

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): **June 30, 2011**

MFA FINANCIAL, INC.

(Exact Name of Registrant as Specified in Charter)

Maryland

(State or Other Jurisdiction
of Incorporation)

1-13991

(Commission
File No.)

13-3974868

(IRS Employer
Identification No.)

350 Park Avenue, 21st Floor, New York, New York 10022

(Address of Principal Executive Office) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(212) 207-6400**

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))

ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

(e) Restated Employment Agreements for Certain Executive Officers

On June 30, 2011, MFA Financial, Inc. (the “Company”) executed amended and restated employment agreements (“Restated Agreements”) with William S. Gorin, the Company’s President, and Ronald A. Freydborg and Craig L. Knutson, the Company’s Executive Vice Presidents. Messrs. Gorin, Freydborg and Knutson are collectively referred to as the “Executives.” The Restated Agreements supersede each Executive’s prior employment agreement and, except as described below, the material terms and conditions of the Restated Agreements are substantially similar to such prior agreements.

Fixed Employment Terms. The Restated Agreements have fixed terms running through December 31, 2014 (Mr. Gorin), December 31, 2012 (Mr. Freydborg) and December 31, 2013 (Mr. Knutson).

Annual Equity Award. Subject to continued employment with the Company, Messrs. Gorin, Freydborg and Knutson will receive 37,500 phantom shares of common stock (“Phantom Shares”), 10,000 Phantom Shares and 25,000 Phantom Shares, respectively, on June 30, 2011 and each anniversary thereof through 2014. Two-thirds of the Phantom Shares vest over three years subject to certain performance measures, and one-third ratably vest over three years. Messrs. Gorin, Freydborg and Knutson also received 150,000 dividend equivalent rights (“DERs”), 40,000 DERs and 100,000 DERs, respectively, on June 30, 2011. The DERs will be cancelled upon an Executive’s termination of employment or, on a one-for-one basis, when the Phantom Shares are settled or forfeited. On June 30, 2011, the Company executed Phantom Share Award Agreements (performance and time-based vesting) and Dividend Equivalent Rights Agreements with each Executive.

Annual Performance-Based Bonus. The Executives are eligible for annual performance-based bonuses based on the Company’s return on average equity for the following years: Each year of his employment term (Mr. Gorin); 2011 (Mr. Freydborg); and 2012 and 2013 (Mr. Knutson). The bonuses are drawn from predetermined pools, which may be adjusted by the Company’s Compensation Committee upward or downward by up to 30%. Mr. Freydborg and Mr. Knutson are also eligible for discretionary bonuses in 2012 and 2011, respectively. These bonuses will be paid up to 40% in restricted common stock, as determined by the Company’s Compensation Committee, with the remainder paid in cash.

Elimination of Certain Change in Control Payment Triggers. An Executive will no longer receive severance payments following termination by the Company without cause within two months prior to, and resignation of the Executive for any reason within two and a half months after, a change in control of the Company.

Reduced Severance Payment Upon a Change in Control. The Restated Agreements reduce severance payments upon a termination in connection with a change in control. Under these circumstances, Messrs. Gorin and Knutson are entitled to payments equal to two times and one and a half times, respectively, the sum of (i) the Executive’s annual base salary and (ii) the average annual bonus received by such Executive over the three preceding years, and Mr. Freydborg is entitled only to accrued and unpaid salary and bonuses, vested deferred compensation and benefits.

Change in Termination Payments. The Restated Agreements change severance payments upon terminations without cause or resignations for good reason. Under these circumstances, Messrs. Gorin and Knutson are entitled to (i) a payment equal to 75% of annual base salary plus the average annual performance bonus received over the three preceding years, (ii) health benefits for one year and (iii) immediate vesting of any previously granted equity-based annual bonus, and Mr. Freydborg is entitled only to immediate vesting of any previously granted equity-based annual bonus. Each Executive is also entitled to accrued and unpaid salary and bonuses, vested deferred compensation and benefits. Upon termination for death or disability, an Executive (or his estate or beneficiaries) is entitled to health benefits for eighteen months, in addition to other payments that remain unchanged from the prior employment agreements.

Garden Leave. An Executive must provide 90 days notice prior to his resignation, and the Company must provide 90 days notice prior to any termination by the Company (except termination in connection with a change in control). During this period, the Executive will continue to receive salary and benefits, but will be ineligible to receive an annual bonus for any unfinished year.

Base Salary. Mr. Knutson's minimum annual base salary was increased from \$425,000 to \$450,000.

Other Terms and Provisions. The Restated Agreements also contain customary confidentiality, non-solicitation and noncompetition covenants.

Copies of the Restated Agreements are attached hereto as Exhibits 10.1, 10.2 and 10.3, respectively, and the forms of Phantom Share Award Agreements and Dividend Equivalent Rights Agreements are attached as Exhibits 10.4, 10.5 and 10.6, respectively. The descriptions above of these agreements are summaries only and are qualified in their entireties by reference to the applicable Exhibit, each of which are incorporated by reference into this Item 5.02.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

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| (d) | Exhibits. |
| 10.1 | Amended and Restated Employment Agreement, dated June 30, 2011, by and between the Company and William S. Gorin. |
| 10.2 | Amended and Restated Employment Agreement, dated June 30, 2011, by and between the Company and Ronald A. Freyberg. |
| 10.3 | Amended and Restated Employment Agreement, dated June 30, 2011, by and between the Company and Craig L. Knutson. |
| 10.4 | Form of Phantom Share Award Agreement (Time-Based Vesting) relating to the Company's Amended and Restated 2010 Equity Compensation Plan. |
| 10.5 | Form of Phantom Share Award Agreement (Performance-Based Vesting) relating to the Company's Amended and Restated 2010 Equity Compensation Plan. |
| 10.6 | Form of Dividend Equivalent Right Award Agreement relating to the Company's Amended and Restated 2010 Equity Compensation Plan. |
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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.

MFA FINANCIAL, INC.

By: /s/ Stephen D. Yarad

Stephen D. Yarad
Chief Financial Officer

Date: July 7, 2011

**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 30th day of June, 2011 (the "Effective Date") by and between MFA Financial, Inc. ("MFA"), and William Gorin (the "Executive").

WITNESSETH:

WHEREAS, MFA and the Executive entered into an amended and restated employment agreement, effective as of December 10, 2008 (the "Former Employment Agreement");

WHEREAS, MFA and the Executive desire to amend and restate the terms of the Executive's employment; and

WHEREAS, the Executive wishes to continue serving MFA and MFA wishes to secure the continued exclusive services of the Executive under the terms and conditions described below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, the parties hereto agree to amend and restate the Former Employment Agreement in its entirety to read as follows:

1. Term of Employment.

(a) MFA hereby employs the Executive, and the Executive hereby accepts employment with MFA, in the positions and with the duties and responsibilities as set forth in Paragraph 2 below for the Term of Employment, subject to the terms and conditions of this Agreement.

(b) The term of employment (the "Term of Employment") under this Agreement shall commence on the Effective Date and continue until December 31, 2014; provided that if December 31, 2014 occurs during a Garden Leave period, the Term of Employment shall continue through the end of such Garden Leave. The Term of Employment may also be terminated in accordance with Paragraph 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, the Executive shall be employed as the President of MFA, reporting to the Chairman and Chief Executive Officer of MFA (the "CEO"), with such duties and day-to-day management responsibilities as are customarily performed by persons holding such offices at similarly situated mortgage REITs and such other duties as may be mutually agreed upon between the Executive and the CEO.

(b) During the Term of Employment, the Executive shall, without additional compensation, also (i) serve on the board of directors of, serve as an officer of, and/or perform such executive and consulting services for, or on behalf of, such subsidiaries or affiliates of MFA as the CEO and/or the Board of Directors of MFA (the “Board of Directors”) may, from time to time, request. MFA and such subsidiaries and affiliates are hereinafter referred to, collectively, as the “Company.” For purposes of this Agreement, the term “affiliate” shall have the meaning ascribed thereto in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Act”).

(c) During the Term of Employment, the Executive shall serve MFA faithfully, diligently and to the best of his ability and shall devote substantially all of his time and efforts to his employment and the performance of his duties under this Agreement. Nothing herein shall preclude the Executive from engaging in charitable and community affairs and managing his personal, financial and legal affairs, so long as such activities do not materially interfere with his carrying out his duties and responsibilities under this Agreement.

3. Compensation.

(a) Base Salary. During the Term of Employment, the Executive shall be entitled to receive an annualized base salary (the “Base Salary”) of not less than \$800,000.

(b) Performance Bonus. The Executive shall be eligible to participate in a Performance Bonus Pool for Senior Executives (the “Bonus Pool”) during the Term of Employment. The aggregate Bonus Pool shall be determined by reference to MFA’s Return on Average Equity (“ROAE”) as more fully described in Exhibit A to this Agreement. Allocations to participants in the Bonus Pool shall be made by the Compensation Committee together with the CEO based upon the Compensation Committee’s assessment of each participant’s performance during the applicable period. The Compensation Committee, in its discretion, can adjust the aggregate Bonus Pool upward or downward in any year by as much as thirty percent (30%) depending upon the Compensation Committee’s assessment of MFA’s leverage strategy, share price performance relative to the S&P financial index or other relevant indices, share price relative to peer group, total return (share price change plus dividend), and its other asset management activities, as well as the Executive’s individual performance, among other considerations, as determined by the Compensation Committee.

The amount allocated to the Executive from the Bonus Pool shall be paid in a combination of cash and restricted stock based on the total Bonus Pool, with up to 40% of the Bonus Pool (as determined by the Compensation Committee) to be paid in restricted stock. The period of restriction with respect to shares of restricted stock shall lapse with respect to six and one quarter percent (6.25%) of the shares on the last business day of each quarter commencing with the quarter beginning with the first calendar quarter following the end of the fiscal year to which the Bonus Pool relates, with the lapse of all restrictions occurring four years following the date of grant. Under the terms of the definitive award agreement, the Executive shall be entitled to receive any dividends payable with respect to any shares subject to restriction at such time as such shares are no longer subject to restrictions. Vested shares of such restricted stock cannot be transferred or sold during the Executive’s employment by MFA until the value of the Executive’s stock holdings in MFA (including shares of restricted stock) exceeds four times the Executive’s Base Salary; and, following the termination of Executive’s employment with the Company, vested shares of such restricted stock may not be sold or transferred to the extent the value of the Executive’s stock holdings does not exceed four times the Executive’s Base Salary as of the date of the Executive’s termination of employment (provided, however, that this sentence shall no longer apply following the six-month anniversary, of the Executive’s termination of employment). Cash payments from the Bonus Pool will be made as soon as practicable after such portion of the Bonus Pool is vested and nonforfeitable, and in no event later than January 16th of the next following calendar year.

(c) Equity Compensation. The Company shall grant the Executive 37,500 phantom shares, effective as of each of the date of this Agreement and each anniversary thereof in 2012, 2013 and 2014 if the Executive is then employed by the Company, and shall also grant promptly after the date hereof 150,000 dividend equivalent rights, in each case on terms and conditions that are consistent with Exhibit B and this Agreement. The Executive shall be eligible to receive such other stock option, restricted stock, phantom share, restricted stock unit or dividend equivalent rights grants or other equity awards as the Compensation Committee or the Board of Directors, as the case may be, shall deem appropriate.

(d) Discretion to Increase Compensation. Nothing in this Agreement shall preclude the Board of Directors or the Compensation Committee from increasing or considering increasing the Executive's compensation during the Term of Employment. The Base Salary as adjusted to reflect any increase shall be the Base Salary for all purposes of this Agreement.

4. Employee Benefit Programs and Fringe Benefits. During the Term of Employment, the Executive shall be entitled to five weeks of vacation each calendar year and to participate in all executive incentive and employee benefit programs of MFA now or hereafter made available to MFA's senior executives or salaried employees generally, as such programs may be in effect from time to time. MFA shall reimburse the Executive for any and all necessary, customary and usual business expenses incurred by Executive in connection with his employment in accordance with applicable MFA policies.

5. Termination of Employment.

(a) Termination Due to Death or Disability. If the Executive's employment is terminated during the Term of Employment by reason of the Executive's death or Disability, the Executive's Term of Employment shall terminate automatically without further obligations to the Executive, his legal representative or his estate, as the case may be, under this Agreement except for (i) any compensation earned but not yet paid, including and without limitation, any amount of Base Salary accrued or earned but unpaid and any other payments payable to the Executive pursuant to Paragraph 5(f) below, which amounts shall be promptly paid in a lump sum to the Executive, his legal representative or his estate, as the case may be, and (ii) a lump sum payment in an amount equal to the Executive's Base Salary which shall be paid to the Executive, his legal representative or his estate, as the case may be, as soon as possible (without undue delay), but in no event later than March 15th following the calendar year in which such termination occurs. In the event of such termination due to his Disability, the Company shall reimburse the Executive for 100% of the COBRA premiums incurred by the Executive during the 18-month period following the Executive's termination.

(b) Termination By MFA Without Cause or By the Executive for Good Reason. In the event the Executive's employment is terminated by MFA without Cause or by the Executive for Good Reason, (A) the Executive shall be entitled to an amount (the "Severance Amount") equal to the sum of (i) 75% of his then current Base Salary, (ii) an amount equal to the average of the annual bonuses paid to the Executive for the three calendar years preceding such termination (the "Average Bonus"), with such amount to be paid in equal ratable installments in accordance with applicable MFA payroll practices over the nine (9) month period following such termination, the "Severance Period"), (B) the Company shall reimburse the Executive for 100% of the COBRA premiums incurred by the Executive during the 12-month period following the Executive's date of termination and (C) any equity-based compensation previously granted to the Executive as part of his annual bonus, whether before or during the Term of Employment, shall immediately vest. If such termination occurs prior to December 31, 2011, the Severance Amount determined pursuant to Paragraph 5(b) of the Former Agreement shall be paid at the time and in the amount determined pursuant thereto, and any excess amounts payable under this Paragraph 5(b) shall be paid in accordance herewith. The parties agree that a termination of the Executive's employment pursuant to this Paragraph 5(b) or Paragraph 5(c) below shall not be a breach of this Agreement and does not relieve either party of its/his other obligations hereunder

(c) Termination by MFA for Cause or Voluntary Termination by the Executive. In the event the Executive's employment is terminated during the Term of Employment either by MFA for Cause, or by the Executive on his own initiative for other than a Good Reason, the Executive shall be entitled to any compensation earned but not yet paid, including and without limitation, any amount of Base Salary accrued or earned but unpaid and any other payments payable to the Executive pursuant to Paragraph 5(f) below, as of the date of termination.

(d) Garden Leave. The Executive shall provide no less than 90 days written notice of any termination of the Executive's employment (whether for Good Reason or without Good Reason) during the Term of Employment, other than a termination during the period described in Paragraph 5(e) and MFA shall provide the Executive 90 days written notice of any termination of the Executive's employment for Cause or without Cause during the Term of Employment, other than a termination during the period described in Paragraph 5(e); provided that the Company may elect to terminate the Garden Leave (as defined below) and the Executive's employment at any time during the Garden Leave if the Executive is terminated for Cause. During this 90-day notice period (the "Garden Leave"), the Executive shall (i) continue to be an employee of MFA and shall make himself available to provide such services directed by MFA that are reasonably consistent with the Executive's status as a senior executive of MFA and (ii) continue to be paid his Base Salary and to be eligible to participate in MFA's benefits programs, but shall not be eligible to earn any annual bonus with respect to a calendar year that ends after the commencement of the Garden Leave. During the Garden Leave, MFA may require the Executive to resign from any position with MFA or its affiliates and/or remove any or all of the Executive's duties or responsibilities, which shall not constitute Good Reason or otherwise be a violation of this Agreement. The Executive agrees that he will not commence employment with any entity during or in connection with the commencement of the Garden Leave. During the Garden Leave, the Executive shall take all steps reasonably requested by MFA to effect a successful transition of client and customer relationships to the person or persons designated by MFA.

(e) Termination Related to Change in Control. In the event of the termination of the Executive's employment by MFA other than for Cause or the Executive's resignation of his employment for Good Reason within twelve months following a Change in Control,

(i) MFA shall immediately pay to Executive in a lump sum, but in all events within two and one half months following the calendar year in which such termination of employment occurs, an amount equal to two (2) times the sum of (a) the Executive's then current Base Salary and (b) the Executive's Average Bonus;

(ii) all of the Executive's outstanding restricted stock, phantom shares, restricted stock units and stock options shall immediately vest in full and such options shall remain exercisable, and any dividend equivalents associated therewith shall continue to be payable, until the earlier of (a) 90 days following the date of such termination and (b) the date on which each such option would have expired had the Executive's employment not terminated; and

(iii) the Executive shall continue to participate in all health, life insurance, retirement and other benefit programs at MFA's expense for the balance of the Term of Employment, to the same extent as though the Executive's employment had not terminated.

To the extent necessary to avoid imposition of the excise tax under Section 4999 of the Code in connection with a Change in Control, each cash payment and benefit to be provided to the Executive that constitutes a "parachute payment" shall be reduced pro rata such that the reduction of compensation to be provided to the Executive is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis (but not below zero).

(f) Other Payments. Upon the termination of the Executive's employment during the Term of Employment, in addition to the amounts payable under any Paragraph above, the Executive shall be entitled to receive the following:

(i) any annual bonus earned during one or more preceding years but not paid;

(ii) any vested deferred compensation (including any interest accrued on or appreciation in value of such deferred amounts) in accordance with the applicable plan documents;

(iii) reimbursement for reasonable business expenses incurred but not yet reimbursed by MFA;

(iv) any other benefits to which the Executive or his legal representative may be entitled under all applicable plans and programs of MFA, as provided in Paragraph 4 above; and

(v) upon the termination of the Executive's employment during the Term of Employment pursuant to Paragraph 5(a) or 5(b) above, and subject to Paragraph 5(i) below, (A) all of the Executive's outstanding equity-based awards (e.g., restricted stock, phantom shares, restricted stock units and stock options) that would otherwise have vested within 12 months of such termination shall immediately vest and (B) all vested options shall remain exercisable, and any dividend equivalents associated therewith shall continue to be payable, until the earlier of (x) 90 days following the date of such termination and (y) the date on which each such option would have expired had the Executive's employment not terminated. Notwithstanding the foregoing, any equity award subject to vesting based on the achievement of performance goals shall vest in accordance with the terms and conditions applicable to such award; provided that any service-based pro ration of such award shall be determined by crediting the Executive with service to the next anniversary of the date of grant of such award.

