

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

December 10, 2008
Date of report (Date of earliest event reported)

MFA Mortgage Investments, Inc.
(Exact Name of Registrant as Specified in Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

1-13991
(Commission
File Number)

13-3974868
(IRS Employer
Identification Number)

350 Park Avenue, 21st Floor
New York, New York
(Address of Principal Executive Offices)

10022
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing of 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))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 10, 2008, in connection with Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), MFA Mortgage Investments, Inc. (“MFA”) entered into separate Amended and Restated Employment Agreements (each an “Amended Agreement” and collectively, the “Amended Agreements”) with each of Stewart Zimmerman, MFA’s Chairman of the Board and Chief Executive Officer, William S. Gorin, MFA’s President and Chief Financial Officer, Ronald A. Freydborg, MFA’s Chief Investment Officer and Executive Vice President, Timothy W. Korth, MFA’s General Counsel and Senior Vice President - Business Development and Corporate Secretary, and Teresa D. Covello, MFA’s Senior Vice President, Chief Accounting Officer and Treasurer (collectively, the “Executives”). The Amended Agreements amend the prior employment agreements of each of the Executives primarily to bring such employment agreements into compliance with the final regulations issued under Section 409A.

In addition, in order to align Mr. Zimmerman’s employment agreement with those of other MFA senior executives, Mr. Zimmerman’s employment agreement was amended so that he may participate in the revised senior executive bonus pool. Subject to the right of the compensation committee of MFA’s board of directors (the “Compensation Committee”) to determine the portion of the bonus pool to be allocated to the senior executives, if any, allocations are made by the Compensation Committee based upon each participant’s performance during the applicable period and are paid in a combination of cash and restricted stock.

Further, MFA’s Amended and Restated 2004 Equity Compensation Plan, Senior Officers Deferred Bonus Plan and Second Amended and Restated 2003 Nonemployee Directors Deferred Compensation Plan (collectively, “the Plans”) were amended to bring them into compliance with Section 409A.

The above summary of the certain terms of the Plans and the Amended Agreements is qualified by reference to the text of each of the Plans and the Amended Agreements, which are filed herewith as Exhibits 10.1 through 10.8, respectively, all such documents being incorporated herein by reference.

Item 9.01. Exhibits.

(d) Exhibits

- 10.1 Amended and Restated 2004 Equity Compensation Plan, dated December 10, 2008.
 - 10.2 Senior Officers Deferred Bonus Plan, as amended and restated as of December 10, 2008.
 - 10.3 Second Amended and Restated 2003 Nonemployee Directors’ Deferred Compensation Plan, dated December 10, 2008.
 - 10.4 Amended and Restated Employment Agreement, dated December 10, 2008, between MFA and Stewart Zimmerman.
 - 10.5 Amended and Restated Employment Agreement, dated December 10, 2008, between MFA and William S. Gorin.
 - 10.6 Amended and Restated Employment Agreement, dated December 10, 2008, between MFA and Ronald A. Freydborg.
 - 10.7 Amended and Restated Employment Agreement, dated December 10, 2008, between MFA and Timothy W. Korth.
 - 10.8 Amended and Restated Employment Agreement, dated December 10, 2008, between MFA and Teresa D. Covello.
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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.

Dated: December 12, 2008

By: /s/ Timothy W. Korth

Name: Timothy W. Korth

Title: General Counsel and Senior

Vice President — Business Development

MFA MORTGAGE INVESTMENTS, INC.
AMENDED AND RESTATED 2004 EQUITY COMPENSATION PLAN

1. PURPOSE. The Plan is intended to provide incentives to key employees, officers, directors and others expected to provide significant services to the Company, including the employees, officers and directors of the other Participating Companies, to encourage a proprietary interest in the Company, to encourage such key employees to remain in the employ of the Company and the other Participating Companies, to attract new employees with outstanding qualifications, and to afford additional incentive to others to increase their efforts in providing significant services to the Company and the other Participating Companies. In furtherance thereof, the Plan permits awards of equity-based incentives to key employees, officers and directors of, and certain other providers of services to, the Company or any other Participating Company. The Plan is an amendment and complete restatement of the Second Amended and Restated 1997 Stock Option Plan, which was initially approved by the stockholders of the Company on December 12, 1997 and which was thereafter amended as of March 17, 2000 and March 8, 2001.

2. DEFINITIONS. As used in this Plan, the following definitions apply (provided that, in the case of capitalized terms used in Agreements to prior versions of the Plan, which terms have been replaced by capitalized terms defined herein, the capitalized terms in such Agreements shall, as the context so requires, have the respective meanings ascribed herein to such replacement terms):

"Act" shall mean the Securities Act of 1933, as amended.

"Agreement" shall mean a written agreement entered into between the Company and a Grantee pursuant to the Plan.

"Board" shall mean the Board of Directors of the Company.

"Cause" shall mean, unless otherwise provided in the Grantee's Agreement, (i) engaging in (A) willful or gross misconduct or (B) willful or gross neglect, (ii) repeatedly failing to adhere to the directions of superiors or the Board or the written policies and practices of the Company, (iii) the commission of a felony or a crime of moral turpitude, or any crime involving the Company, (iv) fraud, misappropriation, embezzlement or material or repeated insubordination, (v) a material breach of the Grantee's employment agreement (if any) with the Company (other than a termination of employment by the Grantee), or (vi) any illegal act detrimental to the Company; all as determined by the Committee.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Committee" shall mean the Compensation Committee of the Company as appointed by the Board in accordance with Section 4 of the Plan; provided, however, that the Committee shall at all times consist solely of persons who, at the time of their appointment, each qualified as a "Non-Employee Director" under Rule 16b-3(b)(3)(i) promulgated under the Exchange Act and, to the extent that relief from the limitation of Section 162(m) of the Code is sought, as an "Outside Director" under Section 1.162-27(e)(3)(i) of the Treasury Regulations.

"Common Stock" shall mean the Company's common stock, par value \$0.01 per share, either currently existing or authorized hereafter.

"Company" shall mean MFA Mortgage Investments, Inc., a Maryland corporation.

"DER" shall mean a right awarded under Section 11 of the Plan to receive (or have credited) the equivalent value (in cash or Shares) of dividends paid on Common Stock.

"Disability" shall mean, unless otherwise provided by the Committee in the Grantee's Agreement, the occurrence of an event which would entitle an employee of the Company to the payment of disability income under one of the Company's approved long-term disability income plans or a long-term disability as determined by the Committee in its absolute discretion pursuant to any other standard as may be adopted by the Committee. 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. 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 Termination of Service.

"Eligible Persons" shall mean officers, directors and employees of the Participating Companies and other persons expected to provide significant services (of a type expressly approved by the Committee as covered services for these purposes) to one or more of the Participating Companies. For purposes of the Plan, a consultant, vendor, customer or other provider of significant services to the Company or any other Participating Company shall be deemed to be an Eligible Person, but will be eligible to receive Grants (but in no event Incentive Stock Options), only after a finding by the Committee in its discretion that the value of the services rendered or to be rendered to the Participating Company is at least equal to the value of the Grants being awarded.

"Employee" shall mean an individual, including an officer of a Participating Company, who is employed (within the meaning of Code Section 3401 and the regulations thereunder) by the Participating Company.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exercise Price" shall mean the price per Share of Common Stock, determined by the Board or the Committee, at which an Option may be exercised.

"Fair Market Value" shall mean the value of one share of Common Stock, determined as follows:

- (i) If the Shares are then listed on a national stock exchange, the closing sales price per Share on the exchange for the last preceding date on which there was a sale of Shares on such exchange, as determined by the Committee.
- (ii) If the Shares are not then listed on a national stock exchange but are then traded on an over-the-counter market, the average of the closing bid and asked prices for the Shares in such over-the-counter market for the last preceding date on which there was a sale of such Shares in such market, as determined by the Committee.
- (iii) If neither (i) nor (ii) applies, such value as the Committee in its discretion may in good faith determine. Notwithstanding the foregoing, where the Shares are listed or traded, the Committee may make discretionary determinations in good faith where the Shares have not been traded for 10 trading days.

Notwithstanding the foregoing, with respect to any "stock right" within the meaning of Section 409A of the Code, Fair Market Value shall not be less than the "fair market value" of the Shares determined in accordance with Treasury Regulation 1.409A-1(b)(iv).

"Grant" shall mean the issuance of an Incentive Stock Option, Non-qualified Stock Option, Restricted Stock, Phantom Share, DER, other equity-based grant as contemplated herein or any combination thereof as applicable to an Eligible Person. The Committee will determine the eligibility of employees, officers, directors and others expected to provide significant services to the Participating Companies based on, among other factors, the position and responsibilities of such individuals, the nature and value to the Participating Company of such individuals' accomplishments and potential contribution to the success of the Participating Company whether directly or through its subsidiaries.

"Grantee" shall mean an Eligible Person to whom Options, Restricted Stock, Phantom Shares or DERs are granted hereunder.

"Incentive Stock Option" shall mean an Option of the type described in Section 422(b) of the Code issued to an Employee.

"Non-qualified Stock Option" shall mean an Option not described in Section 422(b) of the Code.

"Option" shall mean any option, whether an Incentive Stock Option or a Non-qualified Stock Option, to purchase, at a price and for the term fixed by the Committee in accordance with the Plan, and subject to such other limitations and restrictions in the Plan and the applicable Agreement, a number of Shares determined by the Committee.

"Optionee" shall mean any Eligible Person to whom an Option is granted, or the Successors of the Optionee, as the context so requires.

"Participating Companies" shall mean the Company and any of its Subsidiaries which with the consent of the Board participates in the Plan.

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

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

"Plan" shall mean the Company's 2004 Equity Compensation Plan, as set forth herein, and as the same may from time to time be amended.

"Purchase Price" shall mean the Exercise Price times the number of Shares with respect to which an Option is exercised.

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

"Retirement" shall mean, unless otherwise provided by the Committee in the Grantee's Agreement, the Termination of Service (other than for Cause) of a Grantee:

- (i) on or after the Grantee's attainment of age 65;

- (ii) on or after the Grantee's attainment of age 55 with five consecutive years of service with the Participating Companies; or
- (iii) as determined by the Committee in its absolute discretion pursuant to such other standard as may be adopted by the Committee.

"Shares" shall mean shares of Common Stock of the Company, adjusted in accordance with Section 15 of the Plan (if applicable).

"Subsidiary" shall mean any corporation, partnership or other entity at least 50% of the economic interest in the equity of which is owned by the Company or by another subsidiary.

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

"Termination of Service" shall mean the time when the employee-employer relationship or directorship, or other service relationship (sufficient to constitute service as an Eligible Person), between the Grantee and the Participating Companies is terminated for any reason, with or without Cause, including, but not limited to, any termination by resignation, discharge, death or Retirement; provided, however, Termination of Service shall not include a termination where there is a simultaneous reemployment of the Grantee by a Participating Company or other continuation of service (sufficient to constitute service as an Eligible Person) for a Participating Company. The Committee, in its absolute discretion, shall determine the effects of all matters and questions relating to Termination of Service, including, but not limited to, the question of whether any Termination of Service was for Cause and all questions of whether particular leaves of absence constitute Terminations of Employment. For this purpose, the service relationship shall be treated as continuing intact while the Grantee is on military leave, sick leave or other bona fide leave of absence (to be determined in the discretion of the Committee). Notwithstanding the foregoing, with respect to any Grant that is subject to Section 409A of the Code, Termination of Service shall be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and Treasury Regulation 1.409A-1(h).

3. EFFECTIVE DATE. The effective date of this restatement of the Plan shall be the date on which it is approved by the holders of the requisite percentage of shares of Common Stock, at a meeting duly called for such purpose.

4. ADMINISTRATION.

a. Membership on Committee. The Plan shall be administered by the Committee appointed by the Board. If no Committee is designated by the Board to act for those purposes, the full Board shall have the rights and responsibilities of the Committee hereunder and under the Agreements.

b. Committee Meetings. The acts of a majority of the members present at any meeting of the Committee at which a quorum is present, or acts approved in writing by a majority of the entire Committee, shall be the acts of the Committee for purposes of the Plan. If and to the extent applicable, no member of the Committee may act as to matters under the Plan specifically relating to such member.

c. Grant of Awards.

- (i) The Committee shall from time to time at its discretion select the Eligible Persons who are to be issued Grants and determine the number and type of Grants to be issued under any Agreement to an Eligible Person. In particular, the Committee shall (A) determine the terms and conditions, not inconsistent with the terms of the Plan, of any Grants awarded hereunder (including, but not limited to the performance goals and periods applicable to the award of Grants); (B) determine the time or times when and the manner and condition in which each Option shall be exercisable and the duration of the exercise period; and (C) determine or impose other conditions to the Grant or exercise of Options under the Plan as it may deem appropriate. The Committee may establish such rules, regulations and procedures for the administration of the Plan as it deems appropriate, determine the extent, if any, to which Options, Phantom Shares, Shares (whether or not Shares of Restricted Stock) or DERs shall be forfeited (whether or not such forfeiture is expressly contemplated hereunder), and take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan or the administration or interpretation thereof. The Committee shall also cause each Option to be designated as an Incentive Stock Option or a Non-qualified Stock Option, except that no Incentive Stock Options may be granted to an Eligible Person who is not an Employee of the Company. The Grantee shall take whatever additional actions and execute whatever additional documents the Committee may in its reasonable judgment deem necessary or advisable in order to carry or effect one or more of the obligations or restrictions imposed on the Grantee pursuant to the express provisions of the Plan and the Agreement. DERs will be exercisable separately or together with Options, and paid in cash or other consideration at such times and in accordance with such rules, as the Committee shall determine in its discretion. Unless expressly provided hereunder, the Committee, with respect to any Grant, may exercise its discretion hereunder at the time of the award or thereafter. The Committee shall have the right and responsibility to interpret the Plan and the interpretation and construction by the Committee of any provision of the Plan or of any Grant thereunder, including, without limitation, in the event of a dispute, shall be final and binding on all Grantees and other persons to the maximum extent permitted by law. Without limiting the generality of Section 23, no member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Grant hereunder.
- (ii) Notwithstanding clause (i) of this Section 4(c) and Section 7(a), any award under the Plan to an Eligible Person who is a member of the Committee shall be made by the full Board, but for these purposes the directors of the Corporation who are on the Committee shall be required to be recused in respect of such awards and shall not be permitted to vote.

d. Awards.

- (i) Agreements. Grants to Eligible Persons shall be evidenced by written Agreements in such form as the Committee shall from time to time determine. Such Agreements shall comply with and be subject to the terms and conditions set forth herein.
- (ii) Number of Shares. Each Grant issued to an Eligible Person shall state the number of Shares to which it pertains or which otherwise underlie the Grant and shall provide for the adjustment thereof in accordance with the provisions of Section 15 hereof.
- (iii) Grants. Subject to the terms and conditions of the Plan and consistent with the Company's intention for the Committee to exercise the greatest permissible flexibility under Rule 16b-3 under the Exchange Act in awarding Grants, the Committee shall have the power:

- (1) to determine from time to time the Grants to be issued to Eligible Persons under the Plan and to prescribe the terms and provisions (which need not be identical) of Grants issued under the Plan to such persons;
- (2) to construe and interpret the Plan and the Grants thereunder and to establish, amend and revoke the rules, regulations and procedures established for the administration of the Plan. In this connection, the Committee may correct any defect or supply any omission, or reconcile any inconsistency in the Plan, in any 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 Participating Companies and the Grantees;
- (3) to amend any outstanding Grant, subject to Section 17, and to accelerate or extend the vesting or exercisability of any Grant and to waive conditions or restrictions on any Grants, to the extent it shall deem appropriate; and
- (4) generally to exercise such powers and to perform such acts as are deemed necessary or expedient to promote the best interests of the Company with respect to the Plan.

5. PARTICIPATION.

a. Eligibility. Only Eligible Persons shall be eligible to receive Grants under the Plan.

b. Limitation of Ownership. No Grants shall be issued under the Plan to any person who after such Grant would beneficially own more than 9.8% of the outstanding shares of Common Stock of the Company, unless the foregoing restriction is expressly and specifically waived by action of the independent directors of the Board.

c. Stock Ownership. For purposes of Section 5(b) above, in determining stock ownership a Grantee shall be considered as owning the stock owned, directly or indirectly, by or for his brothers, sisters, spouses, ancestors and lineal descendants. Stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be considered as being owned proportionately by or for its stockholders, partners or beneficiaries. Stock with respect to which any person holds an Option shall be considered to be owned by such person.

d. Outstanding Stock. For purposes of Section 5(b) above, "outstanding shares" shall include all stock actually issued and outstanding immediately after the issue of the Grant to the Grantee. With respect to the stock ownership of any Grantee, "outstanding shares" shall include shares authorized for issue under outstanding Options held by such Grantee, but not options held by any other person.

6. STOCK. Subject to adjustments pursuant to Section 15, Grants with respect to an aggregate of no more than 3,500,000 Shares may be granted under the Plan (all of which may be issued as Options). Subject to adjustments pursuant to Section 15, (i) the maximum number of Shares with respect to which any Options may be granted in any one year to any Grantee shall not exceed 500,000, and (ii) the maximum number of Shares that may underlie Grants, other than Grants of Options, in any one year to any Grantee shall not exceed 500,000. Notwithstanding the first sentence of this Section 6, (i) Shares that have been granted as Restricted Stock or that have been reserved for distribution in payment for Options or Phantom Shares but are later forfeited or for any other reason are not payable under the Plan; and (ii) Shares as to which an Option is granted under the Plan that remains unexercised at the expiration, forfeiture or other termination of such Option, may be the subject of the issue of further Grants. Shares of Common Stock issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or previously issued Shares under the Plan. The certificates for Shares issued hereunder may include any legend which the Committee deems appropriate to reflect any restrictions on transfer hereunder or under the Agreement, or as the Committee may otherwise deem appropriate. Shares subject to DERs, other than DERs based directly on the dividends payable with respect to Shares subject to Options or the dividends payable on a number of Shares corresponding to the number of Phantom Shares awarded, shall be subject to the limitation of this Section 6. Notwithstanding the limitations above in this Section 6, except in the case of Grants intended to qualify for relief from the limitations of Section 162(m) of the Code, there shall be no limit on the number of Phantom Shares or DERs to the extent they are paid out in cash that may be granted under the Plan. If any Phantom Shares or DERs are paid out in cash, the underlying Shares may again be made the subject of Grants under the Plan, notwithstanding the first sentence of this Section 6.

