

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 8-K**  
**CURRENT REPORT**

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

April 10, 2020  
Date of Report (date of earliest event reported)

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

<u><b>Maryland</b></u> (State or other jurisdiction of incorporation or organization)	<u><b>1-13991</b></u> (Commission File Number)	<u><b>13-3974868</b></u> (I.R.S. Employer Identification No.)
<u><b>350 Park Avenue, 20th Floor</b></u> (Address of Principal Executive Offices)	<u><b>New York</b></u> <u><b>New York</b></u>	<u><b>10022</b></u> (Zip Code)

**(212) 207-6400**  
Registrant's telephone number, including area code

**Not Applicable**  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	MFA	New York Stock Exchange
7.50% Series B Cumulative Redeemable Preferred Stock, par value \$0.01 per share	MFA/PB	New York Stock Exchange
6.50% Series C Cumulative Redeemable Preferred Stock, par value \$0.01 per share	MFA/PC	New York Stock Exchange
8.00% Senior Notes due 2042	MFO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

### Item 1.01. Entry into a Material Definitive Agreement.

As previously disclosed, due to the turmoil in the financial markets resulting from the global pandemic of the coronavirus disease 2019 (COVID-19), MFA Financial, Inc. and its subsidiaries (the “**Company**”) have received an unusually high number of margin calls from counterparties under the Company’s repurchase agreement financing arrangements (“**Repo Agreements**”). In light of the Company’s being unable to meet all of these margin calls, on March 23, 2020, the Company notified its financing counterparties that it did not expect to be in a position to fund the anticipated volume of future margin calls under its Repo Agreements in the near term as a result of market disruptions created by the COVID-19 pandemic.

In light of the conditions and events discussed above, the Company has been engaged in ongoing discussions with its Repo Agreement financing counterparties regarding entry into a global forbearance arrangement. On April 10, 2020, the Company entered into a forbearance agreement (the “**Forbearance Agreement**”) with certain of its Repo Agreement counterparties (each, a “**Participating Counterparty**,” and collectively, the “**Participating Counterparties**”), the principal terms and conditions of which are the following:

- *Term.* The term of the Forbearance Agreement is from April 10, 2020, through 6:30 p.m. ET on April 27, 2020 (the “**Forbearance Term**”), unless terminated earlier upon the occurrence of a Termination Triggering Event (as defined under “*Termination*” below). The Forbearance Agreement does not provide for automatic extensions beyond the Forbearance Term. Rather, the Forbearance Agreement permits the parties to extend the term for a period of not less than 75 days (and, if not so extended, a non-extending counterparty will have certain of its rights with respect to collateral reduced). As such, a further agreement among the Company and the Participating Counterparties must be executed to extend the Forbearance Term.
- *Forbearance.* During the Forbearance Term, each Participating Counterparty has agreed to forbear (“**Forbearance**”) from exercising any of its rights or remedies (including, without limitation, a Participating Counterparty’s right to sell collateral in order to enforce margin calls) as a result of specified events of defaults under the Repo Agreements, provided that each Participating Counterparty is permitted during the Forbearance Term to, among other things, (i) request, demand or provide notice of margin, collateral or payments under the applicable Repo Agreement and (ii) exercise any rights or remedies required by FINRA Rule 4210 (generally, the FINRA customer margin rule requirements) if, after good faith efforts, it is unable to obtain a waiver of, an extension pursuant to, or to otherwise excuse compliance with, FINRA Rule 4210.
- *Interest Rate.* During the Forbearance Term, each Participating Counterparty will accrue interest on the outstanding balance under its Repo Agreement at a rate of one-month LIBOR plus 5%.
- *Termination.* The Forbearance Agreement shall terminate upon the occurrence of certain events including, among others, the following: (i) the Company’s breaching any Forbearance Covenant (as defined under “*Covenants by the Company*” below), (ii) the filing of a voluntary or involuntary bankruptcy petition regarding the Company, (iii) Nonparticipating Counterparties (as defined below) exercising remedies under any Repo Agreements or any similar agreements with the Company to sell or otherwise dispose of assets corresponding to an aggregate gross principal balance in excess of \$330 million, (iv) the Company’s making a dividend payment or other distribution on the Company’s preferred or common stock or (v) the CMBX.NA.AAA.13 Index (an objective, market-based index relating to the CMBS market) remaining 20% below the level of such index as of the commencement of the Forbearance Term for three (3) consecutive business days (each, a “**Termination Triggering Event**,” and collectively, the “**Termination Triggering Events**”).
- *No Company Remedies Upon Termination Triggering Event.* Upon a Termination Triggering Event, Forbearance shall cease and each Participating Counterparty shall be permitted to liquidate any collateral it may hold under its applicable Repo Agreement, without any ability of the Company to cure or otherwise remedy the Termination Triggering Event.
- *Covenants by the Company.* During the Forbearance Term, the Company covenants, among other agreements (each, a “**Forbearance Covenant**”), that: (i) no dividend or other distribution shall be made on the Company’s preferred or common stock, (ii) the terms of any forbearance agreement entered into with a Nonparticipating Counterparty (as defined below) on par with or more favorable than those under the Forbearance Agreement will be deemed incorporated without any further action, (iii) the Company will make no draws upon or otherwise access extensions of credit, subject to certain exceptions, and (iv) certain income and other proceeds received by the Company shall be applied to pay-down obligations under the Repo Agreements.

Participating Counterparties represent repurchase obligations of an aggregate of \$4.8 billion, or 83%, of the approximately \$5.8 billion of total outstanding obligations under all of the Company’s Repo Agreements at April 9, 2020. The Company believes

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that it has good working relationships with certain nonparticipating counterparties (each, a “**Nonparticipating Counterparty**,” and collectively, the “**Nonparticipating Counterparties**”) that represent the remaining \$1.0 billion, or 17%, of its total outstanding repurchase agreement obligations, and it is in discussions with these lenders with respect to alternative arrangements.

In connection with the Forbearance Agreement, the Company also granted to the Participating Counterparties a valid and perfected first-priority security interest in, and lien upon, (i) all of the Company’s assets that were unencumbered prior to the Forbearance Agreement, and (ii) all of the Company’s right, title and interest in and to any and all Repo Agreements and related documents entered into by the Company, after giving effect to certain rights therein. As of April 10, 2020, the Company’s unencumbered assets included residential whole loans, real estate owned, cash and other assets with an estimated market value of approximately \$1.3 billion.

The above description of the terms of the Forbearance Agreement does not purport to be complete and is qualified in its entirety by the full text of the Forbearance Agreement attached hereto as Exhibit 10.1 and incorporated herein by reference.

#### **Item 2.01. Completion of Acquisition or Disposition of Assets.**

In response to the unprecedented market conditions discussed above related to the COVID-19 pandemic and related market volatility, the Company has taken steps to manage and de-lever its portfolio to generate liquidity, including by selling certain of its investment assets. In particular, in various separate transactions since March 23, 2020, residential mortgage assets were sold, which generated aggregate proceeds of approximately \$3.5 billion. The proceeds from these sales were used to reduce the associated Repo Agreement obligations. These sales were comprised of (i) approximately \$2.9 billion of residential mortgage securities, including \$1.4 billion of Agency MBS, \$1.3 billion of Non-Agency MBS and \$44.7 million of CRT securities, (ii) \$659.9 million of residential whole loans, and (iii) \$136.8 million of MSR-related assets. The Company is unable to accurately identify the purchasers of these assets because the transactions were completed primarily through securities dealers.

#### **Item 2.02. Results of Operations and Financial Condition.**

On April 10, 2020, the Company issued a press release announcing, among other things, its preliminary estimate of GAAP book value per common share and Economic book value per common share for the quarter ended March 31, 2020, as well as information related to its cash on hand. A copy of the press release is attached hereto as Exhibit 99.1 and, with respect to such financial information, is incorporated herein by reference.

The information provided pursuant to this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “**Securities Act**”), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

#### **Item 7.01. Regulation FD Disclosure.**

On April 10, 2020, the Company issued a press release related to the Forbearance Agreement and certain other Company updates, a copy of which is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information provided pursuant to this Item 7.01, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

#### **Item 8.01. Other Events.**

The Company is supplementing the risk factors described under “Item 1A. Risk Factors” in its Annual Report on Form 10-K for the year ended December 31, 2019 (“**Form 10-K**”), with the additional risk factors set forth below. These supplemental risk factors should be read in conjunction with the other risk factors described in the Form 10-K.