(g) No Mitigation; No Offset. In the event of any termination of the Executive's employment under this Agreement, he shall be under no obligation to seek other employment or otherwise in any way to mitigate the amount of any payment provided for in this Paragraph 5, and there shall be no offset against amounts due him under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.

(h) Payments Subject to Section 409A. Notwithstanding anything herein to the contrary, the Executive shall not be entitled to any payment pursuant to this Paragraph 5 prior to the earliest date permitted under Section 409A of the Code, and applicable Treasury regulations thereunder. To the extent any payment pursuant to this Paragraph 5 is required to be delayed six months pursuant to the special rules of Section 409A of the Code related to "specified employees," each affected payment shall be delayed until six months after the Executive's termination of employment, and, unless provided otherwise, with the first such payment being a lump sum equal to the aggregate payments the Executive would have received during such six-month period if no payment delay had been imposed. Any payments or distributions delayed in accordance with the prior sentence shall be paid to the Executive on the first day of the seventh month following the Executive's termination of employment. Notwithstanding any other provision contained herein, to the extent any payments or distributions due to the Executive upon termination of his employment under this Agreement are subject to Section 409A of the Code (i) a termination of the Executive's employment shall be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and the applicable Treasury regulations thereunder and (ii) as applicable, such payments shall be treated as a series of separate payments for purposes of Section 409A of the Code. Notwithstanding anything elsewhere to the contrary, the Executive shall have no duties following any termination of his employment with MFA that are inconsistent with his having a "separation from service" for purposes of Section 409A of the Code and any regulations thereunder.

(i) Release. MFA's obligation to make any payment or provide any benefit pursuant to this Paragraph 5 (other than pursuant to Paragraphs 5(f)(i)-(iv) above) shall be contingent upon, and is the consideration for, (A) the Executive executing and delivering to MFA, within 60 days after termination of his employment, a general release (the "Release"), substantially in the form annexed hereto as Exhibit C, and (B) such release becoming irrevocable in accordance with its terms. In the event that the 60-day period referred to in the immediately preceding sentence spans two calendar years, payments required to be made hereunder shall be made in the second calendar year, the first payment of which shall include all payments that would otherwise have been made prior thereto.

6. Definitions. For purposes of this Agreement, the following terms shall be defined as set forth below:

(a) Cause. "Cause" shall mean the Executive's (i) conviction, or entry of a guilty plea or a plea of nolo contendere with respect to, a felony, a crime of moral turpitude or any crime committed against MFA, other than traffic violations; (ii) engagement in willful misconduct, willful or gross negligence, or fraud, embezzlement or misappropriation relating to significant amounts, in each case in connection with the performance of his duties under this Agreement; (iii) failure to adhere to the lawful directions of the CEO and/or the Board of Directors that are reasonably consistent with his duties and position provided for herein; (iv) breach in any material respect of any of the provisions of Paragraph 7 of this Agreement resulting in material and demonstrable economic injury to MFA; (v) chronic or persistent substance abuse that materially and adversely affects his performance of his duties under this Agreement or (vi) breach in any material respect of the terms and provisions of this Agreement resulting in material and demonstrable economic injury to MFA. Notwithstanding the foregoing, (a) the Executive shall be given written notice of any action or failure to act that is alleged to constitute Cause (a "Default"), and an opportunity for 20 business days from the date of such notice in which to cure such Default, such period to be subject to extension in the discretion of the CEO or, in his absence, the Board of Directors and (b) regardless of whether the Executive is able to cure any Default, the Executive shall not be deemed to have been terminated for Cause without (I) reasonable prior written notice to the Executive setting forth the reasons for the decision to terminate the Executive for Cause, (II) an opportunity for the Executive, together with his counsel, to be heard by the CEO or, in his absence, the Board of Directors and (III) delivery to the Executive of a notice of termination approved by said CEO or, in his absence, the Board of Directors, stating his or its good faith opinion that the Executive has engaged in actions or conduct described in the preceding sentence, which notice specifies the particulars of such action or conduct in reasonable detail; provided, however, MFA may suspend the Executive with pay until such time as his right to appear before the CEO or the Board of Directors, as the case may be, has been exercised, so long as such appearance is within two (2) weeks of the date of suspension.

(b) Change in Control. A "Change in Control" shall mean the occurrence of any one of the following events to the extent such event also constitutes a "change in control event" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"):

(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Act (other than MFA, any of its affiliates or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of MFA or any of its affiliates) together with all affiliates and “associates” (as such term is defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of MFA representing 30% or more of either (A) the combined voting power of MFA’s then outstanding securities having the right to vote in an election of the Board of Directors (“voting securities”), or (B) the then outstanding shares of common stock of MFA (“Shares”) (in either such case other than as a result of an acquisition of securities directly from MFA); or

(ii) persons who, as of the effective date of this Agreement, constitute MFA’s Board of Directors (the “Incumbent Directors”) cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board of Directors, provided that any person becoming a Director of MFA subsequent to the effective date whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors shall, for purposes of this Agreement, be considered an Incumbent Director; or

(iii) there shall occur (A) any consolidation or merger of MFA or any subsidiary where the stockholders of MFA, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate 60% or more of the voting securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of MFA or (C) any plan or proposal for the liquidation or dissolution of MFA.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by MFA which, by reducing the number of Shares or other voting securities outstanding, increases (x) the proportionate number of Shares beneficially owned by any person to 30% or more of the Shares then outstanding or (y) the proportionate voting power represented by the voting securities beneficially owned by any person to 30% or more of the combined voting power of all then outstanding voting securities; provided, however, that, if any person referred to in clause (x) or (y) of this sentence shall thereafter become the beneficial owner of any additional Shares or other voting securities (other than pursuant to a stock split, stock dividend, or similar transaction), then a “Change in Control” shall be deemed to have occurred for purposes of this Paragraph 6(b).

(c) Competitor. “Competitor” shall mean (i) any mortgage REIT, (ii) any entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities, or (iii) any entity that manages or advises (including any external advisor) either a mortgage REIT or an entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities.

(d) Disability. “Disability” shall mean the Executive’s inability for a period of six consecutive months, to render substantially the services provided for in this Agreement by reason of mental or physical disability, whether resulting from illness, accident or otherwise, other than by reason of chronic or persistent abuse of any substance (such as narcotics or alcohol). Notwithstanding the foregoing, no circumstances or condition shall constitute a Disability to the extent that, if it were, a 20% tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition shall continue to constitute a Disability to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax. In addition, nothing herein shall limit or restrict the payment of any amount subject to Section 409A of the Code upon an otherwise permitted payment event under Section 409A of the Code, including upon a separation from service.

(e) Good Reason. “Good Reason” shall mean:

- (i) a material diminution in the Executive’s title, duties or responsibilities;
- (ii) relocation of the Executive’s place of employment without his consent outside the New York City metropolitan area;
- (iii) the failure of MFA to pay within thirty (30) business days any material payment due from MFA;
- (iv) the failure of MFA to pay within a reasonable period after the date when amounts are required to be paid to the Executive under any benefit programs or plans; or
- (v) the material failure by MFA to honor any of its material obligations to the Executive.

For Good Reason to exist, the Executive must provide written notice of an event purportedly constituting Good Reason within 90 days of its occurrence, MFA must have failed to cure such event within 15 days of such notice and the Executive must provide written notice of his decision to terminate employment, such notice to be provided within 15 days of the expiration of such cure period. The effective date of such termination shall be the end of the period of Garden Leave.

(f) Non Cash Items and Merger Expenses. “Non Cash Items and Merger Expenses” shall mean depreciation, merger expenses, gains/losses on asset sales, and impairment charges; provided that these items and expenses shall allow for adjustment to exclude events pursuant to changes in GAAP and certain non-cash items at the discretion of MFA’s independent directors.

(g) Notice of Termination. “Notice of Termination” means the written notice of termination of the Executive’s employment delivered by, as applicable, the Executive or MFA.

(h) Restricted Period. “Restricted Period” shall mean the period commencing on the Effective Date and ending on the earlier of: (A) the later of (i) the first anniversary of the delivery of a Notice of Termination or (ii) the nine (9) month anniversary of the Executive’s termination of employment and (B) December 31, 2014; provided that if a Garden Leave period commenced (or was required to have commenced) during 2014, the Restricted Period shall end on the first anniversary of the date such Garden Leave commenced (or was required to have commenced).

(i) Return on Average Equity. “Return on Average Equity” shall mean twelve months GAAP net income plus (minus) certain Non Cash Items and Merger Expenses divided by average Tangible Net Worth, for the period ending November 30th.

(j) Tangible Net Worth. “Tangible Net Worth” shall mean stockholder equity less (i) goodwill and (ii) preferred stockholder equity.

7. Covenants.

(a) Confidentiality. During the Term of Employment, and at all times thereafter, the Executive shall maintain the confidentiality of all confidential or proprietary information of MFA and/or any of its subsidiaries or affiliates, or of any other person or entity with which the Executive has been involved as a direct or indirect result of his employment by, or performance of consulting or other services (including, without limitation, as a director, officer, advisor, agent, consultant or other independent contractor) for, MFA or any of its subsidiaries or affiliates (“Confidential Information”), and, except in furtherance of his employment by MFA or as specifically required by law or by court order or in the course of carrying out his duties for MFA, he shall not directly or indirectly disclose any such information to any person or entity; nor shall he use Confidential Information for any purpose except for the benefit of MFA. For purposes of this Agreement, “Confidential Information” includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of MFA; marketing plans, projections, presentations or strategies of MFA; financial and budget information of MFA; personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations; information regarding the existence or terms of any agreement or relationship between MFA or any of its subsidiaries or affiliates and any other party; and any other information of whatever nature, which gives to MFA or any of its subsidiaries or affiliates an opportunity to obtain an advantage over its competitors who or which do not have access to such information. This restriction shall apply regardless of whether such Confidential Information is in written, graphic, recorded, photographic, data or any machine readable form or is orally conveyed to, or memorized by, the Executive; provided, however, that this Paragraph 7(a) shall not apply to Confidential Information that is or becomes publicly known through no act or omission on the Executive’s part. Anything to the contrary notwithstanding, nothing in this Agreement shall prevent the Executive from retaining a home computer and security system, papers and other materials of a personal nature, including personal diaries, calendars and Rolodexes, information relating to his compensation or relating to reimbursement of expenses, information that he reasonably believes may be needed for tax purposes, and copies of plans, programs and agreements relating to his employment.

(b) Non-Competition. The Executive acknowledges that during the Executive's employment with MFA prior to and after the Effective Date, (i) the Executive has had and will continue to have access to trade secrets and other Confidential Information of MFA and/or its affiliates, which, if disclosed, would unfairly and inappropriately assist in competition against MFA and/or its affiliates; (ii) in the course of the Executive's employment by a Competitor during the Restricted Period, the Executive would inevitably use or disclose such trade secrets and Confidential Information; (iii) MFA and its affiliates have substantial relationships with their customers and the Executive has had and will continue to have access to these customers; (iv) the Executive has received and will receive specialized training from MFA and its affiliates; (v) the Executive has generated and will continue to generate goodwill for MFA and its affiliates in the course of the Executive's employment and (vi) the Executive's services are unique and irreplaceable. Therefore, in consideration of the Executive's continued employment with MFA, of the compensation and benefits provided to the Executive under this Agreement, of MFA's agreement to make severance benefits available pursuant to Paragraph 5(b), and of the Executive's being granted access to the customers, trade secrets and other Confidential Information of MFA and/or its affiliates, the Executive agrees that the following restrictions on the Executive's activities during and after the Executive's employment are necessary, appropriate and reasonable to protect the goodwill, Confidential Information and other legitimate interests of MFA and its affiliates from unfair and inappropriate competition:

(i) During the Restricted Period, the Executive will not, without the prior written consent of MFA, manage, operate, control or be connected as a stockholder (other than as a holder of shares publicly traded on a stock exchange or the NASDAQ National Market System, provided that the Executive shall not own more than five percent of the outstanding shares of any publicly traded company) or partner with, or as an officer, director, employee or consultant of, any Competitor. Notwithstanding the foregoing, this Paragraph 7(b)(i) shall not preclude the Executive from providing services to an entity with two or more lines of businesses, one of which is a Competitor, so long as the Executive provides services only to the non-competitive businesses and does not directly or indirectly provide supervisory, managerial or other services to any line of business that is a Competitor.

(ii) During the Restricted Period, the Executive will not, without the prior written consent of MFA, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity), (A) solicit, encourage, or engage in any activity to induce any employee of MFA or its affiliates to terminate employment with MFA or its affiliates, or to become employed by, or to enter into a business relationship with, any other person or entity; (B) hire or retain any person who was an employee of MFA or its affiliates within the six month period preceding such action; or (C) engage in any activity intentionally to interfere with, disrupt or damage the business of MFA or its affiliates, or its relationship with any client, supplier or other business relationship of MFA.

(c) MFA Materials. The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by MFA are the sole property of MFA ("MFA Materials"). During his employment, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of MFA, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of MFA, except in furtherance of his duties under this Agreement. When the Executive terminates his employment with MFA, or upon request of MFA at any time, the Executive shall promptly deliver to MFA all originals and copies of MFA Materials in his possession or control and shall not retain any originals or copies in any form.

(d) No Disparagement. Each of the Executive and MFA agrees that, except as required by applicable law or compelled by process of law, during and after the Term of Employment they shall not make any derogatory, disparaging or critical statement about the other party hereto or, further in the case of statements by the Executive about (i) MFA, its parent, affiliates, or subsidiaries, if any; (ii) any product or service provided by MFA and its parent, affiliates or subsidiaries, if any; or (iii) MFA's and its parent's, affiliates' or subsidiaries', if any, prospects for the future. Nothing in this Paragraph shall (x) prohibit either MFA or the Executive from testifying truthfully in any legal or administrative proceeding or from truthfully responding to any untrue statement by the other party or (y) prohibit the Executive from making truthful statements in the course of carrying out his duties for MFA.

(e) Cooperation with Respect to Litigation. During the Term of Employment and at all times thereafter, the Executive agrees to give prompt written notice to MFA of any claim against MFA or its affiliates after becoming aware of such claim and (to the extent reasonably requested by MFA) to reasonably cooperate, in good faith and to the best of his ability, with MFA in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which the Executive may have knowledge in connection with or as a result of his employment by MFA or its affiliates. Such cooperation will include all assistance that MFA, its counsel or representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that MFA will promptly reimburse the Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this Paragraph 7(e) and, except as may be required by law or by court order, should the Executive then be employed by an entity other than MFA, such cooperation will not materially interfere with the Executive's then current employment.

(f) Remedies. The Executive agrees that these restraints are necessary for the reasonable and proper protection of MFA and its affiliates and their respective trade secrets and Confidential Information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Executive from obtaining other suitable employment during the period in which the Executive are bound by the restraints. The Executive agrees that, before providing services, whether as an employee or consultant, to any entity during the Restricted Period, the Executive will provide a copy of this Agreement to such entity, and such entity shall acknowledge to MFA in writing that it has read this Agreement. The Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to MFA and its affiliates, that the Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force and that, as a result of the foregoing, in the event that the Executive breaches such covenants, monetary damages would be an insufficient remedy for MFA and equitable enforcement of the covenant would be proper. The Executive therefore agrees that MFA, in addition to any other remedies available to it, will be entitled to preliminary and permanent injunctive relief against any breach by the Executive of any of those covenants, without the necessity of showing actual monetary damages or the posting of a bond or other security. The Executive and MFA further agree that, in the event that any provision of this Paragraph 7 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision will be deemed to be modified to permit its enforcement to the maximum extent permitted by law. The Executive further covenants that the Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Paragraph 7 and that the Executive will reimburse MFA and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Paragraph 7 if either MFA and/or its affiliates prevails on any material issue involved in such dispute or if the Executive challenges the reasonableness or enforceability of any of the provisions of this Paragraph 7, it being understood that the Executive shall not be considered to have challenged the enforceability of this Section 7 by arguing that his conduct did not, in fact, violate the terms of this Section 7. It is also agreed that each of MFA's affiliates will have the right to enforce all of the Executive's obligations to that Affiliate under this Agreement, including without limitation pursuant to this Paragraph 7.

8. Indemnification. MFA shall indemnify the Executive to the fullest extent permitted by Maryland law as amended from time to time in connection with the Executive's duties with MFA, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties, ERISA excise taxes and amounts paid in settlement) actually and reasonably incurred by the Executive in connection with an action, suit or proceeding. While the Executive is an officer of MFA, and for six years thereafter, MFA (or any successor thereto) shall provide comprehensive coverage under its officers and directors insurance policy (or policies) on substantially the same terms and levels that it provides to its senior executive officers, at MFA's sole cost.

9. Assignability; Binding Nature. This Agreement shall inure to the benefit of MFA and the Executive and their respective successors, heirs (in the case of the Executive) and assigns. No rights or obligations of MFA under this Agreement may be assigned or transferred by MFA except that any such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which MFA is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of MFA, provided that the assignee or transferee is the successor to all or substantially all of the assets of MFA and such assignee or transferee assumes the liabilities, obligations and duties of MFA, as contained in this Agreement, either contractually or as a matter of law. This Agreement shall not be assignable by the Executive; provided however that, in the event of the Executive's death or a judicial determination of his incapacity, references to the Executive in this Agreement shall be deemed, as appropriate, to be references to his heirs, executor(s) or other legal representative(s).

10. Representation. MFA and the Executive each represent and warrant that it or he is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its or his obligations under this Agreement will not violate any agreement between to which it or he is a party.

11. Entire Agreement. This Agreement contains the entire agreement between MFA and the Executive concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between them with respect thereto, including without limitation, the Former Employment Agreement.

12. Amendment or Waiver. This Agreement can only be changed, modified or amended with the consent in a writing that is signed by both the Executive and MFA and that specifically identifies the provision(s) of this Agreement that are being changed, modified or amended. No waiver by either MFA or the Executive at any time of any breach by the other party of any condition or provision of this Agreement shall be deemed a waiver of a similar or dissimilar condition or provision at the same or at any prior or subsequent time. Any waiver must be in writing and signed by the Executive or an authorized officer of MFA, as the case may be.

13. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

14. Reasonableness. To the extent that any provision or portion of this Agreement is determined to be unenforceable by a court of law or equity, that provision or portion of this Agreement shall nevertheless be enforceable to the extent that such court determines is reasonable.

15. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

16. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Maryland (without regard to its choice of law provisions). Each of the parties agrees that any dispute between the parties shall be resolved only in the courts of the State of Maryland or the United States District Court for the District of Maryland and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits for himself or itself in any proceeding relating to this Agreement or the Executive's employment by MFA or any affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of Maryland, the court of the United States of America for the District of Maryland, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding shall be heard and determined in such Maryland State court or, to the extent permitted by law, in such federal court; (b) consents that any such Proceeding may and shall be brought in such courts and waives any objection that he or it may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) waives all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Executive's employment by MFA or any affiliate, or his or its performance under or the enforcement of this Agreement; (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at his or its address as provided in Paragraph 18; and (e) agrees that nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by the laws of the State of Maryland.