7. TERMS AND CONDITIONS OF OPTIONS.

a. Initial Awards to Compensation Committee Members. Each member of the Committee shall automatically be granted a Non-qualified Stock Option to purchase 5,000 shares of Common Stock and 1,250 DERs upon the date such person is initially appointed to the Committee, with such terms as may be set forth in the applicable Agreement. Each Option granted to a Committee member under this Section 7(a) shall become exercisable commencing one year after the date of Grant (unless otherwise provided in the applicable Agreement) and shall expire 10 years thereafter. Such Options shall be subject to adjustment as provided in Section 15; provided that such adjustment and any action by the Board or the Committee with respect to the Plan and such Options satisfies the requirements for exemption under Rule 16b-3 under the Exchange Act and does not cause any member of the Committee to be disqualified as a Non-Employee Director under such Rule. Notwithstanding the foregoing, the Board may prospectively, from time to time, discontinue, reduce or increase the amount of any or all of the Grants otherwise to be made under this Section 7(a).

b. Each Agreement with an Eligible Person shall state the Exercise Price. The Exercise Price for any Option shall not be less than the Fair Market Value on the date of Grant.

c. Medium and Time of Payment. Except as may otherwise be provided below, the Purchase Price for each Option granted to an Eligible Person shall be payable in full in United States dollars upon the exercise of the Option. In the event the Company determines that it is required to withhold taxes as a result of the exercise of an Option, as a condition to the exercise thereof, an Employee may be required to make arrangements satisfactory to the Company to enable it to satisfy such withholding requirements in accordance with Section 20. If the applicable Agreement so provides, or the Committee otherwise so permits, the Purchase Price may be paid in one or a combination of the following:

- (i) by a certified or bank cashier's check;
- (ii) by the surrender of shares of Common Stock in good form for transfer, owned by the person exercising the Option and having a Fair Market Value on the date of exercise equal to the Purchase Price, or in any combination of cash and shares of Common Stock, as long as the sum of the cash so paid and the Fair Market Value of the shares of Common Stock so surrendered equals the Purchase Price;
- (iii) by cancellation of indebtedness owed by the Company to the Grantee;

- (iv) subject to Section 17(e), by a loan or extension of credit from the Company evidenced by a full recourse promissory note executed by the Grantee. The interest rate and other terms and conditions of such note shall be determined by the Committee (in which case the Committee may require that the Grantee pledge his or her Shares to the Company for the purpose of securing the payment of such note, and in no event shall the stock certificate(s) representing such Shares be released to the Grantee until such note shall have been paid in full); or
- (v) by any combination of such methods of payment or any other method acceptable to the Committee in its discretion.

Except in the case of Options exercised by certified or bank cashier's check, the Committee may impose such limitations and prohibitions on the exercise of Options as it deems appropriate, including, without limitation, any limitation or prohibition designed to avoid accounting consequences which may result from the use of Common Stock as payment upon exercise of an Option. Any fractional shares of Common Stock resulting from a Grantee's election that are accepted by the Company shall in the discretion of the Committee be paid in cash.

d. Term and Nontransferability of Grants and Options.

- (i) Each Option under this Section 7 shall state the time or times which all or part thereof becomes exercisable, subject to the following restrictions.
- (ii) No Option shall be exercisable except by the Grantee or a transferee permitted hereunder.
- (iii) No Option shall be assignable or transferable, except by will or the laws of descent and distribution of the state wherein the Grantee is domiciled at the time of his death; provided, however, that the Committee may (but need not) permit other transfers, where the Committee concludes that such transferability (i) does not result in accelerated taxation, (ii) does not cause any Option intended to be an Incentive Stock Option to fail to be described in Section 422(b) of the Code and (iii) is otherwise appropriate and desirable.
- (iv) No Option shall be exercisable until such time as set forth in the applicable Agreement (but in no event after the expiration of such Grant).
- (v) The Committee may not modify, extend or renew any Option granted to any Eligible Person unless such modification, extension or renewal shall satisfy any and all applicable requirements of Rule 16b-3 under the Exchange Act. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

e. Termination of Service, Except by Death, Retirement or Disability. Unless otherwise provided in the applicable Agreement, upon any Termination of Service for any reason other than his or her death, Retirement or Disability, an Optionee shall have the right, subject to the restrictions of Section 4(c) above, to exercise his or her Option at any time within three months after Termination of Service, but only to the extent that, at the date of Termination of Service, the Optionee's right to exercise such Option had accrued pursuant to the terms of the applicable Agreement and had not previously been exercised; provided, however, that, unless otherwise provided in the applicable Agreement, if there occurs a Termination of Service by a Participating Company for Cause or a Termination of Service by the Optionee (other than on account of death, Retirement or Disability), any Option not exercised in full prior to such termination shall be canceled.

f. **Death of Optionee.** Unless otherwise provided in the applicable Agreement, if the Optionee of an Option dies while an Eligible Person or within three months after any Termination of Service other than for Cause or a Termination of Service by the Optionee (other than on account of death, Retirement or Disability), and has not fully exercised the Option, then the Option may be exercised in full, subject to the restrictions of Section 4(c) above, at anytime within 12 months after the Optionee's death, by the Successor of the Optionee, but only to the extent that, at the date of death, the Optionee's right to exercise such Option had accrued and had not been forfeited pursuant to the terms of the Agreement and had not previously been exercised.

g. **Disability or Retirement of Optionee.** Unless otherwise provided in the Agreement, upon any Termination of Service for reason of his or her Disability or Retirement, an Optionee shall have the right, subject to the restrictions of Section 4(c) above, to exercise the Option at any time within 24 months after Termination of Service, but only to the extent that, at the date of Termination of Service, the Optionee's right to exercise such Option had accrued pursuant to the terms of the applicable Agreement and had not previously been exercised.

h. **Rights as a Stockholder.** An Optionee, a Successor of the Optionee, or the holder of a DER shall have no rights as a stockholder with respect to any Shares covered by his or her Grant until, in the case of an Optionee, the date of the issuance of a stock certificate for such Shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 15.

i. **Modification, Extension and Renewal of Option.** Within the limitations of the Plan, and only with respect to Options granted to Eligible Persons, the Committee may modify, extend or renew outstanding Options or accept the cancellation of outstanding Options (to the extent not previously exercised) for the granting of new Options in substitution therefor (but not including repricings, in the absence of stockholder approval). The Committee may modify, extend or renew any Option granted to any Eligible Person, unless such modification, extension or renewal would not satisfy any applicable requirements of Rule 16b-3 under the Exchange Act. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

j. **Stock Appreciation Rights.** The Committee, in its discretion, may (taking into account, without limitation, the application of Section 409A of the Code, as the Committee may deem appropriate) also permit the Optionee to elect to exercise an Option by receiving Shares, cash or a combination thereof, in the discretion of the Committee, with an aggregate Fair Market Value (or, to the extent of payment in cash, in an amount) equal to the excess of the Fair Market Value of the Shares with respect to which the Option is being exercised over the aggregate Purchase Price, as determined as of the day the Option is exercised.

k. **Deferral.** The Committee may establish a program (taking into account, without limitation, the application of Section 409A of the Code, as the Committee may deem appropriate) under which Optionees will have Phantom Shares subject to Section 10 credited upon their exercise of Options, rather than receiving Shares at that time.

1. Other Provisions. The Agreement authorized under the Plan may contain such other provisions not inconsistent with the terms of the Plan (including, without limitation, restrictions upon the exercise of the Option) as the Committee shall deem advisable.

8. SPECIAL RULES FOR INCENTIVE STOCK OPTIONS.

a. In the case of Incentive Stock Options granted hereunder, the aggregate Fair Market Value (determined as of the date of the Grant thereof) of the Shares with respect to which Incentive Stock Options become exercisable by any Optionee for the first time during any calendar year (under the Plan and all other plans maintained by the Participating Companies, their parent or Subsidiaries) shall not exceed \$100,000.

b. In the case of an individual described in Section 422(b)(6) of the Code (relating to certain 10% owners), the Exercise Price with respect to an Incentive Stock Option shall not be less than 110% of the Fair Market Value of a Share on the day the Option is granted and the term of an Incentive Stock Option shall be no more than five years from the date of grant.

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

9. PROVISIONS APPLICABLE TO RESTRICTED STOCK.

a. Vesting Periods. In connection with the grant of Restricted Stock, whether or not Performance Goals apply thereto, the Committee shall establish one or more vesting periods with respect to the shares of Restricted Stock granted, the length of which shall be determined in the discretion of the Committee. Subject to the provisions of this Section 9, the applicable Agreement and the other provisions of the Plan, restrictions on Restricted Stock shall lapse if the Grantee satisfies all applicable employment or other service requirements through the end of the applicable vesting period.

b. Grant of Restricted Stock. Subject to the other terms of the Plan, the Committee may, in its discretion as reflected by the terms of the applicable Agreement: (i) authorize the granting of Restricted Stock to Eligible Persons; (ii) provide a specified purchase price for the Restricted Stock (whether or not the payment of a purchase price is required by any state law applicable to the Company); (iii) determine the restrictions applicable to Restricted Stock and (iv) determine or impose other conditions to the grant of Restricted Stock under the Plan as it may deem appropriate.

c. Certificates.

- (i) Each Grantee of Restricted Stock shall be issued a stock certificate in respect of Shares of Restricted Stock awarded under the Plan. Such certificate shall be registered in the name of the Grantee. Without limiting the generality of Section 6, in addition to any legend that might otherwise be required by the Board or the Company's charter, bylaws or other applicable documents, the certificates for Shares of Restricted Stock issued hereunder may include any legend which the Committee deems appropriate to reflect any restrictions on transfer hereunder or under the applicable Agreement, or as the Committee may otherwise deem appropriate, and, without limiting the generality of the foregoing, shall bear a legend referring to the terms, conditions, and restrictions applicable to such Grant, substantially in the following form:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE MFA MORTGAGE INVESTMENTS, INC. 2004 EQUITY COMPENSATION PLAN, AND AN AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND MFA MORTGAGE INVESTMENTS, INC. COPIES OF SUCH PLAN AND AWARD AGREEMENT ARE ON FILE IN THE OFFICES OF MFA MORTGAGE INVESTMENTS, INC. AT 350 PARK AVENUE, NEW YORK, NEW YORK 10022.

- (ii) The Committee shall require that the stock certificates evidencing such Shares be held in custody by the Company until the restrictions hereunder shall have lapsed and that, as a condition of any grant of Restricted Stock, the Grantee shall have delivered a stock power, endorsed in blank, relating to the stock covered by such Grant. If and when such restrictions so lapse, the stock certificates shall be delivered by the Company to the Grantee or his or her designee as provided in Section 9(d).
- d. Restrictions and Conditions. Unless otherwise provided by the Committee, the Shares of Restricted Stock awarded pursuant to the Plan shall be subject to the following restrictions and conditions:
 - (i) Subject to the provisions of the Plan and the applicable Agreement, during a period commencing with the date of such Grant and ending on the date the period of forfeiture with respect to such Shares lapses, the Grantee shall not be permitted voluntarily or involuntarily to sell, transfer, pledge, anticipate, alienate, encumber or assign Shares of Restricted Stock awarded under the Plan (or have such Shares attached or garnished). Subject to the provisions of the applicable Agreement and clauses (iii) and (iv) below, the period of forfeiture with respect to Shares granted hereunder shall lapse as provided in the applicable Agreement. Notwithstanding the foregoing, unless otherwise expressly provided by the Committee, the period of forfeiture with respect to such Shares shall only lapse as to whole Shares.
 - (ii) Except as provided in the foregoing clause (i), below in this clause (ii), or in Section 15, the Grantee shall have, in respect of the Shares of Restricted Stock, all of the rights of a stockholder of the Company, including the right to vote the Shares; provided, however, that cash dividends on such Shares shall, unless otherwise provided by the Committee in the applicable Agreement, be held by the Company (unsegregated as a part of its general assets) until the period of forfeiture lapses (and forfeited if the underlying Shares are forfeited), and paid over to the Grantee as soon as practicable after such period lapses (if not forfeited). Certificates for Shares (not subject to restrictions hereunder) shall be delivered to the Grantee or his or her designee promptly after, and only after, the period of forfeiture shall lapse without forfeiture in respect of such Shares of Restricted Stock.
 - (iii) Termination of Service, Except by Death, Retirement or Disability. Unless otherwise provided in the applicable Agreement, and subject to clause (iv) below, if the Grantee has a Termination of Service for Cause or by the Grantee for any reason other than his or her death, Retirement or Disability, during the applicable period of forfeiture, then (A) all Restricted Stock still subject to restriction shall thereupon, and with no further action, be forfeited by the Grantee, and (B) the Company shall pay to the Grantee as soon as practicable (and in no event more than 30 days) after such termination an amount equal to the lesser of (x) the amount paid by the Grantee for such forfeited Restricted Stock as contemplated by Section 9(b), and (y) the Fair Market Value on the date of termination of the forfeited Restricted Stock.

- (iv) Death, Disability or Retirement of Grantee. Unless otherwise provided in the applicable Agreement, in the event the Grantee has a Termination of Service on account of his or her death, Disability or Retirement, or the Grantee has a Termination of Service by the Company for any reason other than Cause, during the applicable period of forfeiture, then restrictions under the Plan will immediately lapse on all Restricted Stock granted to the applicable Grantee.

10. PROVISIONS APPLICABLE TO PHANTOM SHARES.

a. Grant of Phantom Shares. Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the applicable Agreement: (i) authorize the Granting of Phantom Shares to Eligible Persons and (ii) determine or impose other conditions to the grant of Phantom Shares under the Plan as it may deem appropriate.

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

c. Vesting.

(i) Subject to the provisions of the applicable Agreement and Section 10(c)(ii), Phantom Shares shall vest as provided in the applicable Agreement.

(ii) Unless otherwise determined by the Committee at the time of Grant, the Phantom Shares granted pursuant to the Plan shall be subject to the following vesting conditions:

- (1) Termination of Service for Cause. Unless otherwise provided in the applicable Agreement and subject to clause (2) below, if the Grantee has a Termination of Service for Cause, all of the Grantee's Phantom Shares (whether or not such Phantom Shares are otherwise vested) shall thereupon, and with no further action, be forfeited by the Grantee and cease to be outstanding, and no payments shall be made with respect to such forfeited Phantom Shares.
- (2) Termination of Service for Death, Disability or Retirement of Grantee or by the Company for Any Reason Other than Cause. Unless otherwise provided in the applicable Agreement, in the event the Grantee has a Termination of Service on account of his or her death, Disability or Retirement, or the Grantee has a Termination of Service by the Company for any reason other than Cause, all outstanding Phantom Shares granted to such Grantee shall become immediately vested.
- (3) Except as contemplated above, in the event that a 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, and the Grantee's vested Phantom Shares shall be settled as set forth in Section 10(d).

d. Settlement of Phantom Shares.

- (i) Each vested and outstanding Phantom Share shall be settled by the transfer to the Grantee of one Share; provided, however, that, the Committee at the time of grant (or, in the appropriate case, as determined by the Committee, thereafter) may provide that a Phantom Share may be settled (A) in cash at the applicable Phantom Share Value, (B) in cash or by transfer of Shares as elected by the Grantee in accordance with procedures established by the Committee or (C) in cash or by transfer of Shares as elected by the Company.
- (ii) Each Phantom Share shall be settled with a single-sum payment by the Company; provided, however, that, with respect to Phantom Shares of a Grantee which have a common Settlement Date (as defined below), the Committee may permit the Grantee to elect in accordance with procedures established by the Committee (taking into account, without limitation, Section 409A of the Code, as the Committee may deem appropriate) to receive installment payments over a period not to exceed 10 years. If the Grantee's Phantom Shares are paid out in installment payments, such installment payments shall be treated as a series of separate payments for purposes of Section 409A of the Code.
- (iii)
 - (1) The settlement date with respect to a Grantee is the first day of the month to follow the Grantee's Termination of Service ("Settlement Date"); provided, however, that a Grantee may elect, in accordance with procedures to be adopted by the Committee, that such Settlement Date will be deferred as elected by the Grantee to a time permitted by the Committee under procedures to be established by the Committee. Notwithstanding the prior sentence, all initial elections to defer the Settlement Date shall be made in accordance with the requirements of Section 409A of the Code. In addition, unless otherwise determined by the Committee, any subsequent elections under this Section 10(d)(iii)(1) must, except as may otherwise be permitted under the rules applicable under Section 409A of the Code, (A) not be effective for at least one year after they are made, or, in the case of payments to commence at a specific time, be made at least one year before the first scheduled payment and (B) defer the commencement of distributions (and each affected distribution) for at least five years.
 - (2) Notwithstanding Section 10(d)(iii)(1), the Committee may provide that distributions of Phantom Shares can be elected at any time in those cases in which the Phantom Share Value is determined by reference to Fair Market Value to the extent in excess of a base value, rather than by reference to unreduced Fair Market Value.
 - (3) Notwithstanding the foregoing, the Settlement Date, if not earlier pursuant to this Section 10(d)(iii), is the date of the Grantee's death.
- (iv) Notwithstanding any other provision of the Plan, a Grantee may receive any amounts to be paid in installments as provided in Section 10(d)(ii) or deferred by the Grantee as provided in Section 10(d)(iii) in the event of an "Unforeseeable Emergency." For these purposes, an "Unforeseeable Emergency," as determined by the Committee in its sole discretion, is a severe financial hardship to the Grantee resulting from a sudden and unexpected illness or accident of the Grantee or "dependent," as defined in Section 152(a) of the Code, of the Grantee, loss of the Grantee's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Grantee. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved:

- (1) through reimbursement or compensation by insurance or otherwise;
- (2) by liquidation of the Grantee's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or
- (3) by future cessation of the making of additional deferrals under Section 10(d)(ii) and (iii).

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

e. Other Phantom Share Provisions.

- (i) Rights to payments with respect to Phantom Shares granted under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, garnishment, levy, execution, or other legal or equitable process, either voluntary or involuntary; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish, or levy or execute on any right to payments or other benefits payable hereunder, shall be void.
- (ii) A Grantee may designate in writing, on forms to be prescribed by the Committee, a beneficiary or beneficiaries to receive any payments payable after his or her death and may amend or revoke such designation at any time. If no beneficiary designation is in effect at the time of a Grantee's death, payments hereunder shall be made to the Grantee's estate. If a Grantee with a vested Phantom Share dies, such Phantom Share shall be settled and the Phantom Share Value in respect of such Phantom Shares paid, and any payments deferred pursuant to an election under Section 10(d)(iii) shall be accelerated and paid, as soon as practicable (but no later than 60 days) after the date of death to such Grantee's beneficiary or estate, as applicable.
- (iii) The Committee may establish a program (taking into account, without limitation, the application of Section 409A of the Code, as the Committee may deem appropriate) under which distributions with respect to Phantom Shares may be deferred for periods in addition to those otherwise contemplated by the foregoing provisions of this Section 10. Such program may include, without limitation, provisions for the crediting of earnings and losses on unpaid amounts and, if permitted by the Committee, provisions under which Grantees may select from among hypothetical investment alternatives for such deferred amounts in accordance with procedures established by the Committee.
- (iv) Notwithstanding any other provision of this Section 10, any fractional Phantom Share will be paid out in cash at the Phantom Share Value as of the Settlement Date.
- (v) No Phantom Share shall give any Grantee any rights with respect to Shares or any ownership interest in the Company. Except as may be provided in accordance with Section 11, no provision of the Plan shall be interpreted to confer upon any Grantee of a Phantom Share any voting, dividend or derivative or other similar rights with respect to any Phantom Share.

f. Claims Procedures.