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**The term of the Forbearance Agreement is limited and may be terminated prior to its expiration upon certain events, and does not bind all counterparties.**

The Forbearance Term is limited and, unless extended by the parties, will expire on April 27, 2020. See “Term” under Item 1.01 above. Further, as described under “Termination” in Item 1.01 above, the Forbearance Agreement may terminate earlier than April 27, 2020, upon the occurrence of specified Termination Triggering Events. Therefore, we cannot predict the full length of the Forbearance Term. Any early termination of the Forbearance Term, our inability to extend the Forbearance Term, or our inability to fully come to an agreement with our counterparties (including Nonparticipating Counterparties) with respect to the remaining outstanding repurchase agreement obligations could have a material adverse effect on our business.

**The recent global COVID-19 pandemic has adversely affected, and will likely continue to adversely affect, our business, financial condition, liquidity and results of operations.**

We believe the worldwide COVID-19 pandemic has negatively affected our business and is likely to continue to do so. The outbreak has caused significant volatility and disruption in the financial markets both in the United States and globally. If COVID-19, or another highly infectious or contagious disease, continues to spread or the response to contain it is unsuccessful, we could continue to experience material adverse effects on our business, financial condition, liquidity, and results of operations. The extent of such effects will depend on future developments which are highly uncertain and cannot be predicted, including the geographic spread of the novel coronavirus, the overall severity of the disease, the duration of the outbreak, the measures that may be taken by various governmental authorities in response to the outbreak (such as quarantines and travel restrictions) and the possible further impacts on the global economy. The continued spread of COVID-19 could also negatively impact the availability of key personnel who are necessary to conduct our business.

Any significant decrease in economic activity or resulting decline in the housing market could have an adverse effect on our investments in mortgage real estate assets. In addition, as interest rates continue to decline as a result of demand for U.S. Treasury securities and the activities of the Federal Reserve, prepayments on our assets are likely to increase due to refinancing activity, which could have a material adverse effect on our result of operations.

Further, in light of the current environment related to the COVID-19 pandemic on the overall economy, such as rising unemployment levels or changes in consumer behavior related to loans as well as government policies and pronouncements, borrowers may experience difficulties meeting their obligations or seek to forbear payment on or refinance their mortgage loans to avail themselves of lower rates, which may adversely affect our result of operations.

**We cannot predict the effect that government policies, laws and plans adopted in response to the COVID-19 pandemic and global recessionary economic conditions will have on us.**

Governments have adopted, and we expect will continue to adopt, policies, laws and plans intended to address the COVID-19 pandemic and adverse developments in the credit, financial and mortgage markets. We cannot assure you that these programs will be effective, sufficient or otherwise have a positive impact on our business.

#### **Cautionary Language Regarding Forward-Looking Statements**

When used in this report or other written or oral communications, statements which are not historical in nature, including those containing words such as “will,” “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “could,” “would,” “may” or similar expressions, are intended to identify “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, and, as such, may involve known and unknown risks, uncertainties and assumptions. Statements regarding the following subjects, among others, may be forward-looking: the Company’s estimates of its outstanding borrowings under its financing arrangements, uncertainties related to negotiations with the Company’s financing counterparties including with respect to any forbearance agreement and the timing of any such agreement or the terms thereof. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. Actual results and outcomes could differ materially from those projected in these forward-looking statements due to a variety of factors, including, without limitation, risks related to the Forbearance Agreement, including the duration of such agreement, the Company’s ability to meet its ongoing obligations under such agreement, and the Company’s ongoing discussions with Nonparticipating Counterparties; the Company’s ability to accurately estimate its book value per common share for the quarter ended March 31, 2020; its portfolio composition and cash balances (particularly in light of the highly volatile and uncertain market conditions); changes in interest rates; changes in default rates; changes in the yield curve; changes in prepayment rates; the availability and terms of financing; changes in the market value of our assets; general economic conditions; conditions in the market for our residential mortgage backed securities, residential whole loans, residential

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mortgage securities, MSR-related assets and other residential mortgage assets; the timing and amount of distributions to our stockholders; our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended; conditions in the real estate market; legislative and regulatory changes that could adversely affect the business of the Company; and the ongoing spread and economic and operational effects of the COVID-19 virus. Additional information concerning these and other risk factors are contained in the Company’s filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and subsequent filings. The Company undertakes no duty to update any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

Exhibit No.	Description
<a href="#">10.1*</a>	Forbearance Agreement, dated as of April 10, 2020, by and among the Company and the several Participating Counterparties thereto.
<a href="#">99.1</a>	Press Release, dated April 10, 2020.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

\*Certain schedules and similar attachments have been omitted in reliance on Instruction 4 of Item 1.01 of Form 8-K and Item 601(a)(5) of Regulation S-K. The Company will provide, on a supplemental basis, a copy of any omitted schedule or attachment to the Securities and Exchange Commission or its staff upon request.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 13, 2020

MEA FINANCIAL, INC.

By: /s/ Harold E. Schwartz

Name: Harold E. Schwartz

Title: Senior Vice President and General Counsel

## **FORBEARANCE AGREEMENT**

THIS FORBEARANCE AGREEMENT, dated as of April 10, 2020 (this “Agreement”), by and among MFA Financial, Inc. and its undersigned affiliates, jointly and severally (each, a “Seller Entity,” and collectively, the “Companies”), and the buyer parties listed on Schedule 1 hereto (collectively, the “Participating Counterparties”), recites and provides as follows:

### **RECITALS**

A. The Companies are party to various repurchase agreements and other related agreements with the Participating Counterparties, as well as certain other agreements with the Participating Counterparties, including those set forth on Schedule 2 (such agreements, collectively, the “Applicable Agreements”).

B. The Companies acknowledge and agree that various defaults and/or events of default exist or are likely to exist, or with the passage of time will or are likely to occur, under the terms of one or more of the Applicable Agreements with Participating Counterparties, including without limitation on account of (i) the failure by one or more Seller Entities to make certain payments to the applicable Participating Counterparties under the Applicable Agreements related to margin calls, requests for payments, other payment provisions, financial covenants, or termination provisions, (ii) the failure by one or more Seller Entities to deliver certain notices to Participating Counterparties, and/or (iii) cross-default provisions under the Applicable Agreements (collectively, the “Acknowledged Events of Default”).

C. The Companies have requested that the Participating Counterparties forbear from exercising any and all rights and remedies under the Applicable Agreements or applicable law relating to any or all of the Acknowledged Events of Default, unless as otherwise provided in this Agreement.

D. The Participating Counterparties have agreed to forbear from exercising their rights and remedies with respect to the Acknowledged Events of Default solely during the Forbearance Period (as defined below) on the terms and subject to the conditions set forth in this Agreement.

### **AGREEMENT**

NOW, THEREFORE, for and in consideration of the promises, mutual covenants, releases, and agreements herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Forbearance.** From and after the Effective Date (as defined below) and through the earlier of: (i) 6:30 p.m. Eastern Daylight Time on the first business day that is fifteen (15) calendar days after the Effective Date, and (ii) the occurrence and continuance of a Triggering Event (as defined herein) (the “Forbearance Period”), each of the Participating Counterparties shall and hereby agrees to forbear from exercising any of its rights or remedies, as applicable, under its respective Applicable Agreements in respect of the Acknowledged Events of Default; provided that, without limiting and subject to the foregoing, each Participating Counterparty shall be permitted during the Forbearance Period to request, demand, or provide notice of margin, collateral or payments under the Applicable Agreements or other applicable law; provided further that nothing contained herein will prevent a Participating Counterparty from exercising any such

rights or remedies that are required by FINRA Rule 4210 as long as the applicable Participating Counterparty has exercised good faith efforts to obtain a waiver of, an extension pursuant to, or to otherwise excuse compliance with, FINRA Rule 4210.