17. Legal Fees.

(a) MFA shall pay directly all reasonable legal fees incurred by the Executive in connection with the negotiation, preparation and execution of this Agreement up to \$10,000.

(b) Subject to Paragraph 7(f), MFA shall reimburse the Executive (and his beneficiaries) any reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and other reasonable costs of counsel) incurred by the Executive (or any of his beneficiaries) in resolving any controversy, dispute or claim arising out of or relating to this Agreement, any other agreement or arrangement between the Executive and MFA, the Executive's employment with MFA, or the termination thereof if the Executive (or his beneficiaries) is the prevailing party with respect to at least one material issue asserting a material breach of such agreement by the Company.

18. Notices. Any notice given to either party shall be in writing and shall be deemed to have been given when delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, duly addressed to the party concerned, if to MFA, at its principal executive office, and if to the Executive, at the address of the Executive shown on MFA's records or at such other address as such party may give notice of.

19. Headings. The headings of the paragraphs contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

20. Counterparts. This Agreement may be executed in two or more counterparts. Signatures delivered by facsimile (including by "pdf") shall be deemed effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

MFA FINANCIAL, INC.

By: /s/ Stewart Zimmerman

Name: Stewart Zimmerman

Title: Chairman and Chief Executive Officer

By: /s/ William Gorin

Name: William Gorin

Title: President

Exhibit A**Aggregate Performance Bonus Pool for Senior Executives**

Aggregate bonus pool can be adjusted upward or downward in any year by as much as 30%, dependent upon the Compensation Committee's assessment of MFA's leverage strategy, share price performance relative to the S&P financial index or other relevant indices, share price relative to peer group, total return (share price change plus dividend), and its other asset management activities, as well as the Executive's individual performance, among other considerations, as determined by the Compensation Committee.

MFA ROAE	Range	
Less than 4.5%	\$	750,000
4.5% - 5%	\$	750,000 \$ 950,000
5% - 6%	\$	950,000 \$ 1,150,000
6% - 7%	\$	1,150,000 \$ 1,350,000
7% - 8%	\$	1,350,000 \$ 1,800,000
8% - 9%	\$	1,800,000 \$ 2,250,000
9% - 10%	\$	2,250,000 \$ 2,700,000
10% - 11%	\$	2,700,000 \$ 3,150,000
11% - 12%	\$	3,150,000 \$ 3,600,000
12% - 13%	\$	3,600,000 \$ 4,050,000
13% - 14%	\$	4,050,000 \$ 4,500,000
14% - 15%	\$	4,500,000 \$ 4,950,000
15% - 16%	\$	4,950,000 \$ 5,400,000
16% - 17%	\$	5,400,000 \$ 5,850,000
17% - 18%	\$	5,850,000 \$ 6,300,000
18% - 19%	Minimum of \$6,300,000 (subject, in all events to discretion of the Compensation Committee to increase or decrease such amount as described above)	
19% - 20%		
20% - 21 %+		

Exh. A-1

Exhibit B

Summary of the Company's Long Term Incentive Program

The following summarizes certain material components of the Company's Long Term Incentive Program as they will apply to grants under Paragraph 3(c) of the Agreement to which this Exhibit B is attached.

1. Eligibility: Employees designated by the Company's Compensation Committee ("Participants") will be eligible to receive annual grants of phantom shares ("Phantom Shares") and dividend equivalent rights ("DERs").
 - a. Each Phantom Share will entitle a participant, upon vesting, to one share of Company common stock.
 - b. Each DER will entitle a participant to dividends payable on one share of Company common stock.
2. Phantom Share Vesting: Each RSU grant will be eligible to vest ratably over the three-year period following the grant date. Two-thirds (2/3) of each RSU grant (the "Performance RSUs") will ratably vest based on the achievement of performance goals over the applicable three-year period and one-third (1/3) of each RSU grant (the "Time RSUs") will ratably time vest over the three-year period.
 - a. Performance Vesting: 33-1/3% of the Performance Phantom Shares will vest on each of the first three anniversaries of the grant date if the Company's Total Shareholder Return (as determined by the Compensation Committee in good faith) for the year ending on such anniversary is at least 10%. The applicable Performance Phantom Shares will be forfeited if a 10% TSR is not achieved in the applicable year.
 - b. Time Vesting: 33-1/3% of the Time Phantom Shares will vest on each of the first three anniversaries of the grant date if the Participant is employed by the Company on such anniversary.
 - c. Termination of Employment: Subject to Paragraph 5(f)(v) of the Agreement to which this Exhibit B is attached, all unvested Phantom Shares will be forfeited upon any termination of employment.
3. Settlement. The Phantom Shares will settle upon vesting.
4. Holding Policy: The Company's Compensation Committee may impose stock holding requirements similar to those set forth in Paragraph 3(b) of the Agreement to which this Exhibit B is attached.
5. DERs: Participants will be entitled to receive the applicable dividend payment with respect to each outstanding DER. A DER will be canceled at the time of settlement or forfeiture of a Phantom Share..

Exhibit C

Release

This Release of Claims (this "Release") is made as of _____, by and between MFA MORTGAGE INVESTMENTS, INC. ("MFA") and _____ (the "Executive").

Release.

(a) The Executive, on behalf of himself, his agents, heirs, successors, assigns, executors and administrators, in consideration for the termination payments and other consideration provided for under the Amended and Restated Employment Agreement entered into by MFA and the Executive, as from time to time amended in accordance with its terms (the "Employment Agreement"), hereby forever releases and discharges MFA, and its successors, its affiliated entities, and, in such capacities, its past and present directors, employees, agents, attorneys, accountants, representatives, plan fiduciaries, successors and assigns from any and all known and unknown causes of action, actions, judgments, liens, indebtedness, damages, losses, claims, liabilities, and demands of whatsoever kind and character in any manner whatsoever arising on or prior to the date of this Release, including but not limited to (i) any claim for breach of contract, breach of implied covenant, breach of oral or written promise, wrongful termination, intentional infliction of emotional distress, defamation, interference with contract relations or prospective economic advantage, negligence, misrepresentation or employment discrimination, and including without limitation alleged violations of Title VII of the Civil Rights Act of 1964, as amended, prohibiting discrimination based on race, color, religion, sex or national origin; the Family and Medical Leave Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; other federal, state and local laws, ordinances and regulations; and any unemployment or workers' compensation law, excepting only those obligations of MFA pursuant to Paragraph 5 of the Employment Agreement or otherwise continuing under the Employment Agreement and any claims to benefits under any compensation or benefit plan, program or arrangement in which the Executive was participating as of the date of termination of his employment; (ii) any and all liability that was or may have been alleged against or imputed to MFA by the Executive or by anyone acting on his behalf; (iii) all claims for wages, monetary or equitable relief, employment or reemployment with MFA in any position, and any punitive, compensatory or liquidated damages; and (iv) all rights to and claims for attorneys' fees and costs except as otherwise provided in the Employment Agreement. Notwithstanding the foregoing, nothing in this Release shall operate to (i) waive, any claim for indemnification, contribution or D&O coverage or any claim arising under, or preserved by, Paragraph 5 of the Employment Agreement or (ii) require the Executive to relinquish any right to property previously transferred to him by the Company.

(b) The Executive shall not file or cause to be filed any action, suit, claim, charge or proceeding with any federal, state or local court or agency relating to any claim within the scope of this Release. In the event there is presently pending any action, suit, claim, charge or proceeding within the scope of this Release, or if such a proceeding is commenced in the future, the Executive shall promptly withdraw it, with prejudice, to the extent he has the power to do so.

Exhibit C (cont'd)

The Executive represents and warrants that he has not assigned any claim released herein, or authorized any other person to assert any claim on his behalf.

(c) In the event any action, suit, claim, charge or proceeding within the scope of this Release is brought by any government agency, putative class representative or other third party to vindicate any alleged rights of the Executive, (i) the Executive shall, except to the extent required or compelled by law, legal process or subpoena, refrain from participating, testifying or producing documents therein and (ii) all damages, inclusive of attorneys' fees, if any, required to be paid to the Executive by MFA as a consequence of such action, suit, claim, charge or proceeding shall be repaid to MFA by the Executive within ten (10) days of his receipt thereof.

(d) BY HIS SIGNATURE BELOW, THE EXECUTIVE ACKNOWLEDGES THAT:

(1) HE HAS RECEIVED A COPY OF THIS RELEASE AND WAS OFFERED A PERIOD OF TWENTY-ONE (21) DAYS TO REVIEW AND CONSIDER IT;

(2) IF HE SIGNS THIS RELEASE PRIOR TO THE EXPIRATION OF TWENTY-ONE DAYS, HE KNOWINGLY AND VOLUNTARILY WAIVES AND GIVES UP THIS RIGHT OF REVIEW;

(3) HE HAS THE RIGHT TO REVOKE THIS RELEASE FOR A PERIOD OF SEVEN (7) DAYS AFTER HE SIGNS IT BY MAILING OR DELIVERING A WRITTEN NOTICE OF REVOCATION TO THE COMPANY'S GENERAL COUNSEL, NO LATER THAN THE CLOSE OF BUSINESS ON THE SEVENTH DAY AFTER THE DAY ON WHICH HE SIGNED THIS RELEASE;

(4) THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE SEVEN DAY REVOCATION PERIOD HAS EXPIRED WITHOUT THE RELEASE HAVING BEEN REVOKED (THE "EFFECTIVE DATE");

(5) THIS RELEASE WILL BE FINAL AND BINDING AFTER THE EXPIRATION OF THE REVOCATION PERIOD REFERRED TO IN SECTION 2(d)(3). HE AGREES NOT TO CHALLENGE ITS ENFORCEABILITY;

(6) HE IS AWARE OF HIS RIGHT TO CONSULT AN ATTORNEY, HAS BEEN ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY, AND HAS HAD THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY, IF DESIRED, PRIOR TO SIGNING THIS RELEASE;

(7) NO PROMISE OR INDUCEMENT FOR THIS RELEASE HAS BEEN MADE EXCEPT AS SET FORTH IN THIS RELEASE;

(8) HE IS LEGALLY COMPETENT TO EXECUTE THIS RELEASE AND ACCEPT FULL RESPONSIBILITY FOR IT; AND

(9) HE HAS CAREFULLY READ THIS RELEASE, ACKNOWLEDGES THAT HE HAS NOT RELIED ON ANY REPRESENTATION OR STATEMENT, WRITTEN OR ORAL, NOT SET FORTH IN THIS DOCUMENT, AND WARRANTS AND REPRESENTS THAT HE IS SIGNING THIS RELEASE KNOWINGLY AND VOLUNTARILY.

Exhibit C (cont'd)

IN WITNESS WHEREOF, the parties have hereunto set their hands this _____ day of _____.

By:

Name:

Title: Executive

**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 30th day of June, 2011 (the "Effective Date") by and between MFA Financial, Inc. ("MFA"), and Ronald A. Freydberg (the "Executive").

WITNESSETH:

WHEREAS, MFA and the Executive entered into an amended and restated employment agreement, effective as of December 10, 2008 (the "Former Employment Agreement");

WHEREAS, MFA and the Executive desire to amend and restate the terms of the Executive's employment; and

WHEREAS, the Executive wishes to continue serving MFA and MFA wishes to secure the continued exclusive services of the Executive under the terms and conditions described below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, the parties hereto agree to amend and restate the Former Employment Agreement in its entirety to read as follows:

1. Term of Employment.

(a) MFA hereby employs the Executive, and the Executive hereby accepts employment with MFA, in the positions and with the duties and responsibilities as set forth in Paragraph 2 below for the Term of Employment, subject to the terms and conditions of this Agreement.

(b) The term of employment (the "Term of Employment") under this Agreement shall commence on the Effective Date and continue until December 31, 2012; provided that if December 31, 2012 occurs during a Garden Leave period, the Term of Employment shall continue through the end of such Garden Leave. The Term of Employment may also be terminated in accordance with Paragraph 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, the Executive shall be employed as Executive Vice President of MFA, reporting to the Chairman and Chief Executive Officer of MFA (the "CEO"), with such duties and day-to-day management responsibilities as are customarily performed by persons holding such offices at similarly situated mortgage REITs and such other duties as may be mutually agreed upon between the Executive and the CEO.

(b) During the Term of Employment, the Executive shall, without additional compensation, also serve on the board of directors of, serve as an officer of, and/or perform such executive and consulting services for, or on behalf of, such subsidiaries or affiliates of MFA as the CEO and/or the Board of Directors of MFA (the "Board of Directors") may, from time to time, request. MFA and such subsidiaries and affiliates are hereinafter referred to, collectively, as the "Company." For purposes of this Agreement, the term "affiliate" shall have the meaning ascribed thereto in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Act").

(c) During the Term of Employment, the Executive shall serve MFA faithfully, diligently and to the best of his ability and shall devote substantially all of his time and efforts to his employment and the performance of his duties under this Agreement. Nothing herein shall preclude the Executive from engaging in charitable and community affairs and managing his personal, financial and legal affairs, so long as such activities do not materially interfere with his carrying out his duties and responsibilities under this Agreement.

3. Compensation.

(a) Base Salary. During the Term of Employment, the Executive shall be entitled to receive an annualized base salary (the "Base Salary") of not less than \$750,000.

(b) Performance Bonus. For the 2011 calendar year the Executive shall be eligible to participate in a Performance Bonus Pool for Senior Executives (the "Bonus Pool"). The aggregate Bonus Pool for 2011 shall be determined by reference to MFA's Return on Average Equity ("ROAE") for 2011 as more fully described in Exhibit A to this Agreement. Allocations to participants in the Bonus Pool for 2011 shall be made by the Compensation Committee together with the CEO based upon the Compensation Committee's assessment of each participant's performance during the applicable period. The Compensation Committee, in its discretion, can adjust the aggregate Bonus Pool upward or downward by as much as thirty percent (30%) depending upon the Compensation Committee's assessment of MFA's leverage strategy, share price performance relative to the S&P financial index or other relevant indices, share price relative to peer group, total return (share price change plus dividend), and its other asset management activities, as well as the Executive's individual performance, among other considerations, as determined by the Compensation Committee.

The amount allocated to the Executive from the Bonus Pool for 2011 shall be paid in a combination of cash and restricted stock based on the total Bonus Pool, with up to 40% of the Bonus Pool (as determined by the Compensation Committee) to be paid in restricted stock. The period of restriction with respect to shares of restricted stock shall lapse with respect to six and one quarter percent (6.25%) of the shares on the last business day of each quarter commencing with the quarter beginning with the first calendar quarter following the end of the fiscal year to which the Bonus Pool relates, with the lapse of all restrictions occurring four years following the date of grant. Under the terms of the definitive award agreement, the Executive shall be entitled to receive any dividends payable with respect to any shares subject to restriction at such time as such shares are no longer subject to restrictions. Vested shares of such restricted stock cannot be transferred or sold during the Executive's employment by MFA until the value of the Executive's stock holdings in MFA (including shares of restricted stock) exceeds four times the Executive's Base Salary; and, following the termination of Executive's employment with the Company, vested shares of such restricted stock may not be sold or transferred to the extent the value of the Executive's stock holdings does not exceed four times the Executive's Base Salary as of the date of the Executive's termination of employment (provided, however, that this sentence shall no longer apply following the six-month anniversary, of the Executive's termination of employment). Cash payments from the Bonus Pool will be made as soon as practicable after such portion of the Bonus Pool is vested and nonforfeitable, and in no event later than January 16th of the next following calendar year. The amount of the Executive's annual bonus for 2012 shall be determined by the Compensation Committee in its discretion.

(c) Equity Compensation. The Company shall grant the Executive 10,000 phantom shares, effective as of each of the date of this Agreement and each anniversary thereof in 2012, 2013 and 2014 if the Executive is then employed by the Company, and shall also grant promptly after the date hereof 40,000 dividend equivalent rights, in each case on terms and conditions that are consistent with Exhibit B and this Agreement. The Executive shall be eligible to receive such other stock option, restricted stock, phantom share, restricted stock unit or dividend equivalent rights grants or other equity awards as the Compensation Committee or the Board of Directors, as the case may be, shall deem appropriate.

(d) Discretion to Increase Compensation. Nothing in this Agreement shall preclude the Board of Directors or the Compensation Committee from increasing or considering increasing the Executive's compensation during the Term of Employment. The Base Salary as adjusted to reflect any increase shall be the Base Salary for all purposes of this Agreement.

4. Employee Benefit Programs and Fringe Benefits. During the Term of Employment, the Executive shall be entitled to five weeks of vacation each calendar year and to participate in all executive incentive and employee benefit programs of MFA now or hereafter made available to MFA's senior executives or salaried employees generally, as such programs may be in effect from time to time. MFA shall reimburse the Executive for any and all necessary, customary and usual business expenses incurred by Executive in connection with his employment in accordance with applicable MFA policies.

5. Termination of Employment.

(a) Termination Due to Death or Disability. If the Executive's employment is terminated during the Term of Employment by reason of the Executive's death or Disability, the Executive's Term of Employment shall terminate automatically without further obligations to the Executive, his legal representative or his estate, as the case may be, under this Agreement except for (i) any compensation earned but not yet paid, including and without limitation, any amount of Base Salary accrued or earned but unpaid and any other payments payable to the Executive pursuant to Paragraph 5(f) below, which amounts shall be promptly paid in a lump sum to the Executive, his legal representative or his estate, as the case may be, and (ii) a lump sum payment in an amount equal to the Executive's Base Salary which shall be paid to the Executive, his legal representative or his estate, as the case may be, as soon as possible (without undue delay), but in no event later than March 15th following the calendar year in which such termination occurs. In the event of such termination due to his Disability, the Company shall reimburse the Executive for 100% of the COBRA premiums incurred by the Executive during the 18-month period following the Executive's termination.

(b) Termination By MFA Without Cause or By the Executive for Good Reason. In the event the Executive's employment is terminated during the Term of Employment by MFA without Cause or by the Executive for Good Reason, any equity-based compensation previously granted to the Executive as part of his annual bonus, whether before or during the Term of Employment, shall immediately vest. The parties agree that a termination of the Executive's employment pursuant to this Paragraph 5(b) or Paragraph 5(c) below shall not be a breach of this Agreement and does not relieve either party of its/his other obligations hereunder.

