

Knutson Craig L
 Form 4
 July 11, 2012

FORM 4

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

OMB APPROVAL

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Knutson Craig L

(Last) (First) (Middle)

C/O MFA FINANCIAL, INC., 350
 PARK AVENUE, 20TH FLOOR

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

MFA FINANCIAL, INC. [MFA]

3. Date of Earliest Transaction (Month/Day/Year)

07/11/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
 ___X___ Officer (give title below) ___ Other (specify below)

Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)

___X___ Form filed by One Reporting Person
 ___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

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

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

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| PHANTOM STOCK | (1) | 07/11/2012 | | M | 2,747 (1) | (1) (1) | COMMON STOCK | 2,747 |
| PHANTOM STOCK | (1) | 07/11/2012 | | J | 5,503 (2) | (2) (1) | COMMON STOCK | 5,503 |
| PHANTOM STOCK | (4) | 07/11/2012 | | A | 8,325 (3) (4) | (4) (4) | COMMON STOCK | 8,325 |
| PHANTOM STOCK | (5) | 07/11/2012 | | A | 16,675 (5) | (5) (5) | COMMON STOCK | 16,675 |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Knutson Craig L
C/O MFA FINANCIAL, INC.
350 PARK AVENUE, 20TH FLOOR
NEW YORK, NY 10022

Executive Vice President

Signatures

/s/Craig L.
Knutson

07/12/2012

**Signature of
Reporting Person

Date

Explanation of Responses:

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

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

(1) EACH SHARE OF PHANTOM STOCK IS EQUAL TO THE ECONOMIC EQUIVALENT OF ONE SHARE OF MFA FINANCIAL, INC. COMMON STOCK. EACH VESTED PHANTOM SHARE WAS SETTLED IN ONE SHARE OF COMMON STOCK OF MFA FINANCIAL, INC.

(2) IN ACCORDANCE WITH THE PHANTOM SHARE AWARD AGREEMENT, THE VESTING OF SUCH PHANTOM SHARES WAS SUBJECT TO MFA'S ACHIVEMENT OF PERFORMANCE GOALS OVER A DEFINED PERIOD. SUCH PERFORMANCE MEASURE WAS NOT SATISFIED BY THE VESTING DATE, WHICH RESULTED IN AUTOMATIC FORFEITURE OF SUCH SHARES BACK TO MFA FINANCIAL, INC.

(3)

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EACH PHANTOM SHARE IS THE ECONOMIC EQUIVALENT OF ONE SHARE OF MFA FINANCIAL, INC. COMMON STOCK, PAR VALUE \$0.01 PER SHARE. THE PHANTOM STOCK UNITS CONVERTS TO COMMON STOCK ON A ONE-FOR-ONE BASIS

- (4) THESE PHANTOM SHARES ARE SUBJECT TO FORFEITURE UNTIL JUNE 30, 2015. ONE THIRD OF THESE PHANTOM SHARES SHALL VEST ON EACH OF JUNE 30, 2013, JUNE 30, 2014, AND JUNE 30, 2015, AND THEREAFTER, ARE PAYABLE WITHIN 30 DAYS OF THE DATE SUCH PHANTOM SHARES VEST.

- (5) THESE PHANTOM SHARES ARE SUBJECT TO FORFEITURE UNTIL JUNE 30, 2015. ONE THIRD OF THESE PHANTOM SHARES SHALL VEST ON EACH OF JUNE 30, 2013, JUNE 30, 2014, AND JUNE 30, 2015 (SUBJECT, IN EACH CASE, TO MFA'S ACHIEVEMENT OF PERFORMANCE GOALS), AND THEREAFTER, ARE PAYABLE WITHIN 30 DAYS OF THE DATE SUCH PHANTOM SHARES VEST.

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

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