- (i) The Grantee, or his beneficiary hereunder or authorized representative, may file a claim for payments with respect to Phantom Shares under the Plan by written communication to the Committee or its designee. A claim is not considered filed until such communication is actually received. Within 90 days (or, if special circumstances require an extension of time for processing, 180 days, in which case notice of such special circumstances should be provided within the initial 90-day period) after the filing of the claim, the Committee will either:
 - (1) approve the claim and take appropriate steps for satisfaction of the claim; or
 - (2) if the claim is wholly or partially denied, advise the claimant of such denial by furnishing to him or her a written notice of such denial setting forth (A) the specific reason or reasons for the denial; (B) specific reference to pertinent provisions of the Plan on which the denial is based and, if the denial is based in whole or in part on any rule of construction or interpretation adopted by the Committee, a reference to such rule, a copy of which shall be provided to the claimant; (C) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of the reasons why such material or information is necessary; and (D) a reference to this Section 10(f) as the provision setting forth the claims procedure under the Plan.
- (ii) The claimant may request a review of any denial of his or her claim by written application to the Committee within 60 days after receipt of the notice of denial of such claim. Within 60 days (or, if special circumstances require an extension of time for processing, 120 days, in which case notice of such special circumstances should be provided within the initial 60-day period) after receipt of written application for review, the Committee will provide the claimant with its decision in writing, including, if the claimant's claim is not approved, specific reasons for the decision and specific references to the Plan provisions on which the decision is based.

11. PROVISIONS APPLICABLE TO DIVIDEND EQUIVALENT RIGHTS.

a. Grant of DERs. Subject to the other terms of the Plan (including, without limitation, Section 7(a)), the Committee shall, in its discretion as reflected by the terms of the Agreements, authorize the granting of DERs to Eligible Persons based on the dividends declared on Common Stock, to be credited as of the dividend payment dates, during the period between the date a Grant is issued, and the date such Grant is exercised, vests or expires, as determined by the Committee. Such DERs shall be converted to cash or additional Shares by such formula and at such time and subject to such limitation as may be determined by the Committee. With respect to DERs granted with respect to Options intended to be qualified performance-based compensation for purposes of Section 162(m) of the Code, such DERs shall be payable regardless of whether such Option is exercised. If a DER is granted in respect of another Grant hereunder, then, unless otherwise stated in the Agreement, or, in the appropriate case, as determined by the Committee, in no event shall the DER be in effect for a period beyond the time during which the applicable related portion of the underlying Grant has been exercised or otherwise settled, or has expired, been forfeited or otherwise lapsed, as applicable.

b. Certain Terms.

(i) The term of a DER shall be set by the Committee in its discretion.

(ii) Payment of the amount determined in accordance with Section 11(a) shall be in cash, in Common Stock or a combination of the both, as determined by the Committee at the time of grant.

c. Other Types of DERs. The Committee may establish a program under which DERs of a type whether or not described in the foregoing provisions of this Section 11 may be granted to Eligible Persons. For example, without limitation, the Committee may grant a DER in respect of each Share subject to an Option or with respect to a Phantom Share, which right would consist of the right (subject to Section 11(d)) to receive a cash payment in an amount equal to the dividend distributions paid on a Share from time to time.

d. Deferral.

(i) The Committee may (taking into account, without limitation, the possible application of Section 409A of the Code, as the Committee may deem appropriate) establish a program under which Grantees (i) will have Phantom Shares credited, subject to the terms of Sections 10(d) and 10(e) as though directly applicable with respect thereto, upon the granting of DERs, or (ii) will have payments with respect to DERs deferred.

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

12. OTHER STOCK-BASED AWARDS. The Board shall have the right to issue other Grants based upon the Common Stock having such terms and conditions as the Board may determine, including, without limitation, the grant of Shares based upon certain conditions, and the grant of securities convertible into Common Stock.

13. PERFORMANCE GOALS. The Committee, in its discretion, shall in the case of Grants (including, in particular, Grants other than Options) intended to qualify for an exception from the limitation imposed by Section 162(m) of the Code ("Performance-Based Grants") (i) establish one or more performance goals ("Performance Goals") as a precondition to the issue of Grants, and (ii) provide, in connection with the establishment of the Performance Goals, for predetermined Grants to those Grantees (who continue to meet all applicable eligibility requirements) with respect to whom the applicable Performance Goals are satisfied. The Performance Goals shall be based upon the criteria set forth in Exhibit A hereto which is hereby incorporated herein by reference as though set forth in full. The Performance Goals shall be established in a timely fashion such that they are considered preestablished for purposes of the rules governing performance-based compensation under Section 162(m) of the Code. Prior to the award of Restricted Stock hereunder, the Committee shall have certified that any applicable Performance Goals, and other material terms of the Grant, have been satisfied. Performance Goals which do not satisfy the foregoing provisions of this Section 13 may be established by the Committee with respect to Grants not intended to qualify for an exception from the limitations imposed by Section 162(m) of the Code.

14. TERM OF PLAN. Grants may be granted pursuant to the Plan until the expiration of 10 years from the effective date of the Plan.

15. RECAPITALIZATION AND CHANGES OF CONTROL.

a. Subject to any required action by stockholders and to the specific provisions of Section 16, if (i) the Company shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of the Company or a transaction similar thereto, (ii) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization or other similar change in the capital structure of the Company, or any distribution to holders of Common Stock other than cash dividends, shall occur or (iii) any other event shall occur which in the judgment of the Committee necessitates action by way of adjusting the terms of the outstanding Grants, then:

- (1) the maximum aggregate number of Shares which may be made subject to Options and DERs under the Plan, the maximum aggregate number and kind of Shares of Restricted Stock that may be granted under the Plan, the maximum aggregate number of Phantom Shares and other Grants which may be granted under the Plan may be appropriately adjusted by the Committee in its discretion; and
- (2) the Committee shall take any such action as in its discretion shall be necessary to maintain each Grantees' rights hereunder (including under their applicable Agreements) so that they are, in their respective Options, Phantom Shares and DERs, substantially proportionate to the rights existing in such Options, Phantom Shares and DERs prior to such event, including, without limitation, adjustments in (A) the number of Options, Phantom Shares and DERs (and other Grants under Section 12) granted, (B) the number and kind of shares or other property to be distributed in respect of Options, Phantom Shares and DERs (and other Grants under Section 12, as applicable), (C) the Exercise Price, Purchase Price and Phantom Share Value, and (D) performance-based criteria established in connection with Grants (to the extent consistent with Section 162(m) of the Code, as applicable); provided that, in the discretion of the Committee, the foregoing clause (D) may also be applied in the case of any event relating to a Subsidiary if the event would have been covered under this Section 15(a) had the event related to the Company.

To the extent that such action shall include an increase or decrease in the number of Shares subject to all outstanding Grants, the number of Shares available under Section 6 above shall be increased or decreased, as the case may be, proportionately.

b. Any Shares or other securities distributed to a Grantee with respect to Restricted Stock or otherwise issued in substitution of Restricted Stock pursuant to this Section 15 shall be subject to the restrictions and requirements imposed by Section 9, including depositing the certificates therefor with the Company together with a stock power and bearing a legend as provided in Section 9(c)(i).

c. If the Company shall be consolidated or merged with another corporation or other entity, each Grantee who has received Restricted Stock that is then subject to restrictions imposed by Section 9(d) may be required to deposit with the successor corporation the certificates for the stock or securities or the other property that the Grantee is entitled to receive by reason of ownership of Restricted Stock in a manner consistent with Section 9(c)(ii), and such stock, securities or other property shall become subject to the restrictions and requirements imposed by Section 9(d), and the certificates therefor or other evidence thereof shall bear a legend similar in form and substance to the legend set forth in Section 9(c)(i).

d. The judgment of the Committee with respect to any matter referred to in this Section 15 shall be conclusive and binding upon each Grantee without the need for any amendment to the Plan.

e. Subject to any required action by stockholders, if the Company is the surviving corporation in any merger or consolidation, the rights under any outstanding Grant shall pertain and apply to the securities to which a holder of the number of Shares subject to the Grant would have been entitled. In the event of a merger or consolidation in which the Company is not the surviving corporation, the date of exercisability of each outstanding Option and settling of each Phantom Share or, as applicable, other Grant under Section 12, shall be accelerated to a date prior to such merger or consolidation, unless the agreement of merger or consolidation provides for the assumption of the Grant by the successor to the Company.

f. To the extent that the foregoing adjustment related to securities of the Company, such adjustments shall be made by the Committee, whose determination shall be conclusive and binding on all persons.

g. Except as expressly provided in this Section 15, a Grantee shall have no rights by reason of subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or stock of another corporation, and any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to a Grant or the Exercise Price of Shares subject to an Option.

h. Grants made pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business assets.

i. Upon the occurrence of a Change of Control:

- (i) The Committee as constituted immediately before the Change of Control may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the Change of Control (including, without limitation, the substitution of stock other than stock of the Company as the stock optioned hereunder, and the acceleration of the exercisability of the Options and settling of each Phantom Share or, as applicable, other Grant under Section 12), provided that the Committee determines that such adjustments do not have a substantial adverse economic impact on the Grantee as determined at the time of the adjustments.
- (ii) All restrictions and conditions on each DER shall automatically lapse and all Grants under the Plan shall be deemed fully vested.
- (iii) Notwithstanding the provisions of Section 10 (taking into account, without limitation, the application of Section 409A of the Code, as the Committee may deem appropriate), the Settlement Date for Phantom Shares shall be the date of such Change of Control and all amounts due with respect to Phantom Shares to a Grantee hereunder shall be paid as soon as practicable (but in no event more than 30 days) after such Change of Control, unless such Grantee elects otherwise in accordance with procedures established by the Committee.

j. "Change of Control" shall mean the occurrence of any one of the following events:

- (i) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any of its affiliates or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its affiliates and, with respect to any particular Eligible Employee, other than such Eligible Employee) together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Exchange Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of either (A) the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board ("voting securities") or (B) the then outstanding Shares (in either such case other than as a result of an acquisition of securities directly from the Company); or
- (ii) persons who, as of the effective date of the Plan, constitute the Board (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, provided that any person becoming a member of the Board subsequent to the effective date whose election or nomination for election was approved and/or ratified by a vote of at least a majority of the Incumbent Directors shall, for purposes of the Plan, be considered an Incumbent Director; or
- (iii) there shall occur (A) any consolidation or merger of the Company or any Subsidiary where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate 50% or more of the 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 the Company or (C) any plan or proposal for the liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change of 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 the Company 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 of Control" shall be deemed to have occurred for purposes of this subsection (j).

16. EFFECT OF CERTAIN TRANSACTIONS. In the case of (i) the dissolution or liquidation of the Company, (ii) a merger, consolidation, reorganization or other business combination in which the Company is acquired by another entity or in which the Company is not the surviving entity, or (iii) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company, the Plan and the Grants issued hereunder shall terminate upon the effectiveness of any such transaction or event, unless provision is made in connection with such transaction for the assumption of Grants theretofore granted, or the substitution for such Grants of new Grants, by the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and the per share exercise prices, as provided in Section 15. In the event of such termination, all outstanding Options and Grants shall be exercisable in full for at least fifteen days prior to the date of such termination whether or not otherwise exercisable during such period.

17. SECURITIES LAW REQUIREMENTS.

a. Legality of Issuance. The issuance of any Shares pursuant to Grants under the Plan and the issuance of any Grant shall be contingent upon the following:

- (i) the obligation of the Company to sell Shares with respect to Grants issued under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Committee;
- (ii) the Committee may make such changes to the Plan as may be necessary or appropriate to comply with the rules and regulations of any government authority or to obtain tax benefits applicable to stock options; and
- (iii) each grant of Options, Restricted Stock, Phantom Shares (or issuance of Shares in respect thereof) or DERs (or issuance of Shares in respect thereof), or other Grant under Section 12 (or issuance of Shares in respect thereof), is subject to the requirement that, if at any time the Committee determines, in its discretion, that the listing, registration or qualification of Shares issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of Options, Shares of Restricted Stock, Phantom Shares, DERs, other Grants or other Shares, no payment shall be made, or Phantom Shares or Shares issued or grant of Restricted Stock or other Grant made, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions in a manner acceptable to the Committee.

b. Restrictions on Transfer. Regardless of whether the offering and sale of Shares under the Plan has been registered under the Act or has been registered or qualified under the securities laws of any state, the Company may impose restrictions on the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates) if, in the judgment of the Company and its counsel, such restrictions are necessary or desirable in order to achieve compliance with the provisions of the Act, the securities laws of any state or any other law. In the event that the sale of Shares under the Plan is not registered under the Act but an exemption is available which requires an investment representation or other representation, each Grantee shall be required to represent that such Shares are being acquired for investment, and not with a view to the sale or distribution thereof, and to make such other representations as are deemed necessary or appropriate by the Company and its counsel. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 17 shall be conclusive and binding on all persons. Without limiting the generality of Section 6, stock certificates evidencing Shares acquired under the Plan pursuant to an unregistered transaction shall bear a restrictive legend, substantially in the following form, and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law:

"THE SALE OF THE SECURITIES REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"). ANY TRANSFER OF SUCH SECURITIES WILL BE INVALID UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER OR IN THE OPINION OF COUNSEL FOR THE ISSUER SUCH REGISTRATION IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT."

c. Registration or Qualification of Securities. The Company may, but shall not be obligated to, register or qualify the issuance of Grants and/or the sale of Shares under the Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the issuance of Grants or the sale of Shares under the Plan to comply with any law.

d. Exchange of Certificates. If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under the Plan is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but lacking such legend.

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

18. AMENDMENT OF THE PLAN. The Board may from time to time, with respect to any Shares at the time not subject to Grants, suspend or discontinue the Plan or revise or amend it in any respect whatsoever. The Board may amend the Plan as it shall deem advisable, except that no amendment may adversely affect a Grantee with respect to Grants previously granted unless such amendments are in connection with compliance with applicable laws; provided, however, that the Board may not make any amendment in the Plan that would, if such amendment were not approved by the holders of the Common Stock, cause the Plan to fail to comply with any requirement of applicable law or regulation, or of any applicable exchange or similar rule, unless and until the approval of the holders of such Common Stock is obtained.

19. APPLICATION OF FUNDS. The proceeds received by the Company from the sale of Common Stock pursuant to the exercise of an Option, the sale of Restricted Stock or in connection with other Grants under the Plan will be used for general corporate purposes.

20. TAX WITHHOLDING. Each Grantee shall, no later than the date as of which the value of any Grant first becomes includable in the gross income of the Grantee for federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Company regarding payment of any federal, state or local taxes of any kind that are required by law to be withheld with respect to such income. A Grantee may elect to have such tax withholding satisfied, in whole or in part, by (i) authorizing the Company to withhold a number of Shares to be issued pursuant to a Grant equal to the Fair Market Value as of the date withholding is effected that would satisfy the withholding amount due, (ii) transferring to the Company Shares owned by the Grantee with a Fair Market Value equal to the amount of the required withholding tax, or (iii) in the case of a Grantee who is an Employee of the Company at the time such withholding is effected, by withholding from the Grantee's cash compensation. Notwithstanding anything contained in the Plan to the contrary, the Grantee's satisfaction of any tax-withholding requirements imposed by the Committee shall be a condition precedent to the Company's obligation as may otherwise be provided hereunder to provide Shares to the Grantee, and the failure of the Grantee to satisfy such requirements with respect to a Grant shall cause such Grant to be forfeited.

21. NOTICES. All notices under the Plan shall be in writing, and if to the Company, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Grantee, shall be delivered personally or mailed to the Grantee at the address appearing in the records of the Participating Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this Section 21.

22. RIGHTS TO EMPLOYMENT OR OTHER SERVICE. Nothing in the Plan or in any Grant issued pursuant to the Plan shall confer on any individual any right to continue in the employ or other service of the Participating Company (if applicable) or interfere in any way with the right of the Participating Company and its stockholders to terminate the individual's employment or other service at any time.

23. EXCULPATION AND INDEMNIFICATION. To the maximum extent permitted by law, the Company shall indemnify and hold harmless the members of the Board and the members of the Committee from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission to act in connection with the performance of such person's duties, responsibilities and obligations under the Plan, other than such liabilities, costs and expenses as may result from the gross negligence, bad faith, willful misconduct or criminal acts of such persons.

24. COMPLIANCE WITH SECTION 409A OF THE CODE.

- (i) Any Agreement issued under the Plan that is subject to Section 409A of the Code shall include such additional terms and conditions as may be required to satisfy the requirements of Section 409A of the Code.
- (ii) With respect to any Grant issued under the Plan that is subject to Section 409A of the Code, and with respect to which a payment or distribution is to be made upon a Termination of Service, if the Grantee is determined by the Company to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code and any of the Company's stock is publicly traded on an established securities market or otherwise, such payment or distribution may not be made before the date which is six months after the date of Termination of Service (to the extent required under Section 409A of the Code). Any payments or distributions delayed in accordance with the prior sentence shall be paid to the Grantee on the first day of the seventh month following the Grantee's Termination of Service.
- (iii) Notwithstanding any other provision of the Plan, the Board and the Committee shall administer the Plan, and exercise authority and discretion under the Plan, to satisfy the requirements of Section 409A of the Code or any exemption thereto.

25. NO FUND CREATED. Any and all payments hereunder to any Grantee under the Plan shall be made from the general funds of the Company (or, if applicable, a Participating Company), no special or separate fund shall be established or other segregation of assets made to assure such payments, and the Phantom Shares (including for purposes of this Section 25 any accounts established to facilitate the implementation of Section 10(d)(iii)) and any other similar devices issued hereunder to account for Plan obligations do not constitute Common Stock and shall not be treated as (or as giving rise to) property or as a trust fund of any kind; provided, however, that the Company (or a Participating Company) may establish a mere bookkeeping reserve to meet its obligations hereunder or a trust or other funding vehicle that would not cause the Plan to be deemed to be funded for tax purposes or for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The obligations of the Company (or, if applicable, a Participating Company) under the Plan are unsecured and constitute a mere promise by the Company (or, if applicable, a Participating Company) to make benefit payments in the future and, to the extent that any person acquires a right to receive payments under the Plan from the Company (or, if applicable, a Participating Company), such right shall be no greater than the right of a general unsecured creditor of the Company (or, if applicable, a Participating Company). Without limiting the foregoing, Phantom Shares and any other similar devices issued hereunder to account for Plan obligations are solely a device for the measurement and determination of the amounts to be paid to a Grantee under the Plan, and each Grantee's right in the Phantom Shares and any such other devices is limited to the right to receive payment, if any, as may herein be provided.