(c) Termination by MFA for Cause or Voluntary Termination by the Executive. In the event the Executive's employment is terminated during the Term of Employment either by MFA for Cause, or by the Executive on his own initiative for other than a Good Reason, the Executive shall be entitled to any compensation earned but not yet paid, including and without limitation, any amount of Base Salary accrued or earned but unpaid and any other payments payable to the Executive pursuant to Paragraph 5(f) below, as of the date of termination.

(d) Garden Leave. The Executive shall provide no less than 90 days written notice of any termination of the Executive's employment (whether for Good Reason or without Good Reason) during the Term of Employment, other than a termination during the period described in Paragraph 5(e) and MFA shall provide the Executive 90 days written notice of any termination of the Executive's employment for Cause or without Cause during the Term of Employment, other than a termination during the period described in Paragraph 5(e); provided that the Company may elect to terminate the Garden Leave (as defined below) and the Executive's employment at any time during the Garden Leave if the Executive is terminated for Cause. During this 90-day notice period (the "Garden Leave"), the Executive shall (i) continue to be an employee of MFA and shall make himself available to provide such services directed by MFA that are reasonably consistent with the Executive's status as a senior executive of MFA and (ii) continue to be paid his Base Salary and to be eligible to participate in MFA's benefits programs, but shall not be eligible to earn any annual bonus with respect to a calendar year that ends after the commencement of the Garden Leave. During the Garden Leave, MFA may require the Executive to resign from any position with MFA or its affiliates and/or remove any or all of the Executive's duties or responsibilities, which shall not constitute Good Reason or otherwise be a violation of this Agreement. The Executive agrees that he will not commence employment with any entity during or in connection with the commencement of the Garden Leave. During the Garden Leave, the Executive shall take all steps reasonably requested by MFA to effect a successful transition of client and customer relationships to the person or persons designated by MFA.

(e) Termination Related to Change in Control. In the event of the termination of the Executive's employment during the Term of Employment either by MFA other than for Cause or the Executive's resignation of his employment for Good Reason, in either case, within twelve months following a Change in Control, all of the Executive's outstanding restricted stock, phantom shares, restricted stock units and stock options shall immediately vest in full and such options shall remain exercisable, and any dividend equivalents associated therewith shall continue to be payable, until the earlier of (a) 90 days following the date of such termination and (b) the date on which each such option would have expired had the Executive's employment not terminated.

To the extent necessary to avoid imposition of the excise tax under Section 4999 of the Code in connection with a Change in Control, each cash payment and benefit to be provided to the Executive that constitutes a "parachute payment" shall be reduced pro rata such that the reduction of compensation to be provided to the Executive is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis (but not below zero).

(f) Other Payments. Upon the termination of the Executive's employment during the Term of Employment, in addition to the amounts payable under any Paragraph above, the Executive shall be entitled to receive the following:

- (i) any annual bonus earned during one or more preceding years but not paid;
- (ii) any vested deferred compensation (including any interest accrued on or appreciation in value of such deferred amounts) in accordance with the applicable plan documents;
- (iii) reimbursement for reasonable business expenses incurred but not yet reimbursed by MFA;
- (iv) any other benefits to which the Executive or his legal representative may be entitled under all applicable plans and programs of MFA, as provided in Paragraph 4 above; and

(v) upon the termination of the Executive's employment during the Term of Employment pursuant to Paragraph 5(a) or 5(b) above, and subject to Paragraph 5(i) below, (A) all of the Executive's outstanding equity-based awards (e.g., restricted stock, phantom shares, restricted stock units and stock options) that would otherwise have vested within 12 months of such termination shall immediately vest and (B) all vested options shall remain exercisable, and any dividend equivalents associated therewith shall continue to be payable, until the earlier of (x) 90 days following the date of such termination and (y) the date on which each such option would have expired had the Executive's employment not terminated. Notwithstanding the foregoing, any equity award subject to vesting based on the achievement of performance goals shall vest in accordance with the terms and conditions applicable to such award; provided that any service-based pro ration of such award shall be determined by crediting the Executive with service to the next anniversary of the date of grant of such award.

(g) No Mitigation; No Offset. In the event of any termination of the Executive's employment under this Agreement, he shall be under no obligation to seek other employment or otherwise in any way to mitigate the amount of any payment provided for in this Paragraph 5, and there shall be no offset against amounts due him under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.

(h) Payments Subject to Section 409A. Notwithstanding anything herein to the contrary, the Executive shall not be entitled to any payment pursuant to this Paragraph 5 prior to the earliest date permitted under Section 409A of the Code, and applicable Treasury regulations thereunder. To the extent any payment pursuant to this Paragraph 5 is required to be delayed six months pursuant to the special rules of Section 409A of the Code related to "specified employees," each affected payment shall be delayed until six months after the Executive's termination of employment, and, unless provided otherwise, with the first such payment being a lump sum equal to the aggregate payments the Executive would have received during such six-month period if no payment delay had been imposed. Any payments or distributions delayed in accordance with the prior sentence shall be paid to the Executive on the first day of the seventh month following the Executive's termination of employment. Notwithstanding any other provision contained herein, to the extent any payments or distributions due to the Executive upon termination of his employment under this Agreement are subject to Section 409A of the Code (i) a termination of the Executive's employment shall be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and the applicable Treasury regulations thereunder and (ii) as applicable, such payments shall be treated as a series of separate payments for purposes of Section 409A of the Code. Notwithstanding anything elsewhere to the contrary, the Executive shall have no duties following any termination of his employment with MFA that are inconsistent with his having a "separation from service" for purposes of Section 409A of the Code and any regulations thereunder.

(i) Release. MFA's obligation to make any payment or provide any benefit pursuant to this Paragraph 5 (~~other than~~ pursuant to Paragraphs 5(f)(i)-(iv) above) shall be contingent upon, and is the consideration for, (A) the Executive executing and delivering to MFA, within 60 days after termination of his employment, a general release (the "Release"), substantially in the form annexed hereto as Exhibit C, and (B) such release becoming irrevocable in accordance with its terms. In the event that the 60-day period referred to in the immediately preceding sentence spans two calendar years, payments required to be made hereunder shall be made in the second calendar year, the first payment of which shall include all payments that would otherwise have been made prior thereto.

6. Definitions. For purposes of this Agreement, the following terms shall be defined as set forth below:

(a) Cause. “Cause” shall mean the Executive’s (i) conviction, or entry of a guilty plea or a plea of nolo contendere with respect to, a felony, a crime of moral turpitude or any crime committed against MFA, other than traffic violations; (ii) engagement in willful misconduct, willful or gross negligence, or fraud, embezzlement or misappropriation relating to significant amounts, in each case in connection with the performance of his duties under this Agreement; (iii) failure to adhere to the lawful directions of the CEO and/or the Board of Directors that are reasonably consistent with his duties and position provided for herein; (iv) breach in any material respect of any of the provisions of Paragraph 7 of this Agreement resulting in material and demonstrable economic injury to MFA; (v) chronic or persistent substance abuse that materially and adversely affects his performance of his duties under this Agreement or (vi) breach in any material respect of the terms and provisions of this Agreement resulting in material and demonstrable economic injury to MFA. Notwithstanding the foregoing, (a) the Executive shall be given written notice of any action or failure to act that is alleged to constitute Cause (a “Default”), and an opportunity for 20 business days from the date of such notice in which to cure such Default, such period to be subject to extension in the discretion of the CEO or, in his absence, the Board of Directors and (b) regardless of whether the Executive is able to cure any Default, the Executive shall not be deemed to have been terminated for Cause without (I) reasonable prior written notice to the Executive setting forth the reasons for the decision to terminate the Executive for Cause, (II) an opportunity for the Executive, together with his counsel, to be heard by the CEO or, in his absence, the Board of Directors and (III) delivery to the Executive of a notice of termination approved by said CEO or, in his absence, the Board of Directors, stating his or its good faith opinion that the Executive has engaged in actions or conduct described in the preceding sentence, which notice specifies the particulars of such action or conduct in reasonable detail; provided, however, MFA may suspend the Executive with pay until such time as his right to appear before the CEO or the Board of Directors, as the case may be, has been exercised, so long as such appearance is within two (2) weeks of the date of suspension.

(b) Change in Control. A “Change in Control” shall mean the occurrence of any one of the following events to the extent such event also constitutes a “change in control event” for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”):

(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Act (other than MFA, any of its affiliates or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of MFA or any of its affiliates) together with all affiliates and “associates” (as such term is defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of MFA representing 30% or more of either (A) the combined voting power of MFA’s then outstanding securities having the right to vote in an election of the Board of Directors (“voting securities”), or (B) the then outstanding shares of common stock of MFA (“Shares”) (in either such case other than as a result of an acquisition of securities directly from MFA); or

(ii) persons who, as of the effective date of this Agreement, constitute MFA’s Board of Directors (the “Incumbent Directors”) cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board of Directors, provided that any person becoming a Director of MFA subsequent to the effective date whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors shall, for purposes of this Agreement, be considered an Incumbent Director; or

(iii) there shall occur (A) any consolidation or merger of MFA or any subsidiary where the stockholders of MFA, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate 60% or more of the voting securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of MFA or (C) any plan or proposal for the liquidation or dissolution of MFA.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by MFA which, by reducing the number of Shares or other voting securities outstanding, increases (x) the proportionate number of Shares beneficially owned by any person to 30% or more of the Shares then outstanding or (y) the proportionate voting power represented by the voting securities beneficially owned by any person to 30% or more of the combined voting power of all then outstanding voting securities; provided, however, that, if any person referred to in clause (x) or (y) of this sentence shall thereafter become the beneficial owner of any additional Shares or other voting securities (other than pursuant to a stock split, stock dividend, or similar transaction), then a “Change in Control” shall be deemed to have occurred for purposes of this Paragraph 6(b).

(c) Competitor. “Competitor” shall mean (i) any mortgage REIT, (ii) any entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities, or (iii) any entity that manages or advises (including any external advisor) either a mortgage REIT or an entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities.

(d) Disability. “Disability” shall mean the Executive’s inability for a period of six consecutive months, to render substantially the services provided for in this Agreement by reason of mental or physical disability, whether resulting from illness, accident or otherwise, other than by reason of chronic or persistent abuse of any substance (such as narcotics or alcohol). Notwithstanding the foregoing, no circumstances or condition shall constitute a Disability to the extent that, if it were, a 20% tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition shall continue to constitute a Disability to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax. In addition, nothing herein shall limit or restrict the payment of any amount subject to Section 409A of the Code upon an otherwise permitted payment event under Section 409A of the Code, including upon a separation from service.

(e) Good Reason. “Good Reason” shall mean:

- (i) a material diminution in the Executive’s title, duties or responsibilities;
- (ii) relocation of the Executive’s place of employment without his consent outside the New York City metropolitan area;
- (iii) the failure of MFA to pay within thirty (30) business days any material payment due from MFA;
- (iv) the failure of MFA to pay within a reasonable period after the date when amounts are required to be paid to the Executive under any benefit programs or plans; or
- (v) the material failure by MFA to honor any of its material obligations to the Executive.

For Good Reason to exist, the Executive must provide written notice of an event purportedly constituting Good Reason within 90 days of its occurrence, MFA must have failed to cure such event within 15 days of such notice and the Executive must provide written notice of his decision to terminate employment, such notice to be provided within 15 days of the expiration of such cure period. The effective date of such termination shall be the end of the period of Garden Leave.

(f) Non Cash Items and Merger Expenses. “Non Cash Items and Merger Expenses” shall mean depreciation, merger expenses, gains/losses on asset sales, and impairment charges; provided that these items and expenses shall allow for adjustment to exclude events pursuant to changes in GAAP and certain non-cash items at the discretion of MFA’s independent directors.

(g) Notice of Termination. “Notice of Termination” means the written notice of termination of the Executive’s employment delivered by, as applicable, the Executive or MFA.

(h) Restricted Period. “Restricted Period” shall mean the period commencing on the Effective Date and ending on December 31, 2012; provided that if December 31, 2012 occurs during a Garden Leave period, the Restricted Period shall continue through the end of such Garden Leave.

(i) Return on Average Equity. “Return on Average Equity” shall mean twelve months GAAP net income plus (minus) certain Non Cash Items and Merger Expenses divided by average Tangible Net Worth, for the period ending November 30th.

(j) Tangible Net Worth. "Tangible Net Worth" shall mean stockholder equity less (i) goodwill and (ii) preferred stockholder equity.

7. Covenants.

(a) Confidentiality. During the Term of Employment, and at all times thereafter, the Executive shall maintain the confidentiality of all confidential or proprietary information of MFA and/or any of its subsidiaries or affiliates, or of any other person or entity with which the Executive has been involved as a direct or indirect result of his employment by, or performance of consulting or other services (including, without limitation, as a director, officer, advisor, agent, consultant or other independent contractor) for, MFA or any of its subsidiaries or affiliates ("Confidential Information"), and, except in furtherance of his employment by MFA or as specifically required by law or by court order or in the course of carrying out his duties for MFA, he shall not directly or indirectly disclose any such information to any person or entity; nor shall he use Confidential Information for any purpose except for the benefit of MFA. For purposes of this Agreement, "Confidential Information" includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of MFA; marketing plans, projections, presentations or strategies of MFA; financial and budget information of MFA; personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations; information regarding the existence or terms of any agreement or relationship between MFA or any of its subsidiaries or affiliates and any other party; and any other information of whatever nature, which gives to MFA or any of its subsidiaries or affiliates an opportunity to obtain an advantage over its competitors who or which do not have access to such information. This restriction shall apply regardless of whether such Confidential Information is in written, graphic, recorded, photographic, data or any machine readable form or is orally conveyed to, or memorized by, the Executive; provided, however, that this Paragraph 7(a) shall not apply to Confidential Information that is or becomes publicly known through no act or omission on the Executive's part. Anything to the contrary notwithstanding, nothing in this Agreement shall prevent the Executive from retaining a home computer and security system, papers and other materials of a personal nature, including personal diaries, calendars and Rolodexes, information relating to his compensation or relating to reimbursement of expenses, information that he reasonably believes may be needed for tax purposes, and copies of plans, programs and agreements relating to his employment.

(b) Non-Competition. The Executive acknowledges that during the Executive's employment with MFA prior to and after the Effective Date, (i) the Executive has had and will continue to have access to trade secrets and other Confidential Information of MFA and/or its affiliates, which, if disclosed, would unfairly and inappropriately assist in competition against MFA and/or its affiliates; (ii) in the course of the Executive's employment by a Competitor during the Restricted Period, the Executive would inevitably use or disclose such trade secrets and Confidential Information; (iii) MFA and its affiliates have substantial relationships with their customers and the Executive has had and will continue to have access to these customers; (iv) the Executive has received and will receive specialized training from MFA and its affiliates; (v) the Executive has generated and will continue to generate goodwill for MFA and its affiliates in the course of the Executive's employment and (vi) the Executive's services are unique and irreplaceable. Therefore, in consideration of the Executive's continued employment with MFA, of the compensation and benefits provided to the Executive under this Agreement, of MFA's agreement to make severance benefits available pursuant to Paragraph 5(b), and of the Executive's being granted access to the customers, trade secrets and other Confidential Information of MFA and/or its affiliates, the Executive agrees that the following restrictions on the Executive's activities during and after the Executive's employment are necessary, appropriate and reasonable to protect the goodwill, Confidential Information and other legitimate interests of MFA and its affiliates from unfair and inappropriate competition:

(i) During the Restricted Period, the Executive will not, without the prior written consent of MFA, manage, operate, control or be connected as a stockholder (other than as a holder of shares publicly traded on a stock exchange or the NASDAQ National Market System, provided that the Executive shall not own more than five percent of the outstanding shares of any publicly traded company) or partner with, or as an officer, director, employee or consultant of, any Competitor. Notwithstanding the foregoing, this Paragraph 7(b)(i) shall not preclude the Executive from providing services to an entity with two or more lines of businesses, one of which is a Competitor, so long as the Executive provides services only to the non-competitive businesses and does not directly or indirectly provide supervisory, managerial or other services to any line of business that is a Competitor.

(ii) During the Restricted Period, the Executive will not, without the prior written consent of MFA, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity), (A) solicit, encourage, or engage in any activity to induce any employee of MFA or its affiliates to terminate employment with MFA or its affiliates, or to become employed by, or to enter into a business relationship with, any other person or entity; (B) hire or retain any person who was an employee of MFA or its affiliates within the six month period preceding such action; or (C) engage in any activity intentionally to interfere with, disrupt or damage the business of MFA of its affiliates, or its relationship with any client, supplier or other business relationship of MFA.

(c) MFA Materials. The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by MFA are the sole property of MFA ("MFA Materials"). During his employment, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of MFA, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of MFA, except in furtherance of his duties under this Agreement. When the Executive terminates his employment with MFA, or upon request of MFA at any time, the Executive shall promptly deliver to MFA all originals and copies of MFA Materials in his possession or control and shall not retain any originals or copies in any form.

(d) No Disparagement. Each of the Executive and MFA agrees that, except as required by applicable law or compelled by process of law, during and after the Term of Employment they shall not make any derogatory, disparaging or critical statement about the other party hereto or, further in the case of statements by the Executive about (i) MFA, its parent, affiliates, or subsidiaries, if any; (ii) any product or service provided by MFA and its parent, affiliates or subsidiaries, if any; or (iii) MFA's and its parent's, affiliates' or subsidiaries', if any, prospects for the future. Nothing in this Paragraph shall (x) prohibit either MFA or the Executive from testifying truthfully in any legal or administrative proceeding or from truthfully responding to any untrue statement by the other party or (y) prohibit the Executive from making truthful statements in the course of carrying out his duties for MFA.

(e) Cooperation with Respect to Litigation. During the Term of Employment and at all times thereafter, the Executive agrees to give prompt written notice to MFA of any claim against MFA or its affiliates after becoming aware of such claim and (to the extent reasonably requested by MFA) to reasonably cooperate, in good faith and to the best of his ability, with MFA in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which the Executive may have knowledge in connection with or as a result of his employment by MFA or its affiliates. Such cooperation will include all assistance that MFA, its counsel or representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that MFA will promptly reimburse the Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this Paragraph 7(e) and, except as may be required by law or by court order, should the Executive then be employed by an entity other than MFA, such cooperation will not materially interfere with the Executive's then current employment.

