic stay provisions of the bankruptcy code and to take possession of and liquidate its collateral under the repurchase agreements without delay if Bimini Capital files for bankruptcy. Furthermore, the special treatment of repurchase agreements under the bankruptcy code may make it difficult for Bimini Capital to recover its pledged assets in the event that its lender files for bankruptcy. Thus, the use of repurchase agreements exposes Bimini Capital's pledged assets to risk in the event of a bankruptcy filing by either Bimini Capital's lenders or Bimini Capital.

Because the assets that Bimini Capital acquires might experience periods of illiquidity, Bimini Capital might be prevented from selling its mortgage-related securities at favorable times and prices, which could cause it to suffer a loss and/or reduce distributions to stockholders.

Although Bimini Capital plans to hold its mortgage-related securities until maturity, there may be circumstances in which Bimini Capital sells certain of these securities. Mortgage-related securities generally experience periods of illiquidity. As a result, Bimini Capital may be unable to dispose of its mortgage-related securities at advantageous times and prices or in a timely manner. The lack of liquidity might result from the absence of a willing buyer or an

established market for these assets, as well as legal or contractual restrictions on resale. The illiquidity of mortgage-related securities may harm Bimini Capital's results of operations and could cause it to suffer a loss and/or reduce distributions to stockholders.

Competition might prevent Bimini Capital from acquiring mortgage-related securities at favorable yields, which could harm its results of operations.

Bimini Capital's net income largely depends on its ability to acquire mortgage-related securities at favorable spreads over its borrowing costs. In acquiring mortgage-related securities, Bimini Capital competes with other REITs, investment banking firms, savings and loan associations, banks, insurance companies, mutual funds, other lenders and other entities that purchase mortgage-related securities, many of which have greater financial resources than Bimini Capital does. Additionally, many of Bimini Capital's competitors are not subject to REIT tax compliance or required to maintain an exemption from the Investment Company Act. As a result, Bimini Capital may not be able to acquire sufficient mortgage-related securities at favorable spreads over its borrowing costs, which would harm its results of operations.

Bimini Capital's investment strategy involves risk of default and delays in payments, which could harm its results of operations.

Bimini Capital may incur losses if there are payment defaults under its mortgage-related securities. Bimini Capital's mortgage-related securities will be government or agency certificates. Agency certificates are mortgage-related securities issued by Fannie Mae, Freddie Mac and Ginnie Mae. Payment of principal and interest underlying securities issued by Ginnie Mae are guaranteed by the U.S. Government. Fannie Mae and Freddie Mac mortgage-related securities are guaranteed as to payment of principal and interest by the respective agency issuing the security. It is possible that guarantees made by Freddie Mac or Fannie Mae would not be honored in the event of default on the underlying securities. Legislation may be proposed to change the relationship between certain agencies, such as Fannie Mae or Freddie Mac, and the federal government. This may have the effect of reducing the actual or perceived credit quality of mortgage-related securities issued by these agencies. As a result, such legislation could increase the risk of loss on investments in Fannie Mae and/or Freddie Mac mortgage-related securities. Bimini Capital currently intends to continue to invest in such securities, even if such agencies' relationships with the federal government changes.

If Bimini Capital fails to maintain relationships with AVM, L.P. and its affiliate III Associates, or if it does not establish relationships with other repurchase agreement trading, clearing and administrative service providers, it may have to reduce or delay its operations and/or increase its expenditures.

Bimini Capital has engaged AVM, L.P. and its affiliate III Associates, to provide it with certain repurchase agreement trading, clearing and administrative services. If Bimini Capital is unable to maintain relationships with AVM and III Associates or is unable to establish successful relationships with other repurchase agreement trading, clearing and administrative service providers, it may have to reduce or delay Bimini Capital's operations and/or increase its expenditures and undertake the repurchase agreement trading, clearing and administrative services on its own.

LEGAL AND TAX RISKS

If Bimini Capital fails to qualify as a REIT, it will be subject to federal income tax as a regular corporation and may face a substantial tax liability.

Bimini Capital intends to operate in a manner that allows it to qualify as a REIT for federal income tax purposes. However, REIT qualification involves the satisfaction of numerous requirements (some on an annual or quarterly basis) established under technical and complex provisions of the Code, as amended, or the Code, for which only a limited number of judicial or administrative interpretations exist. The determination that Bimini Capital qualifies as a REIT requires an analysis of various factual matters and circumstances that may not be totally within its control. Accordingly, it is not certain Bimini Capital will be able to qualify and remain qualified as a REIT for federal income tax purposes. Even a technical or inadvertent violation of the REIT requirements could jeopardize Bimini Capital's REIT qualification. Furthermore, Congress or the Internal Revenue Service, or IRS, might change the tax laws or regulations and the courts might issue new rulings, in each case potentially having a retroactive effect that could make it more difficult or impossible for Bimini Capital to qualify as a REIT. If Bimini Capital fails to qualify as a REIT in any tax year, then:

- it would be taxed as a regular domestic corporation, which, among other things, means that it would be unable to deduct distributions to stockholders in computing taxable income and would be subject to federal income tax on its taxable income at regular corporate rates;

- any resulting tax liability could be substantial and would reduce the amount of cash available for distribution to stockholders, and could force Bimini Capital to liquidate assets at inopportune times, causing lower income or higher losses than would result if these assets were not liquidated; and

- unless Bimini Capital was entitled to relief under applicable statutory provisions, it would be disqualified from treatment as a REIT for the subsequent four taxable years following the year during which it lost its qualification, and its cash available for distribution to its stockholders therefore would be reduced for each of the years in which it does not qualify as a REIT.

Even if Bimini Capital remains qualified as a REIT, it may face other tax liabilities that reduce its cash flow. Bimini Capital may also be subject to certain federal, state and local taxes on its income and property, and its OITRS subsidiary is treated as a "taxable REIT subsidiary," which is a fully taxable corporation for federal income tax purposes. Any of these taxes would decrease cash available for distribution to the Company's stockholders.

Complying with REIT requirements may cause Bimini Capital to forego otherwise attractive opportunities.

To qualify as a REIT for federal income tax purposes, Bimini Capital must continually satisfy tests concerning, among other things, its sources of income, the nature and diversification of its assets, the amounts it distributes to its stockholders and the ownership of its stock. Bimini Capital may also be required to make distributions to its stockholders at unfavorable times or when it does not have funds readily available for distribution. Thus, compliance with REIT requirements may hinder Bimini Capital's ability to operate solely with the goal of maximizing profits.

In addition, the REIT provisions of the Code impose a 100% tax on income from "prohibited transactions." Prohibited transactions generally include sales of assets that constitute inventory or other property held for sale to customers in the ordinary course of business, other than foreclosure property. This 100% tax could impact Bimini Capital's ability to sell mortgage-related securities at otherwise opportune times if it believes such sales could result in Bimini Capital being treated as engaging in prohibited transactions. However, Bimini Capital would not be subject to this tax if it were to sell assets through a taxable REIT subsidiary. Bimini Capital will also be subject to a 100% tax on certain amounts if the economic arrangements between it and its taxable REIT subsidiary are not comparable to similar arrangements among unrelated parties.

Complying with REIT requirements may limit Bimini Capital's ability to hedge effectively, which could in turn leave it more exposed to the effects of adverse changes in interest rates.

The REIT provisions of the Code may substantially limit Bimini Capital's ability to hedge mortgage-related securities and related borrowings by generally requiring it to limit its income in each year from qualified hedges, together with any other income not generated from qualified REIT real estate assets, to less than 25% of its gross income. In addition, Bimini Capital must limit its aggregate gross income from non-qualified hedges, fees, and certain other non-qualifying sources, to less than 5% of its annual gross income. As a result, Bimini Capital may in the future have to limit the use of hedges or implement hedges through a taxable REIT subsidiary. This could result in greater risks associated with changes in interest rates than Bimini Capital would otherwise want to incur. If Bimini Capital fails to satisfy the 25% or 5% limitations, unless its failure was due to reasonable cause and not due to willful neglect and it meets certain other technical requirements, it could lose its REIT qualification. Even if Bimini Capital's failure was due to reasonable cause, it may have to pay a penalty tax equal to the amount of income in excess of certain thresholds, multiplied by a fraction intended to reflect its profitability.

Dividends paid by REITs generally do not qualify for reduced tax rates.

In general, the maximum federal income tax rate for dividends paid to individual U.S. stockholders is 15% (through 2008). Dividends paid by REITs, however, are generally not eligible for the reduced rates. The more favorable rates applicable to regular corporate dividends could cause stockholders who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including the Company's Class A Common Stock.

To maintain Bimini Capital's REIT qualification, Bimini Capital may be forced to borrow funds on unfavorable terms or sell its securities at unfavorable prices to make distributions to stockholders.

As a REIT, Bimini Capital must distribute at least 90% of its annual net taxable income (excluding net capital gains) to stockholders. To the extent that Bimini Capital satisfies this distribution requirement, but distributes less than 100% of its net taxable income, it will be subject to federal corporate income tax. In addition, Bimini Capital will be subject to a 4% nondeductible excise tax if the actual amount that it pays to its stockholders in a calendar year is less than a minimum amount specified under the Code. From time to time, Bimini Capital may generate taxable income greater than its income for financial reporting purposes from, among other things, amortization of capitalized purchase premiums, or its net taxable income may be greater than its cash flow available for distribution to its stockholders. If Bimini Capital does not have other funds available in these situations, it could be required to borrow funds, sell a portion of its mortgage-related securities at unfavorable prices or find other sources of funds in order to meet the REIT distribution requirements and to avoid corporate income tax and the 4% excise tax. These other sources could increase Bimini Capital's costs or reduce equity and reduce amounts available to invest in mortgage-related securities.

Reliance on legal opinions or statements by issuers of mortgage-related securities could result in a failure to comply with REIT gross income or asset tests.

When purchasing mortgage-related securities, Bimini Capital may rely on opinions of counsel for the issuer or sponsor of such securities, or statements made in related offering documents, for purposes of determining whether and to what extent those securities constitute REIT real estate assets for purposes of the REIT asset tests and produce income which qualifies under the REIT gross income tests. The inaccuracy of any such opinions or statements may adversely affect Bimini Capital's REIT qualification and result in significant corporate-level tax.

Possible legislative or other actions affecting REITs could adversely affect the Company and its stockholders.

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. The Company's business may be harmed by changes to the laws and regulations affecting it, including changes to securities laws and changes to the Code provisions applicable to the taxation of REITs. New legislation may be enacted into law, or new interpretations, rulings or regulations could be adopted, any of which could adversely affect the Company and the Company's stockholders, potentially with retroactive effect.

Bimini Capital may recognize excess inclusion income that would increase the tax liability of our stockholders.

If Bimini Capital recognizes excess inclusion income and allocates it to stockholders, this income cannot be offset by net operating losses of the stockholders. If the stockholder is a tax-exempt entity, then this income would be fully taxable as unrelated business taxable income under Section 512 of the Code. If the stockholder is a foreign person, such income would be subject to federal income tax withholding without reduction or exemption pursuant to any otherwise applicable income tax treaty. In addition, to the extent the Company's stock is owned by tax-exempt "disqualified organizations," such as government-related entities that are not subject to tax on unrelated business taxable income, although Treasury regulations have not yet been drafted to clarify the law, it may incur a corporate level tax at the highest applicable corporate tax rate on the portion of Bimini Capital's excess inclusion income that is allocable to such disqualified organizations.

Excess inclusion income could result if Bimini Capital holds a residual interest in a real estate mortgage investment conduit, or REMIC. Excess inclusion income also could be generated if Bimini Capital were to issue debt obligations with two or more maturities and the terms of the payments on these obligations bore a relationship to the payments received on the Company's mortgage-related securities securing those debt obligations (i.e., if Bimini Capital was to own an interest in a taxable mortgage pool). However, Treasury regulations have not been issued regarding the allocation of excess inclusion income to stockholders of a REIT that owns an interest in a taxable mortgage pool. Bimini Capital does not expect to acquire significant amounts of residual interests in REMICs, other than interests owned by OITRS, which is treated as a separate taxable entity for these purposes. Bimini Capital intends to structure borrowing arrangements in a manner designed to avoid generating significant amounts of excess inclusion income. Bimini Capital does, however, expect to enter into various repurchase agreements that have differing maturity dates and afford the lender the right to sell any pledged mortgaged securities if Bimini Capital should default on its obligations.

A portion of the Company's distributions may be deemed a return of capital for U.S. federal income tax purposes.

The amount of the Company's distributions to the holders of Class A Common Stock in a given quarter may not correspond to the taxable income for such quarter. To the extent the Company's distributions exceed the Company's net taxable income, the distribution will be treated as a return of capital for

federal income tax purposes. A return of capital distribution will not be taxable to the extent of a stockholder's tax basis in its shares but will reduce a stockholder's basis in its shares of Class A Common Stock.

The Company’s reported GAAP financial results differ from the taxable income results that drive its dividend distributions, and its consolidated balance sheet, income statement, and statement of cash flows as reported for GAAP purposes may be difficult to interpret.