Except as expressly set forth in this Agreement, nothing contained in this Agreement shall be deemed to constitute a waiver of any Acknowledged Event of Default or any other default, event of default or termination event under any of the Applicable Agreements or an amendment, supplement or modification of any term or condition of any of the Applicable Agreements. Upon the termination of the Forbearance Period, the agreement of the Participating Counterparties to forbear as set forth in this Section 1 shall be void *ab initio* and immediately terminate without the requirement of any demand, presentment, protest, or notice of any kind (including any written notice of such termination or any obligation to provide notice of any default, event of default, termination event or exercise of remedies that may be required under such Applicable Agreement), all of which are hereby waived by the Companies. The Companies hereby acknowledge and agree that, upon the termination of the Forbearance Period, the Participating Counterparties that are party hereto may at any time, and from time to time, in their sole and absolute discretion, with respect to the Acknowledged Events of Default or any other default or event of default that may have occurred under the Applicable Agreements, exercise against any applicable Seller Entity (and its properties) any and all of their rights, remedies, powers and privileges under and in accordance with such Applicable Agreements, applicable law and/or equity, all of which rights, remedies, powers and privileges are fully reserved by each of the Participating Counterparties, and without regard to any grace or notice periods provided under such Applicable Agreements, all of which shall be deemed to have expired.

2. **Grant of Security.** No later than the date hereof, to secure their respective obligations to the Participating Counterparties under the Applicable Agreements, but only if MFA Financial, Inc. is a party to or a guarantor of or has otherwise provided credit support in connection with such Applicable Agreements, each of the Companies hereby grants to the Collateral Agent and its successors and assigns, for the benefit of the Participating Counterparties in accordance with their respective Pro Rata Realized Losses and pursuant to a security agreement in form and substance acceptable to the Participating Counterparties, a valid and perfected first-priority security interest in, and lien upon, (a) all of the Companies' rights, title and interest in and to the assets described on Schedule 3 to this Agreement, (b) all of the Companies' right, title and interest in and to any and all repurchase agreements and related documents entered into by any of the Companies, including without limitation the Applicable Agreements and any repurchase agreements with Non-Participating Counterparties ("Collateral Contracts"), after giving effect to the rights (including netting and setoff rights) of the relevant Participating Counterparty or Non-Participating Counterparty thereunder or with respect to other rights of netting and setoff granted or acknowledged to Participating Counterparties pursuant to Section 7 of this Agreement, together with the Companies' rights to any assets returnable or amounts payable to them under any such repurchase agreements, and (c) the proceeds of all of the foregoing (collectively, the "Designated Assets"); provided, however, that (i) during the Forbearance Period, the Companies shall have full power and authority to use cash collateral (as that term is defined in section 363(a) of title 11 of the United States Code (the "Bankruptcy Code")) in accordance with the budget annexed hereto as Schedule 4, subject to the variances set forth therein, and to make payments to professionals of Participating Counterparties regardless of whether such amounts are included in the budget, and (ii) upon the expiration of the Forbearance Period, the lien on the Designated Assets shall be subject to a customary carveout for professional fees and other wind-down expenses as set forth more particularly in Section 7.3 of the Security and Collateral Agency Agreement. For the avoidance of doubt, during the Forbearance Period, in no event shall any Participating Counterparty have any contractual rights to enforce any provisions of any Collateral Contract to which such Participating Counterparty is not a party, and the Participating Counterparties' rights with respect to the Collateral Contracts to which they are not a party are solely rights to receive what Companies receive under such Collateral Contracts.



3. **Conditions to Effectiveness.** This Agreement shall become effective as of the date (the “Effective Date”) on which the following conditions shall have been satisfied or waived in writing by the Participating Counterparties:

- (a) the execution of this Agreement and the Security and Collateral Agency Agreement by the Companies on the same date, and the execution of this Agreement and the Security and Collateral Agency Agreement by each of the Minimum Counterparties, provided that, with respect to a Participating Counterparty that executes a counterpart of this Agreement after the Effective Date, this Agreement shall be effective as to such Participating Counterparty upon such execution by such Participating Counterparty;
- (b) the security interests granted pursuant to Section 2 hereof shall have been perfected (in the case of any assets that can be perfected with a UCC filing, on or before the day this Agreement has been executed by the Companies and each of the Minimum Counterparties) or are being perfected in accordance with the Security Documents;
- (c) any default or event of default that has occurred and is continuing under the Applicable Agreements other than the Acknowledged Events of Default that has been expressly waived by the applicable Participating Counterparty is set forth in Schedule 8;
- (d) to the extent invoiced at least one business day prior to the Effective Date, the Companies shall have paid the reasonable fees and out-of-pocket expenses of counsel and other professional advisors to each Participating Counterparty; and
- (e) immediately before and after giving effect to this Agreement, the representations and warranties of the Companies set forth in Section 8 and 9 herein shall be true and correct in all material respects on and as of the Effective Date.

4. **Common Interest Rate.** During the Forbearance Period, notwithstanding any term in any Applicable Agreement to the contrary, the rate of interest or the pricing rate that shall accrue on any and all obligations of any Seller Entity owed to each Participating Counterparty under such Applicable Agreement shall be the sum of (i) LIBOR (as defined below) (for a period of three months commencing on the date hereof and each three month anniversary of such date) plus (ii) 5% (the “Common Rate”).

5. **Agreement to Extend Maturity.** During the Forbearance Period, notwithstanding any term in any Applicable Agreement to the contrary, each Participating Counterparty agrees to extend the maturity dates of each of its Applicable Agreements until the end of the Forbearance Period. Each Participating Counterparty shall instruct the applicable prime brokerage to treat the terms of each of its Applicable Agreements as having been overridden as set forth in this Section 5.

6. **Application of Designated Assets.** Following liquidation thereof pursuant to the Security and Collateral Agency Agreement, the Designated Assets shall be applied and paid to Participating Counterparties based upon each Participating Counterparty’s Pro Rata Realized Losses; provided that, so long as no Triggering Event has occurred during the term of this Agreement, if any Participating Counterparty does not execute a further agreement with the Companies providing for a further period of forbearance for not less than 75 days upon the expiration of this Agreement and that otherwise has terms and conditions that are consistent with common market practice for forbearance agreements of a similar type and duration (an “Additional Forbearance Agreement”), then the Designated Assets to be applied and paid to such Participating

Counterparty shall be calculated based upon fifty percent of the Designated Assets. For the avoidance of doubt, although the application and payment of Designated Assets shall be calculated as set forth in this Section 6, a Participating Counterparty that does not execute an Additional Forbearance Agreement shall not, and shall not be deemed to waive, release or otherwise modify the security interest in and lien on the Designated Assets or its claims under its Applicable Agreements.

7. **Dispositions of Collateral.** Subject to advance written notice to all Participating Counterparties, the Companies and a Participating Counterparty may agree to terminate a transaction pursuant to an Applicable Agreement (“Applicable Transaction”) in whole or in part through a liquidation, close-out, optional termination or the sale of, in each case, all or a portion of the assets (including, without limitation, cash) subject to such Applicable Agreement (“Applicable Assets”), provided that with respect to such sales (x) such sale shall be made on an arm’s length basis by the Companies on customary market terms (which may include sales to affiliates of the Companies or the Participating Counterparties and/or the credit bidding of assets by the Participating Counterparties) and (y) no such sale will result in such Participating Counterparty having a deficiency claim against the applicable Seller Entity with respect to such Applicable Transaction that is greater than the Specified Percentage of the aggregate repurchase price for such transaction, unless such a sale resulting in a deficiency claim is approved by the Required Counterparties. For purposes of this Section 7, the “Specified Percentage” shall, in the case of the sale of Applicable Assets consisting of securities, equal 2.5%, and in the case of the sale of assets not consisting of securities, equal 1%. All proceeds of any such termination described above (net of reasonable and customary expenses (if any) in connection with the applicable disposition) shall be remitted to and applied by the relevant Participating Counterparty as follows: (i) first, to the outstanding repurchase price in respect of the disposed Applicable Assets, (ii) second, to outstanding margin deficits with respect to such Applicable Agreement, (iii) third, to all other obligations owed under such Applicable Agreement, (iv) fourth, to all other obligations owed by the Companies or their affiliates to the relevant Participating Counterparty or its affiliates under any other Applicable Agreement (regardless of whether the applicable Participating Counterparty or such affiliate has a contractual right to do so under the Applicable Agreements or any other agreement with any of the Companies), and (v) fifth, any further proceeds shall be subject to the lien and security interest granted in Section 2 of this Agreement. The Companies and the Participating Counterparties will reasonably cooperate to facilitate the sales contemplated in this Section 7 and any sales executed prior to the Effective Date. Further, all cash collateral that is held by any Participating Counterparty or any affiliate thereof in connection with any Applicable Agreement shall be applied by the relevant Participating Counterparty in accordance with the foregoing.