(f) Remedies. The Executive agrees that these restraints are necessary for the reasonable and proper protection of MFA and its affiliates and their respective trade secrets and Confidential Information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Executive from obtaining other suitable employment during the period in which the Executive are bound by the restraints. The Executive agrees that, before providing services, whether as an employee or consultant, to any entity during the Restricted Period, the Executive will provide a copy of this Agreement to such entity, and such entity shall acknowledge to MFA in writing that it has read this Agreement. The Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to MFA and its affiliates, that the Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force and that, as a result of the foregoing, in the event that the Executive breaches such covenants, monetary damages would be an insufficient remedy for MFA and equitable enforcement of the covenant would be proper. The Executive therefore agrees that MFA, in addition to any other remedies available to it, will be entitled to preliminary and permanent injunctive relief against any breach by the Executive of any of those covenants, without the necessity of showing actual monetary damages or the posting of a bond or other security. The Executive and MFA further agree that, in the event that any provision of this Paragraph 7 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision will be deemed to be modified to permit its enforcement to the maximum extent permitted by law. The Executive further covenants that the Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Paragraph 7 and that the Executive will reimburse MFA and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Paragraph 7 if either MFA and/or its affiliates prevails on any material issue involved in such dispute or if the Executive challenges the reasonableness or enforceability of any of the provisions of this Paragraph 7, it being understood that the Executive shall not be considered to have challenged the enforceability of this Section 7 by arguing that his conduct did not, in fact, violate the terms of this Section 7. It is also agreed that each of MFA's affiliates will have the right to enforce all of the Executive's obligations to that Affiliate under this Agreement, including without limitation pursuant to this Paragraph 7.

8. Indemnification. MFA shall indemnify the Executive to the fullest extent permitted by Maryland law as amended from time to time in connection with the Executive's duties with MFA, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties, ERISA excise taxes and amounts paid in settlement) actually and reasonably incurred by the Executive in connection with an action, suit or proceeding. While the Executive is an officer of MFA, and for six years thereafter, MFA (or any successor thereto) shall provide comprehensive coverage under its officers and directors insurance policy (or policies) on substantially the same terms and levels that it provides to its senior executive officers, at MFA's sole cost.

9. Assignability; Binding Nature. This Agreement shall inure to the benefit of MFA and the Executive and their respective successors, heirs (in the case of the Executive) and assigns. No rights or obligations of MFA under this Agreement may be assigned or transferred by MFA except that any such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which MFA is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of MFA, provided that the assignee or transferee is the successor to all or substantially all of the assets of MFA and such assignee or transferee assumes the liabilities, obligations and duties of MFA, as contained in this Agreement, either contractually or as a matter of law. This Agreement shall not be assignable by the Executive; provided however that, in the event of the Executive's death or a judicial determination of his incapacity, references to the Executive in this Agreement shall be deemed, as appropriate, to be references to his heirs, executor(s) or other legal representative(s).

10. Representation. MFA and the Executive each represent and warrant that it or he is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its or his obligations under this Agreement will not violate any agreement between to which it or he is a party.

11. Entire Agreement. This Agreement contains the entire agreement between MFA and the Executive concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between them with respect thereto, including without limitation, the Former Employment Agreement.

12. Amendment or Waiver. This Agreement can only be changed, modified or amended with the consent in a writing that is signed by both the Executive and MFA and that specifically identifies the provision(s) of this Agreement that are being changed, modified or amended. No waiver by either MFA or the Executive at any time of any breach by the other party of any condition or provision of this Agreement shall be deemed a waiver of a similar or dissimilar condition or provision at the same or at any prior or subsequent time. Any waiver must be in writing and signed by the Executive or an authorized officer of MFA, as the case may be.

13. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

14. Reasonableness. To the extent that any provision or portion of this Agreement is determined to be unenforceable by a court of law or equity, that provision or portion of this Agreement shall nevertheless be enforceable to the extent that such court determines is reasonable.

15. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

16. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Maryland (without regard to its choice of law provisions). Each of the parties agrees that any dispute between the parties shall be resolved only in the courts of the State of Maryland or the United States District Court for the District of Maryland and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits for himself or itself in any proceeding relating to this Agreement or the Executive's employment by MFA or any affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of Maryland, the court of the United States of America for the District of Maryland, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding shall be heard and determined in such Maryland State court or, to the extent permitted by law, in such federal court; (b) consents that any such Proceeding may and shall be brought in such courts and waives any objection that he or it may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) waives all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Executive's employment by MFA or any affiliate, or his or its performance under or the enforcement of this Agreement; (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at his or its address as provided in Paragraph 18; and (e) agrees that nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by the laws of the State of Maryland.

17. Legal Fees.

(a) MFA shall pay directly all reasonable legal fees incurred by the Executive in connection with the negotiation, preparation and execution of this Agreement up to \$10,000.

(b) Subject to Paragraph 7(f), MFA shall reimburse the Executive (and his beneficiaries) any reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and other reasonable costs of counsel) incurred by the Executive (or any of his beneficiaries) in resolving any controversy, dispute or claim arising out of or relating to this Agreement, any other agreement or arrangement between the Executive and MFA, the Executive's employment with MFA, or the termination thereof if the Executive (or his beneficiaries) is the prevailing party with respect to at least one material issue asserting a material breach of such agreement by the Company.

18. Notices. Any notice given to either party shall be in writing and shall be deemed to have been given when delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, duly addressed to the party concerned, if to MFA, at its principal executive office, and if to the Executive, at the address of the Executive shown on MFA's records or at such other address as such party may give notice of.

19. Headings. The headings of the paragraphs contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

20. Counterparts. This Agreement may be executed in two or more counterparts. Signatures delivered by facsimile (including by "pdf") shall be deemed effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

MFA FINANCIAL, INC.

By: /s/ Stewart Zimmerman
Name: Stewart Zimmerman
Title: Chairman and Chief Executive Officer

By: /s/ Ronald A. Freydberg
Name: Ronald A. Freydberg
Title: Executive Vice President

Exhibit A**Aggregate Performance Bonus Pool for Senior Executives**

Aggregate bonus pool can be adjusted upward or downward in any year by as much as 30%, dependent upon the Compensation Committee's assessment of MFA's leverage strategy, share price performance relative to the S&P financial index or other relevant indices, share price relative to peer group, total return (share price change plus dividend), and its other asset management activities, as well as the Executive's individual performance, among other considerations, as determined by the Compensation Committee.

MFA ROAE	Range	
Less than 4.5%	\$	750,000
4.5% - 5%	\$	750,000 \$ 950,000
5% - 6%	\$	950,000 \$ 1,150,000
6% - 7%	\$	1,150,000 \$ 1,350,000
7% - 8%	\$	1,350,000 \$ 1,800,000
8% - 9%	\$	1,800,000 \$ 2,250,000
9% - 10%	\$	2,250,000 \$ 2,700,000
10% - 11%	\$	2,700,000 \$ 3,150,000
11% - 12%	\$	3,150,000 \$ 3,600,000
12% - 13%	\$	3,600,000 \$ 4,050,000
13% - 14%	\$	4,050,000 \$ 4,500,000
14% - 15%	\$	4,500,000 \$ 4,950,000
15% - 16%	\$	4,950,000 \$ 5,400,000
16% - 17%	\$	5,400,000 \$ 5,850,000
17% - 18%	\$	5,850,000 \$ 6,300,000
18% - 19%	Minimum of \$6,300,000 (subject, in all events to discretion of the Compensation Committee to increase or decrease such amount as described above)	
19% - 20%		
20% - 21 %+		

Exhibit B

Summary of the Company's Long Term Incentive Program

The following summarizes certain material components of the Company's Long Term Incentive Program as they will apply to grants under Paragraph 3(c) of the Agreement to which this Exhibit B is attached.

1. Eligibility: Employees designated by the Company's Compensation Committee ("Participants") will be eligible to receive annual grants of phantom shares ("Phantom Shares") and dividend equivalent rights ("DERs").
 - a. Each Phantom Share will entitle a participant, upon vesting, to one share of Company common stock.
 - b. Each DER will entitle a participant to dividends payable on one share of Company common stock.
2. Phantom Share Vesting: Each Phantom Share grant will be eligible to vest ratably over the three-year period that ends on the third anniversary of the grant date. Two-thirds (2/3) of each Phantom Share grant (the "Performance Phantom Shares") will ratably vest based on the achievement of performance goals over the applicable three-year period and one-third (1/3) of each Phantom Share grant (the "Time Phantom Shares") will ratably time vest over the three-year period.
 - a. Performance Vesting: 33-1/3% of the Performance Phantom Shares will vest on each of the first three anniversaries of the grant date if the Company's Total Shareholder Return (as determined by the Compensation Committee in good faith) for the year ending on such anniversary is at least 10%. The applicable Performance Phantom Shares will be forfeited if a 10% TSR is not achieved in the applicable year.
 - b. Time Vesting: 33-1/3% of the Time Phantom Shares will vest on each of the first three anniversaries of the grant date if the Participant is employed by the Company on such anniversary.
 - c. Termination of Employment: Subject to Paragraph 5(f)(v) of the Agreement to which this Exhibit B is attached, all unvested Phantom Shares will be forfeited upon any termination of employment.
3. Settlement. The Phantom Shares will settle upon vesting.
4. Holding Policy: The Company's Compensation Committee may impose stock holding requirements similar to those set forth in Paragraph 3(b) of the Agreement to which this Exhibit B is attached.

5. DERs: Participants will be entitled to receive the applicable dividend payment with respect to each outstanding DER. A DER will be canceled at the time of settlement or forfeiture of an Phantom Share.

Exhibit C

Release

This Release of Claims (this "Release") is made as of _____, by and between MFA MORTGAGE INVESTMENTS, INC. ("MFA") and _____ (the "Executive").

Release.

(a) The Executive, on behalf of himself, his agents, heirs, successors, assigns, executors and administrators, in consideration for the termination payments and other consideration provided for under the Amended and Restated Employment Agreement entered into by MFA and the Executive, as from time to time amended in accordance with its terms (the "Employment Agreement"), hereby forever releases and discharges MFA, and its successors, its affiliated entities, and, in such capacities, its past and present directors, employees, agents, attorneys, accountants, representatives, plan fiduciaries, successors and assigns from any and all known and unknown causes of action, actions, judgments, liens, indebtedness, damages, losses, claims, liabilities, and demands of whatsoever kind and character in any manner whatsoever arising on or prior to the date of this Release, including but not limited to (i) any claim for breach of contract, breach of implied covenant, breach of oral or written promise, wrongful termination, intentional infliction of emotional distress, defamation, interference with contract relations or prospective economic advantage, negligence, misrepresentation or employment discrimination, and including without limitation alleged violations of Title VII of the Civil Rights Act of 1964, as amended, prohibiting discrimination based on race, color, religion, sex or national origin; the Family and Medical Leave Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; other federal, state and local laws, ordinances and regulations; and any unemployment or workers' compensation law, excepting only those obligations of MFA pursuant to Paragraph 5 of the Employment Agreement or otherwise continuing under the Employment Agreement and any claims to benefits under any compensation or benefit plan, program or arrangement in which the Executive was participating as of the date of termination of his employment; (ii) any and all liability that was or may have been alleged against or imputed to MFA by the Executive or by anyone acting on his behalf; (iii) all claims for wages, monetary or equitable relief, employment or reemployment with MFA in any position, and any punitive, compensatory or liquidated damages; and (iv) all rights to and claims for attorneys' fees and costs except as otherwise provided in the Employment Agreement. Notwithstanding the foregoing, nothing in this Release shall operate to (i) waive, any claim for indemnification, contribution or D&O coverage or any claim arising under, or preserved by, Paragraph 5 of the Employment Agreement or (ii) require the Executive to relinquish any right to property previously transferred to him by the Company.

(b) The Executive shall not file or cause to be filed any action, suit, claim, charge or proceeding with any federal, state or local court or agency relating to any claim within the scope of this Release. In the event there is presently pending any action, suit, claim, charge or proceeding within the scope of this Release, or if such a proceeding is commenced in the future, the Executive shall promptly withdraw it, with prejudice, to the extent he has the power to do so. The Executive represents and warrants that he has not assigned any claim released herein, or authorized any other person to assert any claim on his behalf.

(c) In the event any action, suit, claim, charge or proceeding within the scope of this Release is brought by any government agency, putative class representative or other third party to vindicate any alleged rights of the Executive, (i) the Executive shall, except to the extent required or compelled by law, legal process or subpoena, refrain from participating, testifying or producing documents therein and (ii) all damages, inclusive of attorneys' fees, if any, required to be paid to the Executive by MFA as a consequence of such action, suit, claim, charge or proceeding shall be repaid to MFA by the Executive within ten (10) days of his receipt thereof.

(d) BY HIS SIGNATURE BELOW, THE EXECUTIVE ACKNOWLEDGES THAT:

(1) HE HAS RECEIVED A COPY OF THIS RELEASE AND WAS OFFERED A PERIOD OF TWENTY-ONE (21) DAYS TO REVIEW AND CONSIDER IT;

(2) IF HE SIGNS THIS RELEASE PRIOR TO THE EXPIRATION OF TWENTY-ONE DAYS, HE KNOWINGLY AND VOLUNTARILY WAIVES AND GIVES UP THIS RIGHT OF REVIEW;

(3) HE HAS THE RIGHT TO REVOKE THIS RELEASE FOR A PERIOD OF SEVEN (7) DAYS AFTER HE SIGNS IT BY MAILING OR DELIVERING A WRITTEN NOTICE OF REVOCATION TO THE COMPANY'S GENERAL COUNSEL, NO LATER THAN THE CLOSE OF BUSINESS ON THE SEVENTH DAY AFTER THE DAY ON WHICH HE SIGNED THIS RELEASE;

(4) THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE SEVEN DAY REVOCATION PERIOD HAS EXPIRED WITHOUT THE RELEASE HAVING BEEN REVOKED (THE "EFFECTIVE DATE");

(5) THIS RELEASE WILL BE FINAL AND BINDING AFTER THE EXPIRATION OF THE REVOCATION PERIOD REFERRED TO IN SECTION 2(d)(3). HE AGREES NOT TO CHALLENGE ITS ENFORCEABILITY;

(6) HE IS AWARE OF HIS RIGHT TO CONSULT AN ATTORNEY, HAS BEEN ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY, AND HAS HAD THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY, IF DESIRED, PRIOR TO SIGNING THIS RELEASE;

(7) NO PROMISE OR INDUCEMENT FOR THIS RELEASE HAS BEEN MADE EXCEPT AS SET FORTH IN THIS RELEASE;

(8) HE IS LEGALLY COMPETENT TO EXECUTE THIS RELEASE AND ACCEPT FULL RESPONSIBILITY FOR IT; AND

(9) HE HAS CAREFULLY READ THIS RELEASE, ACKNOWLEDGES THAT HE HAS NOT RELIED ON ANY REPRESENTATION OR STATEMENT, WRITTEN OR ORAL, NOT SET FORTH IN THIS DOCUMENT, AND WARRANTS AND REPRESENTS THAT HE IS SIGNING THIS RELEASE KNOWINGLY AND VOLUNTARILY.

IN WITNESS WHEREOF, the parties have hereunto set their hands this _____ day of _____.

By: _____
Name: Ronald Freydborg
Title: Executive Vice President

**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 30th day of June, 2011 (the "Effective Date") by and between MFA Financial, Inc. ("MFA"), and Craig L. Knutson (the "Executive").

WITNESSETH:

WHEREAS, MFA and the Executive entered into an amended and restated employment agreement, effective as of July 1, 2009 (the "Former Employment Agreement");

WHEREAS, MFA and the Executive desire to amend and restate the terms of the Executive's employment; and

WHEREAS, the Executive wishes to continue serving MFA and MFA wishes to secure the continued exclusive services of the Executive under the terms and conditions described below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, the parties hereto agree to amend and restate the Former Employment Agreement in its entirety to read as follows:

1. Term of Employment.

(a) MFA hereby employs the Executive, and the Executive hereby accepts employment with MFA, in the positions and with the duties and responsibilities as set forth in Paragraph 2 below for the Term of Employment, subject to the terms and conditions of this Agreement.

(b) The term of employment (the "Term of Employment") under this Agreement shall commence on the Effective Date and continue until December 31, 2013; provided that if December 31, 2013 occurs during a Garden Leave period, the Term of Employment shall continue through the end of such Garden Leave. The Term of Employment may also be terminated in accordance with Paragraph 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, the Executive shall be employed as Executive Vice President of MFA, reporting to the Chairman and Chief Executive Officer of MFA (the "CEO"), with such duties and day-to-day management responsibilities as are customarily performed by persons holding such offices at similarly situated mortgage REITs and such other duties as may be mutually agreed upon between the Executive and the CEO.

(b) During the Term of Employment, the Executive shall, without additional compensation, also (i) serve on the board of directors of, serve as an officer of, and/or perform such executive and consulting services for, or on behalf of, such subsidiaries or affiliates of MFA as the CEO and/or the Board of Directors of MFA (the "Board of Directors") may, from time to time, request. MFA and such subsidiaries and affiliates are hereinafter referred to, collectively, as the "Company." For purposes of this Agreement, the term "affiliate" shall have the meaning ascribed thereto in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Act").

(c) During the Term of Employment, the Executive shall serve MFA faithfully, diligently and to the best of his ability and shall devote substantially all of his time and efforts to his employment and the performance of his duties under this Agreement. Nothing herein shall preclude the Executive from engaging in charitable and community affairs and managing his personal, financial and legal affairs, so long as such activities do not materially interfere with his carrying out his duties and responsibilities under this Agreement.

3. Compensation.

(a) Base Salary. During the Term of Employment, the Executive shall be entitled to receive an annualized base salary (the “Base Salary”) of not less than \$450,000.

(b) Performance Bonus. The amount of the Executive’s annual bonus for 2011 shall be determined by the Compensation Committee in its discretion. For 2012, the Executive shall participate in a bonus pool substantially similar to the Performance Bonus Pool for Senior Executives (as described more fully below), provided that (i) the bonus pool for 2012 shall be the dollar value of the Bonus Pool determined pursuant to the 2012 schedule included in Exhibit A, and (ii) the Compensation Committee may increase or decrease the amount of such bonus pool for 2012 in its discretion. For 2013, the Executive shall be eligible to participate in the Performance Bonus Pool for Senior Executives (the “Bonus Pool”). The aggregate Bonus Pool for 2013 shall be determined by reference to MFA’s Return on Average Equity (“ROAE”) as more fully described in Exhibit A to this Agreement. Allocations to participants in the Bonus Pool for 2013 shall be made by the Compensation Committee together with the CEO based upon the Compensation Committee’s assessment of each participant’s performance during the applicable period. The Compensation Committee, in its discretion, can adjust the aggregate Bonus Pool for 2013 upward or downward by as much as thirty percent (30%) depending upon the Compensation Committee’s assessment of MFA’s leverage strategy, share price performance relative to the S&P financial index or other relevant indices, share price relative to peer group, total return (share price change plus dividend), and its other asset management activities, as well as the Executive’s individual performance, among other considerations, as determined by the Compensation Committee.