The Company’s dividend distributions are driven by its dividend distribution requirements under the REIT tax laws and its profits as calculated for tax purposes pursuant to the Code. The Company’s reported results for GAAP purposes differ materially, however, from both its cash flows and its taxable income. OITRS previously transferred mortgage loans or mortgage securities held as available-for-sale into securitization trusts to obtain long-term non-recourse funding for these assets. When OITRS surrendered control over the transferred mortgage loans or mortgage securities held as available-for-sale, the transaction was accounted for as a sale. If OITRS retained control over the transferred mortgage loans or mortgage securities available-for-sale, the transaction would have been accounted for as a secured borrowing. These securitization transactions do not differ materially in their structure or cash flow generation characteristics, yet under GAAP accounting such transactions are recorded differently. In securitization transactions that OITRS accounted for as sales, OITRS typically recorded a gain or loss on the assets transferred in its income statement and recorded the retained interests at fair value on its balance sheet. In securitization transactions accounted for as secured borrowings, all the assets and liabilities of the securitization trust would be consolidated on the financial statements of the sponsor. As a result of this and other accounting issues, stockholders and analysts must undertake a complex analysis to understand the Company’s economic cash flows, actual financial leverage, and dividend distribution requirements. This complexity may hinder the trading of the Company’s stock or may lead observers to misinterpret its results.

Recent legislation related to corporate governance may increase the Company’s costs of compliance and its liability.

Recently enacted and proposed laws, regulations and standards relating to corporate governance and disclosure requirements applicable to public companies, including the Sarbanes-Oxley Act of 2002, have increased the costs of corporate governance, reporting and disclosure practices. These costs may increase in the future due to the Company’s continuing implementation of compliance programs mandated by these requirements. In addition, these new laws, rules and regulations create new legal bases for administrative enforcement, civil and criminal proceedings against the Company in case of non-compliance, thereby increasing the Company’s risks of liability and potential sanctions.

Failure to maintain an exemption from the Investment Company Act would harm the Company’s results of operations.

The Company intends to conduct its business so as not to become regulated as an investment company under the Investment Company Act. If the Company fails to qualify for this exemption, its ability to use leverage would be substantially reduced and it would be unable to conduct its business. The Investment Company Act exempts entities that are primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on, and interests in, real estate. Under the current interpretation of the SEC staff, in order to qualify for this exemption, the Company must maintain at least 55% of its assets directly in these qualifying real estate interests, with at least 25% of remaining assets invested in real estate-related securities. Mortgage-related securities that do not represent all of the certificates issued with respect to an underlying pool of mortgages may be treated as separate from the underlying mortgage loans and, thus, may not qualify for purposes of the 55% requirement. Therefore, the Company’s ownership of these mortgage-related securities is limited by the provisions of the Investment Company Act.

In satisfying the 55% requirement under the Investment Company Act, the Company treats as qualifying interests mortgage-related securities issued with respect to an underlying pool as to which it holds all issued certificates. If the SEC or its staff adopts a contrary interpretation of such treatment, the Company could be required to sell a substantial amount of its mortgage-related securities under potentially adverse market conditions. Further, in order to ensure that the Company at all times qualify for the exemption under the Investment Company Act, it may be precluded from acquiring mortgage-related securities whose yield is higher than the yield on mortgage-related securities that could be purchased in a manner consistent with the exemption. These factors may lower or eliminate the Company’s net income.

OTHER RISKS

Hedging transactions may adversely affect the Company’s earnings, which could adversely affect cash available for distribution to its stockholders.

The Company may enter into interest rate cap or swap agreements or pursue other hedging strategies, including the purchase of puts, calls or other options and futures contracts. The Company’s hedging activity will vary in scope based on the level and volatility of interest rates and principal prepayments, the type of MBS it holds, and other changing market conditions. Hedging may fail to protect or could adversely affect the Company because, among other things:

- hedging can be expensive, particularly during periods of rising and volatile interest rates;
- available interest rate hedging may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability;
- certain types of hedges may expose the Company to risk of loss beyond the fee paid to initiate the hedge;
- the amount of income that a REIT may earn from hedging transactions is limited by federal income tax provisions governing REITs;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs the Company’s ability to sell or assign its side of the hedging transaction; and
- the party owing money in the hedging transaction may default on its obligation to pay.

The Company’s hedging activity may adversely affect the Company’s earnings, which could adversely affect cash available for distribution to stockholders.

Terrorist attacks and other acts of violence or war may affect any market for the Company's Class A Common Stock, the industry in which the Company conducts its operations, and its profitability.

Terrorist attacks may harm the Company's results of operations and the investments of stockholders. The Company cannot assure you that there will not be further terrorist attacks against the United States or U.S. businesses. These attacks or armed conflicts may directly impact the property underlying the Company's mortgage-related securities or the securities markets in general. Losses resulting from these types of events are uninsurable. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economies. They also could result in economic uncertainty in the United States or abroad. Adverse economic conditions could harm the value of the property underlying the Company's mortgage-related securities or the securities markets in general, which could harm its operating results and revenues and may result in the volatility of the market value of its Class A Common Stock.

Current loan performance data may not be indicative of future results.

When making capital budgeting and other decisions, the Company uses projections, estimates and assumptions based on the Company's experience with mortgage loans. Actual results and the timing of certain events could differ materially in adverse ways from those projected, due to factors including changes in general economic conditions, fluctuations in interest rates, fluctuations in mortgage loan prepayment rates and fluctuations in losses due to defaults on mortgage loans. These differences and fluctuations could rise to levels that may adversely affect the Company's profitability.

Changes in interest rates may reduce the Company's liquidity, financial condition and results of operations resulting in a decline in the value of the Company's Class A Common Stock.

The Company's results of operations will be derived in part from the spread between the yield on Bimini Capital's MBS assets and the cost of Bimini Capital's borrowings. There is no assurance that there will be a positive spread in either high interest rate environments or low interest rate environments, or that the spread will not be negative as has recently been in the case. Changes in interest rates may reduce the Company's liquidity, financial condition and results of operations and may cause the Company's funding costs, both at Bimini Capital and OITRS, to exceed income. In addition, during periods of high interest rates, the Company's dividend yield on its Class A Common Stock may be less attractive compared to alternative investments of equal or lower risk. Each of these factors could negatively affect the market value of the Company's Class A Common Stock.

The Company's financial position has deteriorated during 2007. Continued deterioration may negatively affect the Company's liquidity, results of operations and the value of the Company's Class A Common Stock.

The Company's financial position deteriorated during 2007 due in part to competitive conditions in the mortgage origination market. Although the Company has taken actions and is evaluating other actions intended to improve the Company's financial position and liquidity, there can be no assurance that the Company's efforts will be successful. Continued deterioration may negatively affect liquidity, results of operations and the value of the Company's Class A Common Stock.

Bimini Capital has guaranteed certain obligations of OITRS. If OITRS fails to meet its financial obligations, Bimini Capital may be forced to liquidate certain of Bimini Capital's MBS assets to satisfy these guarantees which could negatively affect the Bimini Capital's liquidity, results of operations and the value of the Company's Class A Common Stock and may result in margin calls from Bimini Capital's lenders.

Bimini Capital has guaranteed certain obligations of OITRS, including obligations under OITRS's funding facilities. Although certain of OITRS's funding facilities are secured by collateral, if OITRS is unable to fulfill its obligations under such facilities and the value of the collateral is insufficient to repay OITRS's obligations, Bimini Capital may be required to pay such deficiency under its guarantees of OITRS's obligations. To pay such deficiency, Bimini Capital may be required to sell MBS portfolio assets to generate the cash necessary to pay OITRS's creditors and such sales may negatively affect the Company's liquidity, results of operations and the value of the Company's Class A Common Stock. These sales may also result in margin calls from Bimini Capital's lenders and transaction counterparties.

Bimini Capital is currently a defendant in securities class action lawsuits and may incur expenses that are not covered by insurance in the defense of these lawsuits. Any expenses incurred that are not reimbursed by insurance could negatively and materially impact the Company's financial position, liquidity and results of operations.

As described in Part II - Item 1. Legal Proceedings above, Bimini Capital has been named as a defendant in two lawsuits alleging various violations of the federal securities laws and seeking class action certification. These cases involve complex legal proceedings, the outcome of which are difficult to predict. An unfavorable outcome or settlement of these lawsuits that is not covered by insurance could have a material adverse effect on the Company's financial position, liquidity or results of operations.

There may be a limited market for Bimini Capital's Class A common stock in the future.

On October 29, 2007, NYSE Regulation, Inc. notified the Company that the Company's average global market capitalization over a consecutive thirty trading day period has fallen below the NYSE's minimum quantitative continued listing criteria for REITs of $25 million. As a result, trading in the Company's Class A common stock on the NYSE was suspended prior to the market opening on November 5, 2007. The Company has applied to list its Class A common stock on another national securities market, however, no assurance can be given that the Company's Class A common stock will be approved for listing on such national securities market. Until such time that the Company's Class A common stock is approved for listing on another national securities market, the ability to buy and sell the Company's Class A common stock may be limited and this could result in a decline in the market price of the Company's Class A common stock. Additionally, until such time that the Company's Class A common stock is approved for listing on another national securities market, the Company's ability to raise capital through the sale of additional securities may be limited.

RISKS RELATED TO DISCONTINUED OPERATIONS OF OITRS

OITRS's failure to comply with federal, state or local regulation of, or licensing requirements with respect to, mortgage lending, loan servicing, broker compensation programs, local branch operations or other aspects of OITRS's business could harm OITRS's operations and profitability.

As a former mortgage lender and broker and as a loan servicer, OITRS is subject to an extensive body of both state and federal law. The volume of new or modified laws and regulations has increased in recent years and, in addition, some individual municipalities have begun to enact laws that restrict loan

origination and servicing activities. As a result, it may be more difficult to comprehensively identify and accurately interpret all of these laws and regulations, thereby potentially increasing OITRS's exposure to the risks of noncompliance with these laws and regulations. OITRS's failure to comply with these laws can lead to:

- civil and criminal liability;
- loss of licensure;
- damage to OITRS's reputation in the industry;
- inability to sell or securitize OITRS's loans;
- demands for indemnification or loan repurchases from purchasers of OITRS's loans;
- fines and penalties and litigation, including class action lawsuits; or
- administrative enforcement actions.

Any of these results could harm OITRS's retained residual interests in securitizations and thus OITRS's results of operations, financial condition and business prospects.

OITRS is subject to the risk that provisions of its loan agreements may be unenforceable.

OITRS's rights and obligations with respect to its loans are governed by written loan agreements and related documentation. It is possible that a court could determine that one or more provisions of a loan agreement are unenforceable, such as a loan prepayment provision or the provisions governing OITRS's security interest in the underlying collateral. If this were to happen with respect to a material asset or group of assets, OITRS could be required to repurchase these loans and may not be able to sell or liquidate the loans.

An increase in interest rates could reduce the value of OITRS's remaining loan inventory and may lead to losses.

The value of OITRS's loan inventory is based, in part, on market interest rates. Accordingly, OITRS may experience losses on loan sales if interest rates change rapidly or unexpectedly. If interest rates rise before OITRS sells its loans, the value of the loans will decrease. If the amount OITRS receives from selling the loans is less than its cost of originating the loans, OITRS may incur net losses, and its business and operating results could be harmed.

A disruption in market conditions could reduce the prices at which OITRS is able to sell its remaining loan inventory and therefore negatively impact its results of operations.

The profitability of OITRS is based, in part, on its ability to sell its remaining inventory of mortgage loans at a profit either through the securitization market or whole loan market. Disruptions in the whole loan or securitization market brought about by deteriorating credit performance of recent mortgage originations and liquidity concerns with respect to originators or other market participants, among other factors, may affect prices buyers are willing to pay to acquire mortgage loans. To the extent such prices do not exceed OITRS's cost to originate or acquire such loans, OITRS may incur losses upon sales of such loans.

OITRS may have to repurchase loans it has sold to the whole loan market due to early payment defaults.

When OITRS sells loans to the whole loan market it may be required to repurchase loans upon which the underlying borrowers default in the payment of principal or interest. When such borrowers fail to make their initial payments (referred to as Early Payment Defaults or EPDs) the contractual arrangements under which the sale was executed may require OITRS to repurchase the loan from the buyer. In these cases, OITRS may be obligated to repurchase such loans at prices greater than their then fair market value, which could have a material and adverse affect on OITRS's results of operations. When OITRS purchases loans from a third-party seller that it then sells into the whole loan market, OITRS obtains representations and warranties from the third-party seller that sold the loans to it that generally parallel the representations and warranties it provided to its purchasers of such loans. As a result, the Company believes that OITRS has the potential for recourse against the third-party seller of the loans. However, if OITRS does not have recourse against the third-party seller, or if the original third-party seller is not in a financial position to be able to repurchase the loan, OITRS may not be able to recoup the cash resources used to repurchase such loans and therefore may be required to sell such loans at prices less than their repurchase price, thus incurring a loss upon resale. Further, if OITRS is unable to obtain recourse from such third-party sellers, such inability could materially negatively affect OITRS's liquidity, financial position and results of operations, which in turn could negatively affect the Company's liquidity, financial position and results of operations.

Retaining subordinated interests in securitizations exposes OITRS to increased credit risk.

OITRS has maintained and may continue to maintain an interest in loans that it originates and securitizes by retaining subordinated interests in MBS that evidence interests in such loans. Subordinated interests are classes of MBS that may incur losses experienced on the related loans prior to the more senior MBS issued in the related transaction. If the actual rate and severity of losses on the related loans are higher than those assumed by OITRS, the actual return on OITRS's investment in those subordinated interests may be lower than anticipated.