8. **Representations and Agreements of the Companies.** Each of the Companies hereby represents and warrants that each of the following statements is true, accurate and complete as of the date hereof:

- (a) Each of the Companies understands the temporary nature of the provisions of this Agreement and recognizes that no Participating Counterparty has any obligation to expand or extend any of the terms hereof;
- (b) The Designated Assets shown on Schedule 3 to this Agreement sets forth a true, accurate and complete list of substantially all of the material assets of the Companies that represent 100% of the unencumbered assets of the Companies and which the Companies believe to have a fair market value of approximately \$1,000,000,000; provided, however, that certain assets that do not have material value, including without limitation, furniture, fixtures, and equipment, are not identified on Schedule 3;

- (c) The Companies own the unencumbered assets contemplated to be pledged to the Participating Counterparties free and clear of any lien, security, interest, charge or encumbrance, other than any lien, security, interest or encumbrance created as a result of this Agreement;
- (d) There are no material agreements between the Companies and any other counterparties that have not been disclosed to the Participating Counterparties;
- (e) The Companies are in good standing with respect to any governmental or other agency which may regulate them; and
- (f) The Companies have not received any notice of default or event of default under any Applicable Agreements and the Companies have not received any notice of default relating to any other indebtedness, except as specified in Schedule 5.

9. **Representations and Warranties by All Parties.** Each of the parties hereto hereby represents and warrants that each of the following statements is true, accurate and complete as to such party as of the date hereof:

- (a) Such party has carefully read and fully understood all of the terms and conditions of this Agreement;
- (b) Such party has consulted with, or had a full and fair opportunity to consult with, an attorney regarding the terms and conditions of this Agreement;
- (c) Such party has had a full and fair opportunity to participate in the drafting of this Agreement;
- (d) Such party is freely, voluntarily, knowingly, and intelligently entering into this Agreement;
- (e) In entering into this Agreement, such party has not relied upon any representation, warranty, covenant or agreement not expressly set forth herein or in its respective Applicable Agreement;
- (f) This Agreement has been duly authorized and validly executed and delivered by such party and constitutes each such party's legal, valid and binding obligation, enforceable in accordance with its terms;
- (g) Such party is executing this Agreement and agreeing to be bound on account of all Applicable Agreements to which it is a party; and
- (h) Such party is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has the full power and legal authority to execute this Agreement, consummate the transactions contemplated hereby, and perform its obligations hereunder.

10. **Covenants by the Companies.** The Companies hereby covenant that, during the Forbearance Period:

- (a) no dividend or other distribution shall be made on any preferred or common stock of any Seller Entity;

- (b) the independent directors of any Seller Entity shall be paid only with common stock in such Seller Entity, except with respect to Independent Directors of special purpose entity Seller Entity subsidiaries of MFA Financial, Inc.;
- (c) in connection with a Non-Participating Counterparty's agreement to waive, or forbear from exercising remedies with respect to, a default or potential default under a repurchase agreement or similar agreement with such Non-Participating Counterparty, if any of the Companies agrees (x) to provide any benefit or consideration to such Non-Participating Counterparty that is more favorable than the consideration or benefits offered hereunder (including, without limitation, the benefit of a forbearance period of shorter duration than the Forbearance Period and the payment of any fees in connection with such waiver or forbearance) or (y) to any terms or conditions with such Non-Participating Counterparty that are more favorable than the terms set forth in this Agreement, (i) the Companies shall provide advance written notice to the Participating Counterparties of such consideration, benefit, terms or conditions and (ii) such consideration, benefit, terms or condition shall be deemed incorporated herein and each of the Participating Counterparties shall be provided with such consideration or benefit on the same terms as such Non-Participating Counterparty, without the need of any further action on the part of any party, except that the Companies shall take such actions as may be necessary or reasonably requested by any Participating Counterparty to perfect the rights of the Participating Counterparties in and to such benefits;
- (d) the Companies shall cooperate fully with the Participating Counterparties and their respective agents and professionals (legal and financial), including in connection with any financial review or appraisal of the businesses, assets or financial condition of the Companies, to provide the Participating Counterparties and their respective agents and professionals with all reasonably requested information, in all cases at the expense of the Companies. Without limiting the foregoing, (i) upon the request of any Participating Counterparty, and subject to compliance with the confidentiality provisions included in such Applicable Agreement, the Companies shall grant such Participating Counterparty and its respective professionals (including, without limitation, its lawyers, accountants, appraisers and financial advisors) reasonable access to, and shall as promptly as practical schedule meetings and conference calls with, management personnel and any financial advisors or restructuring consultants retained by the Companies, (ii) the Companies shall on or prior to the Effective Date have created a data room with outstanding principal balance and asset information in a form acceptable to the Participating Counterparties, including loan tapes and CUSIP numbers for all outstanding transactions, and (iii) the Companies' financial advisor shall furnish the Participating Counterparties with daily reporting of transactions entered into by the Companies on the previous business day, including relevant details of any sales of encumbered assets and repayment of associated financing, principal and interest cash flows collected from encumbered assets that are used to pay down associated financing, and other significant cash flows from transactions involving (1) all dispositions pursuant to Section 7 of this Agreement, (2) settlement of sales of previously unsettled encumbered or unencumbered assets that occurred prior to execution of this agreement, (3) settlements or accommodations from financing counterparties not party to this agreement; (4) cash outflows and related details on payments for general and administrative or other expenses in the normal course of the Companies' business to the extent that they exceed \$500,000 on any given day as well as details on any single expense exceeding \$200,000, and (5) consolidated financial balance sheet information for MFA Financial, Inc., and any other information required to be provided under any of the Applicable Agreements, including daily reporting on margin calls;

- (e) the Companies shall pay the reasonable and documented professional fees and expenses, including legal fees, of each Participating Counterparty incurred in connection with the consideration of the forbearance provided for herein (including any diligence and analysis in respect thereof) and the negotiation and execution of this Agreement and any extension or modification thereof, including fees and expenses of a financial advisor for the Participating Counterparties;
- (f) no draws shall be made under any Applicable Agreement of a Participating Counterparty, except with respect to the agreements set forth in Schedule 6 hereto;
- (g) the Companies shall make no draws upon or otherwise access extensions of credit, including any further sales or repurchases, including, without limitation, from affiliates, except with respect to the agreements set forth in Schedule 6 hereto;
- (h) no payments shall be made to any lender, creditor or other obligee under any indebtedness obligation of any kind of any of the Companies, including without limitation to the Participating Counterparties under the Applicable Agreements (other than as expressly permitted under this Agreement, including payments contemplated in the budget annexed hereto as Schedule 4);
- (i) all income, funds, cash collateral and other proceeds received under or in connection with any Applicable Agreement and/or any Applicable Assets thereunder (including any such income, funds, cash collateral or other proceeds that are in the possession of the applicable Participating Counterparty on the date hereof and/or would otherwise be required to be paid to the Companies pursuant to such Applicable Agreement) shall be applied by the relevant Participating Counterparty as follows: (i) first, to all accrued and unpaid interest (including price differential) owed under such Applicable Agreement and hereunder, (ii) second, to outstanding margin deficits under such Applicable Agreement, (iii) third, to reduce the outstanding principal amount (including any repurchase price) owed to such Participating Counterparty under such Applicable Agreement (notwithstanding any principal repayment schedule in the Applicable Agreement to the contrary), (iv) fourth, to all other obligations owed by the Companies or their affiliates to the relevant Participating Counterparty or its affiliates under any other Applicable Agreement (regardless of whether the applicable Participating Counterparty or such affiliate has a contractual right to do so under the Applicable Agreements or any other agreement with any of the Companies), including fees and expenses, and (v) fifth, any further proceeds shall be subject to the lien and security interest granted in Section 2 of this Agreement; provided, however, for the avoidance of doubt, that during the Forbearance Period payments of interest (including price differential), principal, and other obligations shall be made from income and other proceeds in accordance with the foregoing and not based on any due dates, schedules, or other timing set forth in the Applicable Agreements;
- (j) upon the reasonable request of any Participating Counterparty and at the Companies' expense, shall make, execute, endorse, acknowledge, file, record, register and/or deliver such agreements, documents, instruments and further assurances (including, without limitation, financing statements in applicable jurisdictions, delivery of custodial receipts in the name of and for the benefit of the Collateral Agent from any custodians holding any mortgage-loan related assets, delivery, together with endorsements in blank, of all physical securities

comprising Designated Assets, and creation of segregated securities accounts (and the crediting thereto of all securities constituting Designated Assets) and deposit accounts for any Designated Assets (and crediting thereto of all cash constituting Designated Assets) and execution of control agreements for the same) and take such other actions as may be reasonably appropriate or advisable to create, perfect, preserve or protect the security interest of the Collateral Agent on behalf of the Participating Counterparties granted in Section 2 of this Agreement;