26. NO FIDUCIARY RELATIONSHIP. Nothing contained in the Plan (including without limitation Section 10(e)(iii)), and no action taken pursuant to the provisions of the Plan, shall create or shall be construed to create a trust of any kind, or a fiduciary relationship between the Company, the Participating Companies, or their officers or the Committee, on the one hand, and the Grantee, the Company, the Participating Companies or any other person or entity, on the other.

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

28. GOVERNING LAW. THE PLAN SHALL BE GOVERNED BY THE LAWS OF MARYLAND, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.

29. EXECUTION. The Company has caused the Plan to be executed in the name and on behalf of the Company by an officer of the Company thereunto duly authorized as of this 10th day of December, 2008.

MFA MORTGAGE INVESTMENTS, INC.,
a Maryland corporation

By: /s/ James A. Brodsky

Name: James A. Brodsky

Title: Chairman, Compensation Committee

EXHIBIT A

PERFORMANCE CRITERIA

Performance-Based Grants intended to qualify as "performance based" compensation under Section 162(m) of the Code, may be payable upon the attainment of objective performance goals that are established by the Committee and relate to one or more Performance Criteria, in each case on specified date or over any period, up to 10 years, as determined by the Committee. Performance Criteria may be based on the achievement of the specified levels of performance under one or more of the measures set out below relative to the performance of one or more other corporations or indices.

"Performance Criteria" means the following business criteria (or any combination thereof) with respect to one or more of the Company, any Participating Company or any division or operating unit thereof:

- i.) pre-tax income,
- ii.) after-tax income,
- iii.) net income (meaning net income as reflected in the Company's financial reports for the applicable period, on an aggregate, diluted and/or per share basis),
- iv.) operating income,
- v.) cash flow,
- vi.) earnings per share,
- vii.) return on equity,
- viii.) return on invested capital or assets,
- ix.) cash and/or funds available for distribution,
- x.) appreciation in the fair market value of the Common Stock,
- xi.) return on investment,
- xii.) total return to stockholders (meaning the aggregate Common Stock price appreciation and dividends paid (assuming full reinvestment of dividends) during the applicable period),
- xiii.) net earnings growth,
- xiv.) stock appreciation (meaning an increase in the price or value of the Common Stock after the date of grant of an award and during the applicable period),
- xv.) related return ratios,
- xvi.) increase in revenues,

- xvii.) the Company's published ranking against its peer group of real estate investment trusts based on total stockholder return,
- xviii.) net earnings,
- xix.) changes (or the absence of changes) in the per share or aggregate market price of the Company's Common Stock,
- xx.) number of securities sold,
- xxi.) earnings before any one or more of the following items: interest, taxes, depreciation or amortization for the applicable period, as reflected in the Company's financial reports for the applicable period, and
- xxii.) total revenue growth (meaning the increase in total revenues after the date of grant of an award and during the applicable period, as reflected in the Company's financial reports for the applicable period).

Except as otherwise expressly provided, all financial terms are used as defined under Generally Accepted Accounting Principles ("GAAP") and all determinations shall be made in accordance with GAAP, as applied by the Company in the preparation of its periodic reports to stockholders.

To the extent permitted by Section 162(m) of the Code, unless the Committee provides otherwise at the time of establishing the performance goals, for each fiscal year of the Company, the Committee may provide for objectively determinable adjustments, as determined in accordance with GAAP, to any of the Performance Criteria described above for one or more of the items of gain, loss, profit or expense: (A) determined to be extraordinary or unusual in nature or infrequent in occurrence, (B) related to the disposal of a segment of a business, (C) related to a change in accounting principle under GAAP, (D) related to discontinued operations that do not qualify as a segment of a business under GAAP, and (E) attributable to the business operations of any entity acquired by the Company during the fiscal year.

MFA MORTGAGE INVESTMENTS, INC.
SENIOR OFFICERS DEFERRED BONUS PLAN
AS AMENDED AND RESTATED AS OF DECEMBER 10, 2008

1. Purpose

The Corporation has adopted this Plan to assist its Senior Officers with their individual tax and financial planning and to permit the Corporation to remain competitive in attracting, retaining and motivating key employees. The Plan permits eligible employees to defer the receipt of annual cash bonuses which they may be entitled to receive from the Corporation. This Plan is intended to be an unfunded arrangement maintained by the Corporation which is designed align the interests of Participants more closely with the interests of the other stockholders of the Corporation.

2. Effective Date

(a) This Plan shall become effective on the Effective Date.

3. Definitions

In this Plan, the following definitions shall apply:

"**Account**" - the account maintained by the Corporation for Deferred Stock Units credited in accordance with Section 6 of the Plan.

"**Administrator**" - the person, persons or entity appointed from time to time by the Board of Directors of the Corporation to manage and administer the Plan.

"**Bonus Compensation**" - the annual cash payable to a Senior Officer through discretionary bonus awards granted, as determined by the Compensation Committee of the Board of Directors of the Corporation.

"**Code**" - the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"**Common Stock**" - the Corporation's common stock, \$0.01 par value per share.

"**Corporation**" - MFA Mortgage Investments, Inc., a Maryland corporation, and its successors.

"**Deferral Period**" - the five-year period, if so elected, during which Bonus Compensation for a particular year is to be deferred. At the conclusion of the Deferral Period, such deferred Bonus Compensation will be paid out in a lump sum or, if so elected, in a specified number of annual installments not to exceed five years. If the deferred Bonus Compensation is paid out in annual installments, such installment payments shall be treated as a series of separate payments for purposes of Section 409A of the Code. Except as otherwise provided in Section 8(a) of the Plan, payment(s) will commence, or be made in a lump sum, no earlier than January 15 of the year first following the five-year anniversary of the applicable election date. For example, if during 2002 a Participant elects the Deferral Period (i.e., 5 years) for Compensation deferred in 2003, the payment(s) shall be made/commence on or about January 15, 2008.

"Deferred Stock Unit" - a credit to a Participant's Account under Section 6(b) that represents the right to receive a cash payment equal to the Fair Market Value of one Share on settlement of the Account.

"Effective Date" - December 19, 2002, the date the Plan was adopted.

"Fair Market Value" - for any date, the average of the high and low sales prices for Shares of the Corporation's Common Stock, par value, \$0.01 per share, as reported by the New York Stock Exchange or such other relevant exchange on which the Corporation's Common Stock is traded.

"Participant" - each Senior Officer who elects to defer a percentage of Bonus Compensation under the Plan.

"Plan" - the MFA Mortgage Investments, Inc. Senior Officer Deferred Bonus Plan, as it may be amended from time to time.

"Second Election" - an election pursuant to Section 5(c)(iii) of the Plan which changes the Senior Officer's prior deferral election.

"Senior Officer" - any officer identified by the Corporation as an insider for purposes of Section 16 of the Securities Exchange Act of 1934

"Share" - a share of Common Stock of the Corporation.

"Termination of Service" - termination of service with the Corporation, which shall be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and Treasury Regulation 1.409A-1(h).

4. Administration

(a) Subject to the oversight of the Board, the Administrator shall have authority to administer the Plan, including conclusive authority to construe and interpret the Plan, to establish rules, policies, procedures, forms and notices for use in carrying out the Plan, and to make all other determinations necessary or desirable for administration of the Plan. The Administrator may delegate some or all of its functions to another person(s) as it may deem appropriate.

(b) Notwithstanding any other provision herein to the contrary, the Administrator shall administer the Plan and exercise authority and discretion under the Plan, to satisfy the requirements of Section 409A of the Code or any exemption thereto.

5. Election to Defer Compensation

(a) Amount of Deferral. A Senior Officer may elect to defer a percentage of Bonus Compensation, up to 100%, otherwise thereafter payable to such Senior Officer.

(b) Manner of Electing Deferral. An election to defer Bonus Compensation shall be made by giving written notice to the Administrator in the form approved by the Administrator. Such notice shall address, without limitation;

- (i) the percentage of Bonus Compensation to be deferred and
- (ii) if applicable, an election for the Account to be settled following a five-year Deferral Period; and

(iii) an election for the Account to be settled in either a lump-sum payment or in a specified number of annual installments (not to exceed five).

(c) Time of Election; Effectiveness; Change of Election.

(i) An election to defer Bonus Compensation shall be made by a Senior Officer no later than the end of taxable year preceding the year for which the Bonus Compensation was earned. Notwithstanding the foregoing, a Senior Officer who first becomes eligible to participate in the Plan may make an election to defer any future Bonus Compensation within 30 days after the date of such eligibility; provided, however, that such deferral election shall only apply to the pro rata portion of the Bonus Compensation that is earned from the date of such election through the remainder of the year.

(ii) An election shall be irrevocable as of the last day of the calendar year in which the election is made and shall continue in effect until the end of the calendar year for which the Bonus Compensation is earned.

(iii) A Senior Officer may change a deferral election annually by making a Second Election on the Annual Participant Election Form provided by the Administrator; provided that the Second Election must, except as may otherwise be permitted under the rules applicable under Section 409A of the Code, (A) be effective at least one year after it is made, or, in the case of payments to commence at a specific time, be made at least one year before the first scheduled payment, and (B) defer the commencement of distributions (and each affected distribution) for at least five years.

6. Deferred Bonus Compensation Account

(a) Establishment of Account. The Corporation will maintain a Account(s) for each Participant for each year in which they elect to participate in the Plan, which will reflect the Bonus Compensation deferred by such Participant for a given calendar year. Accounts under this Plan shall be unfunded and shall represent only an unsecured claim against the general assets of the Corporation.

(b) Deferred Stock Units. For any given calendar year, a Participant may elect to defer a whole percentage, up to 100%, of Bonus Compensation earned by such Participant in the form of Deferred Stock Units. Such deferral election shall be made in accordance with the provisions of Sections 5(b) and 5(c) of the Plan. The number of Deferred Stock Units credited to the Participant's Account, at the time such Bonus Compensation would otherwise have been payable absent the election to defer, will be equal to (i) the otherwise payable amount divided by (ii) the Fair Market Value of a Share on the last trading day preceding the credit date. In addition, on each date on which a cash dividend is payable on the Shares, the Participant's Account shall be credited with a number of Deferred Stock Units equal to (i) the per Share cash dividend times the number of Deferred Stock Units then credited to the Account, divided by (ii) the Fair Market Value of a Share on the last trading day preceding the dividend payment date. Accounts shall be credited with fractional Deferred Stock Units, rounded to the third decimal place. Such additional Deferred Stock Units shall be paid to the Participant at the same time as Deferred Stock Units are received by the Participant with respect to the deferral of Bonus Compensation.

(c) Adjustments. In case of a stock split, stock dividend, or other relevant change in capitalization of the Corporation, the number of Deferred Stock Units credited to a Participant's Account shall be adjusted in such manner as the Administrator deems appropriate.

7. Valuation

The value of an Account as of any date on which a settlement payment is to be made under Section 8 shall be the amount equal to the number of Deferred Stock Units then credited to the Participant's Account times the Fair Market Value of a Share on the last trading day preceding the payment date.

8. Settlement

(a) The Account shall be distributed or commence distribution to a Participant on the earlier of (i) the year first following the year in which a Termination of Service occurs, or (ii) with respect to any particular Account, the year first following the year in which the five-year Deferral Period elected by such Participant for such Account expires. Notwithstanding the foregoing, all distribution elections shall provide that no payments may commence with respect to any Account any later than the year first following the Participant's 72nd birthday, or such other date as may, subject to Section 409A of the Code, be approved by the Administrator. To the extent that an Account is to be distributed to a Participant in accordance with this Section 8, such distribution shall occur on or about, but no earlier than January 15 of the applicable distribution year. Notwithstanding the foregoing, or any other provision hereof, with respect to any settlement that is due upon a Termination of Service, if the Participant is determined by the Corporation to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, and any of the Corporation's stock is publicly traded on an established securities market or otherwise, such settlement or distribution shall not be made before the date which is six months after the date of Termination of Service. Any payments delayed in accordance with the prior sentence shall be paid to the Participant on the first day of the seventh month following the Participant's Termination of Service.

(b) Lump Sum. If a Participant elects lump sum settlement, an amount of cash equal to the value of the Account determined in accordance with Section 7 shall be paid to the Participant in accordance with Section 8(a).

(c) Installment Payments. If a Participant elects settlement in installments, an amount of cash, determined as hereafter provided, shall be paid to the Participant in accordance with Section 8(a) in each year of the installment payment period elected. The amount of each installment shall be equal to (i) the value of the Account as of the payment date for such installment, determined in accordance with Section 7, divided by (ii) the number of unpaid installments. Each installment payment shall be debited to the Deferred Stock Units in a Participant's Account.

(d) Payment on Death. Notwithstanding a Participant's settlement election, in the event of a Participant's death an amount of cash equal to the remaining value of the Account determined as provided in Section 7 shall be paid in a single payment to the Participant's estate as soon as practicable.

(e) No early withdrawal. No withdrawal may be made from a Participant's Account except as provided in this Section 8.

(f) Cash settlement only. Settlement of an Account under this Plan shall be made only in cash, via wire transfer or check in U.S. dollars.

9. Non-Assignability

The right of a Participant to receive any unpaid portion of the Participant's Account may not be assigned or transferred except by will or the laws of descent and distribution and may not be pledged or encumbered or be subject to attachment, execution, or levy of any kind.

10. Amendment and Termination

This Plan may be amended, modified or terminated by the Board at any time, provided that no such amendment, modification or termination shall, without the consent of a Participant, adversely affect such Participant's rights with respect to amounts accrued in the Participant's Account.

11. Governing Law

This Plan and all actions taken under it shall be governed by the laws of the State of New York, without reference to conflict of law principles.

12. Severability

If any provision of this Plan shall be deemed illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan but shall be fully severable.

13. Compliance

The Administrator is authorized to take such steps as may be necessary including, without limitation, delaying effectiveness of a Participant's election or delaying settlement of an Account, in order to ensure that this Plan and all actions taken under it comply with any law, regulation, or listing requirement which the Administrator deems applicable or desirable, including the exemption provided by Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

14. Withholding

If the Corporation concludes that any tax is owing with respect to any deferral of income or payment hereunder, the Corporation shall withhold such amounts from any payments due the Participant, or otherwise make appropriate arrangements with the Participant for satisfaction of such obligation.

15. No Right to Continued Service

Nothing in the Plan shall confer on any individual any right to continue in the service of the Corporation or interfere in any way with the right of the Corporation to terminate a Participant's service at any time.

**MFA MORTGAGE INVESTMENTS, INC.
SENIOR OFFICERS DEFERRED BONUS COMPENSATION PLAN**

ANNUAL PARTICIPANT ELECTION FORM – 20__ DEFERRALS

In accordance with the provisions of the Plan, I hereby elect to defer the percentage of the annual Bonus Compensation earned during 20 __, as follows:

1. AMOUNT OF BONUS COMPENSATION DEFERRAL (Indicate whole percentage only). I elect to defer ____% of the cash bonus awarded to me in 20 __ and otherwise payable in January 20 __.

2. DEFERRAL PERIOD - I hereby elect the five-year Deferral Period for Bonus Compensation earned during 20 __, such that payment will be deferred until on or about January 15, 20 __.

____ Yes ____ No

3. SETTLEMENT - Form of Distribution (Initial one)

____ I elect the following installment payment period: ____ years (indicate between one and five years)

OR

____ I elect a lump sum distribution in accordance with the terms of the Plan.

This election is subject to all of the terms of the MFA Mortgage Investments, Inc. Senior Officers Deferred Bonus Compensation Plan on file attached hereto and on file with the records of the Corporation.

Dated: _____
Signature of Senior Officer

.....
Please check below if you do not wish to participate in the Plan and sign below.

____ I do not wish to participate in the MFA Mortgage Investments, Inc. Senior Officers Deferred Bonus Compensation Plan

Dated: _____
Signature of Senior Officer

.....
Accepted on the ____ day of _____, 20 __,
on behalf of MFA Mortgage Investments, Inc.

By: _____

.....
FEDERAL TAX ASPECTS

The following discussion is a general description of expected Federal income tax results under current law. The information is not tax advice, it is intended to be for general guidance only and does not give a full description of all the tax issues which may apply to you. You should also remember that tax laws may change from time to time. You should consult your own tax advisors regarding the impact of the Plan, and your election thereunder, with respect to any federal, state, local or other taxes.

The Plan is intended to be a non-qualified deferred compensation plan under the provisions of the Internal Revenue Code. At the time a Participant's deferral of Bonus Compensation is made, it is intended that such Participant will not recognize income for Federal income tax purposes. In addition, Deferred Stock Units credited pursuant to Section 6(b) of the Plan are not intended to be treated as income at the time they are credited to the Account of a Participant.

Participants will recognize ordinary income at the time the Participant deferrals, together with the earnings credited to these amounts, are actually paid out or made available to the Participants. The amount of such ordinary income will equal the amount of cash received.

The Plan is not intended to be a tax-qualified plan under Section 401(a) of the Internal Revenue Code and is not intended to be subject to ERISA. The Corporation has not received any ruling from the Internal Revenue Service concerning the tax consequences of the Plan.

MFA MORTGAGE INVESTMENTS, INC.

**SECOND AMENDED AND RESTATED
2003 NONEMPLOYEE DIRECTORS' DEFERRED COMPENSATION PLAN**

1. Purpose

The purpose of the Plan is to provide Nonemployee Directors of the Corporation with an opportunity to defer 100% or 50% of their Compensation while at the same time aligning their interests more closely with the interests of the stockholders of the Corporation. This Plan is an amendment and complete restatement of the Amended and Restated 2003 Nonemployee Directors' Deferred Compensation Plan.

2. Effective Date

This Plan shall become effective on the Effective Date.

3. Definitions

In this Plan, the following definitions shall apply:

“**Account**” - the account maintained by the Corporation for Deferred Stock Units credited in accordance with Section 6 of the Plan.

“**Administrator**” - the person, persons or entity appointed by the Board from time to time to manage and administer the Plan.

“**Board**” - the Board of Directors of the Corporation.

“**Code**” - the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“**Common Stock**” - the Corporation's common stock, \$0.01 par value per share.

“**Compensation**” - the aggregate value of all annual compensation payable to a Nonemployee Director for service on the Board (exclusive of any reimbursable expenses relating to such Nonemployee Director's service on the Board).