OITRS may be subject to losses due to misrepresented or falsified information or if OITRS obtains less than full documentation with respect to its mortgage loans.

When OITRS originates mortgage loans, it relies upon information supplied by borrowers and other third parties, including information contained in the applicant's loan application, property appraisal reports, title information and employment and income documentation. If any of this information is misrepresented or falsified and if OITRS does not discover it before funding a loan, the actual value of the loan may be significantly lower than anticipated. As a practical matter, OITRS generally would bear the risk of loss associated with a misrepresentation, whether made by the loan applicant, the mortgage broker, another third party or one of OITRS's employees. A loan subject to a material misrepresentation typically cannot be sold or is subject to repurchase or substitution if it is sold or securitized prior to detection of the misrepresentation. Although OITRS may have rights against persons and entities who made or

knew about the misrepresentation, those persons and entities may be difficult to locate, and it is often difficult to collect from them any monetary losses that OITRS may have suffered.

In the case of certain loan products, OITRS does not receive full documentation of the borrower's income and/or assets. Instead, OITRS bases its credit decision on the borrower's credit score and credit history, the value of the property securing the loan and the effect of the loan on the borrower's debt service requirements. The Company believes that there is a higher risk of default on loans where there is less than full documentation of the borrower's income and/or assets.

Some of the loans that OITRS originated were subprime, rather than prime, and generally have delinquency and default rates higher than prime loans, which could result in higher loan losses.

OITRS previously originated subprime loans. Subprime mortgage loans generally have higher delinquency and default rates than prime mortgage loans. Delinquency interrupts the flow of projected interest income from a mortgage loan, and default can ultimately lead to a loss if the net realizable value of the real property securing the mortgage loan is insufficient to cover the principal and interest due on the loan. In whole loan sales, OITRS’s risk of delinquency typically only extends to the first payment. OITRS also assumes the risks of delinquency and default for loans that it is obligated to repurchase. OITRS previously attempted to manage these risks with risk-based loan pricing and appropriate underwriting policies. However, the Company cannot assure that such management policies will prevent delinquencies or defaults and, if such policies and methods are insufficient to control OITRS’s delinquency and default risks and do not result in appropriate loan pricing, its business, financial condition, liquidity and results of operations could be harmed.

Geographic concentration of mortgage loans that OITRS previously originated or purchased increases OITRS’s exposure to risks in those areas.

Concentration of mortgage loans that OITRS previously originated or purchased in any one geographic area increases OITRS’s exposure to the economic and natural hazard risks associated with that area. Declines in the residential real estate markets in which OITRS’s loans were concentrated may reduce the values of the properties collateralizing mortgages which in turn may increase the risk of delinquency, foreclosure, bankruptcy, or losses from those loans. To the extent that a large number of loans are impaired, OITRS’s financial condition and results of operations may be adversely affected, which in turn may adversely affect the Company’s financial condition and results of operations.

To the extent that OITRS has a large number of loans in an area affected by a natural disaster, OITRS may suffer losses.

Standard homeowner insurance policies generally do not provide coverage for natural disasters, such as hurricane Katrina and the ensuing flooding. Furthermore, nonconforming borrowers are not likely to have special hazard insurance. To the extent that borrowers do not have insurance coverage for natural disasters, they may not be able to repair the property or may stop paying their mortgages if the property is damaged. A natural disaster that results in a significant number of delinquencies could cause increased foreclosures and decrease OITRS’s ability to recover losses on properties affected by such disasters and could harm OITRS’s retained residual interests in securitizations and thus OITRS’s financial condition and results of operations, which could in turn harm the Company’s financial condition and results of operations.

Differences in OITRS’s actual experience compared to the assumptions that OITRS uses to determine the value of its mortgage securities held as available-for-sale could adversely affect OITRS’s financial position.

Currently, OITRS’s securitization of mortgage loans are structured to be treated as sales for financial reporting purposes and, therefore, result in gain recognition at closing. Delinquency, loss, prepayment and discount rate assumptions have a material impact on the amount of gain recognized and on the carrying value of the retained mortgage securities held as available-for-sale (where applicable). The gain on sale method of accounting may create volatile earnings in certain environments. If OITRS’s actual experience differs materially from the assumptions that it uses to determine the value of its mortgage securities held as available-for-sale, future cash flows, and results of operations could be negatively affected.

OITRS’s results of operations and liquidity would suffer if it was unable to sell the mortgage loans that it previously originated.

OITRS attempts to sell all of the mortgage loans that it previously originated and that are not securitized in the secondary market. OITRS’s ability to sell mortgage loans depends on the availability of an active secondary market for residential mortgage loans. Additionally, OITRS attempts to sell substantially all of the mortgages to institutional buyers. If these financial institutions cease to buy its loans and equivalent purchasers cannot be found on a timely basis, then OITRS’s results of operations and liquidity could be harmed. OITRS’s results of operations and liquidity could also be harmed if these financial institutions or other purchasers lower the price they pay to OITRS or adversely change the material terms of their loan purchases from OITRS. The prices at which OITRS sells its loans vary over time. A number of factors determine the price OITRS receives for its loans. These factors include:

- the number of institutions that are willing to buy OITRS’s loans;
- the amount of comparable loans available-for-sale;
- the levels of prepayments of, or defaults on, loans;
- the types and volume of loans OITRS sells;
- the level and volatility of interest rates; and
- the quality of OITRS’s loans.

Changes in laws in the states where OITRS operates could also adversely affect its ability to sell its remaining inventory of mortgage loans.

OITRS may have to repurchase loans it has sold to the whole loan market and loans it has sold via securitizations.

OITRS may be required to repurchase loans that are the subject of fraud, irregularities in its loan files or process, or that result in OITRS breaching the representations and warranties in the contract of sale. In addition, when OITRS sells loans to the whole loan market it may be required to repurchase loans upon which the underlying borrowers default in the payment of principal or interest. In these cases, OITRS may be obligated to repurchase loans at prices greater than their then fair market value, which could have a material and adverse affect on OITRS’s liquidity, financial position and results of operations.

When OITRS purchases loans from a third-party seller that it then sells into the whole loan market or to a securitization trust, OITRS obtains representations and warranties from the third-party seller that sold the loans to it that generally parallel the representations and warranties it provided to its purchasers of such loans. As a result, the Company believes that OITRS has the potential for recourse against the third-party seller of the loans. However, if OITRS does not have recourse against the third-party seller, or if the original third-party seller is not in a financial position to be able to repurchase the loan, OITRS may have to use cash resources to repurchase such loans at prices greater than their then fair market value, which could materially and adversely affect OITRS's liquidity, financial position and results of operations.

Failure to timely renew or obtain adequate financing under OITRS's funding facilities may harm OITRS's liquidity, financial condition and results of operations.

OITRS is substantially dependent upon funding facilities entered into in the ordinary course of OITRS's business. One of these funding facilities is scheduled to expire on December 19, 2007. Any failure to timely renew or obtain adequate financing under a new funding facility for any reason, could harm OITRS's liquidity, financial condition and results of operations, which in turn could harm the Company's liquidity, financial condition and results of operations and the Company's ability to make distributions to its stockholders. Further, any increase in the cost of OITRS's financing in excess of any increase in the income derived from OITRS's assets could harm OITRS's results of operations, which in turn could harm the Company's results of operations and the Company's ability to make distributions to its stockholders.

The terms of OITRS's financing facilities contain restrictive financial and other covenants. The failure to satisfy any of these covenants may restrict OITRS's ability to pay dividends to the Company and could result in the termination of OITRS's funding facilities.

The terms of OITRS's funding facilities contain restrictive financial and other covenants that, among other things, will require the Company to maintain a minimum level of tangible net worth. If the Company is not in compliance with these financial and other covenants in the funding facilities, OITRS's ability to pay dividends to Bimini Capital may be restricted, which could reduce the earnings available for distribution to the Company's stockholders. In addition, the failure to satisfy any of these covenants is generally deemed a default that gives OITRS's lenders the right to terminate OITRS's funding facilities absent the ability of OITRS to cure such default or the waiver of such default by OITRS's lenders. If OITRS is unable to cure a default or obtain a waiver of a default from its lenders, OITRS's existing funding facilities could be terminated and OITRS would then need to obtain alternative financing.

Possible market developments could cause OITRS's lenders to require OITRS to pledge additional assets as collateral; if OITRS's assets are insufficient to meet such collateral requirements, then OITRS may be compelled to liquidate particular assets at an inopportune time, which may cause OITRS to incur losses.

Possible market developments, including a sharp rise in interest rates, a change in prepayment rates or increasing market concern about the value or liquidity of the types of mortgage assets in OITRS's portfolio, may reduce the market value of OITRS's portfolio, which may cause OITRS's lenders to require additional collateral or otherwise limit its ability to borrow. This requirement for additional collateral may compel OITRS to liquidate its assets at a disadvantageous time. If the sales are made at prices lower than the amortized cost of such investments, OITRS would incur losses.

ITEM 6. EXHIBITS.

Exhibit No.	
2.1	Agreement and Plan of Merger, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated September 29, 2005, filed with the SEC on September 30, 2005
3.1	Articles of Amendment and Restatement, incorporated by reference to Exhibit 3.1 to the Company's Form S-11/A, filed with the SEC on April 29, 2004
3.2	Articles Supplementary, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, dated November 3, 2005, filed with the SEC on November 8, 2005
3.3	Articles of Amendment, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, dated February 10, 2006, filed with the SEC on February 15, 2006
3.4	Articles of Amendment, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, dated September 24, 2007, filed with the SEC on September 24, 2007
3.5	Amended and Restated Bylaws, incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, dated September 24, 2007, filed with the SEC on September 24, 2007
†10.1	Employment Agreement between Bimini Mortgage Management, Inc. and Jeffrey J. Zimmer, incorporated by reference to Exhibit 10.3 to the Company's Form S-11/A, dated April 12, 2004, filed with the SEC on April 29, 2004
†10.2	Employment Agreement between Bimini Mortgage Management, Inc. and Robert E. Cauley, incorporated by reference to Exhibit 10.4 to the Company's Form S-11/A, dated April 12, 2004, filed with the SEC on April 29, 2004
*†10.3	Bimini Capital Management, Inc. 2003 Long Term Incentive Compensation Plan, as amended September 28, 2007
*†10.4	Bimini Capital Management, Inc. 2004 Performance Bonus Plan, as amended September 28, 2007
*†10.5	Form of Phantom Share Award Agreement
*†10.6	Form of Restricted Stock Award Agreement
†10.7	Separation Agreement and General Release, dated as of June 29, 2007, by and among Opteum Inc., Opteum Financial Services, LLC and Peter R. Norden, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, dated June 30, 2007, filed with the SEC on July 5, 2007
10.8	Voting Agreement, among certain stockholders of Bimini Mortgage Management, Inc., Jeffrey J. Zimmer, Robert E. Cauley, Amber K. Luedke, George H. Haas, IV, Kevin L. Bespolka, Maureen A. Hendricks, W. Christopher Mortenson, Buford H. Ortale, Peter Norden, certain of Mr. Norden's affiliates, Jason Kaplan, certain of Mr. Kaplan's affiliates and other former owners of Opteum Financial Services, LLC, incorporated by reference to Exhibit 99(D) to the Schedule 13D, dated November 3, 2005, filed with the SEC on November 14, 2005
10.9	Membership Interest Purchase, Option and Investor Rights Agreement among Opteum Inc., Opteum Financial Services, LLC and Citigroup Global Markets Realty Corp. dated as of December 21, 2006, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated December 21, 2006, filed with the SEC on December 21, 2006
10.10	Seventh Amended and Restated Limited Liability Company Agreement of Orchid Island TRS, LLC, dated as of July 20, 2007, made and entered into by Opteum Inc. and Citigroup Global Markets Realty Corp., incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007, filed with the SEC on August 14, 2007
10.11	Asset Purchase Agreement, dated May 7, 2007, by and among Opteum Financial Services, LLC, Opteum Inc. and Prospect Mortgage Company, LLC, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated May 7, 2007, filed with the SEC on May 7, 2007
10.12	First Amendment to Purchase Agreement, dated June 30, 2007, by and among Metrocities Mortgage, LLC – Opteum Division, Opteum Financial Services, LLC and Opteum Inc., incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated June 30, 2007, filed with the SEC on July 5, 2007
*31.1	Certification of the Principal Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of the Principal Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.
† Management compensatory plan or arrangement required to be filed by Item 601 of Regulation S-K.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BIMINI CAPITAL MANAGEMENT, INC.

Date: November 8, 2007 By: /s/ Robert E. Cauley

Robert E. Cauley
Vice Chairman, Senior Executive Vice President,
Chief Financial Officer, Chief Investment Officer and
Treasurer

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* Filed herewith.

† Management compensatory plan or arrangement required to be filed by Item 601 of Regulation S-K.

BIMINI CAPITAL MANAGEMENT, INC.

2003 LONG TERM INCENTIVE COMPENSATION PLAN

Bimini Capital Management, Inc., a Maryland corporation, wishes to attract key employees, directors and consultants to the Company and its Subsidiaries and induce key employees, directors and consultants to remain with the Company and its Subsidiaries, and encourage them to increase their efforts to make the Company's business more successful whether directly or through its Subsidiaries. In furtherance thereof, the Bimini Capital Management, Inc. 2003 Long Term Incentive Compensation Plan is designed to provide equity-based incentives to key employees, directors and consultants of the Company and its Subsidiaries. Awards under the Plan may be made to selected key employees, directors and consultants of the Company and its Subsidiaries in the form of Options, Restricted Stock, Phantom Shares, Dividend Equivalent Rights or other forms of equity-based compensation.