The amount allocated to the Executive from the Bonus Pool shall be paid in a combination of cash and restricted stock based on the total Bonus Pool, with up to 40% of the Bonus Pool (as determined by the Compensation Committee) to be paid in restricted stock. The period of restriction with respect to shares of restricted stock shall lapse with respect to six and one quarter percent (6.25%) of the shares on the last business day of each quarter commencing with the quarter beginning with the first calendar quarter following the end of the fiscal year to which the Bonus Pool relates, with the lapse of all restrictions occurring four years following the date of grant. Under the terms of the definitive award agreement, the Executive shall be entitled to receive any dividends payable with respect to any shares subject to restriction at such time as such shares are no longer subject to restrictions. Vested shares of such restricted stock cannot be transferred or sold during the Executive's employment by MFA until the value of the Executive's stock holdings in MFA (including shares of restricted stock) exceeds four times the Executive's Base Salary; and, following the termination of Executive's employment with the Company, vested shares of such restricted stock may not be sold or transferred to the extent the value of the Executive's stock holdings does not exceed four times the Executive's Base Salary as of the date of the Executive's termination of employment (provided, however, that this sentence shall no longer apply following the six-month anniversary, of the Executive's termination of employment). Cash payments from the Bonus Pool will be made as soon as practicable after such portion of the Bonus Pool is vested and nonforfeitable, and in no event later than January 16th of the next following calendar year.

(c) Equity Compensation. The Company shall grant the Executive 25,000 phantom shares, effective as of each of the date of this Agreement and each anniversary thereof in 2012, 2013 and 2014 if the Executive is then employed by the Company, and shall also grant promptly after the date hereof 100,000 dividend equivalent rights, in each case on terms and conditions that are consistent with Exhibit B and this Agreement. The Executive shall be eligible to receive such other stock option, restricted stock, phantom share, restricted stock unit or dividend equivalent rights grants or other equity awards as the Compensation Committee or the Board of Directors, as the case may be, shall deem appropriate.

(d) Discretion to Increase Compensation. Nothing in this Agreement shall preclude the Board of Directors or the Compensation Committee from increasing or considering increasing the Executive's compensation during the Term of Employment. The Base Salary as adjusted to reflect any increase shall be the Base Salary for all purposes of this Agreement.

4. Employee Benefit Programs and Fringe Benefits. During the Term of Employment, the Executive shall be entitled to five weeks of vacation each calendar year and to participate in all executive incentive and employee benefit programs of MFA now or hereafter made available to MFA's senior executives or salaried employees generally, as such programs may be in effect from time to time. MFA shall reimburse the Executive for any and all necessary, customary and usual business expenses incurred by Executive in connection with his employment in accordance with applicable MFA policies.

5. Termination of Employment.

(a) Termination Due to Death or Disability. If the Executive's employment is terminated during the Term of Employment by reason of the Executive's death or Disability, the Executive's Term of Employment shall terminate automatically without further obligations to the Executive, his legal representative or his estate, as the case may be, under this Agreement except for (i) any compensation earned but not yet paid, including and without limitation, any amount of Base Salary accrued or earned but unpaid and any other payments payable to the Executive pursuant to Paragraph 5(f) below, which amounts shall be promptly paid in a lump sum to the Executive, his legal representative or his estate, as the case may be, and (ii) a lump sum payment in an amount equal to the Executive's Base Salary which shall be paid to the Executive, his legal representative or his estate, as the case may be, as soon as possible (without undue delay), but in no event later than March 15th following the calendar year in which such termination occurs. In the event of such termination due to his Disability, the Company shall reimburse the Executive for 100% of the COBRA premiums incurred by the Executive during the 18-month period following the Executive's termination.

(b) Termination By MFA Without Cause or By the Executive for Good Reason. In the event the Executive's employment is terminated by MFA without Cause or by the Executive for Good Reason, (A) the Executive shall be entitled to an amount (the "Severance Amount") equal to the sum of (i) 75% of his then current Base Salary, (ii) an amount equal to the average of the annual bonuses paid to the Executive for the three calendar years preceding such termination (the "Average Bonus"), with such amount to be paid in equal ratable installments in accordance with applicable MFA payroll practices over the nine (9) month period following such termination, the "Severance Period"), (B) the Company shall reimburse the Executive for 100% of the COBRA premiums incurred by the Executive during the 12-month period following the Executive's date of termination and (C) any equity-based compensation previously granted to the Executive as part of his annual bonus, whether before or during the Term of Employment, shall immediately vest. If such termination occurs prior to December 31, 2011, the Severance Amount determined pursuant to Paragraph 5(b) of the Former Agreement shall be paid at the time and in the amount determined pursuant thereto, and any excess amounts payable under this Paragraph 5(b) shall be paid in accordance herewith. The parties agree that a termination of the Executive's employment pursuant to this Paragraph 5(b) or Paragraph 5(c) below shall not be a breach of this Agreement and does not relieve either party of its/his other obligations hereunder.

(c) Termination by MFA for Cause or Voluntary Termination by the Executive. In the event the Executive's employment is terminated during the Term of Employment either by MFA for Cause, or by the Executive on his own initiative for other than a Good Reason, the Executive shall be entitled to any compensation earned but not yet paid, including and without limitation, any amount of Base Salary accrued or earned but unpaid and any other payments payable to the Executive pursuant to Paragraph 5(f) below, as of the date of termination.

(d) Garden Leave. The Executive shall provide no less than 90 days written notice of any termination of the Executive's employment (whether for Good Reason or without Good Reason) during the Term of Employment, other than a termination during the period described in Paragraph 5(e) and MFA shall provide the Executive 90 days written notice of any termination of the Executive's employment for Cause or without Cause during the Term of Employment, other than a termination during the period described in Paragraph 5(e); provided that the Company may elect to terminate the Garden Leave (as defined below) and the Executive's employment at any time during the Garden Leave if the Executive is terminated for Cause. During this 90-day notice period (the "Garden Leave"), the Executive shall (i) continue to be an employee of MFA and shall make himself available to provide such services directed by MFA that are reasonably consistent with the Executive's status as a senior executive of MFA and (ii) continue to be paid his Base Salary and to be eligible to participate in MFA's benefits programs, but shall not be eligible to earn any annual bonus with respect to a calendar year that ends after the commencement of the Garden Leave. During the Garden Leave, MFA may require the Executive to resign from any position with MFA or its affiliates and/or remove any or all of the Executive's duties or responsibilities, which shall not constitute Good Reason or otherwise be a violation of this Agreement. The Executive agrees that he will not commence employment with any entity during or in connection with the commencement of the Garden Leave. During the Garden Leave, the Executive shall take all steps reasonably requested by MFA to effect a successful transition of client and customer relationships to the person or persons designated by MFA.

(e) Termination Related to Change in Control. In the event of the termination of the Executive's employment by MFA other than for Cause or the Executive's resignation of his employment for Good Reason within twelve months following a Change in Control,

(i) MFA shall immediately pay to Executive in a lump sum, but in all events within two and one half months following the calendar year in which such termination of employment occurs, an amount equal to 1.5 times the sum of (a) the Executive's then current Base Salary and (b) the Executive's Average Bonus;

(ii) all of the Executive's outstanding restricted stock, phantom shares, restricted stock units and stock options shall immediately vest in full and such options shall remain exercisable, and any dividend equivalents associated therewith shall continue to be payable, until the earlier of (a) 90 days following the date of such termination and (b) the date on which each such option would have expired had the Executive's employment not terminated; and

(iii) the Executive shall continue to participate in all health, life insurance, retirement and other benefit programs at MFA's expense for the balance of the Term of Employment, to the same extent as though the Executive's employment had not terminated.

To the extent necessary to avoid imposition of the excise tax under Section 4999 of the Code in connection with a Change in Control, each cash payment and benefit to be provided to the Executive that constitutes a "parachute payment" shall be reduced pro rata such that the reduction of compensation to be provided to the Executive is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis (but not below zero).

(f) Other Payments. Upon the termination of the Executive's employment during the Term of Employment, in addition to the amounts payable under any Paragraph above, the Executive shall be entitled to receive the following:

(i) any annual bonus earned during one or more preceding years but not paid;

(ii) any vested deferred compensation (including any interest accrued on or appreciation in value of such deferred amounts) in accordance with the applicable plan documents;

(iii) reimbursement for reasonable business expenses incurred but not yet reimbursed by MFA;

(iv) any other benefits to which the Executive or his legal representative may be entitled under all applicable plans and programs of MFA, as provided in Paragraph 4 above; and

(v) upon the termination of the Executive's employment during the Term of Employment pursuant to Paragraph 5(a) or 5(b) above, and subject to Paragraph 5(i) below, (A) all of the Executive's outstanding equity-based awards (e.g., restricted stock, phantom shares, restricted stock units and stock options) that would otherwise have vested within 12 months of such termination shall immediately vest and (B) all vested options shall remain exercisable, and any dividend equivalents associated therewith shall continue to be payable, until the earlier of (x) 90 days following the date of such termination and (y) the date on which each such option would have expired had the Executive's employment not terminated. Notwithstanding the foregoing, any equity award subject to vesting based on the achievement of performance goals shall vest in accordance with the terms and conditions applicable to such award; provided that any service-based pro ration of such award shall be determined by crediting the Executive with service to the next anniversary of the date of grant of such award.

(g) No Mitigation; No Offset. In the event of any termination of the Executive's employment under this Agreement, he shall be under no obligation to seek other employment or otherwise in any way to mitigate the amount of any payment provided for in this Paragraph 5, and there shall be no offset against amounts due him under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.

(h) Payments Subject to Section 409A. Notwithstanding anything herein to the contrary, the Executive shall not be entitled to any payment pursuant to this Paragraph 5 prior to the earliest date permitted under Section 409A of the Code, and applicable Treasury regulations thereunder. To the extent any payment pursuant to this Paragraph 5 is required to be delayed six months pursuant to the special rules of Section 409A of the Code related to "specified employees," each affected payment shall be delayed until six months after the Executive's termination of employment, and, unless provided otherwise, with the first such payment being a lump sum equal to the aggregate payments the Executive would have received during such six-month period if no payment delay had been imposed. Any payments or distributions delayed in accordance with the prior sentence shall be paid to the Executive on the first day of the seventh month following the Executive's termination of employment. Notwithstanding any other provision contained herein, to the extent any payments or distributions due to the Executive upon termination of his employment under this Agreement are subject to Section 409A of the Code (i) a termination of the Executive's employment shall be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and the applicable Treasury regulations thereunder and (ii) as applicable, such payments shall be treated as a series of separate payments for purposes of Section 409A of the Code. Notwithstanding anything elsewhere to the contrary, the Executive shall have no duties following any termination of his employment with MFA that are inconsistent with his having a "separation from service" for purposes of Section 409A of the Code and any regulations thereunder.

(i) Release. MFA's obligation to make any payment or provide any benefit pursuant to this Paragraph 5 (other than pursuant to Paragraphs 5(f)(i)-(iv) above) shall be contingent upon, and is the consideration for, (A) the Executive executing and delivering to MFA, within 60 days after termination of his employment, a general release (the "Release"), substantially in the form annexed hereto as Exhibit C, and (B) such release becoming irrevocable in accordance with its terms. In the event that the 60-day period referred to in the immediately preceding sentence spans two calendar years, payments required to be made hereunder shall be made in the second calendar year, the first payment of which shall include all payments that would otherwise have been made prior thereto.

6. Definitions. For purposes of this Agreement, the following terms shall be defined as set forth below:

(a) Cause. "Cause" shall mean the Executive's (i) conviction, or entry of a guilty plea or a plea of nolo contendere with respect to, a felony, a crime of moral turpitude or any crime committed against MFA, other than traffic violations; (ii) engagement in willful misconduct, willful or gross negligence, or fraud, embezzlement or misappropriation relating to significant amounts, in each case in connection with the performance of his duties under this Agreement; (iii) failure to adhere to the lawful directions of the CEO and/or the Board of Directors that are reasonably consistent with his duties and position provided for herein; (iv) breach in any material respect of any of the provisions of Paragraph 7 of this Agreement resulting in material and demonstrable economic injury to MFA; (v) chronic or persistent substance abuse that materially and adversely affects his performance of his duties under this Agreement or (vi) breach in any material respect of the terms and provisions of this Agreement resulting in material and demonstrable economic injury to MFA. Notwithstanding the foregoing, (a) the Executive shall be given written notice of any action or failure to act that is alleged to constitute Cause (a "Default"), and an opportunity for 20 business days from the date of such notice in which to cure such Default, such period to be subject to extension in the discretion of the CEO or, in his absence, the Board of Directors and (b) regardless of whether the Executive is able to cure any Default, the Executive shall not be deemed to have been terminated for Cause without (I) reasonable prior written notice to the Executive setting forth the reasons for the decision to terminate the Executive for Cause, (II) an opportunity for the Executive, together with his counsel, to be heard by the CEO or, in his absence, the Board of Directors and (III) delivery to the Executive of a notice of termination approved by said CEO or, in his absence, the Board of Directors, stating his or its good faith opinion that the Executive has engaged in actions or conduct described in the preceding sentence, which notice specifies the particulars of such action or conduct in reasonable detail; provided, however, MFA may suspend the Executive with pay until such time as his right to appear before the CEO or the Board of Directors, as the case may be, has been exercised, so long as such appearance is within two (2) weeks of the date of suspension.

(b) Change in Control. A "Change in Control" shall mean the occurrence of any one of the following events to the extent such event also constitutes a "change in control event" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code");

(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Act (other than MFA, any of its affiliates or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of MFA or any of its affiliates) together with all affiliates and “associates” (as such term is defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of MFA representing 30% or more of either (A) the combined voting power of MFA’s then outstanding securities having the right to vote in an election of the Board of Directors (“voting securities”), or (B) the then outstanding shares of common stock of MFA (“Shares”) (in either such case other than as a result of an acquisition of securities directly from MFA); or

(ii) persons who, as of the effective date of this Agreement, constitute MFA’s Board of Directors (the “Incumbent Directors”) cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board of Directors, provided that any person becoming a Director of MFA subsequent to the effective date whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors shall, for purposes of this Agreement, be considered an Incumbent Director; or

(iii) there shall occur (A) any consolidation or merger of MFA or any subsidiary where the stockholders of MFA, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate 60% or more of the voting securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of MFA or (C) any plan or proposal for the liquidation or dissolution of MFA.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by MFA which, by reducing the number of Shares or other voting securities outstanding, increases (x) the proportionate number of Shares beneficially owned by any person to 30% or more of the Shares then outstanding or (y) the proportionate voting power represented by the voting securities beneficially owned by any person to 30% or more of the combined voting power of all then outstanding voting securities; provided, however, that, if any person referred to in clause (x) or (y) of this sentence shall thereafter become the beneficial owner of any additional Shares or other voting securities (other than pursuant to a stock split, stock dividend, or similar transaction), then a “Change in Control” shall be deemed to have occurred for purposes of this Paragraph 6(b).

(c) Competitor. “Competitor” shall mean (i) any mortgage REIT, (ii) any entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities, or (iii) any entity that manages or advises (including any external advisor) either a mortgage REIT or an entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities.

(d) Disability. “Disability” shall mean the Executive’s inability for a period of six consecutive months, to render substantially the services provided for in this Agreement by reason of mental or physical disability, whether resulting from illness, accident or otherwise, other than by reason of chronic or persistent abuse of any substance (such as narcotics or alcohol). Notwithstanding the foregoing, no circumstances or condition shall constitute a Disability to the extent that, if it were, a 20% tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition shall continue to constitute a Disability to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax. In addition, nothing herein shall limit or restrict the payment of any amount subject to Section 409A of the Code upon an otherwise permitted payment event under Section 409A of the Code, including upon a separation from service.

(e) Good Reason. “Good Reason” shall mean:

- (i) a material diminution in the Executive’s title, duties or responsibilities;
- (ii) relocation of the Executive’s place of employment without his consent outside the New York City metropolitan area;
- (iii) the failure of MFA to pay within thirty (30) business days any material payment due from MFA;
- (iv) the failure of MFA to pay within a reasonable period after the date when amounts are required to be paid to the Executive under any benefit programs or plans; or
- (v) the material failure by MFA to honor any of its material obligations to the Executive.

For Good Reason to exist, the Executive must provide written notice of an event purportedly constituting Good Reason within 90 days of its occurrence, MFA must have failed to cure such event within 15 days of such notice and the Executive must provide written notice of his decision to terminate employment, such notice to be provided within 15 days of the expiration of such cure period. The effective date of such termination shall be the end of the period of Garden Leave.

(f) Non Cash Items and Merger Expenses. “Non Cash Items and Merger Expenses” shall mean depreciation, merger expenses, gains/losses on asset sales, and impairment charges; provided that these items and expenses shall allow for adjustment to exclude events pursuant to changes in GAAP and certain non-cash items at the discretion of MFA’s independent directors.

(g) Notice of Termination. “Notice of Termination” means the written notice of termination of the Executive’s employment delivered by, as applicable, the Executive or MFA.

(h) Restricted Period. “Restricted Period” shall mean the period commencing on the Effective Date and ending on the earlier of: (A) the later of (i) the first anniversary of the delivery of a Notice of Termination or (ii) the nine (9) month anniversary of the Executive’s termination of employment and (B) December 31, 2013; provided that if a Garden Leave period commenced (or was required to have commenced) during 2013, the Restricted Period shall end on the first anniversary of the date such Garden Leave commenced (or was required to have commenced).

(i) Return on Average Equity. “Return on Average Equity” shall mean twelve months GAAP net income plus (minus) certain Non Cash Items and Merger Expenses divided by average Tangible Net Worth, for the period ending November 30th.

(j) Tangible Net Worth. “Tangible Net Worth” shall mean stockholder equity less (i) goodwill and (ii) preferred stockholder equity.