“**Corporation**” - MFA Mortgage Investments, Inc., a Maryland corporation, and its successors.

“**Deferral Period**” - the five-year period, if so elected, during which Compensation for a particular year is to be deferred. At the conclusion of the Deferral Period, such deferred Compensation will be paid out in a lump sum or, if so elected, in a specified number of annual installments not to exceed five years. If the deferred Compensation is paid out in annual installments, such installment payments shall be treated as a series of separate payments for purposes of Section 409A of the Code. Except as otherwise provided in Section 8(a) of the Plan, payment(s) will commence, or be made in a lump sum, no earlier than January 15 of the year first following the five-year anniversary of the applicable election date. For example, if during 2002 a Participant elects the Deferral Period (i.e., 5 years) for Compensation deferred in 2003, the payment(s) shall be made/commence on or about January 15, 2008.

“**Deferred Stock Unit**” - a credit to a Participant's Account under Section 6(c) that represents the right to receive a cash payment equal to the Fair Market Value of one Share on settlement of the Account.

“**Effective Date**” - December 19, 2002, the date the Plan was adopted.

“**Fair Market Value**” - for any date, the average of the high and low sales prices for Shares of the Corporation’s Common Stock, as reported by the New York Stock Exchange or such other relevant exchange on which the Corporation’s Common Stock is traded.

“**Nonemployee Director**” - a member of the Board who is not also an employee of the Corporation and/or an employee of any affiliate of the Corporation.

“**Participant**” - each Nonemployee Director who elects to defer 100% or 50% of his or her Compensation under this Plan.

“**Plan**” - MFA Mortgage Investments, Inc. Second Amended and Restated 2003 Nonemployee Directors’ Deferred Compensation Plan, as it may be amended from time to time.

“**Second Election**” - an election pursuant to Section 5(c)(4) of the Plan which changes the Nonemployee Director’s prior deferral election.

“**Share**” - a share of Common Stock of the Corporation.

“**Termination of Service**” - termination of service with the Corporation, which shall be interpreted in a manner that is consistent with the definition of a “separation from service” under Section 409A of the Code and Treasury Regulation 1.409A-1(h).

4. Administration

(a) Subject to the oversight of the Board, the Administrator shall have authority to administer the Plan, including conclusive authority to construe and interpret the Plan, to establish rules, policies, procedures, forms and notices for use in carrying out the Plan, and to make all other determinations necessary or desirable for administration of the Plan. The Administrator may delegate some or all of its functions to another person(s) as it may deem appropriate.

(b) Notwithstanding any other provision herein to the contrary, the Administrator shall administer the Plan and exercise authority and discretion under the Plan, to satisfy the requirements of Section 409A of the Code or any exemption thereto.

5. Election to Defer Compensation

(a) *Amount of Deferral.* A Nonemployee Director may elect to defer receipt of 50% or 100% of such Nonemployee Director’s Compensation otherwise thereafter payable to such Nonemployee Director.

(b) *Manner of Electing Deferral.* An election to defer Compensation shall be made by each Participant by giving written notice to the Administrator in the form approved by the Administrator. Such notice shall address, without limitation:

- (1) the percentage of Compensation for the next calendar year to be deferred;
- (2) if applicable, an election for the Account to be settled following a five-year Deferral Period; and
- (3) an election for the Account to be settled in either a lump-sum payment or in a specified number of annual installments (not to exceed five).

(c) *Time of Election; Effectiveness; Change of Election.*

(1) An election to defer Compensation shall be made by a Nonemployee Director no later than the end of the taxable year preceding the year for which the Compensation was earned. Notwithstanding the foregoing, a Nonemployee Director who first becomes eligible to participate in the Plan may make an election to defer any future Compensation within 30 days after the date of such eligibility; provided, however, that such deferral election shall only apply to the pro rata portion of the Compensation that is earned from the date of such election through the remainder of the year.

(2) An election shall be irrevocable as of the last day of the calendar year in which the election is made and shall continue in effect until the end of the calendar year for which Compensation is earned.

(3) A Nonemployee Director may change a deferral election annually by making different elections in the Annual Participant Election Form provided by the Administrator; all such changes shall only be effective prospectively for subsequent calendar years commencing at or after the time of such notice.

(4) Notwithstanding the foregoing, with respect to any previously deferred amounts, a Nonemployee Director may make a Second Election, which must, except as may otherwise be permitted under the rules applicable under Section 409A of the Code, (A) be effective at least one year after it is made, or, in the case of payments to commence at a specific time, be made at least one year before the first scheduled payment, and (B) defer the commencement of distributions (and each affected distribution) for at least five years.

6. Deferred Compensation Account

(a) *Establishment of Account.* The Corporation will maintain Account(s) for each Participant for each year in which they elect to participate in the Plan, which will reflect the Compensation deferred by such Participant for a given calendar year. Accounts under this Plan shall be unfunded and shall represent only an unsecured claim against the general assets of the Corporation.

(b) *Deferred Stock Units.* In any given calendar year, a Participant may elect to defer either 100% or 50% of the Compensation earned by such Participant in the form of Deferred Stock Units. Such deferral election shall be made in accordance with the provisions of Sections 5(b) and 5(c) of the Plan. The number of Deferred Stock Units credited to the Participant's Account, at the time such Compensation would otherwise have been payable absent the election to defer, will be equal to (i) the otherwise payable amount divided by (ii) the Fair Market Value of a Share on the last trading day preceding the credit date. In addition, on each date on which a cash dividend is payable on the Shares, the Participant's Account shall be credited with a number of Deferred Stock Units equal to (i) the per Share cash dividend times the number of Deferred Stock Units then credited to the Account, divided by (ii) the Fair Market Value of a Share on the last trading day preceding the dividend payment date. Accounts shall be credited with fractional Deferred Stock Units, rounded to the third decimal place. Such additional Deferred Stock Units shall be paid to the Participant at the same time as Deferred Stock Units are received by the Participant with respect to the deferral of Compensation.

(b) *Adjustments.* In case of a stock split, stock dividend, or other relevant change in capitalization of the Corporation, the number of Deferred Stock Units credited to a Participant's Account shall be adjusted in such manner as the Administrator deems appropriate.

7. Valuation

The value of an Account as of any date on which a settlement payment is to be made under Section 8 shall be the amount equal to the number of Deferred Stock Units then credited to the Participant's Account times the Fair Market Value of a Share on the last trading day preceding the payment date.

8. Settlement

(a) *General.* An Account shall be distributed or commence distribution to a Participant on the earlier of (i) the year first following the year in which a Termination of Service occurs, or (ii) with respect to any particular Account, the year first following the year in which the five-year Deferral Period elected by such Participant for such Account expires. Notwithstanding the foregoing, all distribution elections shall provide that no payments may commence with respect to any Account any later than the year first following the Participant's 72nd birthday, or such other date as may, subject to Section 409A of the Code, be approved by the Administrator. To the extent that an Account is to be distributed to a Participant in accordance with this Section 8, such distribution shall occur on or about, but no earlier than, January 15 of the applicable distribution year.

(b) *Lump Sum.* If a Participant elects lump sum settlement, an amount of cash equal to the value of the Account determined in accordance with Section 7 shall be paid to the Participant in accordance with Section 8(a).

(c) *Installment Payments.* If a Participant elects settlement in installments, an amount of cash determined as hereafter provided shall be paid to the Participant in accordance with Section 8(a) in each year of the installment payment period elected. The amount of each installment shall be equal to (i) the value of the Account as of the payment date for such installment, determined in accordance with Section 7, divided by (ii) the number of unpaid installments. Each installment payment shall be debited to the Deferred Stock Units in a Participant's Account.

(d) *Payment on Death.* Notwithstanding a Participant's settlement election, in the event of a Participant's death an amount of cash equal to the remaining value of the Account determined as provided in Section 7 shall be paid in a single payment to the Participant's estate as soon as possible, without undue delay, but in no event later than 90 days after the date of the Participant's death.

(e) *No Early Withdrawal.* No withdrawal may be made from a Participant's Account except as provided in this Section 8.

(f) *Cash Settlement Only.* Settlement of an Account under this Plan shall be made only in cash, via wire transfer or check in U.S. dollars.

9. Non-Assignability

The right of a Participant to receive any unpaid portion of the Participant's Account may not be assigned or transferred except by will or the laws of descent and distribution, and may not be pledged or encumbered or be subject to attachment, execution, or levy of any kind.

10. Amendment and Termination

This Plan may be amended, modified or terminated by the Board at any time (taking into account, without limitation, Section 409A of the Code as the Board may deem appropriate), provided that no such amendment, modification or termination shall, without the consent of a Participant, adversely affect such Participant's rights with respect to amounts accrued in the Participant's Account.

11. Governing Law

This Plan and all actions taken under it shall be governed by the laws of the State of New York, without reference to conflict of law principles.

12. Severability

If any provision of this Plan shall be deemed illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan but shall be fully severable.

13. Compliance

The Administrator is authorized to take such steps as may be necessary including, without limitation, delaying effectiveness of a Participant's election or delaying settlement of an Account, in order to ensure that this Plan and all actions taken under it comply with any law, regulation, or listing requirement which the Administrator deems applicable or desirable, including the exemption provided by Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

14. Withholding

If the Corporation concludes that any tax is owing with respect to any deferral of income or payment hereunder, the Corporation shall withhold such amounts from any payments due the Participant, or otherwise make appropriate arrangements with the Participant for satisfaction of such obligation.

MFA MORTGAGE INVESTMENTS, INC.

SECOND AMENDED AND RESTATED
2003 NONEMPLOYEE DIRECTORS' DEFERRED COMPENSATION PLAN

ANNUAL PARTICIPANT ELECTION FORM FOR 2004 DEFERRALS
Annual Director Compensation 20__

In accordance with the provisions of the MFA Mortgage Investments, Inc. Second Amended and Restated 2003 Nonemployee Directors' Deferred Compensation Plan (the "Plan"), I hereby make the following elections pursuant to the Plan:

1. AMOUNT OF COMPENSATION DEFERRAL - I hereby elect to defer the annual Compensation otherwise earned and payable in to me in 20__ by the Corporation as follows: (Check one if participating in Plan)

I elect to defer ____ 50% or ____ 100% of the aggregate value of the annual retainer payable to a Nonemployee Director for service on the Board of the Corporation.

2. DEFERRAL PERIOD - I hereby elect the five-year Deferral Period for Compensation earned during 20__, such that payment will be deferred until on or about January 15, 20__. ____ Yes ____ No

3. SETTLEMENT (Check one):

____ I elect to the following installment payment period: ____ (indicate between two and five years) OR
____ I elect a lump sum distribution in accordance with the terms of the Plan.

This election is subject to all of the terms of the Plan attached hereto and on file with the records of the Corporation. Unless otherwise defined, all defined terms used herein shall have the meanings ascribed to them in the Plan.

Dated: _____
Signature of Director

.....
Please check below if you do not wish to participate in the Plan and sign below.

____ I do not wish to participate in the Plan.

Dated: _____
Signature of Director

.....
Accepted on the ____ day of _____, 20__
on behalf of MFA Mortgage Investments, Inc.

By: _____

FEDERAL TAX ASPECTS

The following discussion is a general description of expected Federal income tax results under current law. The information is not tax advice, it is intended to be for general guidance only and does not give a full description of all the tax issues which may apply to you. You should also remember that tax laws may change from time to time. You should consult your own tax advisors regarding the impact of the Plan, and your election thereunder, with respect to any federal, state, local or other taxes.

The Plan is intended to be a non-qualified deferred compensation plan under the provisions of the Internal Revenue Code. At the time a Participant's deferral of Compensation is made, it is intended that such Participant will not recognize income for Federal income tax purposes. In addition, Deferred Stock Units credited pursuant to Section 6(b) of the Plan are not intended to be treated as income at the time they are credited to the Account of a Participant.

Participants will recognize ordinary income at the time the Participant deferrals, together with the earnings credited to these amounts, are actually paid out or made available to the Participants. The amount of such ordinary income will equal the amount of cash received.

The Plan is not intended to be a tax-qualified plan under Section 401 (a) of the Internal Revenue Code and is not intended to be subject to ERISA. The Corporation has not received any ruling from the Internal Revenue Service concerning the tax consequences of the Plan.

**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into as of the 10th day of December, 2008 by and between MFA MORTGAGE INVESTMENTS, INC., a Maryland corporation ("**MFA**"), and STEWART ZIMMERMAN (the "**Executive**").

W I T N E S S E T H :

WHEREAS, MFA and the Executive entered into an amended and restated employment agreement, effective as of April 16, 2006 (the "**Employment Agreement**");

WHEREAS, MFA and the Executive desire to amend the terms of the Executive's employment to comply with the documentary requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**");

WHEREAS, MFA and the Executive have agreed that effective July 1, 2008, the Executive shall no longer serve as President of MFA, but shall serve as Chairman and Chief Executive Officer of MFA (the "**CEO**"); 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 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 include the Initial Term and each Renewal Term. The Initial Term, which commenced on April 16, 2006, shall continue until December 31, 2010. Subject to the Executive's right to cause the Term of Employment to end at any time upon 12 months' prior notice to MFA, the Term of Employment shall automatically renew for a one-year period (each such renewal, a "**Renewal Term**") at the end of the Initial Term and each Renewal Term, unless either party shall give notice to the other not less than 12 months prior to the end of the Initial Term or any Renewal Term, as the case may be, of his or its intent not to renew such Initial Term or Renewal Term, as the case may be. Notwithstanding the foregoing sentences of this Paragraph 1(b), the Term of Employment may be terminated before the expiration of the Initial Term or any Renewal Term in accordance with Paragraph 5 hereof.

2. Position; Duties and Responsibilities.

(a) The Executive shall be employed as Chairman, President and Chief Executive Officer until June 30, 2008. Effective July 1, 2008, and during the remainder of the Term of Employment, the Executive shall be employed as the Chairman and CEO, reporting directly to the Board of Directors of MFA (the "**Board of Directors**"), 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 Board of Directors.

(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 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 nine hundred thousand dollars (\$900,000). In addition to Base Salary, the Executive shall receive the following annual grants of common stock of the Company (the fair market value of such stock at the time of grant (i.e., \$100,000), together with the Base Salary for such year, "**Base Compensation**"), subject to the Executive's continuing employment with the Company on the date of grant:

- (i) On April 16, 2006 and on January 1st (or the first business day thereafter) of each of the following four years, the Executive shall receive a grant of common stock with an aggregate fair market value on such date (or the first business day thereafter) of \$100,000;
- (ii) Each such award shall be subject to definitive documentation, and such shares of stock shall be fully vested and non-forfeitable upon the date of grant, but in no event may be sold or transferred prior to the time the value of the Executive's holdings in MFA exceeds five times his Base Compensation (and thereafter may be sold or transferred to the extent the value of the Executive's stock holdings exceeds such multiple).

(b) Performance Bonus. The Executive, President and Executive Vice President shall be eligible to participate in a Performance Bonus Pool for Senior Executives (the “**Bonus Pool**”) each year 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. Subject to the right of the Compensation Committee of the Board of Directors (the “**Compensation Committee**”) to determine the portion of the Bonus Pool to be allocated to the Executive, allocations as between the President and Executive Vice President, if any, shall be made by the Compensation Committee together with the Executive based upon each participants 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 (after any reduction or increase referred in the immediately-preceding paragraph), as follows: (i) Bonus Pool (as adjusted) up to \$2,700,000: seventy-five percent (75%) will be paid in cash and twenty-five (25%) percent will be paid in restricted stock; (ii) the incremental total Bonus Pool (as adjusted) between \$2,700,000 and \$4,050,000: sixty-five percent (65%) will be paid in cash and thirty-five percent (35%) will be paid in restricted stock; (iii) the incremental total Bonus Pool (as adjusted) in excess of \$4,050,000: fifty percent (50%) will be paid in cash and fifty percent (50%) will be paid in restricted stock. In each case referred to above, the period of restriction with respect to the applicable 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 five 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 five 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 Executive shall be eligible to receive such stock option, restricted stock, phantom share 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 the 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 six 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, properly receipted in accordance with MFA's policies, incurred by Executive in connection with his employment.

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 Compensation 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 two (2) times the Executive's then current Base Compensation, 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, Executive's health insurance coverage shall be continued at MFA's expense for the duration of such Disability; *provided*, that, if such coverage cannot be provided under MFA's health insurance policy for the duration of such Disability, such coverage or the cost of comparable coverage shall be provided by MFA until the Executive's attainment of age 70 or such later date through which coverage is permissible under MFA's health insurance policy.

(b) Termination Without Cause or for Good Reason. In the event the Executive's employment is terminated by MFA without Cause (excluding by notice of MFA's determination not to renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b)) or by the Executive for Good Reason, unless any such termination is preceded by the Executive's giving notice of his determination not to renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b), MFA shall pay the Executive an amount (the "**Severance Amount**") equal to three (3) times the greater of (i) the Executive's combined Base Compensation and actual Performance Bonus for the preceding fiscal year or (ii) the average for the three preceding years of the Executive's combined actual Base Compensation and Performance Bonus. Fifty percent of the Severance Amount shall be paid within five (5) days after the date the Executive terminates for Good Reason or is terminated by the Company for any reason other than Cause, and the remaining 50% of the Severance Amount shall be paid in three equal monthly installments beginning on the first business day of the month following the month of such termination; *provided*, however, in no event shall any portion of the Severance Amount be payable after March 15th of the year following the year in which such termination occurs.

(c) Termination by MFA for Cause or Voluntary Termination by the Executive. In the event the Executive's employment is terminated by MFA for Cause, or is terminated by the Executive on his own initiative for other than a Good Reason (including pursuant to Paragraph 1(b)), the Executive shall be entitled to any compensation earned but not yet paid, including and without limitation, any amount of Base Compensation 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) Termination Related to Change in Control. In the event of (1) the termination of the Executive's employment by MFA without Cause that occurs both within two months before a Change in Control and following the occurrence of a Pre-Change-in-Control Event, (2) the resignation of his employment by the Executive for any reason within six months following a Change in Control, or (3) the termination of the Executive's employment by MFA other than for Cause or the Employee's resignation of his employment for Good Reason within twenty-four months following a Change in Control,

- (i) MFA shall pay to Executive in a lump sum, within 30 days following the termination of employment, an amount equal to 300% of the sum of (a) the Executive's then current Base Compensation and (b) the Executive's bonus for the immediately preceding year;
- (ii) all of the Executive's outstanding restricted stock, phantom shares 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, the amounts payable or benefits to be provided to the Executive shall be reduced 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).