1. DEFINITIONS.

Whenever used herein, the following terms shall have the meanings set forth below:

"Award," except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock, Phantom Shares and Dividend Equivalent Rights.

"Award Agreement" means a written agreement in a form approved by the Committee to be entered into by the Company and the Participant as provided in Section 3.

"Board" means the Board of Directors of the Company.

"Cause" means, unless otherwise provided in the Participant's Award Agreement, (i) engaging in (A) willful or gross misconduct or (B) willful or gross neglect; (ii) repeatedly failing to adhere to the directions of superiors or the Board or the written policies and practices of the Company or its Subsidiaries or its affiliates; (iii) the commission of a felony or a crime of moral turpitude, dishonesty, breach of trust or unethical business conduct, or any crime involving the Company or its Subsidiaries, or any affiliate thereof; (iv) fraud, misappropriation or embezzlement; (v) a material breach of the Participant's employment agreement (if any) with the Company or its Subsidiaries or its affiliates; (vi) acts or omissions constituting a material failure to perform substantially and adequately the duties assigned to the Participant,; (vi) any illegal act detrimental to the Company or its Subsidiaries or its affiliates; or (vii) repeated failure to adhere to the directions of the Board, to adhere to the Company's policies and practices or to devote substantially all of Participant's business time and efforts to the Company if required by Participant's employment agreement; provided, however, that, if at any particular time the Participant is subject to an effective employment agreement with the Company, then, in lieu of the foregoing definition, "Cause" shall at that time have such meaning as may be specified in such employment agreement.

"Change in Control" shall mean the happening of any of the following:

(i) any "person," including a "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding the Company, any entity controlling, controlled by or under common control with the Company, any employee benefit plan of the Company or any such entity, and with respect to any particular Participant, the Participant and any "group" (as such term is used in Section 13(d)(3) of the Exchange Act) of which the Participant is a member, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of either (A) the combined voting power of the Company's then outstanding securities or (B) the then outstanding Shares (in either such case other than as a result of an acquisition of securities directly from the Company); provided, however, that, in no event shall a Change in Control be deemed to have occurred upon an initial public offering of the Common Stock under the Securities Act; or

(ii) any consolidation or merger of the Company where the shareholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate 50% or more of the combined voting power of the securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any); or

(iii) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by "persons" (as defined above in Section (i)) in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

(iv) the members of the Board at the beginning of any consecutive 24-calendar-month period (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Director.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Compensation Committee of the Board.

"Common Stock" means the Company's Class A Common Stock, par value $.001 per share, either currently existing or authorized hereafter.

"Company" means the Bimini Capital Management, Inc., a corporation.

"Director" means a non-employee director of the Company or it Subsidiaries.

"Disability" means, unless otherwise provided by the Committee in the Participant's Award Agreement, a disability which renders the Participant incapable of performing all of his or her material duties for a period of at least 180 consecutive or non-consecutive days during any consecutive twelve-month period.

"Dividend Equivalent Right" means a right awarded under Section 8 of the Plan to receive (or have credited) the equivalent value (in cash or Shares of Common Stock) of dividends declared on shares of Class A Common Stock otherwise subject to an award.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" per Share as of a particular date means (i) if Shares are then listed on a national stock exchange, the closing sales price per Share on the exchange for the last preceding date on which there was a sale of Shares on such exchange, as determined by the Committee, (ii) if Shares are not then listed on a national stock exchange but are then traded on an over-the-counter market, the average of the closing bid and asked prices for the Shares in such over-the-counter market for the last preceding date on which there was a sale of such Shares in such market, as determined by the Committee, or (iii) if Shares are not then listed on a national stock exchange or traded on an over-the-counter market, such value as the Committee in its discretion may in good faith determine; provided that, where the Shares are so listed or traded, the Committee may make such discretionary determinations where the Shares have not been traded for 10 trading days.

"Grantee" means an employee, director or consultant granted Restricted Stock, Phantom Shares or Dividend Equivalent Rights hereunder.

"Incentive Stock Option" means an "incentive stock option" within the meaning of Section 422(b) of the Code.

"Non-Qualified Stock Option" means an Option which is not an Incentive Stock Option.

"Option" means the right to purchase, at a price and for the term fixed by the Committee in accordance with the Plan, and subject to such other limitations and restrictions in the Plan and the applicable Award Agreement, a number of Shares determined by the Committee.

"Optionee" means an employee or director of, or consultant to, the Company to whom an Option is granted, or the Successors of the Optionee, as the context so requires.

"Option Price" means the exercise price per Share.

"Participant" means a Grantee or Optionee.

"Phantom Share" means a right, pursuant to the Plan, of the Grantee to payment of the Phantom Share Value.

"Phantom Share Value," per Phantom Share, means the Fair Market Value of a Share of Class A Common Stock, or, if so provided by the Committee, such Fair Market Value to the extent in excess of a base value established by the Committee at the time of grant.

"Plan" means the Company's 2003 Long Term Incentive Compensation Plan, as set forth herein and as the same may from time to time be amended.

"Restricted Stock" means an award of Shares that are subject to restrictions hereunder.

"Retirement" means, unless otherwise provided by the Committee in the Participant's Award Agreement, the Termination of Service (other than for Cause) of a Participant on or after the Participant's attainment of age 65 or on or after the Participant's attainment of age 55 with five consecutive years of service with the Company and or its Subsidiaries or its affiliates.

"Securities Act" means the Securities Act of 1933, as amended.

"Settlement Date" means the date determined under Section 7.4(c).

"Shares" means shares of Class A Common Stock of the Company.

"Subsidiary" means any corporation (other than the Company) that is a "subsidiary corporation" with respect to the Company under Section 424(f) of the Code. In the event the Company becomes a subsidiary of another company, the provisions hereof applicable to subsidiaries shall, unless otherwise determined by the Committee, also be applicable to any company that is a "parent corporation" with respect to the Company under Section 424(e) of the Code.

"Successor of the Optionee" means the legal representative of the estate of a deceased Optionee or the person or persons who shall acquire the right to exercise an Option by bequest or inheritance or by reason of the death of the Optionee.

"Termination of Service" means a Participant's termination of employment or other service, as applicable, with the Company and its Subsidiaries. Cessation of service as an officer, employee, director or consultant shall not be treated as a Termination of Service if the Participant continues without interruption to serve thereafter in another one (or more) of such other capacities.

2. EFFECTIVE DATE AND TERMINATION OF PLAN.

The effective date of the Plan is December 1, 2003. The Plan shall not become effective unless and until it is approved by the shareholders of the Company. The Plan shall terminate on, and no Award shall be granted hereunder on or after, the 10-year anniversary of the earlier of the approval of

the Plan by (i) the Board or (ii) the shareholders of the Company; provided, however, that the Board may at any time prior to that date terminate the Plan.

3. ADMINISTRATION OF PLAN.

(a) The Plan shall be administered by the Committee appointed by the Board. The Committee, upon and after such time as it is covered in Section 16 of the Exchange Act, shall consist of at least two individuals each of whom shall be a "nonemployee director" as defined in Rule 16b-3 as promulgated by the Securities and Exchange Commission ("Rule 16b-3") under the Exchange Act and shall, at such times as the Company is subject to Section 162(m) of the Code (to the extent relief from the limitation of Section 162(m) of the Code is sought with respect to Awards), qualify as "outside directors" for purposes of Section 162(m) of the Code. The acts of a majority of the members present at any meeting of the Committee at which a quorum is present, or acts approved in writing by a majority of the entire Committee, shall be the acts of the Committee for purposes of the Plan. If and to the extent applicable, no member of the Committee may act as to matters under the Plan specifically relating to such member. If no Committee is designated by the Board to act for these purposes, the Board shall have the rights and responsibilities of the Committee hereunder and under the Award Agreements.

(b) Subject to the provisions of the Plan, the Committee shall in its discretion as reflected by the terms of the Award Agreements (i) authorize the granting of Awards to key employees, directors and consultants of the Company and its Subsidiaries; and (ii) determine the eligibility of an employee, director or consultant to receive an Award, as well as determine the number of Shares to be covered under any Award Agreement, considering the position and responsibilities of the employee, director or consultant, the nature and value to the Company of the employee's, director's or consultant's present and potential contribution to the success of the Company whether directly or through its Subsidiaries and such other factors as the Committee may deem relevant.

(c) The Award Agreement shall contain such other terms, provisions and conditions not inconsistent herewith as shall be determined by the Committee. In the event that any Award Agreement or other agreement hereunder provides (without regard to this sentence) for the obligation of the Company or any affiliate thereof to purchase or repurchase Shares from an Participant or any other person, then, notwithstanding the provisions of the Award Agreement or such other agreement, such obligation shall not apply to the extent that the purchase or repurchase would not be permitted under governing state law. The Participant shall take whatever additional actions and execute whatever additional documents the Committee may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the express provisions of the Plan and the Award Agreement.

(d) Without limiting the generality of the Committee's discretion hereunder, the Committee may (subject to such considerations as may arise under Section 16 of the Exchange Act, or under other corporate, securities or tax laws) take any steps it deems appropriate, that are not inconsistent with the purposes and intent of the Plan, to establish performance-based criteria applicable to Awards otherwise permitted to be granted hereunder, and to attempt to procure shareholder approval with respect thereto, to take into account the provisions of Section 162(m) of the Code.

4. SHARES AND UNITS SUBJECT TO THE PLAN.

4.1 In General.

(a) Subject to Section 4.2, and subject to adjustments as provided in Section 13, the total number of Shares subject to Options granted under the Plan, Shares of Restricted Stock and Phantom Shares granted under the Plan, in the aggregate, may not exceed 4,000,000, or, if less, 10% of the number of Shares outstanding from time to time. Shares distributed under the Plan may be treasury Shares or authorized but unissued Shares. Any Shares that have been granted as Restricted Stock or that have been reserved for distribution in payment for Options or Phantom Shares but are later forfeited or for any other reason are not payable under the Plan may again be made the subject of Awards under the Plan.

(b) Shares subject to Dividend Equivalent Rights, other than Dividend Equivalent Rights based directly on the dividends payable with respect to Shares subject to Options or the dividends payable on a number of Shares corresponding to the number of Phantom Shares awarded, shall be subject to the limitation of Section 4.1(a).

(c) The certificates for Shares issued hereunder may include any legend which the Committee deems appropriate to reflect any restrictions on transfer hereunder or under the Award Agreement, or as the Committee may otherwise deem appropriate.

4.2 Options.

Subject to adjustments pursuant to Section 13, and subject to the last sentence of Section 4.1(a), Options with respect to an aggregate of no more than 4,000,000 Shares may be granted under the Plan, or, if less, 10% of the number of Shares outstanding from time to time. Subject to adjustments pursuant to Section 13, in no event may any Optionee receive Options for more than 2,000,000 Shares over the life of the Plan. The aggregate Fair Market Value, determined as of the date an Option is granted, of the Common Stock for which any Optionee may be awarded Incentive Stock Options which are first exercisable by the Optionee during any calendar year under the Plan (or any other stock option plan required to be taken into account under Section 422(d) of the Code) shall not exceed $100,000.

5. PROVISIONS APPLICABLE TO STOCK OPTIONS.

5.1 Grant of Option.

Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the applicable Award Agreement: determine and designate from time to time those key employees, directors and consultants of the Company and its Subsidiaries to whom Options are to be granted and the number of Shares to be optioned to each employee, director and consultant; (ii) determine whether to grant Options intended to be Incentive Stock Options, or to grant Non-Qualified Stock Options, or both (to the extent that any Option does not qualify as an Incentive Stock Option, it shall constitute a separate Non-Qualified Stock Option); provided that Incentive Stock Options may only be granted to employees; (iii) determine the time or times when and the manner and condition in which each Option shall be exercisable and the duration of the exercise period; (iv) designate each Option as one intended to be an Incentive Stock Option or as a Non-Qualified Stock Option; and (v) determine or impose other conditions to the grant or exercise of Options under the Plan as it may deem appropriate.

5.2 Option Price.

The Option Price shall be determined by the Committee on the date the Option is granted and reflected in the Award Agreement, as the same may be amended from time to time. Any particular Award Agreement may provide for different exercise prices for specified amounts of Shares subject to the Option. The Option Price with respect to each Incentive Stock Option, or other Option intended to qualify for relief from the restrictions of Section 162(m) of the Code, shall not be less than 100% (or, for Incentive Stock Options, 110%, in the case of an individual described in Section 422(b)(6) of the Code (relating to certain 10% owners)) of the Fair Market Value of a Share on the day the Option is granted.

5.3 Period of Option and Vesting.

(a) Unless earlier expired, forfeited or otherwise terminated, each Option shall expire in its entirety upon the 10th anniversary of the date of grant or shall have such other shorter term as is set forth in the applicable Award Agreement (except that, in the case of an individual described in Section 422(b)(6) of the Code (relating to certain 10% owners) who is granted an Incentive Stock Option, the term of such Option shall be no more than five years from the date of grant). The Option shall also expire, be forfeited and terminate at such times and in such circumstances as otherwise provided hereunder or under the Award Agreement.

