

Edgar Filing: ANWORTH MORTGAGE ASSET CORP - Form 8-K

1

Item 8.01. Other Events.

This Form 8-K relates to the re-interpretation of a tax position taken with respect to our 2008 income tax return and the subsequent effect of that re-interpretation on the 2008 Forms 1099-DIV that were previously sent to our stockholders.

In the third quarter 2007, Anworth Mortgage Asset Corporation ("Anworth") made a loan of approximately \$42.8 million to its wholly-owned subsidiary, Belvedere Trust Mortgage Corporation ("Belvedere Trust"). In September 2008, Anworth deemed this loan to be uncollectible when all of the assets of Belvedere Trust and its subsidiaries were assigned to an independent third party for the benefit of Belvedere Trust's creditors. Based on a technical interpretation of the tax law that we reviewed with our independent tax certified public accountant, we believed that the amount of this loan could be taken as a bad debt deduction in 2008 for income tax purposes and, accordingly, prepared the Form 1099-DIV on that basis. As a result, we reported 45.379% of the 2008 common stock dividends as "return of capital" dividends and 54.621% as "ordinary income."

Recently, in the final preparation of our 2008 income tax return and upon review by an independent tax advisor, we determined the earlier interpretation to be incorrect in that there should be no bad debt deduction. As a result, we are in the process of revising the 2008 Form 1099-DIV to report 100% of the 2008 common stock dividends as "ordinary income" and will provide them to our 2008 shareholders once they are completed. This will have no effect on our 2008 financial statements and results of operations.

Set forth below is the corrected tax information regarding our quarterly common stock dividend distributions for 2008:

Common Stock (CUSIP 037347 10 1)

Declaration Date	Record Date	Payable Date	2008 Total Distribution Per Share	2008 Ordinary Income	2008 Return of Capital	Long-Term Capital Gains
4/11/08	4/30/08	5/19/08	\$0.20	\$0.20	\$ -	\$ -
7/09/08	7/23/08	8/19/08	\$0.29	\$0.29	\$ -	\$ -
10/16/08	10/31/08	11/19/08	\$0.25	\$0.25	\$ -	\$ -
12/22/08	12/31/08	1/20/09	\$0.26	\$0.26	\$ -	\$ -
		Total	\$1.00	\$1.00	\$ -	\$ -

The incorrectly reported tax information regarding our quarterly common stock dividend is disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and can be found on page F-22 thereof.

2

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.

ANWORTH MORTGAGE ASSET CORPORATION

Date: September 3, 2009

By: /s/ Lloyd McAdams

Chief Executive Officer

3