- (k) immediately upon the effectiveness of this Agreement, the Companies shall make a good faith effort to develop a business plan and undertake a deleveraging process and use its commercially reasonable efforts to accomplish such deleveraging;
- (l) the Companies shall promptly notify each Participating Counterparty of the occurrence of any Triggering Event and in any event no later than one business day following the occurrence thereof (or in the case of a Triggering Event described in clauses (iii) (solely with respect to a voluntary filing), (vii), (viii), (ix), (xii) or (xiv) of the definition of “Triggering Event,” one business day prior to such expected filing or payment), which notice shall state that such Triggering Event occurred and set forth, in reasonable detail, the facts and circumstances that gave rise to such Triggering Event;
- (m) the Companies shall promptly, and in any event no later than one business day after receipt of notice thereof, notify each Participating Counterparty of any default, event of default, termination notices, enforcement notices, calculation statements, and related notices and correspondences received by the Companies in connection with any repurchase agreements with Non-Participating Counterparties or any material indebtedness of the Companies, or any other agreement that could give rise to a cross default under any of the foregoing;
- (n) the Companies acknowledge and agree that New York Governor Andrew Cuomo’s Executive Order No. 202.9, “Continuing Temporary Suspension and Modification of Laws Relating to Disaster Emergency” is inapplicable to any of the Applicable Agreements, and that the Companies will not seek to challenge or assert a claim or defense against any Participating Counterparty on the basis of such executive order;
- (o) unless otherwise agreed upon by the Required Counterparties, each Seller Entity shall not enter into any new repurchase agreements, forward transaction agreements, hedging agreements, ISDA agreements, warehouse agreements, swap agreements, loan agreements, and other related agreements or any transactions thereunder or any new transactions under an Applicable Agreements or any other similar agreement, or grant any liens upon its assets on account of the forgoing or incur any other indebtedness of the Companies;
- (p) the Companies shall provide notice to all Participating Counterparties promptly, and no later than one business day after, (i) the exercise of remedies in connection with a Triggering Event by any Participating Counterparty; or (ii) the termination of any forbearance or standstill or similar agreement by any Non-Participating Counterparty to any repurchase agreement, swap agreement or other derivative contract with any of the Companies; and
- (q) the Companies shall use best efforts to have all of the Security Documents fully executed, and to perfect on a first-priority basis the liens on the Designated Assets pursuant to the

Security Documents, as soon as reasonably practicable, and in no event later than ten (10) business days after the Effective Date.

11. **Releases.** Upon execution of this Agreement by each of the Companies and each of the Participating Counterparties, the Companies, on behalf of themselves and their successors or assigns (collectively, the “Releasing Parties”) releases, waives and forever discharges (and further agrees not to allege, claim or pursue) any and all claims, rights, causes of action, counterclaims or defenses of any kind whatsoever whether in law, equity or otherwise (including, without limitation, any claims relating to (i) the making or administration of transactions under the Applicable Agreements (including any acts or omissions in respect of margin calls, related valuations, and notice requirements), including, without limitation, any such claims and defenses based on fraud, mistake, duress, usury or misrepresentation, or any other claim based on so-called “lender liability” theories, (ii) any covenants, agreements, duties or obligations set forth in the Applicable Agreements, (iii) increased financing costs, interest or other carrying costs, (iv) penalties, lost profits or loss of business opportunity, (vi) legal, accounting and other administrative or professional fees and expenses and incidental, consequential and punitive damages payable to third parties, (vii) damages to business reputation, (viii) any claims arising under 11 U.S.C. §§ 541-550 or any claims for avoidance or recovery under any other federal, state or foreign law equivalent, or (ix) any claims arising from any actual or alleged decline in the value of any Applicable Assets during the Forbearance Period), which any of the Releasing Parties might otherwise have or may have against the Participating Counterparties, their present or former subsidiaries and affiliates or any of the foregoing’s officers directors, employees, attorneys or other representatives or agents (collectively, the “Releasees”) in each case on account of any conduct, condition, act, omission, event, contract, liability, obligation, demand, covenant, promise, indebtedness, claim, right, cause of action, suit, damage, defense, judgment, circumstance or matter of any kind whatsoever which existed, arose or occurred at any time prior to the date of this Agreement relating to the Applicable Agreements, this Agreement and/or the transactions contemplated thereby or hereby (any of the foregoing, a “Claim”). Each of the Releasing Parties expressly acknowledges and agrees, with respect to the Claims, that it waives, to the fullest extent permitted by applicable law, any and all provisions, rights, and benefits conferred by any applicable U.S. federal or state law, or any principle of U.S. common law, that would otherwise limit a release or discharge of any unknown Claims pursuant to this paragraph. Furthermore, each of the Releasing Parties hereby absolutely, unconditionally and irrevocably covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released and/or discharged by the Releasing Parties pursuant to paragraph. Except as provided for in Section 12 with respect to a Participating Counterparty that breaches this Agreement, the foregoing release, covenant and waivers of this paragraph shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby or the termination of the Applicable Agreements, this Agreement or any provision thereof.

12. **Remedies for Breach by Participating Counterparty.** Any Participating Counterparty that fails to comply with any material term of this Agreement during the Forbearance Period (a “Non-Complying Counterparty”), which failure remains uncured for a period of two (2) business days following such Participating Counterparty’s receipt of written notice of such non-compliance, and which failure to comply has been determined by a final, non-appealable order of a court of competent jurisdiction, shall (i) be deemed immediately to have forfeited its lien on the Designated Assets; and (ii) no longer be deemed a Releasee (and the release provided to such Participating Counterparty and its related Releasees shall defease retroactively and be of no force or effect whatsoever). For the avoidance of doubt, (i) a Participating Counterparty’s exercise of any rights or remedies following the Forbearance Period shall not be deemed a breach of this Agreement, and (ii) no Participating Counterparty shall be deemed a Non-Complying Counterparty solely by virtue of such Participating Counterparty failing to extend its agreements under Section 1 at the end of the Forbearance Period.

13. **No Waiver of Rights or Remedies.** The Participating Counterparties and the Companies agree that other than as expressly set forth herein, nothing in this Agreement or the performance by the parties of their respective obligations hereunder constitutes or shall be deemed to constitute a waiver of any of the parties' rights or remedies under the terms of such Applicable Agreement or applicable law, all of which are hereby reserved, including without limitation, (i) any rights that the Participating Counterparties may have to charge interest at a post-default rate under the terms of such Applicable Agreement, and (ii) any rights or remedies in connection with any bankruptcy proceedings in respect of a Seller Entity (to which this Agreement shall not apply). Except as expressly set forth in this Agreement, this Agreement is not intended to be, and shall not be deemed or construed to be, an amendment, supplement, modification, cure, satisfaction, reinstatement, novation, or release of the Applicable Agreements or any indebtedness incurred thereunder or evidenced thereby. The parties further agree that the running of all statutes of limitation and the doctrine of laches applicable to all claims or causes of action that the Participating Counterparties may be entitled to take or bring in order to enforce their rights and remedies against the Seller Entities are, to the fullest extent permitted by law, tolled and suspended during the Forbearance Period. This Agreement is limited in nature and nothing herein shall be deemed to establish a custom or course of dealing between any Participating Counterparty and any Seller Entity. Except as set forth in Section 12 hereof, in no event shall this Agreement extinguish the obligations for the payment of money outstanding under any Applicable Agreement or discharge or release any collateral or other security therefor.

