

MFA FINANCIAL, INC.  
Form 10-Q  
July 27, 2009

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 June 30, 2009

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-13991

MFA FINANCIAL, INC.  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

13-3974868  
(I.R.S. Employer  
Identification No.)

350 Park Avenue, 21st Floor, New York, New York 10022  
(Address of principal executive offices)

(Zip Code)

(212) 207-6400  
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Yes    No   

222,768,526 shares of the registrant’s common stock, \$0.01 par value, were outstanding as of July 23, 2009.

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MFA FINANCIAL, INC.  
CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Per Share Amounts)	June 30, 2009 (Unaudited)	December 31, 2008
<b>Assets:</b>		
Investment securities at fair value (including pledged mortgage-backed securities ("MBS") of \$8,766,779 and \$10,026,638 at June 30, 2009 and December 31, 2008, respectively) (Notes 2(b), 3, 5, 7, 8 and 14)	\$ 9,417,042	\$ 10,122,583
Cash and cash equivalents (Notes 2(c), 7 and 8)	282,492	361,167
Restricted cash (Notes 2(d), 5 and 8)	39,930	70,749
Interest receivable (Note 4)	45,549	49,724
Real estate, net (Note 6)	11,188	11,337
Securities held as collateral, at fair value (Notes 7, 8 and 14)	-	17,124
Goodwill (Note 2(e))	7,189	7,189
Prepaid and other assets	2,804	1,546
<b>Total Assets</b>	<b>\$ 9,806,194</b>	<b>\$ 10,641,419</b>
<b>Liabilities:</b>		
Repurchase agreements (Notes 7 and 8)	\$ 7,951,931	\$ 9,038,836
Accrued interest payable	14,851	23,867
Mortgage payable on real estate (Note 6)	9,224	9,309
Interest rate swap agreements ("Swaps"), at fair value (Notes 2(l), 5, 8 and 14)	173,410	237,291
Obligations to return cash and security collateral, at fair value (Notes 8 and 14)	-	22,624
Dividends and dividend equivalents payable (Note 10(b))	-	46,351
Accrued expenses and other liabilities	6,196	6,064
<b>Total Liabilities</b>	<b>\$ 8,155,612</b>	<b>\$ 9,384,342</b>
<b>Commitments and contingencies (Note 9)</b>		
<b>Stockholders' Equity:</b>		
Preferred stock, \$.01 par value; series A 8.50% cumulative redeemable; 5,000 shares authorized; 3,840 shares issued and outstanding at June 30, 2009 and December 31, 2008 (\$96,000 aggregate liquidation preference) (Note 10)	\$ 38	\$ 38
Common stock, \$.01 par value; 370,000 shares authorized; 222,459 and 219,516 issued and outstanding at June 30, 2009 and December 31, 2008, respectively (Note 10)	2,225	2,195
Additional paid-in capital, in excess of par	1,793,315	1,775,933
Accumulated deficit	(141,296)	(210,815)
Accumulated other comprehensive loss (Note 12)	(3,700)	(310,274)
<b>Total Stockholders' Equity</b>	<b>\$ 1,650,582</b>	<b>\$ 1,257,077</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 9,806,194</b>	<b>\$ 10,641,419</b>

The accompanying notes are an integral part of the consolidated financial statements.



MFA FINANCIAL, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except Per Share Amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(Unaudited)			
<b>Interest Income:</b>				
Investment securities (Note 3)	\$ 126,477	\$ 118,542	\$ 258,630	\$ 243,607
Cash and cash equivalent investments	260	2,151	871	5,182
Interest Income	126,737	120,693	259,501	248,789
Interest Expense (Notes 5 and 7)	58,006	76,661		