7. Covenants.

(a) Confidentiality. During the Term of Employment, and at all times thereafter, the Executive shall maintain the confidentiality of all confidential or proprietary information of MFA and/or any of its subsidiaries or affiliates, or of any other person or entity with which the Executive has been involved as a direct or indirect result of his employment by, or performance of consulting or other services (including, without limitation, as a director, officer, advisor, agent, consultant or other independent contractor) for, MFA or any of its subsidiaries or affiliates (“Confidential Information”), and, except in furtherance of his employment by MFA or as specifically required by law or by court order or in the course of carrying out his duties for MFA, he shall not directly or indirectly disclose any such information to any person or entity; nor shall he use Confidential Information for any purpose except for the benefit of MFA. For purposes of this Agreement, “Confidential Information” includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of MFA; marketing plans, projections, presentations or strategies of MFA; financial and budget information of MFA; personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations; information regarding the existence or terms of any agreement or relationship between MFA or any of its subsidiaries or affiliates and any other party; and any other information of whatever nature, which gives to MFA or any of its subsidiaries or affiliates an opportunity to obtain an advantage over its competitors who or which do not have access to such information. This restriction shall apply regardless of whether such Confidential Information is in written, graphic, recorded, photographic, data or any machine readable form or is orally conveyed to, or memorized by, the Executive; provided, however, that this Paragraph 7(a) shall not apply to Confidential Information that is or becomes publicly known through no act or omission on the Executive’s part. Anything to the contrary notwithstanding, nothing in this Agreement shall prevent the Executive from retaining a home computer and security system, papers and other materials of a personal nature, including personal diaries, calendars and Rolodexes, information relating to his compensation or relating to reimbursement of expenses, information that he reasonably believes may be needed for tax purposes, and copies of plans, programs and agreements relating to his employment.

(b) Non-Competition. The Executive acknowledges that during the Executive's employment with MFA prior to and after the Effective Date, (i) the Executive has had and will continue to have access to trade secrets and other Confidential Information of MFA and/or its affiliates, which, if disclosed, would unfairly and inappropriately assist in competition against MFA and/or its affiliates; (ii) in the course of the Executive's employment by a Competitor during the Restricted Period, the Executive would inevitably use or disclose such trade secrets and Confidential Information; (iii) MFA and its affiliates have substantial relationships with their customers and the Executive has had and will continue to have access to these customers; (iv) the Executive has received and will receive specialized training from MFA and its affiliates; (v) the Executive has generated and will continue to generate goodwill for MFA and its affiliates in the course of the Executive's employment and (vi) the Executive's services are unique and irreplaceable. Therefore, in consideration of the Executive's continued employment with MFA, of the compensation and benefits provided to the Executive under this Agreement, of MFA's agreement to make severance benefits available pursuant to Paragraph 5(b), and of the Executive's being granted access to the customers, trade secrets and other Confidential Information of MFA and/or its affiliates, the Executive agrees that the following restrictions on the Executive's activities during and after the Executive's employment are necessary, appropriate and reasonable to protect the goodwill, Confidential Information and other legitimate interests of MFA and its affiliates from unfair and inappropriate competition:

(i) During the Restricted Period, the Executive will not, without the prior written consent of MFA, manage, operate, control or be connected as a stockholder (other than as a holder of shares publicly traded on a stock exchange or the NASDAQ National Market System, provided that the Executive shall not own more than five percent of the outstanding shares of any publicly traded company) or partner with, or as an officer, director, employee or consultant of, any Competitor. Notwithstanding the foregoing, this Paragraph 7(b)(i) shall not preclude the Executive from providing services to an entity with two or more lines of businesses, one of which is a Competitor, so long as the Executive provides services only to the non-competitive businesses and does not directly or indirectly provide supervisory, managerial or other services to any line of business that is a Competitor.

(ii) During the Restricted Period, the Executive will not, without the prior written consent of MFA, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity), (A) solicit, encourage, or engage in any activity to induce any employee of MFA or its affiliates to terminate employment with MFA or its affiliates, or to become employed by, or to enter into a business relationship with, any other person or entity; (B) hire or retain any person who was an employee of MFA or its affiliates within the six month period preceding such action; or (C) engage in any activity intentionally to interfere with, disrupt or damage the business of MFA or its affiliates, or its relationship with any client, supplier or other business relationship of MFA.

(c) MFA Materials. The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by MFA are the sole property of MFA ("MFA Materials"). During his employment, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of MFA, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of MFA, except in furtherance of his duties under this Agreement. When the Executive terminates his employment with MFA, or upon request of MFA at any time, the Executive shall promptly deliver to MFA all originals and copies of MFA Materials in his possession or control and shall not retain any originals or copies in any form.

(d) No Disparagement. Each of the Executive and MFA agrees that, except as required by applicable law or compelled by process of law, during and after the Term of Employment they shall not make any derogatory, disparaging or critical statement about the other party hereto or, further in the case of statements by the Executive about (i) MFA, its parent, affiliates, or subsidiaries, if any; (ii) any product or service provided by MFA and its parent, affiliates or subsidiaries, if any; or (iii) MFA's and its parent's, affiliates' or subsidiaries', if any, prospects for the future. Nothing in this Paragraph shall (x) prohibit either MFA or the Executive from testifying truthfully in any legal or administrative proceeding or from truthfully responding to any untrue statement by the other party or (y) prohibit the Executive from making truthful statements in the course of carrying out his duties for MFA.

(e) Cooperation with Respect to Litigation. During the Term of Employment and at all times thereafter, the Executive agrees to give prompt written notice to MFA of any claim against MFA or its affiliates after becoming aware of such claim and (to the extent reasonably requested by MFA) to reasonably cooperate, in good faith and to the best of his ability, with MFA in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which the Executive may have knowledge in connection with or as a result of his employment by MFA or its affiliates. Such cooperation will include all assistance that MFA, its counsel or representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that MFA will promptly reimburse the Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this Paragraph 7(e) and, except as may be required by law or by court order, should the Executive then be employed by an entity other than MFA, such cooperation will not materially interfere with the Executive's then current employment.

(f) Remedies. The Executive agrees that these restraints are necessary for the reasonable and proper protection of MFA and its affiliates and their respective trade secrets and Confidential Information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Executive from obtaining other suitable employment during the period in which the Executive are bound by the restraints. The Executive agrees that, before providing services, whether as an employee or consultant, to any entity during the Restricted Period, the Executive will provide a copy of this Agreement to such entity, and such entity shall acknowledge to MFA in writing that it has read this Agreement. The Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to MFA and its affiliates, that the Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force and that, as a result of the foregoing, in the event that the Executive breaches such covenants, monetary damages would be an insufficient remedy for MFA and equitable enforcement of the covenant would be proper. The Executive therefore agrees that MFA, in addition to any other remedies available to it, will be entitled to preliminary and permanent injunctive relief against any breach by the Executive of any of those covenants, without the necessity of showing actual monetary damages or the posting of a bond or other security. The Executive and MFA further agree that, in the event that any provision of this Paragraph 7 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision will be deemed to be modified to permit its enforcement to the maximum extent permitted by law. The Executive further covenants that the Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Paragraph 7 and that the Executive will reimburse MFA and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Paragraph 7 if either MFA and/or its affiliates prevails on any material issue involved in such dispute or if the Executive challenges the reasonability or enforceability of any of the provisions of this Paragraph 7, it being understood that the Executive shall not be considered to have challenged the enforceability of this Section 7 by arguing that his conduct did not, in fact, violate the terms of this Section 7. It is also agreed that each of MFA's affiliates will have the right to enforce all of the Executive's obligations to that Affiliate under this Agreement, including without limitation pursuant to this Paragraph 7.

8. Indemnification. MFA shall indemnify the Executive to the fullest extent permitted by Maryland law as amended from time to time in connection with the Executive's duties with MFA, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties, ERISA excise taxes and amounts paid in settlement) actually and reasonably incurred by the Executive in connection with an action, suit or proceeding. While the Executive is an officer of MFA, and for six years thereafter, MFA (or any successor thereto) shall provide comprehensive coverage under its officers and directors insurance policy (or policies) on substantially the same terms and levels that it provides to its senior executive officers, at MFA's sole cost.

9. Assignability; Binding Nature. This Agreement shall inure to the benefit of MFA and the Executive and their respective successors, heirs (in the case of the Executive) and assigns. No rights or obligations of MFA under this Agreement may be assigned or transferred by MFA except that any such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which MFA is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of MFA, provided that the assignee or transferee is the successor to all or substantially all of the assets of MFA and such assignee or transferee assumes the liabilities, obligations and duties of MFA, as contained in this Agreement, either contractually or as a matter of law. This Agreement shall not be assignable by the Executive; provided however that, in the event of the Executive's death or a judicial determination of his incapacity, references to the Executive in this Agreement shall be deemed, as appropriate, to be references to his heirs, executor(s) or other legal representative(s).

10. Representation. MFA and the Executive each represent and warrant that it or he is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its or his obligations under this Agreement will not violate any agreement between to which it or he is a party.

11. Entire Agreement. This Agreement contains the entire agreement between MFA and the Executive concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between them with respect thereto, including without limitation, the Former Employment Agreement.

12. Amendment or Waiver. This Agreement can only be changed, modified or amended with the consent in a writing that is signed by both the Executive and MFA and that specifically identifies the provision(s) of this Agreement that are being changed, modified or amended. No waiver by either MFA or the Executive at any time of any breach by the other party of any condition or provision of this Agreement shall be deemed a waiver of a similar or dissimilar condition or provision at the same or at any prior or subsequent time. Any waiver must be in writing and signed by the Executive or an authorized officer of MFA, as the case may be.

13. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

14. Reasonableness. To the extent that any provision or portion of this Agreement is determined to be unenforceable by a court of law or equity, that provision or portion of this Agreement shall nevertheless be enforceable to the extent that such court determines is reasonable.

15. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

16. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Maryland (without regard to its choice of law provisions). Each of the parties agrees that any dispute between the parties shall be resolved only in the courts of the State of Maryland or the United States District Court for the District of Maryland and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits for himself or itself in any proceeding relating to this Agreement or the Executive's employment by MFA or any affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of Maryland, the court of the United States of America for the District of Maryland, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding shall be heard and determined in such Maryland State court or, to the extent permitted by law, in such federal court; (b) consents that any such Proceeding may and shall be brought in such courts and waives any objection that he or it may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) waives all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Executive's employment by MFA or any affiliate, or his or its performance under or the enforcement of this Agreement; (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at his or its address as provided in Paragraph 18; and (e) agrees that nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by the laws of the State of Maryland.

17. Legal Fees.

(a) MFA shall pay directly all reasonable legal fees incurred by the Executive in connection with the negotiation, preparation and execution of this Agreement up to \$10,000.

(b) Subject to Paragraph 7(f), MFA shall reimburse the Executive (and his beneficiaries) any reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and other reasonable costs of counsel) incurred by the Executive (or any of his beneficiaries) in resolving any controversy, dispute or claim arising out of or relating to this Agreement, any other agreement or arrangement between the Executive and MFA, the Executive's employment with MFA, or the termination thereof if the Executive (or his beneficiaries) is the prevailing party with respect to at least one material issue asserting a material breach of such agreement by the Company.

18. Notices. Any notice given to either party shall be in writing and shall be deemed to have been given when delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, duly addressed to the party concerned, if to MFA, at its principal executive office, and if to the Executive, at the address of the Executive shown on MFA's records or at such other address as such party may give notice of.

19. Headings. The headings of the paragraphs contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

20. Counterparts. This Agreement may be executed in two or more counterparts. Signatures delivered by facsimile (including by "pdf") shall be deemed effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

MFA FINANCIAL, INC.

By: /s/ Stewart Zimmerman

Name: Stewart Zimmerman

Title: Chairman and Chief Executive Officer

By: /s/ Craig L. Knutson

Name: Craig L. Knutson

Title: Executive Vice President

Exhibit A

1. 2012 Bonus Pool

The following chart shall be applicable only with respect to the Executive's annual bonus for 2012.

Aggregate bonus pool can be adjusted upward or downward in any year by as determined by the Compensation Committee dependent upon the Compensation Committee's assessment of MFA's leverage strategy, share price performance relative to the S&P financial index or other relevant indices, share price relative to peer group, total return (share price change plus dividend), and its other asset management activities, as well as the Executive's individual performance, among other considerations, as determined by the Compensation Committee.

MFA ROAE	Range		
Less than 4.5%	\$	250,000	
4.5% - 5%	\$	250,000	\$ 316,666
5% - 6%	\$	316,666	\$ 383,333
6% - 7%	\$	383,333	\$ 450,000
7% - 8%	\$	450,000	\$ 600,000
8% - 9%	\$	600,000	\$ 750,000
9% - 10%	\$	750,000	\$ 900,000
10% - 11%	\$	900,000	\$ 1,050,000
11% - 12%	\$	1,050,000	\$ 1,200,000
12% - 13%	\$	1,200,000	\$ 1,350,000
13% - 14%	\$	1,350,000	\$ 1,500,000
14% - 15%	\$	1,500,000	\$ 1,650,000
15% - 16%	\$	1,650,000	\$ 1,800,000
16% - 17%	\$	1,800,000	\$ 1,950,000
17% - 18%	\$	1,950,000	\$ 2,100,000
18% - 19%	Minimum of \$2,100,000 (subject, in all events to discretion of the Compensation Committee to increase or decrease such amount as described above)		
19% - 20%			
20% - 21 %+			

2. 2013 Bonus Pool

The following chart shall be applicable only with respect to the Executive's annual bonus for 2013.

Aggregate bonus pool can be adjusted upward or downward in any year by as much as 30%, dependent upon the Compensation Committee's assessment of MFA's leverage strategy, share price performance relative to the S&P financial index or other relevant indices, share price relative to peer group, total return (share price change plus dividend), and its other asset management activities, as well as the Executive's individual performance, among other considerations, as determined by the Compensation Committee.

Exhibit A (cont'd)

MFA ROAE	Range		
Less than 4.5%	\$	750,000	
4.5% - 5%	\$	750,000	\$ 950,000
5% - 6%	\$	950,000	\$ 1,150,000
6% - 7%	\$	1,150,000	\$ 1,350,000
7% - 8%	\$	1,350,000	\$ 1,800,000
8% - 9%	\$	1,800,000	\$ 2,250,000
9% - 10%	\$	2,250,000	\$ 2,700,000
10% - 11%	\$	2,700,000	\$ 3,150,000
11% - 12%	\$	3,150,000	\$ 3,600,000
12% - 13%	\$	3,600,000	\$ 4,050,000
13% - 14%	\$	4,050,000	\$ 4,500,000
14% - 15%	\$	4,500,000	\$ 4,950,000
15% - 16%	\$	4,950,000	\$ 5,400,000
16% - 17%	\$	5,400,000	\$ 5,850,000
17% - 18%	\$	5,850,000	\$ 6,300,000
18% - 19%	Minimum of \$6,300,000 (subject, in all events to discretion of the Compensation Committee to increase or decrease such amount as described above)		
19% - 20%			
20% - 21 %+			

Exhibit B

Summary of the Company's Long Term Incentive Program

The following summarizes certain material components of the Company's Long Term Incentive Program as they will apply to grants under Paragraph 3(c) of the Agreement to which this Exhibit B is attached.

1. Eligibility: Employees designated by the Company's Compensation Committee ("Participants") will be eligible to receive annual grants of phantom shares ("Phantom Shares") and dividend equivalent rights ("DERs").
 - a. Each Phantom Share will entitle a participant, upon vesting, to one share of Company common stock.
 - b. Each DER will entitle a participant to dividends payable on one share of Company common stock.
2. Phantom Share Vesting: Each RSU grant will be eligible to vest ratably over the three-year period following the grant date. Two-thirds (2/3) of each RSU grant (the "Performance RSUs") will ratably vest based on the achievement of performance goals over the applicable three-year period and one-third (1/3) of each RSU grant (the "Time RSUs") will ratably time vest over the three-year period.
 - a. Performance Vesting: 33-1/3% of the Performance Phantom Shares will vest on each of the first three anniversaries of the grant date if the Company's Total Shareholder Return (as determined by the Compensation Committee in good faith) for the year ending on such anniversary is at least 10%. The applicable Performance Phantom Shares will be forfeited if a 10% TSR is not achieved in the applicable year.
 - b. Time Vesting: 33-1/3% of the Time Phantom Shares will vest on each of the first three anniversaries of the grant date if the Participant is employed by the Company on such anniversary.
 - c. Termination of Employment: Subject to Paragraph 5(f)(v) of the Agreement to which this Exhibit B is attached, all unvested Phantom Shares will be forfeited upon any termination of employment.
3. Settlement. The Phantom Shares will settle upon vesting.
4. Holding Policy: The Company's Compensation Committee may impose stock holding requirements similar to those set forth in Paragraph 3(b) of the Agreement to which this Exhibit B is attached.
5. DERs: Participants will be entitled to receive the applicable dividend payment with respect to each outstanding DER. A DER will be canceled at the time of settlement or forfeiture of a Phantom Share.

Exhibit C

Release

This Release of Claims (this "Release") is made as of _____, by and between MFA MORTGAGE INVESTMENTS, INC. ("MFA") and _____ (the "Executive").

Release.

(a) The Executive, on behalf of himself, his agents, heirs, successors, assigns, executors and administrators, in consideration for the termination payments and other consideration provided for under the Amended and Restated Employment Agreement entered into by MFA and the Executive, as from time to time amended in accordance with its terms (the "Employment Agreement"), hereby forever releases and discharges MFA, and its successors, its affiliated entities, and, in such capacities, its past and present directors, employees, agents, attorneys, accountants, representatives, plan fiduciaries, successors and assigns from any and all known and unknown causes of action, actions, judgments, liens, indebtedness, damages, losses, claims, liabilities, and demands of whatsoever kind and character in any manner whatsoever arising on or prior to the date of this Release, including but not limited to (i) any claim for breach of contract, breach of implied covenant, breach of oral or written promise, wrongful termination, intentional infliction of emotional distress, defamation, interference with contract relations or prospective economic advantage, negligence, misrepresentation or employment discrimination, and including without limitation alleged violations of Title VII of the Civil Rights Act of 1964, as amended, prohibiting discrimination based on race, color, religion, sex or national origin; the Family and Medical Leave Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; other federal, state and local laws, ordinances and regulations; and any unemployment or workers' compensation law, excepting only those obligations of MFA pursuant to Paragraph 5 of the Employment Agreement or otherwise continuing under the Employment Agreement and any claims to benefits under any compensation or benefit plan, program or arrangement in which the Executive was participating as of the date of termination of his employment; (ii) any and all liability that was or may have been alleged against or imputed to MFA by the Executive or by anyone acting on his behalf; (iii) all claims for wages, monetary or equitable relief, employment or reemployment with MFA in any position, and any punitive, compensatory or liquidated damages; and (iv) all rights to and claims for attorneys' fees and costs except as otherwise provided in the Employment Agreement. Notwithstanding the foregoing, nothing in this Release shall operate to (i) waive, any claim for indemnification, contribution or D&O coverage or any claim arising under, or preserved by, Paragraph 5 of the Employment Agreement or (ii) require the Executive to relinquish any right to property previously transferred to him by the Company.