(e) Non-Renewal of Term of Employment Notwithstanding any other term of this Agreement to the contrary, (i) upon any notice by MFA to not renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b), the Executive shall be entitled to (x) a payment in an amount equal to the Executive's Base Compensation which shall be made as soon as practicable following the end of such Term of Employment, but in no event later than March 15th of the following calendar year, and (y) any other payments payable to the Executive pursuant to Paragraph 5(f) below and (ii) upon any notice by the Executive to not renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b), the Executive shall be entitled to the payments payable to the Executive pursuant to Paragraph 5(f) below; provided, however, that, the benefits providing under Paragraph 5(f)(v) are subject in all events to the Executive's continued employment through the end of the Initial Term.

(f) Other Payments. Upon the termination of the Executive's 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 the 2004 Equity Compensation Plan and under all other applicable plans and programs of MFA, as provided in Paragraph 4 above; and
- (v) upon the termination of the Executive's employment pursuant to Paragraphs 5(a), 5(b) or 5(e) above, all of the Executive's outstanding restricted stock, phantom shares 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.

(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, 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.

(i) Mutual Release. MFA's obligation to make any payment or provide any benefit pursuant to this Paragraph 5 shall be contingent upon, and is the consideration for, the Executive executing and delivering to MFA a general release (the "**Release**"), substantially in the form annexed hereto as Exhibit B, releasing MFA, and all current and former members, officers and employees of MFA, from any claims relating to the Executive's employment hereunder, other than claims relating to continuing obligations under, or preserved by, (x) this Agreement or (y) any compensation or benefit plan, program or arrangement in which the Executive was participating as of the date of termination of his employment, and no such amounts shall be provided until the Executive executes and delivers to MFA a letter which provides that the Executive had not revoked such Release after seven days following the date of the Release. In all events, the Release shall be executed by the Executive within 60 days of termination of employment in order for the Executive to receive any severance benefits hereunder. The Release shall also be executed by MFA and delivered to the Executive as part of the consideration for the Executive's execution and delivery of the Release, and, except as otherwise provided under the terms of the Release, shall release the Executive from any and all claims MFA may have against the Executive.

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 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, (i) 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 Board of Directors; and (ii) regardless of whether the Executive is able to cure any Default, the Executive shall not be deemed to have been terminated for Cause without (x) reasonable prior written notice to the Executive setting forth the reasons for the decision to terminate the Executive for Cause, (y) an opportunity for the Executive, together with his counsel, to be heard by the Board of Directors, and (z) delivery to the Executive of a notice of termination approved by said Board of Directors stating 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 Board of Directors 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:

- (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 shareholders 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) 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.

(d) Good Reason. "**Good Reason**" shall mean:

- (i) except as otherwise provided in Section 2(a), 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 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 failure by MFA to honor any of its material obligations herein.

(e) 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.

(f) Pre-Change-in-Control Event. A "**Pre-Change-in-Control Event**" shall mean the occurrence of any one of the following events:

- (i) the Board shall adopt a resolution to the effect that any person has taken actions which, if consummated, would result in such person acquiring effective control of the business and affairs of MFA;

- (ii) there shall commence a tender offer or proxy contest resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iii) MFA shall make any agreement resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iv) there shall be a public announcement of a transaction of the kind specified in subparagraphs (i)-(iii) of Paragraph 6(b); or
- (v) any other meeting, writing or written communication with, by or to the Board of Directors or any officer or executive of MFA, that is held, made or undertaken in good faith in anticipation of a Change in Control.

(g) 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.

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

7. Covenant Not To Compete.

In the event of the termination of the Executive's employment with MFA other than upon notification by the Executive of the nonrenewal of the Term of Employment, 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 mortgage REIT for a period of one year following termination of his employment with MFA. For the period of one year following the termination of his employment by MFA for any reason, the Executive shall not solicit any employees of MFA to work for any mortgage REIT. Except as otherwise required by law, the Executive shall keep confidential all materials, files, reports, correspondence, records and other documents (collectively the "**Company Materials**") used, prepared or made available to him in connection with his employment by MFA and which have not otherwise been made available to the public, and upon termination of his employment shall return such Company Materials to MFA. The Executive acknowledges that MFA may seek injunctive relief or other specific enforcement of its rights under this Paragraph.

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. During the Term of Employment and for six years following the date of the Executive's termination as an officer of MFA, 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.

10. Representation.

MFA represents and warrants that it is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its obligations under this Agreement will not violate any agreement between MFA and any other person, firm or organization or any law or governmental regulation.

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.

12. Amendment or Waiver.

This Agreement cannot be changed, modified or amended without the consent in writing of both the Executive and MFA. 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 and all rights thereunder, and any controversies or disputes arising with respect thereto, shall be governed by and construed and interpreted in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State, without regard to conflict of laws provisions thereof that would apply the law of any other jurisdiction.

17. Dispute Resolution.

In the event of any dispute, controversy or claim arising out of or relating to this Agreement or Executive's employment or termination thereof (other than a controversy or claim arising under Paragraph 7, to the extent necessary for MFA (or its affiliates where applicable) to enforce the provisions thereof), the parties hereby agree to settle such dispute, controversy or claim in a binding arbitration by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association, which arbitration shall be conducted in New York, New York. The parties agree that the arbitral award shall be final and non-appealable and shall be the sole and exclusive remedy between the parties hereunder. The parties agree that judgment on the arbitral award may be entered in any court having competent jurisdiction over the parties or their assets. All reasonable fees and expenses related to any such arbitration (including reasonable attorneys' fees and related disbursements) shall be paid by MFA.

18. Legal Fees.

MFA shall pay directly all reasonable legal fees incurred by the Executive in connection with the negotiation, preparation and execution of this Agreement.

19. 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 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.

20. 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.

21. Counterparts.

This Agreement may be executed in two or more counterparts.

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

MFA Mortgage Investments, Inc.

By: /s/ James A. Brodsky

Name: James A. Brodsky

Title: Chairman, Compensation Committee

/s/ Stewart Zimmerman

Name: Stewart Zimmerman

Title: Chairman and Chief Executive Officer

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

MUTUAL RELEASE

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

1. Release by the Company.

(a) The Company on behalf of itself, its agents, successors, affiliated entities and assigns, in consideration for the Executive's execution and delivery of this Release, hereby forever releases and discharges the Executive, and his agents, heirs, successors, assigns, executors and administrators, 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, defamation, interference with contract relations or prospective economic advantage, negligence, misrepresentation; (ii) any and all liability that was or may have been alleged against or imputed to the Executive by the Company or by anyone acting on its behalf; (iii) any punitive, compensatory or liquidated damages; and (iv) all rights to and claims for attorneys' fees and costs except as otherwise provided in his amended and restated employment agreement with the Company dated December [], 2008 (the "**Employment Agreement**").

(b) The Company 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 Company shall promptly withdraw it, with prejudice, to the extent it has the power to do so. The Company represents and warrants that its has not assigned any claim released herein, or authorized any other person to assert any claim on its behalf.

(c) Anything to the contrary notwithstanding in this Release or the Employment Agreement, this Release shall not apply to claims or damages based on (i) any right or claim that arises after the date on which the Company executes this Release, including any right to and enforce the Employment Agreement with respect to provisions pertaining to matters that arise after the date of the Release and that survive termination of employment or (ii) any act of willful misconduct, gross negligence, fraud or misappropriation of funds.

2. Release by the Executive.

(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 Employment Agreement, hereby forever releases and discharges the Company, 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 the Company 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 the Company by the Executive or by anyone acting on his behalf; (iii) all claims for wages, monetary or equitable relief, employment or reemployment with the Company 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.

(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 the Company as a consequence of such action, suit, claim, charge or proceeding shall be repaid to the Company 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 _____.

Executive

MFA Mortgage Investments, Inc.

By: _____

**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 10th day of December, 2008 by and between MFA MORTGAGE INVESTMENTS, INC., a Maryland corporation ("MFA"), and WILLIAM S. GORIN (the "Executive").

W I T N E S S E T H:

WHEREAS, MFA and the Executive entered into an amended and restated employment agreement, effective as of July 1, 2008 (the "Employment Agreement");

WHEREAS, MFA and the Executive desire to amend the terms of the Executive's employment to comply with the documentary requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"); 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 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 include the Initial Term and each Renewal Term. The Initial Term, which commenced on July 1, 2008, shall continue until December 31, 2011. The Term of Employment shall automatically renew for a one-year period (each such renewal, a "Renewal Term") at the end of the Initial Term and each Renewal Term, unless either party shall give notice to the other not less than six months prior to the end of the Initial Term or any Renewal Term, as the case may be, of his or its intent not to renew such Initial Term or Renewal Term, as the case may be. Notwithstanding the foregoing sentences of this Paragraph 1(b), the Term of Employment may be terminated before the expiration of the Initial Term or any Renewal Term in accordance with Paragraph 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, the Executive shall be employed as President and Chief Financial Officer 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 eight hundred thousand dollars (\$800,000).

(b) Restricted Stock Award. In connection with the Executive's new duties and responsibilities, the Executive shall receive an award of 100,000 shares of restricted stock on the date hereof. The period of restriction with respect to such award shall begin on the date hereof and shall lapse with respect to 6,250 shares on the last business day of each quarter ending after the date hereof (with all restrictions having lapsed on June 30, 2012). 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).

(c) Performance Bonus. The CEO, President and Executive Vice President shall be eligible to participate in a Performance Bonus Pool for Senior Executives (the "Bonus Pool") each year 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. Subject to the right of the Compensation Committee of the Board of Directors (the "Compensation Committee") to determine the portion of the Bonus Pool to be allocated to the CEO, allocations as between the President and Executive Vice President, if any, shall be made by the Compensation Committee together with the CEO based upon each participants 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 (after any reduction or increase referred in the immediately-preceding paragraph), as follows: (i) Bonus Pool (as adjusted) up to \$2,700,000: seventy-five percent (75%) will be paid in cash and twenty-five (25%) percent will be paid in restricted stock; (ii) the incremental total Bonus Pool (as adjusted) between \$2,700,000 and \$4,050,000: sixty-five percent (65%) will be paid in cash and thirty-five percent (35%) will be paid in restricted stock; (iii) the incremental total Bonus Pool (as adjusted) in excess of \$4,050,000: fifty percent (50%) will be paid in cash and fifty percent (50%) will be paid in restricted stock. In each case referred to above, the period of restriction with respect to the applicable 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.

(d) Equity Compensation. The Executive shall be eligible to receive such stock option, restricted stock, phantom share 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.

(e) 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, properly receipted in accordance with MFA's policies, incurred by Executive in connection with his employment.

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(e) 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, Executive's health insurance coverage shall be continued at MFA's expense for the duration of such Disability; *provided*, that, if such coverage cannot be provided under MFA's health insurance policy for the duration of such Disability, such coverage or the cost of comparable coverage shall be provided by MFA until the Executive's attainment of age 65 or such later date through which coverage is permissible under MFA's health insurance policy.

(b) Termination Without Cause or for Good Reason. In the event the Executive's employment is terminated by MFA without Cause (including by notice of MFA's determination not to renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b)) or by the Executive for Good Reason, unless any such termination is preceded by the Executive's giving notice of his determination not to renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b), the Executive shall be entitled to both (i) a payment (referred to below as the "Severance Amount") equal to the amount of his then current Base Salary that would be payable from the date of such termination through the later of (A) the expiration of the Term of Employment and (B) the first anniversary of such termination of employment (the period with respect to which the Severance Amount is payable, the "Severance Period") and (ii) continued health insurance coverage at MFA's expense, for the Severance Period. Fifty percent of the Severance Amount shall be paid within five (5) days after the date the Executive's employment is terminated as described above, and the remaining 50% of the Severance Amount shall be paid in three equal monthly installments beginning on the first business day of the month following the month of such termination; provided, however, in no event shall any portion of the Severance Amount be payable after March 15th of the year following the year in which such termination occurs.

(c) Termination by MFA for Cause or Voluntary Termination by the Executive. In the event the Executive's employment is terminated by MFA for Cause, or is terminated by the Executive on his own initiative for other than a Good Reason (including pursuant to Paragraph 1(b)), 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(e) below, as of the date of termination.

(d) Termination Related to Change in Control. In the event of (1) the termination of the Executive's employment by MFA without Cause that occurs both within two months before a Change in Control and following the occurrence of a Pre-Change-in-Control Event, (2) the resignation of his employment by the Executive for any reason within two and one half months following a Change in Control, or (3) 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 300% of the sum of (a) the Executive's then current Base Salary and (b) the Executive's highest bonus for the two preceding years;

(ii) all of the Executive's outstanding restricted stock, phantom shares 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, the amounts payable or benefits to be provided to the Executive shall be reduced 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).

(e) Other Payments. Upon the termination of the Executive's 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 the 2004 Equity Compensation Plan and under all other applicable plans and programs of MFA, as provided in Paragraph 4 above; and
- (v) upon the termination of the Executive's employment pursuant to Paragraphs 5(a) or 5(b) above, all of the Executive's outstanding restricted stock, phantom shares 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.

(f) 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.

(g) 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.

(h) Mutual Release. MFA's obligation to make any payment or provide any benefit pursuant to this Paragraph 5 shall be contingent upon, and is the consideration for, the Executive executing and delivering to MFA a general release (the "Release"), substantially in the form annexed hereto as Exhibit B, releasing MFA, and all current and former members, officers and employees of MFA, from any claims relating to the Executive's employment hereunder, other than claims relating to continuing obligations under, or preserved by, (x) this Agreement or (y) any compensation or benefit plan, program or arrangement in which the Executive was participating as of the date of termination of his employment, and no such amounts shall be provided until the Executive executes and delivers to MFA a letter which provides that the Executive had not revoked such Release after seven days following the date of the Release. In all events, the Release shall be executed by the Executive within 60 days of termination of employment in order for the Executive to receive any severance benefits hereunder. The Release shall also be executed by MFA and delivered to the Executive as part of the consideration for the Executive's execution and delivery of the Release, and, except as otherwise provided under the terms of the Release, shall release the Executive from any and all claims MFA may have against the Executive.

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, (i) 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 (ii) regardless of whether the Executive is able to cure any Default, the Executive shall not be deemed to have been terminated for Cause without (x) reasonable prior written notice to the Executive setting forth the reasons for the decision to terminate the Executive for Cause, (y) an opportunity for the Executive, together with his counsel, to be heard by the CEO or, in his absence, the Board of Directors and (z) 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:

(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) 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.

(d) 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 failure by MFA to honor any of its material obligations herein.

(e) 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.

(f) Pre-Change-in-Control Event. A “Pre-Change-in-Control Event” shall mean the occurrence of any one of the following events:

- (i) the Board shall adopt a resolution to the effect that any person has taken actions which, if consummated, would result in such person acquiring effective control of the business and affairs of MFA;
- (ii) there shall commence a tender offer or proxy contest resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iii) MFA shall make any agreement resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iv) there shall be a public announcement of a transaction of the kind specified in subparagraphs (i)-(iii) of Paragraph 6(b); or
- (v) any other meeting, writing or written communication with, by or to the Board of Directors or any officer or executive of MFA, that is held, made or undertaken in good faith in anticipation of a Change in Control.

(g) 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.

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

7. Covenant Not To Compete. In the event of the termination of the Executive's employment with MFA other than upon notification by the Executive of the nonrenewal of the Term of Employment, 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 mortgage REIT for a period of one year following termination of his employment with MFA. For a period of one year following the termination of his employment by MFA for any reason, the Executive shall not solicit any employees of MFA to work for any mortgage REIT. Except as otherwise required by law, the Executive shall keep confidential all materials, files, reports, correspondence, records and other documents (collectively the "Company Materials") used, prepared or made available to him in connection with his employment by MFA and which have not otherwise been made available to the public, and upon termination of his employment shall return such Company Materials to MFA. The Executive acknowledges that MFA may seek injunctive relief or other specific enforcement of its rights under this Paragraph.

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. During the Term of Employment and for six years following the date of the Executive's termination as an officer of MFA, 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.

10. Representation. MFA represents and warrants that it is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its obligations under this Agreement will not violate any agreement between MFA and any other person, firm or organization or any law or governmental regulation.

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.

12. Amendment or Waiver. This Agreement cannot be changed, modified or amended without the consent in writing of both the Executive and MFA. 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 and all rights thereunder, and any controversies or disputes arising with respect thereto, shall be governed by and construed and interpreted in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State, without regard to conflict of laws provisions thereof that would apply the law of any other jurisdiction.

17. Dispute Resolution. In the event of any dispute, controversy or claim arising out of or relating to this Agreement or Executive's employment or termination thereof (other than a controversy or claim arising under Paragraph 7, to the extent necessary for MFA (or its affiliates, where applicable) to enforce the provisions thereof), the parties hereby agree to settle such dispute, controversy or claim in a binding arbitration by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association, which arbitration shall be conducted in New York, New York. The parties agree that the arbitral award shall be final and non-appealable and shall be the sole and exclusive remedy between the parties hereunder. The parties agree that judgment on the arbitral award may be entered in any court having competent jurisdiction over the parties or their assets. All reasonable fees and expenses related to any such arbitration (including reasonable attorneys' fees and related disbursements) shall be paid by MFA.

18. Legal Fees. MFA shall pay directly all reasonable legal fees incurred by the Executive in connection with the negotiation, preparation and execution of this Agreement.

19. 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 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.

20. 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.

21. Counterparts. This Agreement may be executed in two or more counterparts.

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

MFA MORTGAGE INVESTMENTS, INC.

By: /s/ Stewart Zimmerman

Name: Stewart Zimmerman

Title: Chairman and Chief Executive Officer

By: /s/ William S. Gorin

Name: William S. Gorin

Title: President and Chief Financial Officer

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

Mutual Release

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

1. Release by the Company.

(a) The Company on behalf of itself, its agents, successors, affiliated entities and assigns, in consideration for the Executive's execution and delivery of this Release, hereby forever releases and discharges the Executive, and his agents, heirs, successors, assigns, executors and administrators, 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, defamation, interference with contract relations or prospective economic advantage, negligence, misrepresentation; (ii) any and all liability that was or may have been alleged against or imputed to the Executive by the Company or by anyone acting on its behalf; (iii) any punitive, compensatory or liquidated damages and (iv) all rights to and claims for attorneys' fees and costs except as otherwise provided in his amended and restated employment agreement with the Company dated December [], 2008 (the "Employment Agreement").

(b) The Company 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 Company shall promptly withdraw it, with prejudice, to the extent it has the power to do so. The Company represents and warrants that it has not assigned any claim released herein, or authorized any other person to assert any claim on its behalf.

(c) Anything to the contrary notwithstanding in this Release or the Employment Agreement, this Release shall not apply to claims or damages based on (i) any right or claim that arises after the date on which the Company executes this Release, including any right to enforce the Employment Agreement with respect to provisions pertaining to matters that arise after the date of the Release and that survive termination of employment or (ii) any act of willful misconduct, gross negligence, fraud or misappropriation of funds.