(b) Each Option, to the extent that the Optionee has not had a Termination of Service and the Option has not otherwise lapsed, expired, terminated or been forfeited, shall first become exercisable according to the terms and conditions set forth in the Award Agreement, as determined by the Committee at the time of grant. Unless otherwise determined by the Committee at the time of the grant, such stock options shall vest ratably, in annual installments, over a five-year period beginning on the date of the grant. Unless otherwise provided in the Award Agreement, no Option (or portion thereof) shall ever be exercisable if the Optionee has a Termination of Service before the time at which such Option would otherwise have become exercisable, and any Option that would otherwise become exercisable after such Termination of Service shall not become exercisable and shall be forfeited upon such termination. Notwithstanding the foregoing provisions of this Section 5.3(b), Options exercisable pursuant to the schedule set forth by the Committee at the time of grant may be fully or more rapidly exercisable or otherwise vested at any time in the discretion of the Committee. Upon and after the death of an Optionee, such Optionee's Options, if and to the extent otherwise exercisable hereunder or under the applicable Award Agreement after the Optionee's death, may be exercised by the Successors of the Optionee.

5.4 Exercisability Upon and After Termination of Optionee.

(a) Subject to provisions of the Award Agreement, in the event the Optionee has a Termination of Service other than by the Company or its Subsidiaries for Cause, other than by the Optionee for any reason, or other than by reason of death, Retirement or Disability, no exercise of an Option may occur after the expiration of the three-month period to follow the termination, or if earlier, the expiration of the term of the Option as provided under Section 5.3(a); provided that, if the Optionee should die after the Termination of Service, such termination being for a reason other than Disability or Retirement, but while the Option is still in effect, the Option (if and to the extent otherwise exercisable by the Optionee at the time of death) may be exercised until the earlier of (i) one year from the date of the Termination of Service of the Optionee, or (ii) the date on which the term of the Option expires in accordance with Section 5.3(a).

(b) Subject to provisions of the Award Agreement, in the event the Optionee has a Termination of Service on account of death or Disability or Retirement, the Option (whether or not otherwise exercisable) may be exercised until the earlier of (i) one year from the date of the Termination of Service of the Optionee, or (ii) the date on which the term of the Option expires in accordance with Section 5.3.

(c) Notwithstanding any other provision hereof, unless otherwise provided in the Award Agreement, if the Optionee has a Termination of Service by the Company for Cause, the Optionee's Options, to the extent then unexercised, shall thereupon cease to be exercisable and shall be forfeited forthwith.

5.5 Exercise of Options.

(a) Subject to vesting, restrictions on exercisability and other restrictions provided for hereunder or otherwise imposed in accordance herewith, an Option may be exercised, and payment in full of the aggregate Option Price made, by an Optionee only by written notice (in the form prescribed by the Committee) to the Company specifying the number of Shares to be purchased.

(b) Without limiting the scope of the Committee's discretion hereunder, the Committee may impose such other restrictions on the exercise of Incentive Stock Options (whether or not in the nature of the foregoing restrictions) as it may deem necessary or appropriate.

(c) If Shares acquired upon exercise of an Incentive Stock Option are disposed of in a disqualifying disposition within the meaning of Section 422 of the Code by an Optionee prior to the expiration of either two years from the date of grant of such Option or one year from the transfer of Shares to the Optionee pursuant to the exercise of such Option, or in any other disqualifying disposition within the meaning of Section 422 of the Code, such Optionee shall notify the Company in writing as soon as practicable thereafter of the date and terms of such disposition and, if the Company (or any affiliate thereof) thereupon has a tax-withholding obligation, shall pay to the Company (or such affiliate) an amount equal to any withholding tax the Company (or affiliate) is required to pay as a result of the disqualifying disposition.

5.6 Payment.

(a) The aggregate Option Price shall be paid in full upon the exercise of the Option. Payment must be made by one of the following methods:

(i) a certified or bank cashier's check;

(ii) the proceeds of a Company loan program or third-party sale program or a notice acceptable to the Committee given as consideration under such a program, in each case if permitted by the Committee in its discretion, if such a program has been established and the Optionee is eligible to participate therein;

(iii) if approved by the Committee in its discretion, Shares of previously owned Common Stock, which have been previously owned for more than six months, having an aggregate Fair Market Value on the date of exercise equal to the aggregate Option Price; or

(iv) by any combination of such methods of payment or any other method acceptable to the Committee in its discretion.

(b) Except in the case of Options exercised by certified or bank cashier's check, the Committee may impose limitations and prohibitions on the exercise of Options as it deems appropriate, including, without limitation, any limitation or prohibition designed to avoid accounting consequences which may result from the use of Common Stock as payment upon exercise of an Option.

(c) The Committee may provide that no Option may be exercised with respect to any fractional Share. Any fractional Shares resulting from an Optionee's exercise that is accepted by the Company shall in the discretion of the Committee be paid in cash.

5.7 Exercise by Successors.

An Option may be exercised, and payment in full of the aggregate Option Price made, by the Successors of the Optionee only by written notice (in the form prescribed by the Committee) to the Company specifying the number of Shares to be purchased. Such notice shall state that the aggregate Option Price will be paid in full, or that the Option will be exercised as otherwise provided hereunder, in the discretion of the Company or the Committee, if and as applicable.

5.8 Nontransferability of Option.

Each Option granted under the Plan shall be nontransferable by the Optionee except by will or the laws of descent and distribution of the state wherein the Optionee is domiciled at the time of his death; provided, however, that the Committee may (but need not) permit other transfers, where the Committee concludes that such transferability (i) does not result in accelerated U.S. federal income taxation, (ii) does not cause any Option intended to be an Incentive Stock Option to fail to be described in Section 422(b) of the Code, and (iii) is otherwise appropriate and desirable.

5.9 Deferral.

The Committee may establish a program under which Participants will have Phantom Shares subject to Section 7 credited upon their exercise of Options, rather than receiving Shares at that time.

6. PROVISIONS APPLICABLE TO RESTRICTED STOCK.

6.1 Grant of Restricted Stock.

Subject to the other terms of the Plan, the Committee may, in its discretion as reflected by the terms of the applicable Award Agreement: (i) authorize the granting of Restricted Stock to key employees, directors and consultants of the Company and its Subsidiaries; (ii) provide a specified purchase price for the Restricted Stock (whether or not the payment of a purchase price is required by any state law applicable to the Company); (iii) determine the restrictions applicable to Restricted Stock and (iv) determine or impose other conditions to the grant of Restricted Stock under the Plan as it may deem appropriate. Restricted Stock may be awarded on an annual basis.

6.2 Certificates.

(a) Each Grantee of Restricted Stock shall be issued a stock certificate in respect of Shares of Restricted Stock awarded under the Plan. Such certificate shall be registered in the name of the Grantee. Without limiting the generality of Section 4.1(c), the certificates for Shares of Restricted Stock issued hereunder may include any legend which the Committee deems appropriate to reflect any restrictions on transfer hereunder or under the Award Agreement, or as the Committee may otherwise deem appropriate, and, without limiting the generality of the foregoing, shall bear a legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

> The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Bimini Capital Management, Inc. 2003 Long Term Incentive Compensation Plan and an Award Agreement entered into between the registered owner and Bimini Capital Management, Inc. Copies of such Plan and Award Agreement are on file in the offices of Bimini Capital Management, Inc., at 3305 Flamingo Drive, Suite 100, Vero Beach, Florida 32963.

(b) The Committee shall require that the stock certificates evidencing such Shares be held in custody by the Company until the restrictions hereunder shall have lapsed, and that, as a condition of any Award of Restricted Stock, the Grantee shall have delivered a stock power, endorsed in blank, relating to the stock covered by such Award. If and when such restrictions so lapse, the stock certificates shall be delivered by the Company to the Grantee or his or her designee as provided in Section 6.3.

6.3 Restrictions and Conditions.

Unless otherwise provided by the Committee, the Shares of Restricted Stock awarded pursuant to the Plan shall be subject to the following restrictions and conditions:

(i) Subject to the provisions of the Plan and the Award Agreements, during a period commencing with the date of such Award and ending on the date the period of forfeiture with respect to such Shares lapses, the Grantee shall not be permitted voluntarily or involuntarily to sell, transfer, pledge, anticipate, alienate, encumber or assign Shares of Restricted Stock awarded under the Plan (or have such Shares attached or garnished). Subject to the provisions of the Award Agreements and clauses (iv) and (v) below, the period of forfeiture with respect to Shares granted hereunder shall lapse as provided in the applicable Award Agreement. Notwithstanding the

foregoing, unless otherwise expressly provided by the Committee, the period of forfeiture with respect to such Shares shall only lapse as to whole Shares.

(ii) Subject to the provisions of the Plan and Award Agreements, unless otherwise determined by the Committee at the time of grant, the period of forfeiture described in clause (i) shall be a three-year period, and restriction shall lapse ratably in annual installments over the period. In addition, unless otherwise provided by the Committee at the time of the grant, 50% of each grant of Restricted Stock granted pursuant to the Plan shall also be subject to the Company's achieving such financial hurdles, pre-determined by the Committee, as the Committee may determine are applicable for each of the applicable three years.

(iii) Except as provided in the foregoing clause (i), below in this clause (iii), or in Section 13, the Grantee shall have, in respect of the Shares of Restricted Stock, all of the rights of a shareholder of the Company, including the right to vote the Shares, and, except as provided below, the right to receive any cash dividends. The Committee may provide in the Award Agreement that cash dividends on such Shares shall be held by the Company (unsegregated as a part of its general assets) until the period of forfeiture lapses (and forfeited if the underlying Shares are forfeited), and paid over to the Grantee as soon as practicable after such period lapses (if not forfeited), or alternatively may provide for other treatment of such dividends (including without limitation the crediting of Phantom Shares in respect of dividends or other deferral provisions). Certificates for Shares (not subject to restrictions hereunder) shall be delivered to the Grantee or his or her designee promptly after, and only after, the period of forfeiture shall lapse without forfeiture in respect of such Shares of Restricted Stock.

(iv) Except if otherwise provided in the applicable Award Agreement, and subject to clause (v) below, if the Grantee has a Termination of Service by the Company and its Subsidiaries for Cause, or by the Grantee for any reason, during the applicable period of forfeiture, then (A) all Shares still subject to restriction shall thereupon, and with no further action, be forfeited by the Grantee, and (B) the Company shall pay to the Grantee as soon as practicable (and in no event more than 30 days) after such termination an amount equal to the lesser of (x) the amount paid by the Grantee for such forfeited Restricted Stock as contemplated by Section 6.1, and (y) the Fair Market Value on the date of termination of the forfeited Restricted Stock.

(v) Subject to the provisions of the Award Agreement, in the event the Grantee has a Termination of Service on account of death or Disability or Retirement during the applicable period of forfeiture, then restrictions under the Plan will immediately lapse on all Restricted Stock granted to the applicable Grantee.

7. PROVISIONS APPLICABLE TO PHANTOM SHARES.

7.1 Grant of Phantom Shares.

Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the applicable Award Agreement: (i) authorize the granting of Phantom Shares to key employees, directors and consultants of the Company and its Subsidiaries and (ii) determine or impose other conditions to the grant of Phantom Shares under the Plan as it may deem appropriate.

7.2 Term.

The Committee may provide in an Award Agreement that any particular Phantom Share shall expire at the end of a specified term.

7.3 Vesting.

Phantom Shares shall vest as provided in the applicable Award Agreement.

7.4 Settlement of Phantom Shares.

(a) Each vested and outstanding Phantom Share shall be settled by the transfer to the Grantee of one Share; provided that, the Committee at the time of grant may provide that a Phantom Share may be settled (i) in cash at the applicable Phantom Share Value, (ii) in cash or by transfer of Shares as elected by the Grantee in accordance with procedures established by the Committee or (iii) in cash or by transfer of Shares as elected by the Company.

(b) Each Phantom Share shall be settled with a single-sum payment by the Company; provided that, with respect to Phantom Shares of a Grantee which have a common Settlement Date, the Committee may permit the Grantee to elect in accordance with procedures established by the Committee to receive installment payments over a period not to exceed 10 years.

(c) (i) The Settlement Date with respect to a Grantee is the first day of the month to follow the Grantee's Termination of Service, provided that a Grantee may elect, in accordance with procedures to be adopted by the Committee, that such Settlement Date will be deferred as elected by the Grantee to a time permitted by the Committee under procedures to be established by the Committee. Unless otherwise determined by the Committee, elections under this Section 7.4(c)(i) must be made at least six months before, and in the year prior to the year in which, the Settlement Date would occur in the absence of such election.

(ii) Notwithstanding Section 7.4(c)(i), the Committee may provide that distributions of Phantom Shares can be elected at any time in those cases in which the Phantom Share Value is determined by reference to Fair Market Value to the extent in excess of a base value, rather than by reference to unreduced Fair Market Value.

(iii) Notwithstanding the foregoing, the Settlement Date, if not earlier pursuant to this Section 7.4(c), is the date of the Grantee's death.

(d) Notwithstanding the other provisions of this Section 7, in the event of a Change in Control, the Settlement Date shall be the date of such Change in Control and all amounts due with respect to Phantom Shares to a Grantee hereunder shall be paid as soon as practicable (but in no event

more than 30 days) after such Change in Control, unless such Grantee elects otherwise in accordance with procedures established by the Committee.

(e) Notwithstanding any other provision of the Plan, a Grantee may receive any amounts to be paid in installments as provided in Section 7.4(b) or deferred by the Grantee as provided in Section 7.4(c) in the event of an “Unforeseeable Emergency.” For these purposes, an “Unforeseeable Emergency,” as determined by the Committee in its sole discretion, is a severe financial hardship to the Grantee resulting from a sudden and unexpected illness or accident of the Grantee or “dependent,” as defined in Section 152(a) of the Code, of the Grantee, loss of the Grantee’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Grantee. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved:

(i) through reimbursement or compensation by insurance or otherwise,

(ii) by liquidation of the Grantee’s assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or

(iii) by future cessation of the making of additional deferrals under Section 7.4 (b) and (c).

Without limitation, the need to send a Grantee’s child to college or the desire to purchase a home shall not constitute an Unforeseeable Emergency. Distributions of amounts because of an Unforeseeable Emergency shall be permitted to the extent reasonably needed to satisfy the emergency need.

7.5 Other Phantom Share Provisions.

(a) Rights to payments with respect to Phantom Shares granted under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, garnishment, levy, execution, or other legal or equitable process, either voluntary or involuntary; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish, or levy or execute on any right to payments or other benefits payable hereunder, shall be void.

(b) A Grantee may designate in writing, on forms to be prescribed by the Committee, a beneficiary or beneficiaries to receive any payments payable after his or her death and may amend or revoke such designation at any time. If no beneficiary designation is in effect at the time of a Grantee’s death, payments hereunder shall be made to the Grantee’s estate. If a Grantee with a vested Phantom Share dies, such Phantom Share shall be settled and the Phantom Share Value in respect of such Phantom Shares paid, and any payments deferred pursuant to an election under Section 7.4(c) shall be accelerated and paid, as soon as practicable (but no later than 60 days) after the date of death to such Grantee’s beneficiary or estate, as applicable.

(c) The Committee may establish a program under which distributions with respect to Phantom Shares may be deferred for periods in addition to those otherwise contemplated by foregoing provisions of this Section 7. Such program may include, without limitation, provisions for the crediting of earnings and losses on unpaid amounts, and, if permitted by the Committee, provisions under which Participants may select from among hypothetical investment alternatives for such deferred amounts in accordance with procedures established by the Committee.

(d) Phantom Shares (including for purposes of this Section 7.5(d) any accounts established to facilitate the implementation of Section 7.4(c)), are solely a device for the measurement and determination of the amounts to be paid to a Grantee under the Plan. Each Grantee’s right in the Phantom Shares is limited to the right to receive payment, if any, as may herein be provided. The Phantom Shares do not constitute Common Stock and shall not be treated as (or as giving rise to) property or as a trust fund of any kind; provided, however, that the Company may establish a mere bookkeeping reserve to meet its obligations hereunder or a trust or other funding vehicle that would not cause the Plan to be deemed to be funded for tax purposes or for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The right of any Grantee of Phantom Shares to receive payments by virtue of participation in the Plan shall be no greater than the right of any unsecured general creditor of the Company.

(e) Notwithstanding any other provision of this Section 7, any fractional Phantom Share will be paid out in cash at the Fair Market Value as of the Settlement Date.

(f) Nothing contained in the Plan shall be construed to give any Grantee any rights with respect to Shares or any ownership interest in the Company. Except as may be provided in accordance with Section 8, no provision of the Plan shall be interpreted to confer upon any Grantee any voting, dividend or derivative or other similar rights with respect to any Phantom Share.

7.6 Claims Procedures.

(a) The Grantee, or his beneficiary hereunder or authorized representative, may file a claim for payments with respect to Phantom Shares under the Plan by written communication to the Committee or its designee. A claim is not considered filed until such communication is actually received. Within 90 days (or, if special circumstances require an extension of time for processing, 180 days, in which case notice of such special circumstances should be provided within the initial 90-day period) after the filing of the claim, the Committee will either:

(i) approve the claim and take appropriate steps for satisfaction of the claim; or

(ii) if the claim is wholly or partially denied, advise the claimant of such denial by furnishing to him a written notice of such denial setting forth (A) the specific reason or reasons for the denial; (B) specific reference to pertinent provisions of the Plan on which the denial is based and, if the denial is based in whole or in part on any rule of construction or interpretation adopted by the Committee, a reference to such rule, a copy of which shall be provided to the claimant; (C) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of the reasons why such material or information is necessary; and (D) a reference to this Section 7.6 as the provision setting forth the claims procedure under the Plan.

(b) The claimant may request a review of any denial of his claim by written application to the Committee within 60 days after receipt of the notice of denial of such claim. Within 60 days (or, if special circumstances require an extension of time for processing, 120 days, in which case notice of such special circumstances should be provided within the initial 60-day period) after receipt of written application for review, the Committee will provide the claimant with its decision in writing, including, if the claimant's claim is not approved, specific reasons for the decision and specific references to the Plan provisions on which the decision is based.

8. PROVISIONS APPLICABLE TO DIVIDEND EQUIVALENT RIGHTS.

8.1 Grant of Dividend Equivalent Rights.

Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the Award Agreements, authorize the granting of Dividend Equivalent Rights to key employees, directors and consultants of the Company and its Subsidiaries based on the dividends declared on Common Stock, to be credited as of the dividend payment dates, during the period between the date an Award is granted, and the date such Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalent Rights shall be converted to cash or additional Shares of Common Stock by such formula and at such time and subject to such limitation as may be determined by the Committee. With respect to Dividend Equivalent Rights granted with respect to Options intended to be qualified performance-based compensation for purposes of Section 162(m) of the Code, such Dividend Equivalent Rights shall be payable regardless of whether such Option is exercised. If a Dividend Equivalent Right is granted in respect of another Award hereunder, then, unless otherwise stated in the Award Agreement, in no event shall the Dividend Equivalent Right be in effect for a period beyond the time during which the applicable portion of the underlying Award is in effect.

8.2 Certain Terms.

(a) The term of a Dividend Equivalent Right shall be set by the Committee in its discretion.

(b) Unless otherwise determined by the Committee, a Dividend Equivalent Right is exercisable or payable only while the Participant is an employee, director or consultant.

(c) Payment of the amount determined in accordance with Section 8.1 shall be in cash, in Common Stock or a combination of the both, as determined by the Committee.

(d) The Committee may impose such employment-related conditions on the grant of a Dividend Equivalent Right as it deems appropriate in its discretion.

8.3 Other Types of Dividend Equivalent Rights.

The Committee may establish a program under which Dividend Equivalent Rights of a type not described in the foregoing provisions of this Section 8 may be granted to Participants. For example, and without limitation, the Committee may grant a dividend equivalent right in respect of each Share subject to an Option or with respect to a Phantom Share, which right would consist of the right (subject to Section 8.4) to receive a cash payment in an amount equal to the dividend distributions paid on a Share from time to time.

8.4 Deferral.

(a) The Committee may establish a program under which Participants (i) will have Phantom Shares credited, subject to the terms of Sections 7.4 and 7.5 as though directly applicable with respect thereto, upon the granting of Dividend Equivalent Rights, or (ii) will have payments with respect to Dividend Equivalent Rights deferred.

(b) The Committee may establish a program under which distributions with respect to Dividend Equivalent Rights may be deferred. Such program may include, without limitation, provisions for the crediting of earnings and losses on unpaid amounts, and, if permitted by the Committee, provisions under which Participants may select from among hypothetical investment alternatives for such deferred amounts in accordance with procedures established by the Committee.

9. OTHER STOCK-BASED AWARDS

The Board shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Board may determine, including the grant of shares based upon certain conditions, the grant of securities convertible into Common Stock and the grant of stock appreciation rights.

10. TAX WITHHOLDING.

10.1 In General.

The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding determined by the Committee to be required by law. Without limiting the generality of the foregoing, the Committee may, in its discretion, require the Participant to pay to the Company at such time as the Committee determines the amount that the Committee deems necessary to satisfy the Company's obligation to withhold federal, state or local income or other taxes incurred by reason of (i) the exercise of any Option, (ii) the lapsing of any restrictions applicable to any Restricted Stock, (iii) the receipt of a distribution in respect of Phantom Shares or Dividend Equivalent Rights or (iv) any other applicable income-recognition event (for example, an election under Section 83(b) of the Code).

10.2 Share Withholding.

(a) Upon exercise of an Option, the Optionee may, if approved by the Committee in its discretion, make a written election to have Shares then issued withheld by the Company from the Shares otherwise to be received, or to deliver previously owned Shares, in order to satisfy the liability

for such withholding taxes. In the event that the Optionee makes, and the Committee permits, such an election, the number of Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes. Where the exercise of an Option does not give rise to an obligation by the Company to withhold federal, state or local income or other taxes on the date of exercise, but may give rise to such an obligation in the future, the Committee may, in its discretion, make such arrangements and impose such requirements as it deems necessary or appropriate.

(b) Upon lapsing of restrictions on Restricted Stock (or other income-recognition event), the Grantee may, if approved by the Committee in its discretion, make a written election to have Shares withheld by the Company from the Shares otherwise to be released from restriction, or to deliver previously owned Shares (not subject to restrictions hereunder), in order to satisfy the liability for such withholding taxes. In the event that the Grantee makes, and the Committee permits, such an election, the number of Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes.

(c) Upon the making of a distribution in respect of Phantom Shares or Dividend Equivalent Rights, the Grantee may, if approved by the Committee in its discretion, make a written election to have amounts (which may include Shares) withheld by the Company from the distribution otherwise to be made, or to deliver previously owned Shares (not subject to restrictions hereunder), in order to satisfy the liability for such withholding taxes. In the event that the Grantee makes, and the Committee permits, such an election, any Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes.

10.3 Withholding Required.

Notwithstanding anything contained in the Plan or the Award Agreement to the contrary, the Participant's satisfaction of any tax-withholding requirements imposed by the Committee shall be a condition precedent to the Company's obligation as may otherwise be provided hereunder to provide Shares to the Participant and to the release of any restrictions as may otherwise be provided hereunder, as applicable; and the applicable Option, Restricted Stock, Phantom Shares or Dividend Equivalent Rights shall be forfeited upon the failure of the Participant to satisfy such requirements with respect to, as applicable, (i) the exercise of the Option, (ii) the lapsing of restrictions on the Restricted Stock (or other income-recognition event) or (iii) distributions in respect of any Phantom Share or Dividend Equivalent Right.

11. REGULATIONS AND APPROVALS.

(a) The obligation of the Company to sell Shares with respect to an Award granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Committee.

(b) The Committee may make such changes to the Plan as may be necessary or appropriate to comply with the rules and regulations of any government authority or to obtain tax benefits applicable to an Award.

(c) Each grant of Options, Restricted Stock, Phantom Shares (or issuance of Shares in respect thereof) or Dividend Equivalent Rights (or issuance of Shares in respect thereof) is subject to the requirement that, if at any time the Committee determines, in its discretion, that the listing, registration or qualification of Shares issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of Options, Shares of Restricted Stock, Phantom Shares or Dividend Equivalent Rights or other Shares, no payment shall be made, or Phantom Shares or Shares issued or grant of Restricted Stock made, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions in a manner acceptable to the Committee.

(d) In the event that the disposition of stock acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act, and is not otherwise exempt from such registration, such Shares shall be restricted against transfer to the extent required under the Securities Act, and the Committee may require any individual receiving Shares pursuant to the Plan, as a condition precedent to receipt of such Shares, to represent to the Company in writing that such Shares are acquired for investment only and not with a view to distribution and that such Shares will be disposed of only if registered for sale under the Securities Act or if there is an available exemption for such disposition.

(e) Notwithstanding any other provision of the Plan, the Company shall not be required to take or permit any action under the Plan or any Award Agreement which, in the good-faith determination of the Company, would result in a material risk of a violation by the Company of Section 13(k) of the Exchange Act.

12. INTERPRETATION AND AMENDMENTS; OTHER RULES.

The Committee may make such rules and regulations and establish such procedures for the administration of the Plan as it deems appropriate. Without limiting the generality of the foregoing, the Committee may (i) determine the extent, if any, to which Options, Phantom Shares or Shares (whether or not Shares of Restricted Stock) or Dividend Equivalent Rights shall be forfeited (whether or not such forfeiture is expressly contemplated hereunder); (ii) interpret the Plan and the Award Agreements hereunder, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law; and (iii) take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan or the administration or interpretation thereof. In the event of any dispute or disagreement as to the interpretation of the Plan or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan, the decision of the Committee shall be final and binding upon all persons. Unless otherwise expressly provided hereunder, the Committee, with respect to any grant, may exercise its discretion hereunder at the time of the Award or thereafter. No action which is otherwise permitted under or in connection with the Plan shall be prohibited hereunder merely because it constitutes a repricing of an Award, and, in furtherance of the foregoing, the Committee is expressly authorized and empowered, without limitation, to effect repricings that are consistent with the terms of the Plan. The Board may amend the Plan as it shall deem advisable, except that no amendment may adversely affect a Participant with respect to an Award previously granted unless such amendments are required in order to comply with applicable laws; provided, however, that the Plan may not be amended without shareholder approval in any case in which amendment in the absence of shareholder approval would cause the Plan to fail to comply with any applicable legal requirement or applicable exchange or similar rule.