(b) The Executive shall not file or cause to be filed any action, suit, claim, charge or proceeding with any federal, state or local court or agency relating to any claim within the scope of this Release. In the event there is presently pending any action, suit, claim, charge or proceeding within the scope of this Release, or if such a proceeding is commenced in the future, the Executive shall promptly withdraw it, with prejudice, to the extent he has the power to do so. The Executive represents and warrants that he has not assigned any claim released herein, or authorized any other person to assert any claim on his behalf.

Exhibit C (cont'd)

(c) In the event any action, suit, claim, charge or proceeding within the scope of this Release is brought by any government agency, putative class representative or other third party to vindicate any alleged rights of the Executive, (i) the Executive shall, except to the extent required or compelled by law, legal process or subpoena, refrain from participating, testifying or producing documents therein and (ii) all damages, inclusive of attorneys' fees, if any, required to be paid to the Executive by MFA as a consequence of such action, suit, claim, charge or proceeding shall be repaid to MFA by the Executive within ten (10) days of his receipt thereof.

(d) BY HIS SIGNATURE BELOW, THE EXECUTIVE ACKNOWLEDGES THAT:

(1) HE HAS RECEIVED A COPY OF THIS RELEASE AND WAS OFFERED A PERIOD OF TWENTY-ONE (21) DAYS TO REVIEW AND CONSIDER IT;

(2) IF HE SIGNS THIS RELEASE PRIOR TO THE EXPIRATION OF TWENTY-ONE DAYS, HE KNOWINGLY AND VOLUNTARILY WAIVES AND GIVES UP THIS RIGHT OF REVIEW;

(3) HE HAS THE RIGHT TO REVOKE THIS RELEASE FOR A PERIOD OF SEVEN (7) DAYS AFTER HE SIGNS IT BY MAILING OR DELIVERING A WRITTEN NOTICE OF REVOCATION TO THE COMPANY'S GENERAL COUNSEL, NO LATER THAN THE CLOSE OF BUSINESS ON THE SEVENTH DAY AFTER THE DAY ON WHICH HE SIGNED THIS RELEASE;

(4) THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE SEVEN DAY REVOCATION PERIOD HAS EXPIRED WITHOUT THE RELEASE HAVING BEEN REVOKED (THE "EFFECTIVE DATE");

(5) THIS RELEASE WILL BE FINAL AND BINDING AFTER THE EXPIRATION OF THE REVOCATION PERIOD REFERRED TO IN SECTION 2(d)(3). HE AGREES NOT TO CHALLENGE ITS ENFORCEABILITY;

(6) HE IS AWARE OF HIS RIGHT TO CONSULT AN ATTORNEY, HAS BEEN ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY, AND HAS HAD THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY, IF DESIRED, PRIOR TO SIGNING THIS RELEASE;

(7) NO PROMISE OR INDUCEMENT FOR THIS RELEASE HAS BEEN MADE EXCEPT AS SET FORTH IN THIS RELEASE;

(8) HE IS LEGALLY COMPETENT TO EXECUTE THIS RELEASE AND ACCEPT FULL RESPONSIBILITY FOR IT; AND

Exhibit C (cont'd)

(9) HE HAS CAREFULLY READ THIS RELEASE, ACKNOWLEDGES THAT HE HAS NOT RELIED ON ANY REPRESENTATION OR STATEMENT, WRITTEN OR ORAL, NOT SET FORTH IN THIS DOCUMENT, AND WARRANTS AND REPRESENTS THAT HE IS SIGNING THIS RELEASE KNOWINGLY AND VOLUNTARILY.

Exhibit C (cont'd)

IN WITNESS WHEREOF, the parties have hereunto set their hands this _____ day of _____.

By:

Name:

Title: Executive

**MFA FINANCIAL, INC.
AMENDED AND RESTATED 2010 EQUITY COMPENSATION PLAN**

**PHANTOM SHARE AWARD AGREEMENT
(TIME-BASED VESTING)**

AGREEMENT by and between MFA Financial, Inc., a Maryland corporation (the “Company”), and _____ (the “Grantee”), dated as of the ____ day of _____ (the “Grant Date”).

WHEREAS, the Company maintains the MFA Financial, Inc. Amended and Restated 2010 Equity Compensation Plan, as it may be amended from time to time (the “Plan”) (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, the Grantee, as an employee of the Company, is an Eligible Person; and

WHEREAS, the Company and the Grantee entered into that certain Employment Agreement, dated June 30, 2011 (the “Employment Agreement”); and

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

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Phantom Shares.

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

2. Vesting.

The Phantom Shares shall be subject to the terms and conditions set forth in this paragraph 2.

(a) A portion of the Phantom Shares shall vest, except as otherwise provided herein, on the following schedule (the “Vesting Period”):

Date	Number of Phantom Shares for Which the Vesting Period Shall Lapse
June 30, 2012	33%
June 30, 2013	33%
June 30, 2014	33%

(b) In the event that, prior to June 30, 2014, the Grantee has a Termination of Service (i) by the Company for Cause (as defined in the Employment Agreement) or (ii) by the Grantee for any reason other than as set forth in paragraph 2(c) below, then all Phantom Shares granted to the Grantee hereunder, whether or not then vested, shall thereupon, and with no further action, be forfeited by the Grantee.

(c) In the event that, prior to June 30, 2014, the Grantee has a Termination of Service (i) due to his or her death or Disability (as defined in the Employment Agreement) or (ii) by the Company for any reason other than Cause (as defined in the Employment Agreement), the Phantom Shares granted to the Grantee hereunder with respect to which the Vesting Period has elapsed in accordance with paragraph 2(a) as of the date of termination shall be settled as provided in paragraph 4 hereunder.

(d) Notwithstanding the foregoing provisions of this paragraph 2, to the extent that the Employment Agreement provides that the Phantom Shares are subject to terms other than those set forth above, or a termination of employment by the Grantee for "Good Reason" or in connection with a "Change in Control" (each as defined in the Employment Agreement), then the terms of the Employment Agreement will apply with respect to the Phantom Shares granted hereby, and shall, to the extent applicable, supersede the terms of this paragraph 2.

(e) Except as contemplated above, in the event that the Grantee has a Termination of Service, any and all of the Grantee's Phantom Shares which have not vested prior to or as of such termination shall thereupon, and with no further action, be forfeited and cease to be outstanding.

3. Settlement.

Each vested and outstanding Phantom Share shall be settled in one share of Common Stock of the Company (a "Share") within 30 days of the date such Phantom Shares vest as set forth in paragraph 2 above (the "Settlement Date"). For the avoidance of doubt, to the extent the terms of this paragraph 3 conflict with any terms of the Plan relating to the settlement of Phantom Shares, the terms of this paragraph 3 shall govern. To the extent any payment pursuant to this paragraph 3 is required to be delayed six months pursuant to the special rules of Section 409A related to "specified employees," each affected payment shall be delayed until six months after the Grantee's Termination of Service (other than on account of the death of the Grantee). For dividend payment purposes, the Grantee shall be considered to be the record owner of the Shares underlying vested Phantom Shares on the date such Phantom Shares vest; provided that this provision shall not apply if the Grantee is otherwise entitled to a dividend equivalent payment with respect to such Shares.

4. Miscellaneous.

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

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

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

(d) The Committee may construe and interpret this Agreement and establish, amend and revoke such rules, regulations and procedures for the administration of this Agreement as it deems appropriate. In this connection, the Committee may correct any defect or supply any omission, or reconcile any inconsistency in this Agreement or in any related agreements, in the manner and to the extent it shall deem necessary or expedient to make the Plan fully effective. All decisions and determinations by the Committee in the exercise of this power shall be final and binding upon the Company and the Grantees.

(e) All notices hereunder shall be in writing and, if to the Company, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Committee and, if to the Grantee, shall be delivered personally or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 4(e).

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

(g) Nothing in this Agreement shall (i) confer on the Grantee any right to continue in the service of the Company or its Subsidiaries or otherwise confer any additional rights or benefits upon the Grantee with respect to the Grantee's employment with the Company or (ii) interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the Grantee's service at any time.

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

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

MFA FINANCIAL, INC.

By: _____
Name: _____
Title: _____

MFA FINANCIAL, INC.
AMENDED AND RESTATED 2010 EQUITY COMPENSATION PLAN

PHANTOM SHARE AWARD AGREEMENT
(PERFORMANCE-BASED VESTING)

AGREEMENT by and between MFA Financial, Inc., a Maryland corporation (the "Company"), and ____ (the "Grantee"), dated as of the ____ day of ____ (the "Grant Date").

WHEREAS, the Company maintains the MFA Financial, Inc. Amended and Restated 2010 Equity Compensation Plan, as it may be amended from time to time (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, the Grantee, as an employee of the Company, is an Eligible Person; and

WHEREAS, the Company and the Grantee entered into that certain Amended and Restated Employment Agreement, dated June 30, 2011 (the "Employment Agreement"); and

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

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Phantom Shares.

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

2. Vesting.

The Phantom Shares shall be subject to the terms and conditions set forth in this paragraph 2.

- (a) One-third (33%) of the Phantom Shares shall vest on each of June 30, 2012, June 30, 2013 and June 30, 2014 (each a "Vesting Date"), subject to the achievement of the performance goals/measures set forth on Exhibit A for each 12-month period ending on such Vesting Date; provided, that, the Grantee remains employed by the Company through each such Vesting Date. Each 12-month period ending on a Vesting Date shall be referred to herein as a "Performance Period."

- (b) In the event that, prior to June 30, 2014, the Grantee has a Termination of Service by the Company for Cause (as defined in the Employment Agreement) or (ii) by the Grantee for any reason other than as set forth in paragraph 2(c) below, then all Phantom Shares granted to the Grantee hereunder shall thereupon, and with no further action, be forfeited by the Grantee.
- (c) In the event that, prior to June 30, 2014, the Grantee has a Termination of Service (i) due to his or her death or Disability (as defined in the Employment Agreement), (ii) by the Company for any reason other than Cause, (iii) to the extent provided in the Employment Agreement, by the Grantee for “Good Reason” or in connection with a “Change in Control” (each as defined in the Employment Agreement), then notwithstanding anything to the contrary in the Employment Agreement, the Phantom Shares that would otherwise vest on the next Vesting Date shall vest, provided that the performance goals for the applicable Performance Period are subsequently achieved and any such vested Phantom Shares shall be settled as provided in paragraph 3 hereunder.
- (d) Except as contemplated above, in the event that the Grantee has a Termination of Service, any and all of the Grantee’s Phantom Shares which have not vested prior to or as of such termination shall thereupon, and with no further action, be forfeited and cease to be outstanding.

3. Settlement.

Each vested and outstanding Phantom Share shall be settled in one share of Common Stock of the Company (a “Share”) within 30 days of the date such Phantom Shares vest as set forth in paragraph 2 above (the “Settlement Date”). For the avoidance of doubt, to the extent the terms of this paragraph 3 conflict with any terms of the Plan relating to the settlement of Phantom Shares, the terms of this paragraph 3 shall govern. To the extent any payment pursuant to this paragraph 3 is required to be delayed six months pursuant to the special rules of Section 409A related to “specified employees,” each affected payment shall be delayed until six months after the Grantee’s Termination of Service (other than on account of the death of the Grantee). For dividend payment purposes, the Grantee shall be considered to be the record owner of the Shares underlying vested Phantom Share on the date such Phantom Shares vest; provided that this provision shall not apply if the Grantee is otherwise entitled to a dividend equivalent payment with respect to such Shares.

4. Miscellaneous.

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

- (b) With respect to this Agreement, (i) the Phantom Shares are bookkeeping entries, (ii) the obligations of the Company under the Plan are unsecured and constitute a commitment by the Company to make benefit payments in the future, (iii) to the extent that any person acquires a right to receive payments from the Company under the Plan such right shall be no greater than the right of any general unsecured creditor of the Company, (iv) all payments under the Plan (including distributions of Shares) shall be paid from the general funds of the Company and (v) no special or separate fund shall be established or other segregation of assets made to assure such payments (except that the Company may in its discretion establish a bookkeeping reserve to meet its obligations under the Plan). The award of Phantom Shares is intended to be an arrangement that is unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.
- (c) **THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MARYLAND, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- (d) The Committee may construe and interpret this Agreement and establish, amend and revoke such rules, regulations and procedures for the administration of this Agreement as it deems appropriate. In this connection, the Committee may correct any defect or supply any omission, or reconcile any inconsistency in this Agreement or in any related agreements, in the manner and to the extent it shall deem necessary or expedient to make the Plan fully effective. All decisions and determinations by the Committee in the exercise of this power shall be final and binding upon the Company and the Grantees.
- (e) All notices hereunder shall be in writing and, if to the Company, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Committee and, if to the Grantee, shall be delivered personally or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 4(e).
- (f) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Grantee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

- (g) Nothing in this Agreement shall (i) confer on the Grantee any right to continue in the service of the Company or its Subsidiaries or otherwise confer any additional rights or benefits upon the Grantee with respect to the Grantee's employment with the Company or (ii) interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the Grantee's service at any time.
- (h) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

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

MFA FINANCIAL, INC.

Name:
Title:

Exhibit A

The vesting of each tranche of Phantom Shares is subject to the achievement of at least a 10% cumulative Return to Stockholders of the Company over the applicable Performance Period, determined as of the Vesting Date, where:

$$\text{Return to Stockholders} = \frac{(\text{Average Final Price} - \text{Average Initial Price}) + \text{Dividends}}{\text{Paid Average Initial Price}}$$

Average Initial Price*: is the average of the daily closing price of a Share on the New York Stock Exchange for the 20 trading days preceding the commencement of the applicable Performance Period.

Average Final Price*: is the average of the daily closing price of a Share on the New York Stock Exchange or other public exchange that Shares may hereinafter be listed on for the 20 trading days preceding the applicable Vesting Date.

Dividends Paid: is equal to the cumulative dividends (including any stock dividends) paid on a Share and special distributions paid on a Share during the applicable Performance Period. For these purposes, dividends declared, but not yet paid, on a Share within the 45-day period preceding the applicable Vesting Date will be counted as Dividends Paid.

To the extent that such performance goals/measures are not satisfied by the Vesting Date, then, except as set forth in paragraph 2(c) of this Agreement, as of such date, the applicable tranche of Phantom Shares granted hereunder shall be automatically and without notice or payment of any consideration by the Company terminate and be forfeited by the Grantee.

* Calculation of the Average Initial Price and Average Final Price will be adjusted for any stock splits, reverse stock splits, stock combinations or other similar changes in the capital structure of the Company.

MFA FINANCIAL, INC.
AMENDED AND RESTATED 2010 EQUITY COMPENSATION PLAN

DIVIDEND EQUIVALENT RIGHTS

AGREEMENT by and between MFA Financial, Inc., a Maryland corporation (the “Company”), and _____ (the “Grantee”), dated as of the ____ day of _____ (the “Grant Date”).

WHEREAS, the Company maintains the MFA Financial, Inc. Amended and Restated 2010 Equity Compensation Plan, as it may be amended from time to time (the “Plan”) (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, the Grantee, as an employee of the Company, is an Eligible Person; and

WHEREAS, the Company and the Grantee entered into that certain Amended and Restated Employment Agreement, dated June 30, 2011 (the “Employment Agreement”); and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its stockholders to grant Dividend Equivalent Rights (also generally known as “DERs”) to the Grantee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of DERs.

The Company hereby grants the Grantee _____ DERs, consisting of the right to receive, with respect to each DER that has not been terminated and canceled in accordance with paragraph 2, cash in an amount equal to the cash dividend distributions paid in the ordinary course on a share of Common Stock to the Company’s common stockholders (each, a “Dividend Payment”), as set forth below. Each DER corresponds to one Phantom Share to be granted to the Grantee pursuant to Section 3(c) of the Employment Agreement (the “Phantom Share Award”). For each DER then outstanding, if a cash dividend is paid in the ordinary course on a share of Common Stock, the Company shall make a payment to the Grantee in an amount equal to the applicable Dividend Payment, on or about the date of the Dividend Payment, but in no event later than March 15th of the year following the date of the Dividend Payment.

2. Termination/Cancelation of the DERs.

Outstanding DERs shall automatically terminate and be canceled as follows:

- (a) One DER will automatically terminate and be canceled on a one-for-one basis upon the vesting of Phantom Shares included in the Phantom Share Award.

- (b) One DER will automatically terminate and be canceled on a one-for-one basis upon the forfeiture of Phantom Shares included in the Phantom Share Award.
- (c) On the date the Grantee's employment with the Company terminates for any reason, one DER will automatically terminate and be canceled for each Phantom Share included in the Phantom Share Award that has not then been granted.
- (d) All outstanding DERs will automatically terminate and be canceled on June 30, 2017.
- (e) The Grantee shall have no further right to any payments in respect of a terminated or canceled DER; provided that the Grantee shall be entitled to the appropriate payment in respect of a Dividend Payment that occurs after the termination/cancellation date for a DER and before March 15 of the calendar year following such termination/cancellation date if the record date for such Dividend Payment occurred before such termination/cancellation date.

3. Miscellaneous.

- (a) With respect to this Agreement, (i) the DERs are bookkeeping entries, (ii) the obligations of the Company under the Plan are unsecured and constitute a commitment by the Company to make benefit payments in the future, (iii) to the extent that any person acquires a right to receive payments from the Company under the Plan such right shall be no greater than the right of any general unsecured creditor of the Company, (iv) all payments under the Plan shall be paid from the general funds of the Company and (v) no special or separate fund shall be established or other segregation of assets made to assure such payments (except that the Company may in its discretion establish a bookkeeping reserve to meet its obligations under the Plan). The award of DERs is intended to be an arrangement that is unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.
- (b) **THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MARYLAND, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- (c) The Committee may construe and interpret this Agreement and establish, amend and revoke such rules, regulations and procedures for the administration of this Agreement as it deems appropriate. In this connection, the Committee may correct any defect or supply any omission, or reconcile any inconsistency in this Agreement or in any related agreements, in the manner and to the extent it shall deem necessary or expedient to make the Plan fully effective. All decisions and determinations by the Committee in the exercise of this power shall be final and binding upon the Company and the Grantees.

- (d) All notices hereunder shall be in writing and, if to the Company, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Committee and, if to the Grantee, shall be delivered personally or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 4(e).
- (e) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Grantee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.
- (f) Nothing in this Agreement shall (i) confer on the Grantee any right to continue in the service of the Company or its Subsidiaries or otherwise confer any additional rights or benefits upon the Grantee with respect to the Grantee's employment with the Company or (ii) interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the Grantee's service at any time.
- (g) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

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

MFA FINANCIAL, INC.

Name:

Title: