

MFA FINANCIAL, INC.
Form 10-Q
August 03, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

- x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2010

OR

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

For the transition period from to

Commission File Number: 1-13991

MFA FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

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Maryland
(State or other jurisdiction of
incorporation or organization)
350 Park Avenue, 21st Floor, New York, New York
(Address of principal executive offices)

13-3974868
(I.R.S. Employer
Identification No.)
10022
(Zip Code)

(212) 207-6400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

280,897,466 shares of the registrant's common stock, \$0.01 par value, were outstanding as of July 29, 2010.

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CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Per Share Amounts)	June 30, 2010 (Unaudited)	December 31, 2009
Assets:		
Agency mortgage-backed securities (MBS), at fair value (\$6,076,860 and \$7,597,136 pledged as collateral, respectively)	\$ 6,385,570	\$ 7,664,851
Non-Agency MBS, at fair value (\$1,030,954 and \$240,694 pledged as collateral, respectively)	1,564,021	1,093,103
Cash and cash equivalents	531,543	653,460
Restricted cash	43,393	67,504
Forward contracts to repurchase MBS (MBS Forwards), at fair value	104,031	86,014
Interest receivable	34,641	41,775
Real estate, net	10,883	10,998
Goodwill	7,189	7,189
Prepaid and other assets	3,063	2,315
Total Assets	\$ 8,684,334	\$ 9,627,209
Liabilities:		
Repurchase agreements	\$ 6,274,220	\$ 7,195,827
Accrued interest payable	7,770	13,274
Mortgage payable on real estate		9,143
Interest rate swap agreements (Swaps), at fair value	167,679	152,463
Dividends and dividend equivalents rights (DERs) payable	487	76,286
Accrued expenses and other liabilities	6,021	11,954
Total Liabilities	\$ 6,456,177	\$ 7,458,947
Commitments and contingencies (Note 9)		
Stockholders' Equity:		
Preferred stock, \$.01 par value; series A 8.50% cumulative redeemable; 5,000 shares authorized; 3,840 shares issued and outstanding (\$96,000 aggregate liquidation preference)	\$ 38	\$ 38
Common stock, \$.01 par value; 370,000 shares authorized; 280,268 and 280,078 issued and outstanding, respectively	2,803	2,801
Additional paid-in capital, in excess of par	2,182,444	2,180,605
Accumulated deficit	(142,906)	(202,189)
Accumulated other comprehensive income	185,778	187,007
Total Stockholders' Equity	\$ 2,228,157	\$ 2,168,262
Total Liabilities and Stockholders' Equity	\$ 8,684,334	\$ 9,627,209

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

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MFA FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except Per Share Amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(Unaudited)			
Interest Income:				
MBS	\$ 88,515	\$ 126,477	\$ 196,159	\$ 258,630
Cash and cash equivalent investments	112	260	165	871
Interest Income	88,627	126,737	196,324	259,501
Interest Expense	35,741	58,006	74,192	130,143