Exh. B-1

2. Release by the Executive.

(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 Employment Agreement, hereby forever releases and discharges the Company, 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 the Company 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 the Company by the Executive or by anyone acting on his behalf; (iii) all claims for wages, monetary or equitable relief, employment or reemployment with the Company 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.

(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 the Company as a consequence of such action, suit, claim, charge or proceeding shall be repaid to the Company 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");

Exh. B-2

(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.

Exh. B-3

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

By: _____
Name:
Title: Executive

MFA MORTGAGE INVESTMENTS, INC.

By: _____
Name:
Title:

Exh. B-4

**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 10th day of December, 2008 by and between MFA MORTGAGE INVESTMENTS, INC., a Maryland corporation ("MFA"), and RONALD A. FREYDBERG (the "Executive").

WITNESSETH:

WHEREAS, MFA and the Executive entered into an amended and restated employment agreement, effective as of July 1, 2008 (the "Employment Agreement");

WHEREAS, MFA and the Executive desire to amend the terms of the Executive's employment to comply with the documentary requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"); 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 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 include the Initial Term and each Renewal Term. The Initial Term, which commenced on July 1, 2008, shall continue until December 31, 2011. The Term of Employment shall automatically renew for a one-year period (each such renewal, a "Renewal Term") at the end of the Initial Term and each Renewal Term, unless either party shall give notice to the other not less than six months prior to the end of the Initial Term or any Renewal Term, as the case may be, of his or its intent not to renew such Initial Term or Renewal Term, as the case may be. Notwithstanding the foregoing sentences of this Paragraph 1(b), the Term of Employment may be terminated before the expiration of the Initial Term or any Renewal Term 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 and Chief Investment Officer of MFA, reporting to each of the President 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, the President 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 President, 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 seven hundred fifty thousand dollars (\$750,000).

(b) Restricted Stock Award. In connection with the Executive's new duties and responsibilities, the Executive shall receive an award of 75,000 shares of restricted stock on the date hereof. The period of restriction with respect to such award shall begin on the date hereof and shall lapse with respect to 4,687.5 shares on the last business day of each quarter ending after the date hereof (with all restrictions having lapsed on June 30, 2012). 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 three 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 three 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).

(c) Performance Bonus. The CEO, President and Executive Vice President shall be eligible to participate in a Performance Bonus Pool for Senior Executives (the "Bonus Pool") each year 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. Subject to the right of the Compensation Committee of the Board of Directors (the "Compensation Committee") to determine the portion of the Bonus Pool to be allocated to the CEO, allocations as between the President and Executive Vice President, if any, shall be made by the Compensation Committee together with the CEO based upon each participants 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 (after any reduction or increase referred in the immediately-preceding paragraph), as follows: (i) Bonus Pool (as adjusted) up to \$2,700,000: seventy-five percent (75%) will be paid in cash and twenty-five (25%) percent will be paid in restricted stock; (ii) the incremental total Bonus Pool (as adjusted) between \$2,700,000 and \$4,050,000: sixty-five percent (65%) will be paid in cash and thirty-five percent (35%) will be paid in restricted stock; (iii) the incremental total Bonus Pool (as adjusted) in excess of \$4,050,000: fifty percent (50%) will be paid in cash and fifty percent (50%) will be paid in restricted stock. In each case referred to above, the period of restriction with respect to the applicable 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 three 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 three 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.

(d) Equity Compensation. The Executive shall be eligible to receive such stock option, restricted stock, phantom share 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.

(e) 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, properly receipted in accordance with MFA's policies, incurred by Executive in connection with his employment.

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(e) 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 Executive's health insurance coverage shall be continued at MFA's expense for the duration of such Disability; *provided*, that, if such coverage cannot be provided under MFA's health insurance policy for the duration of such Disability, such coverage or the cost of comparable coverage shall be provided by MFA until the Executive's attainment of age 65 or such later date through which coverage is permissible under MFA's health insurance policy.

(b) Termination Without Cause or for Good Reason. In the event the Executive's employment is terminated by MFA without Cause (including by notice of MFA's determination not to renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b)) or by the Executive for Good Reason, unless any such termination is preceded by the Executive's giving notice of his determination not to renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b), the Executive shall be entitled to both (i) a payment (referred to below as the "Severance Amount") equal to the amount of his then current Base Salary that would be payable from the date of such termination through the later of (A) the expiration of the Term of Employment and (B) the first anniversary of such termination of employment (the period with respect to which the Severance Amount is payable, the "Severance Period") and (ii) continued health insurance coverage at MFA's expense, for the Severance Period. Fifty percent of the Severance Amount shall be paid within five (5) days after the date the Executive's employment is terminated as described above, and the remaining 50% of the Severance Amount shall be paid in three equal monthly installments beginning on the first business day of the month following the month of such termination; provided, however, in no event shall any portion of the Severance Amount be payable after March 15th of the year following the year in which such termination occurs.

(c) Termination by MFA for Cause or Voluntary Termination by the Executive. In the event the Executive's employment is terminated by MFA for Cause, or is terminated by the Executive on his own initiative for other than a Good Reason (including pursuant to Paragraph 1(b)), 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(e) below, as of the date of termination.

(d) Termination Related to Change in Control. In the event of (1) the termination of the Executive's employment by MFA without Cause that occurs both within two months before a Change in Control and following the occurrence of a Pre-Change-in-Control Event, (2) the resignation of his employment by the Executive for any reason within two and one-half months following a Change in Control, or (3) 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 the termination of employment occurs, an amount equal to 300% of the sum of (a) the Executive's then current Base Salary and (b) the Executive's highest bonus for the two preceding years;

(ii) all of the Executive's outstanding restricted stock, phantom shares 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, the amounts payable or benefits to be provided to the Executive shall be reduced 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).

(e) Other Payments. Upon the termination of the Executive's 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 the 2004 Equity Compensation Plan and under all other applicable plans and programs of MFA, as provided in Paragraph 4 above; and
- (v) upon the termination of the Executive's employment pursuant to Paragraphs 5(a) or 5(b) above, all of the Executive's outstanding restricted stock, phantom shares 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.

(f) 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.

(g) 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.

(h) Mutual Release. MFA's obligation to make any payment or provide any benefit pursuant to this Paragraph 5 shall be contingent upon, and is the consideration for, the Executive executing and delivering to MFA a general release (the "Release"), substantially in the form annexed hereto as Exhibit B, releasing MFA, and all current and former members, officers and employees of MFA, from any claims relating to the Executive's employment hereunder, other than claims relating to continuing obligations under, or preserved by, (x) this Agreement or (y) any compensation or benefit plan, program or arrangement in which the Executive was participating as of the date of termination of his employment, and no such amounts shall be provided until the Executive executes and delivers to MFA a letter which provides that the Executive had not revoked such Release after seven days following the date of the Release. In all events, the Release shall be executed by the Executive within 60 days of termination of employment in order for the Executive to receive any severance benefits hereunder. The Release shall also be executed by MFA and delivered to the Executive as part of the consideration for the Executive's execution and delivery of the Release, and, except as otherwise provided under the terms of the Release, shall release the Executive from any and all claims MFA may have against the Executive.

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, (i) 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 (ii) regardless of whether the Executive is able to cure any Default, the Executive shall not be deemed to have been terminated for Cause without (x) reasonable prior written notice to the Executive setting forth the reasons for the decision to terminate the Executive for Cause, (y) an opportunity for the Executive, together with his counsel, to be heard by the CEO or, in his absence, the Board of Directors, and (z) 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:

(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 shareholders 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) 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.

(d) 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 failure by MFA to honor any of its material obligations herein.

(e) 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.

(f) Pre-Change-in-Control Event. A “Pre-Change-in-Control Event” shall mean the occurrence of any one of the following events:

- (i) the Board shall adopt a resolution to the effect that any person has taken actions which, if consummated, would result in such person acquiring effective control of the business and affairs of MFA;
- (ii) there shall commence a tender offer or proxy contest resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iii) MFA shall make any agreement resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iv) there shall be a public announcement of a transaction of the kind specified in subparagraphs (i)-(iii) of Paragraph 6(b); or
- (v) any other meeting, writing or written communication with, by or to the Board of Directors or any officer or executive of MFA, that is held, made or undertaken in good faith in anticipation of a Change in Control.

(g) 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.

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

7. Covenant Not To Compete. In the event of the termination of the Executive's employment with MFA other than upon notification by the Executive of the nonrenewal of the Term of Employment, 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 mortgage REIT for a period of one year following termination of the Executive's employment with MFA. For a period of one year following the termination of his employment by MFA for any reason, the Executive shall not solicit any employees of MFA to work for any mortgage REIT. Except as otherwise required by law, the Executive shall keep confidential all materials, files, reports, correspondence, records and other documents (collectively the "Company Materials") used, prepared or made available to him in connection with his employment by MFA and which have not otherwise been made available to the public, and upon termination of his employment shall return such Company Materials to MFA. The Executive acknowledges that MFA may seek injunctive relief or other specific enforcement of its rights under this Paragraph.

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. During the Term of Employment and for six years following the date of the Executive's termination as an officer of MFA, 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.

10. Representation. MFA represents and warrants that it is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its obligations under this Agreement will not violate any agreement between MFA and any other person, firm or organization or any law or governmental regulation.

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.

12. Amendment or Waiver. This Agreement cannot be changed, modified or amended without the consent in writing of both the Executive and MFA. 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 and all rights thereunder, and any controversies or disputes arising with respect thereto, shall be governed by and construed and interpreted in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State, without regard to conflict of laws provisions thereof that would apply the law of any other jurisdiction.

17. Dispute Resolution. In the event of any dispute, controversy or claim arising out of or relating to this Agreement or Executive's employment or termination thereof (other than a controversy or claim arising under Paragraph 7, to the extent necessary for MFA (or its affiliates, where applicable) to enforce the provisions thereof), the parties hereby agree to settle such dispute, controversy or claim in a binding arbitration by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association, which arbitration shall be conducted in New York, New York. The parties agree that the arbitral award shall be final and non-appealable and shall be the sole and exclusive remedy between the parties hereunder. The parties agree that judgment on the arbitral award may be entered in any court having competent jurisdiction over the parties or their assets. All reasonable fees and expenses related to any such arbitration (including reasonable attorneys' fees and related disbursements) shall be paid by MFA.

18. Legal Fees. MFA shall pay directly all reasonable legal fees incurred by the Executive in connection with the negotiation, preparation and execution of this Agreement.

19. 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 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.

20. 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.

21. Counterparts. This Agreement may be executed in two or more counterparts.

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

MFA MORTGAGE INVESTMENTS, 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 and Chief Investment Officer

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

Mutual Release

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

1. Release by the Company.

(a) The Company on behalf of itself, its agents, successors, affiliated entities and assigns, in consideration for the Executive's execution and delivery of this Release, hereby forever releases and discharges the Executive, and his agents, heirs, successors, assigns, executors and administrators, 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, defamation, interference with contract relations or prospective economic advantage, negligence, misrepresentation; (ii) any and all liability that was or may have been alleged against or imputed to the Executive by the Company or by anyone acting on its behalf; (iii) any punitive, compensatory or liquidated damages; and (iv) all rights to and claims for attorneys' fees and costs except as otherwise provided in his amended and restated employment agreement with the Company dated December [], 2008 (the "Employment Agreement").

(b) The Company 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 Company shall promptly withdraw it, with prejudice, to the extent it has the power to do so. The Company represents and warrants that its has not assigned any claim released herein, or authorized any other person to assert any claim on its behalf.

(c) Anything to the contrary notwithstanding in this Release or the Employment Agreement, this Release shall not apply to claims or damages based on (i) any right or claim that arises after the date on which the Company executes this Release, including any right to enforce the Employment Agreement with respect to provisions pertaining to matters that arise after the date of the Release and that survive termination of employment or (ii) any act of willful misconduct, gross negligence, fraud or misappropriation of funds.

2. Release by the Executive.

(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 Employment Agreement, hereby forever releases and discharges the Company, 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 the Company 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 the Company by the Executive or by anyone acting on his behalf; (iii) all claims for wages, monetary or equitable relief, employment or reemployment with the Company 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.

(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 the Company as a consequence of such action, suit, claim, charge or proceeding shall be repaid to the Company 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");

Exh. B-2

(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.

Exh. B-3

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

By: _____
Name:
Title: Executive

MFA MORTGAGE INVESTMENTS, INC.

By: _____
Name:
Title:

Exh. B-4

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 10th day of December, 2008 by and between MFA MORTGAGE INVESTMENTS, INC., a Maryland corporation ("MFA"), and TIMOTHY W. KORTH II (the "Executive").

WITNESSETH:

WHEREAS, MFA and the Executive entered into an amended and restated employment agreement effective as of January 1, 2008 (the "Employment Agreement");

WHEREAS, MFA and the Executive desire to amend the terms of the Executive's employment to comply with the documentary requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"); 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 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 include the Initial Term and each Renewal Term. The Initial Term, which commenced on January 1, 2008, shall continue until December 31, 2009. The Term of Employment shall automatically renew for a one-year period (each such renewal, a "Renewal Term") at the end of the Initial Term and each Renewal Term, unless either party shall give notice to the other not less than six months prior to the end of the Initial Term or any Renewal Term, as the case may be, of his or its intent not to renew such Initial Term or Renewal Term, as the case may be. Notwithstanding the foregoing sentences of this Paragraph 1(b), the Term of Employment may be terminated before the expiration of the Initial Term or any Renewal Term in accordance with Paragraph 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, the Executive shall be employed as General Counsel, Senior Vice President – Business Development and Corporate Secretary of MFA, reporting to the Chairman and Chief Executive Officer of MFA (the "CEO") and, as such, shall (i) perform, administer, manage, monitor and/or coordinate all legal services required to be performed by or on behalf of MFA and its subsidiaries, (ii) be responsible for analyzing, developing and implementing new business initiatives for MFA and its subsidiaries and (iii) perform such other duties of an executive, managerial or administrative nature as shall be specified and designated from time to time by the CEO and/or the Board of Directors of MFA (the "Board of Directors").

(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 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, MFA shall pay to the Executive a base salary (the "Base Salary") equal to \$325,000 per annum. The Base Salary shall be paid in accordance with MFA's normal payroll practices.

(b) Performance Bonus. The Executive shall be eligible to receive an annual performance bonus (the "Performance Bonus") in such amount as shall be recommended by the CEO and approved by the Compensation Committee of the Board of Directors (the "Compensation Committee") or the Board of Directors, as the case may be. The Performance Bonus shall be paid as soon as practicable after it is vested and nonforfeitable, but in no event later than January 16th of the next following calendar year.

(c) Equity Compensation. The Executive shall be eligible to receive such stock option, restricted stock, phantom share 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 four 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, properly receipted in accordance with MFA's policies, incurred by Executive in connection with his employment.

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(e) 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 Executive's health insurance coverage shall be continued at MFA's expense for the duration of such Disability; provided, that, if such coverage cannot be provided under MFA's health insurance policy for the duration of such Disability, such coverage or the cost of comparable coverage shall be provided by MFA until the Executive's attainment of age 65 or such later date through which coverage is permissible under MFA's health insurance policy.

(b) Termination Without Cause or for Good Reason. In the event the Executive's employment is terminated by MFA without Cause (which shall not include any non-renewal of this Agreement by MFA pursuant to Paragraph 1(b)) or by the Executive for Good Reason, unless any such termination is preceded by the Executive's giving notice of his determination not to renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b), the Executive shall be entitled to both (i) a payment (referred to below as the "Severance Amount") equal to the amount of his then current Base Salary that would be payable from the date of such termination through the later of (A) the expiration of the Term of Employment and (B) the first anniversary of such termination of employment (the period with respect to which the Severance Amount is payable, the "Severance Period") and (ii) continued health insurance coverage at MFA's expense, for the Severance Period. Fifty percent of the Severance Amount shall be paid within five (5) days after the date the Executive's employment is terminated as described above, and the remaining 50% of the Severance Amount shall be paid in three equal monthly installments beginning on the first business day of the month following the month of such termination; provided, however, in no event shall any portion of the Severance Amount be payable after March 15th of the year following the year in which such termination occurs.

(c) Termination by MFA for Cause or Voluntary Termination by the Executive. In the event the Executive's employment is terminated by MFA for Cause or is terminated by the Executive on his own initiative for other than a Good Reason (including pursuant to Paragraph 1(b)), 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(e) below, as of the date of termination.

(d) Termination Related to Change in Control. In the event of (1) the termination of the Executive's employment by MFA without Cause (which shall include any non-renewal of this Agreement by MFA pursuant to Paragraph 1(b)) that occurs both within two months before a Change in Control and following the occurrence of a Pre-Change-in-Control Event, (2) the resignation of his employment by the Executive for any reason within two and one half months following a Change in Control, or (3) the termination of the Executive's employment by MFA other than for Cause (which shall include any non-renewal of this Agreement by MFA pursuant to Paragraph 1(b)) 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 the termination of employment occurs, an amount equal to 250% of the sum of (a) the Executive's then current Base Salary and (b) the Executive's highest bonus for the two preceding years;

(ii) all of the Executive's outstanding restricted stock, phantom shares 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 and his immediate family 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, the amounts payable or benefits to be provided to the Executive shall be reduced 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).

(e) Other Payments. Upon the termination of the Executive's 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 the 2004 Equity Compensation Plan and under all other applicable plans and programs of MFA, as provided in Paragraph 4 above; and

(v) upon the termination of the Executive's employment pursuant to Paragraphs 5(a) or 5(b) above, all of the Executive's outstanding restricted stock, phantom shares 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.

(f) 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.

(g) 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.

(h) Mutual Release. MFA's obligation to make any payment or provide any benefit pursuant to this Paragraph 5 shall be contingent upon, and is the consideration for, the Executive executing and delivering to MFA a general release (the "Release"), substantially in the form annexed hereto as Exhibit A, releasing MFA, and all current and former members, officers and employees of MFA, from any claims relating to the Executive's employment hereunder, other than claims relating to continuing obligations under, or preserved by, (x) this Agreement or (y) any compensation or benefit plan, program or arrangement in which the Executive was participating as of the date of termination of his employment, and no such amounts shall be provided until the Executive executes and delivers to MFA a letter which provides that the Executive had not revoked such Release after seven days following the date of the Release. In all events, the Release shall be executed by the Executive within 60 days of termination of employment in order for the Executive to receive any severance benefits hereunder. The Release shall also be executed by MFA and delivered to the Executive as part of the consideration for the Executive's execution and delivery of the Release, and, except as otherwise provided under the terms of the Release, shall release the Executive from any and all claims MFA may have against the Executive.