13. CHANGES IN CAPITAL STRUCTURE.

(a) If (i) the Company or its Subsidiaries shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of the Company or its Subsidiaries or a transaction similar thereto, (ii) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization or other similar change in the capital structure of the Company or its Subsidiaries, or any distribution to holders of Common Stock other than cash dividends, shall occur or (iii) any other event shall occur which in the judgment of the Committee necessitates action by way of adjusting the terms of the outstanding Awards, then:

(x) the maximum aggregate number of Shares which may be made subject to Options and Dividend Equivalent Rights under the Plan, the maximum aggregate number maximum aggregate number and kind of Shares of Restricted Stock that may be granted under the Plan, and the maximum aggregate number of Phantom Shares which may be granted under the Plan may be appropriately adjusted by the Committee in its discretion; and

(y) the Committee may take any such action as in its judgment shall be necessary to maintain the Optionees' rights hereunder (including under the Award Agreements) so that they are substantially in their respective Options, Phantom Shares and Dividend Equivalent Rights substantially proportionate to the rights existing in such Options, Phantom Shares and Dividend Equivalent Rights prior to such event, including, without limitation, adjustments in (A) the number of Options, Phantom Shares and Dividend Equivalent Rights granted, (B) the number and kind of shares or other property to be distributed in respect of Options, Phantom Shares and Dividend Equivalent Rights (as applicable), (C) the Option Price and Phantom Share Value, and (D) performance-based criteria established in connection with Awards; provided that, in the discretion of the Committee, the foregoing clause (D) may also be applied in the case of any event relating to a Subsidiary if the event would have been covered under this Section 13(a) had the event related to the Company.

(b) Any Shares or other securities distributed to a Grantee with respect to Restricted Stock or otherwise issued in substitution of Restricted Stock shall be subject to the restrictions and requirements imposed by Section 6, including depositing the certificates therefor with the Company together with a stock power and bearing a legend as provided in Section 6.2(a).

(c) If the Company shall be consolidated or merged with another corporation or other entity, each Grantee who has received Restricted Stock that is then subject to restrictions imposed by Section 6.3(a) may be required to deposit with the successor corporation the certificates for the stock or securities or the other property that the Grantee is entitled to receive by reason of ownership of Restricted Stock in a manner consistent with Section 6.2(b), and such stock, securities or other property shall become subject to the restrictions and requirements imposed by Section 6.3(a), and the certificates therefor or other evidence thereof shall bear a legend similar in form and substance to the legend set forth in Section 6.2(a).

(d) If a Change in Control shall occur, then the Committee may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the Change in Control, provided that the Committee determines that such adjustments do not have an adverse economic impact on the Participant as determined at the time of the adjustments.

(e) The judgment of the Committee with respect to any matter referred to in this Section 13 shall be conclusive and binding upon each Participant without the need for any amendment to the Plan.

14. MISCELLANEOUS.

14.1 No Rights to Employment or Other Service.

Nothing in the Plan or in any grant made pursuant to the Plan shall confer on any individual any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its shareholders to terminate the individual’s employment or other service at any time.

14.2 Right of First Refusal; Right of Repurchase.

At the time of grant, the Committee may provide in connection with any grant made under the Plan that Shares received hereunder shall be subject to a right of first refusal pursuant to which the Company shall be entitled to purchase such Shares in the event of a prospective sale of the Shares, subject to such terms and conditions as the Committee may specify at the time of grant or (if permitted by the Award Agreement) thereafter, and to a right of repurchase, pursuant to which the Company shall be entitled to purchase such Shares at a price determined by, or under a formula set by, the Committee at the time of grant or (if permitted by the Award Agreement) thereafter.

14.3 No Fiduciary Relationship.

Nothing contained in the Plan (including without limitation Sections 7.5(c) and 8.4(b), and no action taken pursuant to the provisions of the Plan, shall create or shall be construed to create a trust of any kind, or a fiduciary relationship between the Company or its Subsidiaries, or their officers or the Committee, on the one hand, and the Participant, the Company, its Subsidiaries or any other person or entity, on the other.

14.4 Notices.

All notices under the Plan shall be in writing, and if to the Company, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Participant, shall be delivered personally, sent by facsimile transmission or mailed to the Participant at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this Section 14.4.

14.5 Exculpation and Indemnification.

The Company shall indemnify and hold harmless the members of the Board and the members of the Committee from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission to act in connection with the performance of such person’s duties, responsibilities and obligations under the Plan, to the maximum extent permitted by law.

14.6 Captions.

The use of captions in this Plan is for convenience. The captions are not intended to provide substantive rights.

14.7 Governing Law.

THE PLAN SHALL BE GOVERNED BY THE LAWS OF FLORIDA WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.

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BIMINI CAPITAL MANAGEMENT, INC.

2003 LONG TERM INCENTIVE COMPENSATION PLAN

BIMINI CAPITAL MANAGEMENT, INC.
2004 PERFORMANCE BONUS PLAN

1. Purpose of the Plan

The Plan is intended to advance the interests of the Company by providing an opportunity to selected employees of the Company to earn bonuses, and to encourage and motivate them to achieve superior operating results for Bimini Capital Management, Inc. The Plan is effective as of August 13, 2004 and is an amendment and complete restatement of a predecessor hereto adopted by the Committee (as defined below) on May 4, 2004.

2. Definitions

As used in this Plan, the following definitions apply:

"Annual Supplemental Bonus" means the bonus described in Section 4(b).

"Board" means the Board of Directors of Bimini Capital Management, Inc.

"Bonus" means a Formula Bonus, an Annual Supplemental Bonus or any bonus described in Section 3(c).

"Committee" means the Compensation Committee of the Board.

"Company" means Bimini Capital Management, Inc., and its subsidiaries.

"Formula Bonus" means the bonus described in Section 4(a).

"Key Employee" means an officer or other employee of the Company whose position and responsibilities, in the judgment of the Committee, enable the employee to have a significant impact on the operating results of the Company.

"Performance Period" means each applicable fiscal year of the Company.

"Plan" means this Bimini Capital Management, Inc. 2004 Performance Bonus Plan, as the same may be amended from time to time.

"Termination of Service" means a Key Employee's termination of employment or other service, as applicable, with the Company. Cessation of service as an officer, employee, director or consultant shall not be treated as a Termination of Service if the Key Employee continues without interruption to serve thereafter in another one (or more) of such other capacities.

3. Bonuses – In General

(a) There are two types of bonuses provided for hereunder: (i) a Formula Bonus and (ii) an Annual Supplemental Bonus.

(b) Eligibility from among Key Employees shall be determined by the Committee. The Formula Bonus shall be determined based on a formula, as described in Section 4(a). The Committee may determine the Annual Supplemental Bonus a Key Employee will receive with regard to a Performance Period or other period. Subject to the provisions of the Plan, the Committee shall (i) determine and designate from time to time those Key Employees to whom Bonuses are to be granted; (ii) determine, consistently with the Plan, the amount of the Bonus to be granted to any Key Employee for any Performance Period; (iii) determine, consistently with the Plan, the terms and conditions of each Bonus; and (iv) determine, consistently with the Plan, whether the stock (or stock-based grants) will vest upon the occurrence of a change in control (as may be defined for purposes of the applicable grant) and in the case of terminations of employment by the Company without cause (as may be defined for purposes of the applicable grant) or by the Key Employee for such good reason as may be specified by the Committee. Bonuses may be so awarded by the Committee prior to the commencement of any Performance Period or at the end of or after such Performance Period.

(c) The Committee may grant discretionary bonuses within the parameters of the Plan based on Company performance otherwise than as specified in Section 3(a) on account of a registration statement on Form S-11 having been declared effective and on account of the completion of a capital raising event.

4. Amount of Awards

(a) Unless otherwise provided for by the Committee, the Formula Bonus is determined pursuant to a formula, determined as follows: if the Company's funds from operations during the applicable quarterly period exceed the product of (i) 25% (except for purposes of the last sentence of this Section 4(a)) of (A) the annualized 10-year U.S. Treasury rate for the applicable quarterly period, as determined by the Committee in accordance with such rules as it may prescribe, plus (B) 2.25%, and (ii) the weighted average net book value of the Company (any such excess, the "Excess FFO"), then the Formula Bonus shall be calculated and paid quarterly, as follows:

(i) 15% of the Excess FFO as to the initial $1.0 billion of invested assets;

(ii) 10% of the Excess FFO as to the invested assets over $1 billion, but under $2 billion; and

(iii) 5% of the Excess FFO as to the invested assets over $2 billion.

The foregoing pool shall be allocated amongst Key Employees as determined by the Committee. Formula Bonuses shall never cause general and administrative (G&A) expenses to exceed 18 basis points of assets, as determined by the Committee. Notwithstanding the foregoing provisions of this Section 4(a), at the end of each fiscal year, a hypothetical Formula Bonus shall be determined based on the foregoing formula, and performance, on a full-year basis (and, for the avoidance of doubt, without regard to the 25% reduction in clause (i) of the first sentence of this Section 4(a)) and the final quarterly

Formula Bonus for the year shall be increased or decreased (but not to below zero) so that the aggregate of the four quarterly Formula Bonuses for the year conforms to such hypothetical Formula Bonus, as determined by the Committee.

(b) The Committee shall decide whether to grant an Annual Supplemental Bonus, in addition to the Formula Bonus, based on the performance of the Company as compared with its peer group and other material factors not otherwise taken into account for purposes of the Formula Bonus, considering, without limitation, the Key Employee's aggregate Formula Bonus and other compensation that would be payable in the aggregate in the absence of the Annual Supplemental Bonus. Subject to the other terms of the Plan, no Annual Supplemental Bonus shall exceed 100% of the Key Employee's aggregate salary for the year. Notwithstanding the foregoing, for any employee with an employment agreement that contemplates bonus payments, the Committee may provide in its discretion that Annual Supplemental Bonuses in excess of 100% of the Key Employee's aggregate salary for the year may be paid. Further, without limitation by the Plan, any capital-raising bonus expressly provided for in an employment agreement shall be payable, without duplication, in accordance with the applicable employment agreement, in addition to the Bonuses hereunder.

(c) The Committee may provide for partial Bonus payments at target and other levels. Any performance hurdles or measures for any Bonuses may be adjusted by the Committee in its discretion to reflect (i) dilution from corporate acquisitions and share offerings and (ii) changes in applicable accounting rules and standards.

(d) The Committee may determine that Bonuses shall be paid in cash or stock (or other stock-based grants), or a combination thereof; provided that, unless otherwise determined by the Committee, (i) Formula Bonuses shall, at the election of the Key Employee, be paid in cash, stock (or other equity-based grants) or any combination thereof, (ii) Annual Supplemental Bonuses shall be paid 60% in cash and 40% in stock (or other equity-based grants) and (iii) Bonuses under Section 3(c) shall be paid in cash. The Committee may provide that any such stock or stock-based grants be made under the Bimini Capital Management, Inc. 2003 Long Term Incentive Compensation Plan (the "LTIP") or any other equity-based plan or program of the Company and, notwithstanding any provision of the Plan to the contrary, in the case of any such grant, the grant shall be governed in all respects by the LTIP or such other plan or program of the Company; provided that, unless otherwise provided by the Committee, Annual Supplemental Bonus payments in stock (or other equity-based grants) shall vest in equal proportions over three years and Formula Bonus payments in stock (or other equity-based grants) shall vest at the time of grant.

(e) The Committee may provide for programs under which the payment of Bonuses may be deferred at the election of the Key Employee.

5. *Termination of Employment*

(a) Unless otherwise determined by the Committee, no Bonus payments shall be made to any Key Employee who is not employed on the date payment is to be made; provided that no Bonuses shall be made in any event to a Key Employee who is terminated for "Cause." For these purposes, Cause shall mean, unless otherwise provided in the grantee's award agreement, (i) engaging in (A) willful or gross misconduct or (B) willful or gross neglect; (ii) repeatedly failing to adhere to the directions of superiors or the Board or the written policies and practices of the Company or its affiliates; (iii) the commission of a felony or a crime of moral turpitude, dishonesty, breach of trust or unethical business conduct, or any crime involving the Company, or any affiliate thereof; (iv) fraud, misappropriation or embezzlement; (v) a material breach of the Key Employee's employment agreement (if any) with the Company or its affiliates; (vi) acts or omissions constituting a material failure to perform substantially and adequately the duties assigned to the Key Employee; (vii) any illegal act detrimental to the Company or its affiliates; or (viii) repeated failure to devote substantially all of the Key Employee's business time and efforts to the Company if required by the Key Employee's employment agreement; provided, however, that, if at any particular time the Key Employee is subject to an effective employment agreement with the Company, then, in lieu of the foregoing definition, "Cause" shall at that time have such meaning as may be specified in such employment agreement.

(b) Unless otherwise provided by the Committee, no portion of the 40% Annual Supplemental Bonus awarded in stock (in accordance with Section 4(d)) shall be transferred to the Key Employee if the Key Employee has a Termination of Service before three years from the date of the grant and such Shares shall be forfeited upon such termination.

6. *Administration of the Plan; Amendment and Termination*

(a) The Plan shall be administered by the Committee.

(b) The Committee will have full power to construe, interpret and administer the Plan and to amend and rescind the rules and regulations for its administration, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law. In the event of any dispute or disagreement as to the interpretation of the Plan or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan, the decision of the Committee shall be final and binding upon all persons.

(c) The Committee will have discretion to determine whether a Bonus is established for particular Key Employees. The Committee's decisions and determinations under the Plan need not be uniform and may be made selectively among Key Employees, whether or not such Key Employees are similarly situated.

(d) No Key Employee shall have any claim to a bonus until it is actually granted under the Plan. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments provided for under the Plan shall be paid in cash from the general funds of the Company. The Plan does not create a fiduciary relationship between the Board or Committee on one hand, and employees, their beneficiaries or any other persons on the other.

(e) The Board or the Committee may at any time amend or terminate the Plan. No amendment to or termination of the Plan may affect any Key Employee's right to receive a Bonus which, before the amendment or termination, has been earned by the Key Employee and is payable without any contingency or other further action, unless the Key Employee consents to the change.

7. *Beneficiaries*

Each Key Employee shall designate a beneficiary to receive such Key Employee's Bonus, if any, in the event of death. In the event of a failure to designate a beneficiary, amounts, if any, so payable to a Key Employee in the event of death shall be payable to the estate of such Key Employee. The last designation received by the Company shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Company prior to the Key Employee's death, and in no event shall it be effective as of a date prior to such receipt. If no such beneficiary

designation is in effect at the time of a Key Employee's death, or if no designated beneficiary survives the Key Employee or if such designation conflicts with law, the Key Employee's estate shall be entitled to receive the amounts, if any, payable under the Plan upon his or her death. If the Company is in doubt as to the right of any person to receive such amounts, the Company may retain such amounts, without liability for any interest thereon, until the Company determines the rights thereto, or the Company may pay such amounts into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Company therefor. No rights to Bonuses granted hereunder shall be transferable by a Key Employee otherwise than by will or the laws of descent and distribution.

8. Miscellaneous

(a) The Company may cause to be made, as a condition precedent to the payment of any Bonus, or otherwise, appropriate arrangements with the Key Employee or his or her beneficiary for the withholding of any federal, state, local or foreign taxes.

(b) Nothing in the Plan and no award of any Bonus which is payable immediately or in the future (whether or not future payments may be forfeited), will give any Key Employee a right to continue to be an employee of the Company or in any other way affect the right of the Company to terminate the employment of any Key Employee at any time.

(c) All elections, designations, requests, notices, instructions and other communications from a Key Employee, beneficiary or other person, required or permitted under the Plan, shall be in such form as is prescribed from time to time by the Committee.

(d) In the event that the Company's fiscal year is changed, the Committee may make such adjustments to the Plan, as he or she may deem necessary or appropriate to effectuate the intent of the Plan. All such adjustments, without the need for Plan amendment, shall be effective and binding for all Bonuses and otherwise for all purposes of the Plan.

(e) The use of captions in this Plan is for convenience. The captions are not intended to provide substantive rights.

BIMINI CAPITAL MANAGEMENT, INC.

(FORMERLY OPTEUM INC. AND

FORMERLY BIMINI MORTGAGE MANAGEMENT, INC.)

2003 LONG TERM INCENTIVE COMPENSATION PLAN

PHANTOM SHARE AWARD AGREEMENT

AGREEMENT by and between Bimini Capital Management, Inc., a Maryland corporation (the "Company") and (the "Grantee"), dated as of the ___ day of ____________, 200_.

WHEREAS, the Company maintains the Bimini Capital Management, Inc. (formerly Opteum Inc. and formerly Bimini Mortgage Management, Inc.) 2003 Long Term Incentive Compensation Plan, as it may be amended from time to time (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, the Grantee is an employee of the Company or one of its Subsidiaries;

WHEREAS, the Committee has determined that it is in the best interests of the Company and its shareholders to grant Phantom Shares to the Grantee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Phantom Shares. The Company hereby grants the Grantee ______________ Phantom Shares. The Phantom Shares are subject to the terms and conditions of this Agreement, and are also subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety.

2. Vesting.

The Phantom Shares shall be subject to the following:

(a) The Phantom Shares shall vest, except as provided herein, if and as employment continues, pursuant to the following schedule:

Number of Phantom Shares	Vesting Date

(b) Upon Termination of Service, all Phantom Shares which have not vested prior to or concurrently with such Termination of Service shall thereupon, and with no further action, be forfeited by the Grantee.

(c) The Phantom Shares shall fully vest upon (i) Termination of Service by the Company without Cause or for Disability, (ii) Termination of Service by the Grantee for "Good Reason" (as defined below), within 30 days of the occurrence (or initial occurrence, in the case of a continuing condition) thereof, (iii) the Grantee's death while employed or (iv) the occurrence of a Change of Control while employed. For these purposes, "Good Reason" shall mean, without the Grantee's prior consent, a material diminution by the Company in the Grantee's title, duties or responsibilities; provided that (i) if the Grantee wishes to terminate for Good Reason, the Grantee shall give notice to the Company, and (ii) Good Reason shall not be deemed to exist if the Company cures any such diminution within a reasonable period (which shall be at least 15 days) after receipt of such notice.

3. Distributions

Distributions to the Grantee attributable to the Grantee's receipt of Phantom Shares hereunder will be distributed as soon as practicable after the first day of the month following the date on which the Phantom Shares vest. Other than in accordance with an election permitted by the Committee, distributions made to the Grantee will be made as a single delivery of Common Stock.

4. Dividend Equivalent Rights.

A Dividend Equivalent Right is hereby granted to the Grantee, consisting of the right to receive, with respect to each Phantom Share, cash in an amount equal to the cash dividend distributions paid in the ordinary course on a Share to the Company's common shareholders (each, a "Dividend Payment"), as set forth below. For each Phantom Share then outstanding, whether or not then vested, if a cash dividend is payable in the ordinary course on a Share, the Company shall make a payment to the Grantee in an amount equal to the applicable Dividend Payment, on or about the date of the Dividend Payment; provided that the Grantee may elect, in accordance with such procedures as may be

prescribed by the Committee, to receive, in lieu of such Dividend Payment, a number of additional Phantom Shares equal to (x) the otherwise payable Dividend Payment, divided by (y) the Fair Market Value of a Share on the date of the Dividend Payment.

5. Tax Withholding.

Upon the making of a distribution in respect of Phantom Shares or Dividend Equivalent Rights, the Grantee may, in accordance with procedures set forth by the Committee, make a written election to have amounts (which may include Shares) withheld by the Company from the distribution otherwise to be made, or to deliver previously owned Shares (not subject to restrictions hereunder), in order to satisfy the liability for such withholding taxes. In the event that the Grantee makes, and the Committee permits, such an election, any Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes.

6. Miscellaneous.

(a) The value of a Phantom Share may decrease depending upon the performance of a Share from time to time. Neither the Company nor the Committee, nor any other party associated with the Plan, shall be held liable for any decrease in the value of my Phantom Shares. If the value of my Phantom Shares decreases, there will be a decrease in the value of what is distributed to the Grantee under the Plan and this Agreement.

(b) With respect to this Agreement, (i) the Phantom Shares are mere bookkeeping entries, (ii) the obligations of the Company under the Plan are unsecured and constitute a mere promise by the Company to make benefit payments in the future, (iii) to the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of any general unsecured creditor of the Company, (iv) all payments under the Plan (including distributions of Shares) shall be paid from the general funds of the Company and (v) no special or separate fund shall be established or other segregation of assets made to assure such payments (except that the Company may in its discretion establish a mere bookkeeping reserve to meet its obligations under the Plan). The Plan is intended to be an arrangement that is unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

(c) The Grantee shall take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Grantee pursuant to the express provisions of the Plan. The issuance of shares of Common Stock, if applicable, and delivery of the certificate or certificates therefor, shall be subject to any delay necessary to complete (i) the listing of such Shares on any stock exchange upon which shares of the same class are then listed, (ii) such registration or other qualification of such Phantom Shares under any state or federal law, rule, or regulation as the Company may determine to be necessary or advisable, and (iii) the making of provision for the payment or withholding of any taxes required to be withheld pursuant to any applicable law, in respect of the receipt of such Common Stock.

(d) **THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF FLORIDA, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(e) The Committee may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Committee may interpret this Agreement, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law. In the event of any dispute or disagreement as to the interpretation of this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to this Agreement, the decision of the Committee shall be final and binding upon all persons.

(f) All notices hereunder shall be in writing, and if to the Company, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Grantee, shall be delivered personally, sent by facsimile transmission or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 6(f).

(g) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Grantee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(h) Nothing in this Agreement shall confer on the Grantee any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its shareholders to terminate the Grantee’s employment or other service at any time.

(i) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Agreement as of the day and year first above written.

BIMINI CAPITAL MANAGEMENT, INC.

By:
Name:
Title:

____

[Grantee]

BIMINI CAPITAL MANAGEMENT, INC.
(FORMERLY OPTEUM INC. AND
FORMERLY BIMINI MORTGAGE MANAGEMENT, INC.)
2003 LONG TERM INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK AWARD AGREEMENT

AGREEMENT by and between Bimini Capital Management, Inc., a Maryland corporation (the "Company") and (the "Grantee"), dated as of the ___ day of _______________, 200_.

WHEREAS, the Company maintains the Bimini Capital Management, Inc. (formerly Opteum Inc. and formerly Bimini Mortgage Management, Inc.) 2003 Long Term Incentive Compensation Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, the Grantee is an employee of the Company or one of its Subsidiaries; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its shareholders to grant Restricted Stock to the Grantee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Restricted Stock.

The Company hereby grants the Grantee Shares of Restricted Stock of the Company, subject to the following terms and conditions and subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety.

2. Restrictions and Conditions.

The Restricted Stock awarded pursuant to this Agreement and the Plan shall be subject to the following restrictions and conditions:

(i) Subject to clauses (iii) and (iv) below, the period of restriction with respect to Shares granted hereunder (the "Restriction Period") shall begin on the date hereof and lapse on, 200_ (for the avoidance of doubt, without regard to the Company's achievement of financial hurdles).

Notwithstanding the foregoing, unless otherwise expressly provided by the Committee, the Restriction Period with respect to such Shares shall only lapse as to whole Shares. Subject to the provisions of the Plan and this Agreement, during the Restriction Period, the Grantee shall not be permitted voluntarily or involuntarily to sell, transfer, pledge, anticipate, alienate, encumber or assign the Shares (or have such Shares attached or garnished).

(ii) Except as provided in the foregoing clause (i), below in this clause (ii) or in the Plan, the Grantee shall have, in respect of the Shares of Restricted Stock, all of the rights of a shareholder of the Company, including the right to vote the Shares and the right to receive dividends. Certificates for Shares (not subject to restrictions under the Plan) shall be delivered to the Grantee or his or her designee promptly after, and only after, the Restriction Period lapses without forfeiture in respect of such Shares of Restricted Stock.

(iii) Subject to clause (iv) below, if the Grantee has a Termination of Service for any reason whatsoever during the Restriction Period, then all Shares still subject to restriction shall thereupon, and with no further action, be forfeited by the Grantee.

(iv) In the event the Grantee has a Termination of Service on account of death or Disability during the Restriction Period, then the Restriction Period will immediately lapse on all Restricted Stock granted to the Grantee.

3. Miscellaneous.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA, WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF FLORIDA.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) The Committee may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Committee may interpret the Plan and this Agreement, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law and take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan, this Agreement or the administration or interpretation thereof. In the event of any dispute or disagreement as to interpretation of the Plan or this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan or this Agreement, the decision of the Committee shall be final and binding upon all persons.

(c) All notices hereunder shall be in writing, and if to the Company or the Committee, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Grantee, shall be delivered personally, sent by facsimile transmission, e-mailed or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 3(c).

(d) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement, or to assert any right the Grantee or the Company, respectively, may have under this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(e) Nothing in this Agreement shall confer on the Grantee any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its shareholders to terminate the Grantee's employment or other service at any time.

(f) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Agreement as of the day and year first above written.

BIMINI CAPITAL MANAGEMENT, INC.

By:

Name: Jeffrey J. Zimmer

Title: Chairman, President and Chief Executive Officer

GRANTEE

[Name of Grantee]

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey J. Zimmer, Chairman of the Board, President and Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2007, of Bimini Capital Management, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   a) all significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2007

/s/ Jeffrey J. Zimmer
Name: Jeffrey J. Zimmer
Title: Chairman of the Board, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert E. Cauley, Vice Chairman of the Board, Senior Executive Vice President, Chief Financial Officer, Chief Investment Officer and Treasurer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2007, of Bimini Capital Management, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   a) all significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2007

/s/ Robert E. Cauley
Name: Robert E. Cauley
Title: Vice Chairman of the Board, Senior Executive Vice President, Chief Financial Officer, Chief Investment Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Bimini Capital Management, Inc. (the "Company") for the fiscal quarter ended September 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey J. Zimmer, Chairman of the Board, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

November 8, 2007

/s/ Jeffrey J. Zimmer
Jeffrey J. Zimmer
Chairman of the Board, President
and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Bimini Capital Management, Inc. (the "Company") for the fiscal quarter ended September 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert E. Cauley, Vice Chairman of the Board, Senior Executive Vice President, Chief Financial Officer, Chief Investment Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

November 8, 2007

/s/ Robert E. Cauley
Robert E. Cauley
Vice Chairman of the Board,
Senior Executive Vice President,
Chief Financial Officer,
Chief Investment Officer and Treasurer