14. **Sale of Claims During Forbearance Period.** During the Forbearance Period and provided that no Triggering Event shall have occurred, but subject to the provisions of Section 7 hereof, no Participating Counterparty may sell or otherwise transfer any claim it may have arising out of any Applicable Agreement to any person other than another Participating Counterparty, or an affiliate thereof that expressly agrees to be bound by the terms of this Agreement, without the prior written consent of the Required Counterparties.

15. **Safe Harbor.** Each of the parties hereto intend (i) for this Agreement to qualify for the safe harbor treatment provided by the Bankruptcy Code and for each of the Participating Counterparties to be entitled to all of the rights, benefits and protections afforded to Persons under the Bankruptcy Code with respect to a "repurchase agreement" as defined in Section 101(47) of the Bankruptcy Code, a "securities contract" as defined in Section 741(7) of the Bankruptcy Code and a "master netting agreement" as defined in Section 101(38A) of the Bankruptcy Code, and that all payments and other transfers made under or pursuant to this Agreement are deemed "margin payments" or "settlement payments," as defined in Section 741 of the Bankruptcy Code, (ii) that the grant of security interest set forth in this Agreement are intended to constitute a security agreement or other arrangement or other credit enhancement related to each Applicable Agreement and transactions thereunder as defined under Sections 101(47)(A)(v) and 741(7)(A)(xi) of the Bankruptcy Code and a "master netting agreement" as defined in Section 101(38A) of the Bankruptcy Code, and (iii) that each Participating Counterparty (for so long as such Participating Counterparty is a "financial institution," "financial participant" or other entity listed in Section 555, 559, 561, 362(b)(6), 362(b)(7) or 362(b)(27) of the Bankruptcy Code) shall be entitled to, without limitation, the liquidation, termination, acceleration, netting, set-off, and non-avoidability rights afforded to parties such as such Participating Counterparty to "repurchase agreements" pursuant to Sections 559, 362(b)(7) and 546(f) of the Bankruptcy Code, "securities contracts" pursuant to Sections 555, 362(b)(6) and 546(e) of the Bankruptcy Code and "master netting agreements" pursuant to Sections 561, 362(b)(27) and 546(j) of the Bankruptcy Code. The parties hereto further acknowledge and agree that if any Participating Counterparty is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("**FDIA**"), then this Agreement hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to this Agreement would render such definition inapplicable). The parties hereto further acknowledge and agree that this Agreement constitutes



a “netting contract” as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) and each payment entitlement and payment obligation under any Transaction shall constitute a “covered contractual payment entitlement” or “covered contractual payment obligation,” respectively, as defined in and subject to FDICIA (except insofar as a party is not a “financial institution” as that term is defined in FDICIA). The parties agree that the terms of Section 1 and Section 2 and the related defined terms of the form of bilateral template entitled “Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)” published by ISDA on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at [www.isda.org](http://www.isda.org)), are hereby incorporated into and form a part of this Agreement, and for such purposes this Agreement shall be deemed a “Covered Agreement,” each party that is a Covered Entity shall be deemed a “Covered Entity” and each party (whether or not it is a Covered Entity) shall be deemed a “Counterparty Entity” with respect to each other party that is a Covered Entity. For purposes of the foregoing sentence “Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

16. **Governing Law; Jurisdiction; Waiver of Jury Trial.**

- (a) This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, notwithstanding its conflict of laws principles or any other rule, regulation or principle that would result in the application of any other state’s law.
- (b) EACH PARTY HERETO HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE BOROUGH OF MANHATTAN, CITY OF NEW YORK, STATE OF NEW YORK AND APPELLATE COURTS FROM EITHER OF THEM AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. EACH PARTY HERETO EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS.
- (c) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

15. **Entire Agreement.** This Agreement, together with all Applicable Agreements to which the parties are bound, and the Security Documents constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements and understandings relating to any Acknowledged Events of Default.

16. **Modifications.** No part or provision of this Agreement may be changed, modified, waived, discharged or terminated except by mutual written agreement of all of the parties hereto. Except as so mutually agreed, the Companies agree that, during the Forbearance Period, they will not permit any party hereto to be relieved of any of its obligations hereunder or take any similar action that would have a comparable effect.

17. **Defined Terms.** The definitions set forth in this Agreement are for convenience only and shall have no bearing on the characterization of any agreement or qualification of any agreement for the protections afforded in 11 U.S.C. §§ 362, 546, 553, 555-561.

18. **Successors and Assigns.** This Agreement shall inure to the benefit of and bind each of the parties and their respective successors and assigns.

19. **Headings.** The headings used in this Agreement are for convenience only and will not be deemed to limit, amplify or modify, the terms of this Agreement.

20. **Counterparts.** This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument, and the words “executed,” “signed,” “signature,” and words of like import as used above and elsewhere in this Agreement or in any other certificate, agreement or document related to this transaction shall may include, in addition to manually executed signatures, images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, “pdf”, “tif” or “jpg”) and other electronic signatures (including, without limitation, any electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

21. **Certain Definitions.**

- (a) “**Collateral Agent**” shall mean Wilmington Trust as collateral agent for the Participating Counterparties, or such other collateral agent as agreed by the Companies and the Participating Counterparties.
- (b) “**LIBOR**” shall mean the 1-month London interbank offered rate as administered by ICE Benchmark Administration as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (the “**LIBO Screen Rate**”) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such interest period; provided that if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.
- (c) “**Minimum Counterparties**” shall mean, as of the Effective Date, counterparties of the Companies that collectively hold at least 80% of the aggregate gross principal balance of Applicable Agreements and similar agreements with Non-Participating Counterparties to which one or more Companies is a party as of such date of determination.
- (d) “**Non-Participating Counterparties**” shall mean counterparties under repurchase agreements and other related agreements similar in nature to the Applicable Agreements with any one or more of the Companies, other than the Participating Counterparties.

- (e) “Pro Rata Realized Losses” shall mean for each Participating Counterparty a fraction the numerator of which is an amount equal to such Participating Counterparty’s realized losses under the applicable Applicable Agreements and the denominator of which is the sum of all Participating Counterparties’ realized losses, in each case, calculated upon the close-out of all of the transactions under the applicable Applicable Agreements (with realized losses being determined in each instance (after giving effect to the netting and setoff of any cash collateral or other margin held by such Participating Counterparty) by either (i) a disposition (including a Participating Counterparty’s buying in) of the related Applicable Assets within 180 days following the expiration of the Forbearance Period and in accordance with such Applicable Agreement or (ii) agreement of the Companies, in consultation with the Required Counterparties).
- (f) “Required Counterparties” shall mean, as of any date of determination, Participating Counterparties that collectively hold a majority of the aggregate gross principal balance of Applicable Agreements to which one or more Companies is a party as of such date of determination.
- (g) “Security and Collateral Agency Agreement” shall mean that certain Security and Collateral Agency Agreement dated as of the date hereof among the Companies, Wilmington Trust, National Association, as agent for the Participating Counterparties, and the Participating Counterparties, which is annexed hereto as Exhibit A.
- (h) “Security Documents” shall mean the Security and Collateral Agency Agreement, and any custodial, account or other agreements perfecting the liens granted in the Security and Collateral Agency Agreement, each in form and substance satisfactory to the Participating Counterparties.
- (i) “Triggering Event” shall mean any of the following:
- (i) the failure of any Company to comply with any term, condition, or covenant set forth in this Agreement or any of the Security Documents;
  - (ii) the inaccuracy of any representation or warranty made by the Companies herein in any material respect on or as of the date made;
  - (iii) any Seller Entity under the debtor relief laws of the United States or other applicable jurisdictions from time to time in effect, including but not limited to the United States Bankruptcy Code (a) commences or seeks to commence a voluntary case or proceeding; (b) consents to a voluntary case or proceeding; (c) consents to the appointment of a custodian, receiver, liquidator, trustee, monitor, sequestrator or similar official of it (or them) for all or any substantial part of its property; (d) makes or seeks to make a general assignment for the benefit of its (or their) creditors; (e) files or takes steps to file an answer or consent seeking reorganization or relief; or (f) consents to the filing of a petition in bankruptcy or any similar proceeding;
  - (iv) an involuntary case under the United States Bankruptcy Code or other applicable debtor relief law is commenced against any Seller Entity and the petition is not controverted within 10 days, or is not dismissed within 45 days after the filing thereof;

- (v) a custodian, receiver, liquidator, trustee, monitor, sequestrator or similar official is appointed out of court with respect to any Seller Entity, or with respect to all or any substantial part of the assets or properties of the Seller Entities;
- (vi) Non-Participating Counterparties shall have exercised remedies under any repurchase agreements, any related agreements, or any similar agreements with the Companies to sell or otherwise dispose of assets corresponding to an aggregate gross principal balance of in excess of \$330 million;
- (vii) any of the Seller Entities shall make a dividend or other distribution on any preferred or common stock;
- (viii) the independent directors of any Seller Entity shall receive compensation other than common stock in such Seller Entity, except with respect to independent directors of special purpose entity Seller Entity subsidiaries of MFA Financial, Inc.;
- (ix) other than as expressly permitted under this Agreement, including payments contemplated in the budget annexed hereto as Schedule 4, or as otherwise agreed to by the Participating Counterparties, any payments shall be made to or liens or collateral granted for the benefit of any repurchase agreement, forward transaction agreement, hedging agreement, ISDA agreement, warehouse agreement, swap agreement, or loan agreement counterparty other than to a Participating Counterparty under or in connection with an Applicable Agreement or to any agent or lender with respect to any material indebtedness of the Companies;
- (x) the exercise of remedies (i) in connection with a Triggering Event by any Participating Counterparty, or (ii) in connection with compliance with FINRA Rule 4210 by Participating Counterparties holding an aggregate gross principal balance in excess of \$500 million as long as the applicable Participating Counterparties have exercised good faith efforts to obtain a waiver of, an extension pursuant to, or to otherwise excuse compliance with, FINRA Rule 4210;
- (xi) the Security Documents cease to create a valid and perfected first priority security interest in the Designated Assets after such perfection occurs in accordance with the terms of this Agreement and the Security Documents;
- (xii) payment being made by the Companies to any repurchase agreement counterparty, including without limitation the Participating Counterparties and the Non-Participating Counterparties (other than as expressly set forth herein); provided that no Triggering Event shall be deemed to have occurred pursuant to the foregoing clause (ix) or this clause (xii) due to any Seller Entity complying with its obligations as lender, buyer or other type of financing provider under any financing, repurchase transaction or similar arrangement;
- (xiii) the receipt by any of the Participating Counterparties from, or the publication by, any of the Companies of any threat of litigation (other than in connection with a breach of this Agreement by a Participating Counterparty); or

- (xiv) the commencement of any lawsuit by any of the Companies against any Participating Counterparty arising out of or with respect to, or in connection with, any repurchase agreements, or any related agreements (other than in connection with a breach of this Agreement by a Participating Counterparty);
- (xv) the failure by any Company to take the actions within such Company's control by April 15, 2020, to have the DTC repo tracker turned "off" with respect to assets subject to the relevant Applicable Agreements;
- (xvi) the failure of any Company to remit to the applicable Participating Counterparty income or proceeds received by such Company with respect to assets subject to the relevant Applicable Agreements within one (1) business day of actual notice to, or actual knowledge by, such Company of receipt of such income or proceeds; or
- (xvii) the CMBX.NA.AAA.13 Index has remained 20% below the level of the CMBX.NA.AAA.13 Index as of the commencement of the Forbearance Period for three (3) consecutive business days.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

**SELLER ENTITIES:**

*Signature Page to MFA Global Forbearance Agreement*

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**MFA Securitization Holdings LLC,**  
as a Seller Entity

By: /s/ Bryan Wulfsohn  
Name: Bryan Wulfsohn  
Title: Vice President

*Signature Page to MFA Global Forbearance Agreement*

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**MFResidential Assets I, LLC**, as a Seller  
Entity

By: /s/ Lori Samuels

Name: Lori Samuels

Title: Senior Vice President

*Signature Page to MFA Global Forbearance Agreement*

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**MFA Securities Holdings LLC**, as a  
Seller Entity

By: /s/ Bryan Wulfsohn  
Name: Bryan Wulfsohn  
Title: Vice President

*Signature Page to MFA Global Forbearance Agreement*

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**MFA Kittiwake Investments Ltd.**, as a  
Seller Entity

By: /s/ Bryan Wulfsohn  
Name: Bryan Wulfsohn  
Title: Vice President

*Signature Page to MFA Global Forbearance Agreement*

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**MFRA Trust 2014-1**  
**MFRA Trust 2014-2**  
**MFRA Trust 2015-1**  
**MFRA Trust 2016-1**  
**MFRA Trust 2019-1**  
**MFRA Trust 2019-2**, each as a Seller Entity

**By: MFResidential Assets I, LLC,**  
as Administrator

By: /s/ Lori Samuels  
Name: Lori Samuels  
Title: Senior Vice President

*Signature Page to MFA Global Forbearance Agreement*

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**DIPLOMAT PROPERTY HOLDINGS CORP.,**  
as a Debtor

By: /s/ Bryan Wulfsohn  
Name: Bryan Wulfsohn  
Title: Vice President

*Signature Page to MFA Global Forbearance Agreement*

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**CLEEK INVESTMENT HOLDINGS LLC**, as a  
Debtor

By: /s/ Bryan Wulfsohn  
Name: Bryan Wulfsohn  
Title: Vice President

*Signature Page to MFA Global Forbearance Agreement*

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**BEAUMONT SECURITIES HOLDINGS, LLC,**  
as a Debtor

By: /s/ Lori Samuels  
Name: Lori Samuels  
Title: Senior Vice President

*Signature Page to MFA Global Forbearance Agreement*

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**DEEPWOOD RESIDENTIAL ASSETS, LLC**, as  
a Seller Entity

By: /s/ Bryan Wulfsohn  
Name: Bryan Wulfsohn  
Title: Vice President

*Signature Page to MFA Global Forbearance Agreement*

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**DIPLOMAT PROPERTY MANAGER, LLC**, as  
a Seller Entity

By: /s/ Bryan Wulfsohn  
Name: Bryan Wulfsohn  
Title: Vice President

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**SPARTAN PROPERTY MANAGER, LLC**, as a  
Seller Entity

By: /s/ Bryan Wulfsohn  
Name: Bryan Wulfsohn  
Title: Vice President

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**MFA FINANCIAL, INC.,**  
as a Seller Entity and Guarantor

By: /s/ Lori Samuels  
Name: Lori Samuels  
Title: Senior Vice President

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**PARTICIPATING COUNTERPARTIES:**

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**ALPINE SECURITIZATION LTD**, as a  
Participating Counterparty, by CREDIT  
SUISSE AG, NEW YORK BRANCH as  
Attorney-in-Fact

By: /s/ Jason Ruchelsman  
Name: Jason Ruchelsman  
Title: Director

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**ALPINE SECURITIZATION LTD**, as a  
Participating Counterparty, by CREDIT  
SUISSE AG, NEW YORK BRANCH as  
Attorney-in-Fact

By: /s/ Kevin Quinn  
Name: Kevin Quinn  
Title: Vice President

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**Bank of America, N.A.**, as a Participating  
Counterparty

By: /s/ Michael J. Berg  
Name: Michael J. Berg  
Title: Director

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**BOFA SECURITIES, INC.**, as a Participating Counterparty

By: /s/ Michael J. Berg

Name: Michael J. Berg

Title: Director

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**Barclays Bank PLC**, as a Participating  
Counterparty

By: /s/ Robert Silverman  
Name: Robert Silverman  
Title: Authorized Signatory

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**Barclays Capital Inc.**, as a Participating  
Counterparty

By: /s/ Robert Silverman  
Name: Robert Silverman  
Title: Authorized Signatory

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**BNP Paribas**, as a Participating Counterparty

By: /s/ Amy Kirschner

Name: Amy Kirschner

Title: Managing Director

By: /s/ Robert W. Hawley

Name: Robert W. Hawley

Title: Managing Director

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**Credit Suisse AG, Cayman Islands  
Branch**, as a Participating Counterparty

By: /s/ Kwaw de Graft-Johnson  
Name: Kwaw de Graft-Johnson  
Title: Authorized Signatory

By: /s/ Elie Chau  
Name: Elie Chau  
Title: Vice President

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**Goldman Sachs Bank USA**, as a  
Participating Counterparty

By: /s/ Rajiv Kamilla  
Name: Rajiv Kamilla  
Title: Authorized Signatory

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**Goldman Sachs Lending Partners  
LLC**, as a Participating Counterparty

By: /s/ Rajiv Kamilla  
Name: Rajiv Kamilla  
Title: Authorized Signatory

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**Goldman, Sachs & Co.**, as a Participating  
Counterparty

By: /s/ Rajiv Kamilla  
Name: Rajiv Kamilla  
Title: Authorized Signatory

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**Morgan Stanley Bank, N.A.**, as a  
Participating Counterparty

By: /s/ Darius Houseal  
Name: Darius Houseal  
Title: Authorized Signatory

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**Wells Fargo Bank, N.A.**, as a Participating  
Counterparty

By: /s/ Kevin Graves  
Name: Kevin Graves  
Title: Director

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**Wells Fargo Securities, LLC**, as a  
Participating Counterparty

By: /s/ Romona Lingerfelt  
Name: Romona Lingerfelt  
Title: Authorized Signatory

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SCHEDULE 1  
Participating Counterparties

1. Alpine Securitization LTD
2. Bank of America, N.A.
3. BofA Securities, Inc.
4. Barclays Bank PLC
5. Barclays Capital Inc.
6. BNP Paribas Securities Corp.
7. Credit Suisse AG, Cayman Islands Branch
8. Goldman Sachs Bank USA
9. Goldman Sachs Lending Partners LLC
10. Goldman, Sachs & Co.
11. Morgan Stanley Bank, N.A.
12. Wells Fargo Bank, N.A.
13. Wells Fargo Securities, LLC



***For Immediate Release***

**MFA Financial, Inc. Provides Company Update**

NEW YORK, April 10, 2020 /PRNewswire/ -- MFA Financial, Inc. (NYSE:MFA) (the "Company") announced today the following updates with respect to its business operations.

- ***Forbearance Agreement.*** On April 10, 2020, the Company and its repurchase agreement counterparties holding a significant majority of its outstanding repurchase obligations entered into a Forbearance Agreement. On March 24, 2020, the Company had announced that due to the turmoil in the financial markets resulting from the COVID-19 pandemic, the Company was engaged in discussions with its financing counterparties regarding forbearance with respect to the Company's obligations under its repurchase agreement financing arrangements, which were approximately \$9.5 billion as of March 20, 2020.

Since the date of that announcement through April 9, 2020, the Company's indebtedness under such arrangements has decreased to approximately \$5.8 billion. This reduction occurred as a result of sales of certain assets and the payoff of the associated repurchase agreement obligations.

Additional details regarding the Forbearance Agreement include:

- Participating counterparties to the Forbearance Agreement represent repurchase obligations of an aggregate of \$4.8 billion, or 83%, of repurchase agreement obligations outstanding as of the date of the Forbearance Agreement. In addition, the Company believes that it has good working relationships with certain other counterparties that are not participating in the Forbearance Agreement, representing the remaining 17% of total repurchase obligations.
  - In connection with the Forbearance Agreement, the Company also granted the participating counterparties a security interest in Company assets that were unencumbered prior to the Forbearance Agreement, including residential whole loans, real estate owned, unrestricted cash and other assets with an estimated market value as of the date of the Forbearance Agreement of approximately \$1.3 billion.
  - Counterparties have agreed to forbear from exercising any rights or remedies for 15 days (unless terminated sooner upon the occurrence of certain events) under their respective repurchase agreements, including selling collateral to enforce margin calls. The Forbearance Agreement provides the Company with the ability, subject to counterparty consent, to extend forbearance for up to an additional 75 days, subject to the Company's ongoing compliance with various obligations.
  - During the period covered by the Forbearance Agreement, the Company intends to continue to pursue asset sales and explore other potential transactions to reduce its obligations under its repurchase agreements and raise cash to bolster its liquidity.
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- **Liquidity and Portfolio Update.** In response to the unprecedented market conditions experienced since mid-March, the Company has taken steps to manage and de-lever its portfolio and generate liquidity, particularly in relation to its investments in certain residential mortgage securities. Specific actions taken by the Company include:
  - Sales of residential mortgage assets generating proceeds of \$3.5 billion, which were used to reduce the associated repurchase agreement obligations. The Company has disposed of approximately \$2.9 billion of residential mortgage securities, including \$1.4 billion of Agency MBS, \$1.3 billion of Non-Agency MBS and \$44.7 million of CRT securities. In addition, the Company disposed of \$659.9 million of residential whole loans and \$136.8 million of MSR-related assets. As a result of these collective actions, the Company has reduced its overall exposure to unpaid margin calls by approximately 43%.
  - The Company unwound all of its approximately \$4.1 billion of swap hedging transactions, which resulted in the recovery of approximately \$33.0 million of cash margin that had been posted with the relevant exchange during the period those transactions were outstanding.
- **Cash and liquidity update.** As of April 9, 2020, the Company had total cash balances of \$423.4 million, including unrestricted cash balances prior to the effectiveness of the Forbearance Agreement, totaling \$225.3 million. Settlement on April 13, 2020, of certain sale transactions executed this week is expected to result in further net cash receipts of approximately \$49.3 million. In addition, the Company has cash on deposit with repurchase agreement counterparties totaling \$198.1 million, primarily reflecting margin posted prior to entering into Forbearance Agreement discussions.
- **Book value per common share.** Through March 31, 2020, the Company estimates that GAAP book value per common share has decreased approximately 35-40% since December 31, 2019, to between \$4.22 and \$4.58, and its Economic book value per share, a non-GAAP financial measure, has decreased approximately 45-50% since December 31, 2019, to between \$3.72 and \$4.09.
- **Business Continuity.** The Company has fully implemented its Business Continuity Plan and has transitioned completely to a remote work environment to address the operating risks associated with the global COVID-19 pandemic, has thus far not experienced any significant changes from normal working patterns, and continues to take decisive action to best position the Company's business and portfolio.

#### About MFA Financial, Inc.

MFA Financial, Inc. is a real estate investment trust primarily engaged in the business of investing, on a leveraged basis, in residential mortgage assets, including residential mortgage-backed securities and residential whole loans.

#### Cautionary Language Regarding Forward-Looking Statements

When used in this report or other written or oral communications, statements which are not historical in nature, including those containing words such as “will,” “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “could,” “would,” “may” or similar expressions, are intended to identify “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, and, as such, may involve known and unknown risks, uncertainties and assumptions. Statements regarding the following subjects, among others, may be forward-looking: the Company’s estimates of its outstanding borrowings under its financing arrangements, uncertainties related to negotiations with the Company’s financing counterparties including with respect to any forbearance agreement and the timing of any such agreement or the terms thereof, and other financial and operational metrics included herein. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. Actual results and outcomes could differ materially from those projected in these forward-looking statements due to a variety of factors, including, without limitation, risks related to the Forbearance Agreement,

including the duration of such agreement, the Company's ability to meet its ongoing obligations under such agreement, and the Company's ongoing discussions with nonparticipating counterparties, the Company's ability to accurately estimate its first quarter book value per common share, its portfolio composition and cash balances and unencumbered assets (particularly in light of the highly volatile and uncertain market conditions), the Company's ability to accurately estimate its outstanding borrowings under its financing arrangements, changes in interest rates, changes in default rates, changes in the yield curve, changes in prepayment rates, the availability and terms of financing, changes in the market value of our assets, general economic conditions, conditions in the market for our residential mortgage backed securities, residential whole loans, residential mortgage securities, MSR-related assets and other assets, the timing and amount of distributions to our stockholders, our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended, conditions in the real estate market, legislative and regulatory changes that could adversely affect the business of the Company and the ongoing spread and economic and operational effects of the COVID-19 virus. Additional information concerning these and other risk factors are contained in the Company's filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and subsequent filings. All information in this press release is as of April 10, 2020. The Company undertakes no duty to update any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

**Investor Contact:** [InvestorRelations@mfafinancial.com](mailto:InvestorRelations@mfafinancial.com)  
**MFA Investor Relations**  
**212-207-6488**