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, (i) 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 (ii) regardless of whether the Executive is able to cure any Default, the Executive shall not be deemed to have been terminated for Cause without (x) reasonable prior written notice to the Executive setting forth the reasons for the decision to terminate the Executive for Cause, (y) an opportunity for the Executive, together with his counsel, to be heard by the CEO or, in his absence, the Board of Directors, and (z) 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 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:

(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) 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.

(d) 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 failure by MFA to honor any of its material obligations herein.

(e) Pre-Change-in-Control Event. A "Pre-Change-in-Control Event" shall mean the occurrence of any one of the following events:

- (i) the Board shall adopt a resolution to the effect that any person has taken actions which, if consummated, would result in such person acquiring effective control of the business and affairs of MFA;
- (ii) there shall commence a tender offer or proxy contest resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iii) MFA shall make any agreement resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iv) there shall be a public announcement of a transaction of the kind specified in subparagraphs (i)-(iii) of Paragraph 6(b); or
- (v) any other meeting, writing or written communication with, by or to the Board of Directors or any officer or executive of MFA, that is held, made or undertaken in good faith in anticipation of a Change in Control.

7. Covenant Not To Compete.

In the event of the termination of the Executive's employment with MFA other than upon the nonrenewal of the Term of Employment, 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 mortgage REIT for a period of one year following termination of his employment with MFA. For a period of one year following the termination of the Executive's employment with MFA for any reason, the Executive shall not solicit any employees of MFA to work for any mortgage REIT. Except as otherwise required by law, the Executive shall keep confidential all materials, files, reports, correspondence, records and other documents (collectively the "Company Materials") used, prepared or made available to him in connection with his employment by MFA and which have not otherwise been made available to the public, and upon termination of his employment shall return such Company Materials to MFA. The Executive acknowledges that MFA may seek injunctive relief or other specific enforcement of its rights under this Paragraph.

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. During the Term of Employment and for six years following the date of the Executive's termination as an officer of MFA, 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.

10. Representation.

MFA represents and warrants that it is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its obligations under this Agreement will not violate any agreement between MFA and any other person, firm or organization or any law or governmental regulation.

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.

12. Amendment or Waiver.

This Agreement cannot be changed, modified or amended without the consent in writing of both the Executive and MFA. 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 and all rights thereunder, and any controversies or disputes arising with respect thereto, shall be governed by and construed and interpreted in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State, without regard to conflict of laws provisions thereof that would apply the law of any other jurisdiction.

17. Dispute Resolution.

In the event of any dispute, controversy or claim arising out of or relating to this Agreement or Executive's employment or termination thereof (other than a controversy or claim arising under Paragraph 7, to the extent necessary for MFA (or its affiliates, where applicable) to enforce the provisions thereof), the parties hereby agree to settle such dispute, controversy or claim in a binding arbitration by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association, which arbitration shall be conducted in New York, New York. The parties agree that the arbitral award shall be final and non-appealable and shall be the sole and exclusive remedy between the parties hereunder. The parties agree that judgment on the arbitral award may be entered in any court having competent jurisdiction over the parties or their assets. All reasonable fees and expenses related to any such arbitration (including reasonable attorneys' fees and related disbursements) shall be paid by MFA.

18. Legal Fees.

MFA shall pay directly all reasonable legal fees incurred by the Executive in connection with the negotiation, preparation and execution of this Agreement.

19. 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 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.

20. 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.

21. Counterparts.

This Agreement may be executed in two or more counterparts.

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

MFA Mortgage Investments, Inc.

By: /s/ Stewart Zimmerman

Name: Stewart Zimmerman

Title: Chairman and Chief Executive Officer

By: /s/ Timothy W. Korth II

Name: Timothy W. Korth II

Title: General Counsel, Senior Vice President-Business Development and Corporate Secretary

EXHIBIT A

Mutual Release

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

1. Release by the Company.

(a) The Company on behalf of itself, its agents, successors, affiliated entities and assigns, in consideration for the Executive's execution and delivery of this Release, hereby forever releases and discharges the Executive, and his agents, heirs, successors, assigns, executors and administrators, 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, defamation, interference with contract relations or prospective economic advantage, negligence, misrepresentation; (ii) any and all liability that was or may have been alleged against or imputed to the Executive by the Company or by anyone acting on its behalf; (iii) any punitive, compensatory or liquidated damages; and (iv) all rights to and claims for attorneys' fees and costs except as otherwise provided in his amended and restated employment agreement with the Company dated December [], 2008 (the "Employment Agreement").

(b) The Company 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 Company shall promptly withdraw it, with prejudice, to the extent it has the power to do so. The Company represents and warrants that it has not assigned any claim released herein, or authorized any other person to assert any claim on its behalf.

(c) Anything to the contrary notwithstanding in this Release or the Employment Agreement, this Release shall not apply to claims or damages based on (i) any right or claim that arises after the date on which the Company executes this Release, including any right to enforce the Employment Agreement with respect to provisions pertaining to matters that arise after the date of the Release and that survive termination of employment or (ii) any act of willful misconduct, gross negligence, fraud or misappropriation of funds.

2. Release by the Executive.

(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 Employment Agreement, hereby forever releases and discharges the Company, 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 the Company 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 the Company by the Executive or by anyone acting on his behalf; (iii) all claims for wages, monetary or equitable relief, employment or reemployment with the Company 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.

(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 the Company as a consequence of such action, suit, claim, charge or proceeding shall be repaid to the Company 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:
Title: Executive

MFA MORTGAGE INVESTMENTS, INC.

By: _____
Name:
Title:

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 10th day of December, 2008, by and between MFA MORTGAGE INVESTMENTS, INC., a Maryland corporation ("MFA"), and TERESA D. COVELLO (the "Executive").

WITNESSETH:

WHEREAS, MFA and the Executive entered into an amended and restated employment agreement effective as of January 1, 2008 (the "Employment Agreement");

WHEREAS, MFA and the Executive desire to amend the terms of the Executive's employment to comply with the documentary requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"); 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 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 include the Initial Term and each Renewal Term. The Initial Term, which commenced on January 1, 2008, shall continue until December 31, 2009. The Term of Employment shall automatically renew for a one-year period (each such renewal, a "Renewal Term") at the end of the Initial Term and each Renewal Term, unless either party shall give notice to the other not less than six months prior to the end of the Initial Term or any Renewal Term, as the case may be, of her or its intent not to renew such Initial Term or Renewal Term, as the case may be. Notwithstanding the foregoing sentences of this Paragraph 1(b), the Term of Employment may be terminated before the expiration of the Initial Term or any Renewal Term in accordance with Paragraph 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, the Executive shall be employed as Senior Vice President, Chief Accounting Officer and Treasurer of MFA, reporting to the Chief Financial Officer of MFA (the "CFO"), 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 Chairman and Chief Executive Officer of MFA (the "CEO") and/or the CFO.

(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, the CFO 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 her ability and shall devote substantially all of her time and efforts to her employment and the performance of her duties under this Agreement. Nothing herein shall preclude the Executive from engaging in charitable and community affairs and managing her personal financial and legal affairs, so long as such activities do not materially interfere with her carrying out her duties and responsibilities under this Agreement.

3. Compensation.

(a) Base Salary. During the Term of Employment, MFA shall pay to the Executive a base salary (the "Base Salary") equal to \$250,000 per annum. The Base Salary shall be paid in accordance with MFA's normal payroll practices.

(b) Performance Bonus. The Executive shall be eligible to receive an annual performance bonus (the "Performance Bonus") in such amount as shall be recommended by the CEO and/or the CFO and approved by the Compensation Committee of the Board of Directors (the "Compensation Committee") or the Board of Directors, as the case may be. The Performance Bonus shall be paid as soon as practicable after it is vested and nonforfeitable, but in no event later than January 16th of the next following calendar year.

(c) Equity Compensation. The Executive shall be eligible to receive such stock option, restricted stock, phantom share 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 four 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, properly receipted in accordance with MFA's policies, incurred by the Executive in connection with her employment.

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, her legal representative or her 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(e) below, which amounts shall be promptly paid in a lump sum to the Executive, her legal representative or her 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, her legal representative or her 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 her Disability, the Executive's health insurance coverage shall be continued at MFA's expense for the duration of such Disability; provided, that, if such coverage cannot be provided under MFA's health insurance policy for the duration of such Disability, such coverage or the cost of comparable coverage shall be provided by MFA until the Executive's attainment of age 65 or such later date through which coverage is permissible under MFA's health insurance policy.

(b) Termination Without Cause or for Good Reason. In the event the Executive's employment is terminated by MFA without Cause (which shall not include any non-renewal of this Agreement by MFA pursuant to Paragraph 1(b)) or by the Executive for Good Reason, unless any such termination is preceded by the Executive's giving notice of her determination not to renew the Initial Term or any Renewal Term pursuant to Paragraph 1(b), the Executive shall be entitled to both (i) a payment (referred to below as the "Severance Amount") equal to the amount of her then current Base Salary that would be payable from the date of such termination through the later of (A) the expiration of the Term of Employment and (B) the first anniversary of such termination of employment (the period with respect to which the Severance Amount is payable, the "Severance Period") and (ii) continued health insurance coverage at MFA's expense, for the Severance Period. Fifty percent of the Severance Amount shall be paid within five (5) days after the date the Executive's employment is terminated as described above, and the remaining 50% of the Severance Amount shall be paid in three equal monthly installments beginning on the first business day of the month following the month of such termination; provided, however, in no event shall any portion of the Severance Amount be payable after March 15th of the year following the year in which such termination occurs.

(c) Termination by MFA for Cause or Voluntary Termination by the Executive. In the event the Executive's employment is terminated by MFA for Cause or is terminated by the Executive on her own initiative for other than a Good Reason (including pursuant to Paragraph 1(b)), 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(e) below, as of the date of termination.

(d) Termination Related to Change in Control. In the event of (1) the termination of the Executive's employment by MFA without Cause (which shall include any non-renewal of this Agreement by MFA pursuant to Paragraph 1(b)) that occurs both within two months before a Change in Control and following the occurrence of a Pre-Change-in-Control Event, (2) the resignation of her employment by the Executive for any reason within two and one-half months following a Change in Control, or (3) the termination of the Executive's employment by MFA other than for Cause (which shall include any non-renewal of this Agreement by MFA pursuant to Paragraph 1(b)) or the Executive's resignation of her 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 the termination of employment occurs, an amount equal to 250% of the sum of (a) the Executive's then current Base Salary, and (b) the Executive's highest bonus for the two preceding years;

(ii) all of the Executive's outstanding restricted stock, phantom shares 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 and her immediate family 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, the amounts payable or benefits to be provided to the Executive shall be reduced 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).

(e) Other Payments. Upon the termination of the Executive's 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 her legal representative may be entitled under the 2004 Equity Compensation Plan and under all other applicable plans and programs of MFA, as provided in Paragraph 4 above; and

(v) upon the termination of the Executive's employment pursuant to Paragraphs 5(a) or 5(b) above, all of the Executive's outstanding restricted stock, phantom shares 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.

(f) No Mitigation; No Offset. In the event of any termination of the Executive's employment under this Agreement, she 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 her under this Agreement on account of any remuneration attributable to any subsequent employment that she may obtain.

(g) 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 her 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.

(h) Mutual Release. MFA's obligation to make any payment or provide any benefit pursuant to this Paragraph 5 shall be contingent upon, and is the consideration for, the Executive executing and delivering to MFA a general release (the "Release"), substantially in the form annexed hereto as Exhibit A, releasing MFA, and all current and former members, officers and employees of MFA, from any claims relating to the Executive's employment hereunder, other than claims relating to continuing obligations under, or preserved by, (x) this Agreement or (y) any compensation or benefit plan, program or arrangement in which the Executive was participating as of the date of termination of her employment, and no such amounts shall be provided until the Executive executes and delivers to MFA a letter which provides that the Executive had not revoked such Release after seven days following the date of the Release. In all events, the Release shall be executed by the Executive within 60 days of termination of employment in order for the Executive to receive any severance benefits hereunder. The Release shall also be executed by MFA and delivered to the Executive as part of the consideration for the Executive's execution and delivery of the Release, and, except as otherwise provided under the terms of the Release, shall release the Executive from any and all claims MFA may have against the Executive.

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 her duties under this Agreement; (iii) failure to adhere to the lawful directions of the CEO, the CFO and/or the Board of Directors that are reasonably consistent with her 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 her performance of her 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, (i) 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 her absence, the Board of Directors and (ii) regardless of whether the Executive is able to cure any Default, the Executive shall not be deemed to have been terminated for Cause without (x) reasonable prior written notice to the Executive setting forth the reasons for the decision to terminate the Executive for Cause, (y) an opportunity for the Executive, together with her counsel, to be heard by the CEO or, in her absence, the Board of Directors and (z) delivery to the Executive of a notice of termination approved by said CEO or, in her absence, the Board of Directors, stating her 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 her 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 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:

(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) 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.

(d) 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 her 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 failure by MFA to honor any of its material obligations herein.

(e) Pre-Change-in-Control Event. A "Pre-Change-in-Control Event" shall mean the occurrence of any one of the following events:

- (i) the Board shall adopt a resolution to the effect that any person has taken actions which, if consummated, would result in such person acquiring effective control of the business and affairs of MFA;
- (ii) there shall commence a tender offer or proxy contest resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iii) MFA shall make any agreement resulting in any of the transactions specified in subparagraphs (i)-(iii) of Paragraph 6(b);
- (iv) there shall be a public announcement of a transaction of the kind specified in subparagraphs (i)-(iii) of Paragraph 6(b); or
- (v) any other meeting, writing or written communication with, by or to the Board of Directors or any officer or executive of MFA, that is held, made or undertaken in good faith in anticipation of a Change in Control.

7. Covenant Not To Compete.

In the event of the termination of the Executive's employment with MFA other than upon the nonrenewal of the Term of Employment, 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 mortgage REIT for a period of one year following termination of her employment with MFA. For a period of one year following the termination of the Executive's employment with MFA for any reason, the Executive shall not solicit any employees of MFA to work for any mortgage REIT. Except as otherwise required by law, the Executive shall keep confidential all materials, files, reports, correspondence, records and other documents (collectively, the "Company Materials") used, prepared or made available to her in connection with her employment by MFA and which have not otherwise been made available to the public, and upon termination of her employment shall return such Company Materials to MFA. The Executive acknowledges that MFA may seek injunctive relief or other specific enforcement of its rights under this Paragraph.

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. During the Term of Employment and for six years following the date of the Executive's termination as an officer of MFA, 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.

10. Representation.

MFA represents and warrants that it is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its obligations under this Agreement will not violate any agreement between MFA and any other person, firm or organization or any law or governmental regulation.

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.

12. Amendment or Waiver.

This Agreement cannot be changed, modified or amended without the consent in writing of both the Executive and MFA. 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 and all rights thereunder, and any controversies or disputes arising with respect thereto, shall be governed by and construed and interpreted in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State, without regard to conflict of laws provisions thereof that would apply the law of any other jurisdiction.

17. Dispute Resolution.

In the event of any dispute, controversy or claim arising out of or relating to this Agreement or Executive's employment or termination thereof (other than a controversy or claim arising under Paragraph 7, to the extent necessary for MFA (or its affiliates, where applicable) to enforce the provisions thereof), the parties hereby agree to settle such dispute, controversy or claim in a binding arbitration by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association, which arbitration shall be conducted in New York, New York. The parties agree that the arbitral award shall be final and non-appealable and shall be the sole and exclusive remedy between the parties hereunder. The parties agree that judgment on the arbitral award may be entered in any court having competent jurisdiction over the parties or their assets. All reasonable fees and expenses related to any such arbitration (including reasonable attorneys' fees and related disbursements) shall be paid by MFA.

18. Legal Fees.

MFA shall pay directly all reasonable legal fees incurred by the Executive in connection with the negotiation, preparation and execution of this Agreement.

19. 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 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.

20. 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.

21. Counterparts.

This Agreement may be executed in two or more counterparts.

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

MFA Mortgage Investments, Inc.

By: /s/ Stewart Zimmerman

Name: Stewart Zimmerman

Title: Chairman and Chief Executive Officer

By: /s/ Teresa D. Covello

Name: Teresa D. Covello

Title: Senior Vice President, Chief Accounting Officer and Treasurer

EXHIBIT A

MUTUAL RELEASE

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

1. Release by the Company.

(a) The Company on behalf of itself, its agents, successors, affiliated entities and assigns, in consideration for the Executive's execution and delivery of this Release, hereby forever releases and discharges the Executive, and her agents, heirs, successors, assigns, executors and administrators, 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, defamation, interference with contract relations or prospective economic advantage, negligence, misrepresentation; (ii) any and all liability that was or may have been alleged against or imputed to the Executive by the Company or by anyone acting on its behalf; (iii) any punitive, compensatory or liquidated damages; and (iv) all rights to and claims for attorneys' fees and costs except as otherwise provided in her amended and restated employment agreement with the Company dated December [], 2008 (the "Employment Agreement").

(b) The Company 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 Company shall promptly withdraw it, with prejudice, to the extent it has the power to do so. The Company represents and warrants that it has not assigned any claim released herein, or authorized any other person to assert any claim on its behalf.

(c) Anything to the contrary notwithstanding in this Release or the Employment Agreement, this Release shall not apply to claims or damages based on (i) any right or claim that arises after the date on which the Company executes this Release, including any right to enforce the Employment Agreement with respect to provisions pertaining to matters that arise after the date of the Release and that survive termination of employment or (ii) any act of willful misconduct, gross negligence, fraud or misappropriation of funds.

2. Release by the Executive.

(a) The Executive, on behalf of himself, her agents, heirs, successors, assigns, executors and administrators, in consideration for the termination payments and other consideration provided for under the Employment Agreement, hereby forever releases and discharges the Company, 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 the Company 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 her employment; (ii) any and all liability that was or may have been alleged against or imputed to the Company by the Executive or by anyone acting on her behalf; (iii) all claims for wages, monetary or equitable relief, employment or reemployment with the Company 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.

(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 she has the power to do so. The Executive represents and warrants that she has not assigned any claim released herein, or authorized any other person to assert any claim on her 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 the Company as a consequence of such action, suit, claim, charge or proceeding shall be repaid to the Company by the Executive within ten (10) days of her receipt thereof.

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

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

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

(3) SHE HAS THE RIGHT TO REVOKE THIS RELEASE FOR A PERIOD OF SEVEN (7) DAYS AFTER SHE 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 SHE 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). SHE AGREES NOT TO CHALLENGE ITS ENFORCEABILITY;

(6) SHE IS AWARE OF HER 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) SHE IS LEGALLY COMPETENT TO EXECUTE THIS RELEASE AND ACCEPT FULL RESPONSIBILITY FOR IT; AND

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

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

By: _____
Name:
Title: Executive

MFA MORTGAGE INVESTMENTS, INC.

By: _____
Name:
Title: