

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
 Estimated average burden  
 hours per response: 0.5

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Knutson Craig L</u>  (Last) (First) (Middle) <u>C/O MFA FINANCIAL, INC.</u> <u>350 PARK AVENUE, 20TH FLOOR</u>  (Street) <u>NEW YORK NY 10022</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>MFA FINANCIAL, INC. [ MFA ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>07/11/2012</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner X Officer (give title below) Other (specify below) <u>Executive Vice President</u>  6. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person Form filed by More than One Reporting Person
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**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value \$0.01 per share	07/11/2012		M		2,747 <sup>(1)</sup>	A	\$0	244,895	D	

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
PHANTOM STOCK	(1)	07/11/2012		M			2,747 <sup>(1)</sup>	(1)	(1)	COMMON STOCK	2,747	\$0	104,003	D	
PHANTOM STOCK	(1)	07/11/2012		J			5,503 <sup>(2)</sup>	(2)	(1)	COMMON STOCK	5,503	\$0	98,500	D	
PHANTOM STOCK	(4)	07/11/2012		A		8,325 <sup>(3)</sup>	(4)	(4)	(4)	COMMON STOCK	8,325	\$0	106,825	D	
PHANTOM STOCK	(5)	07/11/2012		A		16,675 <sup>(5)</sup>	(5)	(5)	(5)	COMMON STOCK	16,675	\$0	123,500	D	

**Explanation of Responses:**

1. EACH SHARE OF PHANTOM STOCK IS EQUAL TO THE ECONOMIC EQUIVALENT OF ONE SHARE OF MFA FINANCIAL, INC. COMMON STOCK. EACH VESTED PHANTOM SHARE WAS SETTLED IN ONE SHARE OF COMMON STOCK OF MFA FINANCIAL, INC.
2. IN ACCORDANCE WITH THE PHANTOM SHARE AWARD AGREEMENT, THE VESTING OF SUCH PHANTOM SHARES WAS SUBJECT TO MFA'S ACHIEVEMENT OF PERFORMANCE GOALS OVER A DEFINED PERIOD. SUCH PERFORMANCE MEASURE WAS NOT SATISFIED BY THE VESTING DATE, WHICH RESULTED IN AUTOMATIC FORFEITURE OF SUCH SHARES BACK TO MFA FINANCIAL, INC.
3. EACH PHANTOM SHARE IS THE ECONOMIC EQUIVALENT OF ONE SHARE OF MFA FINANCIAL, INC. COMMON STOCK, PAR VALUE \$0.01 PER SHARE. THE PHANTOM STOCK UNITS CONVERTS TO COMMON STOCK ON A ONE-FOR-ONE BASIS
4. THESE PHANTOM SHARES ARE SUBJECT TO FORFEITURE UNTIL JUNE 30, 2015. ONE THIRD OF THESE PHANTOM SHARES SHALL VEST ON EACH OF JUNE 30, 2013, JUNE 30, 2014, AND JUNE 30, 2015, AND THEREAFTER, ARE PAYABLE WITHIN 30 DAYS OF THE DATE SUCH PHANTOM SHARES VEST.
5. THESE PHANTOM SHARES ARE SUBJECT TO FORFEITURE UNTIL JUNE 30, 2015. ONE THIRD OF THESE PHANTOM SHARES SHALL VEST ON EACH OF JUNE 30, 2013, JUNE 30, 2014, AND JUNE 30, 2015 (SUBJECT, IN EACH CASE, TO MFA'S ACHIEVEMENT OF PERFORMANCE GOALS), AND THEREAFTER, ARE PAYABLE WITHIN 30 DAYS OF THE DATE SUCH PHANTOM SHARES VEST.

**Remarks:**

/s/Craig L. Knutson

07/12/2012

\*\* Signature of Reporting Person

Date

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

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.