

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **2004-05-18** | Period of Report: **2003-03-31**
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FILER

DYNEX SECURITIES CORP

CIK: **889472** | IRS No.: **521785164** | State of Incorporation: **VA** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **000-20552** | Film No.: **04815297**
SIC: **6189** Asset-backed securities

Mailing Address
4551 COX ROAD
SUITE 300
GLEN ALLEN VA 23060

Business Address
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SUITE 300
GLEN ALLEN VA 23060
8042175800

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

FORM 10-Q/A

[X] Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarter ended March 31, 2003

[] Transition Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

DYNEX SECURITIES CORPORATION
(Exact name of registrant as specified in its charter)

Commission file number 0-20552

<TABLE>

<S>
Virginia
(State or other jurisdiction of
incorporation or organization)

<C>
52-1785164
(I.R.S. Employer
Identification No.)

4551 Cox Road, Suite 300, Glen Allen, Virginia
(Address of principal executive offices)

23060
(Zip Code)

</TABLE>

(804) 217-5800
(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 ninety days.

[X] Yes [] No

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Exchange Act Rule 12b-2).

[] Yes [X] No

Aggregate market value of voting stock held by non-affiliates of the registrant
as of March 31, 2003: None As of April 30, 2003, there were 1,000 shares of
Dynex Securities Corporation common stock outstanding.

The registrant meets the conditions set forth in General Instructions H(1)(a)
and (b) of Form 10-Q and is therefore filing this Form 10-Q/A with the reduced
disclosure format.

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DYNEX SECURITIES CORPORATION

FORM 10-Q/A

This amendment on Form 10-Q/A reflects restatement of the Company's financial
statements as discussed in Note 2 to the condensed financial statements.

All of the information in this Form 10-Q/A is as of May 14, 2003, the filing
date of the original Form 10-Q, and has not been updated for events subsequent
to that date other than for the matter discussed above.

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PART I. FINANCIAL INFORMATION
 Item 1. Financial Statements

DYNEX SECURITIES CORPORATION
 CONDENSED BALANCE SHEETS (UNAUDITED)
 (amounts in thousands except share data)

<TABLE>
 <CAPTION>

	March 31, 2003	December 31, 2002
<S>	<C>	<C>
ASSETS		
Cash	\$ 10	\$ 10
SHAREHOLDER'S EQUITY Common Stock, no par value:		
10,000 shares authorized,		
1,000 issued and outstanding	\$ 10	\$ 10

</TABLE>

See accompanying notes to the unaudited condensed financial statements.

DYNEX SECURITIES CORPORATION
 CONDENSED STATEMENTS OF OPERATIONS, (UNAUDITED)
 (amounts in thousands)

<TABLE>
 <CAPTION>

Three Months Ended March 31,	
-----	-----
2003	2002

<S>
Gain on sale of investments

Net income

(As restated,
see Note 2)

<C>

\$ 387

<C>

\$ -

\$ 387

\$ -

=====

=====

</TABLE>

See accompanying notes to unaudited condensed financial statements.

DYNEX SECURITIES CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS, (UNAUDITED)
(amounts in thousands)

<TABLE>
<CAPTION>

	----- Three Months Ended March 31, -----	
	2003	2002
	(As restated, see Note 2)	
Operating activities:		
Net income	\$ 387	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of investments	(387)	-
Net cash provided by operating activities	-	-
Investing activities:		
Proceeds from sale of investments	387	-
Net cash provided by investing activities	387	-
Financing activities:		
Dividends and capital distributions	(387)	-
Net cash used in financing activities	(387)	-
Net decrease in cash	-	-
Cash, beginning of period	10	10
Cash, end of period	\$ 10	\$ 10

</TABLE>

See notes to unaudited condensed financial statements.

DYNEX SECURITIES CORPORATION
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
(amounts in thousands except share data)

NOTE 1 -- CONDENSED FINANCIAL STATEMENTS

The accompanying condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and notes required by accounting principles generally accepted in the United States of America, hereinafter referred to as "generally accepted accounting principles" for complete financial statements. Dynex Securities Corporation (the "Company") was incorporated in Virginia on July 8, 1992 as a wholly owned, limited-purpose financing subsidiary of SMFC Funding Corporation, a Virginia corporation ("SMFC"). On January 1, 1997, SMFC dividded all of the outstanding stock of the Company, represented by 1,000 shares of common stock, to Dynex Holding, Inc. ("DHI"), an affiliated company. On November 1, 2000, DHI sold all

of the capital stock to Dynex Capital, Inc., an affiliate of DHI. Dynex Capital, Inc. is the parent of the Company.

The Company was organized to facilitate the securitization of mortgage loans through the issuance and sale of collateralized bonds (the "Bonds") and certificates of participation ("Mortgage Securities"). The Bonds are issued pursuant to an indenture or indentures and are secured by securities backed by one or more of the following: mortgage loans, Federal National Mortgage Association Mortgage-Backed Certificates, insurance policies, and various accounts and funds (collectively, the "Collateral"). The Collateral for a series of Bonds are pledged to a trustee. The Mortgage Securities represent a percentage interest in a pool of Collateral purchased by a trust established by the Company.

In the opinion of management, all normal recurring adjustments considered necessary to present fairly the financial position and results of operations of the Company for the periods presented have been made. The Balance Sheet as of March 31, 2003, the Statements of Operations and the Statements of Cash Flows for the three months ended March 31, 2003 and 2002 are unaudited. The Balance Sheet at December 31, 2002 has been derived from the audited financial statements as of that date. For further information, refer to the audited financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 2002.

NOTE 2 - RESTATEMENT

During the three months ended March 31, 2003, the Company exercised its call rights on two securities for the benefit of its parent company, Dynex Capital, Inc., simultaneously collapsed the security structure and sold the underlying loans at a gain of \$387. At the time of the filing of the Form 10-Q, it was assumed that Dynex Capital, Inc. owned the call rights to these securities. Subsequent to the issuance of the financial statements for the three months ended March 31, 2003, it was determined that the Company owned the call rights to these securities and that the sale of the underlying loans sold at a gain represented income to the Company which should be reported in the Company's financial statements. As a result, the Company has restated the financial statements for the three months ended March 31, 2003 to record the gain on the sale of the investment of \$387.

	Three Months Ended March 31,	
	2003	2003
(amounts in thousands)	As originally reported	As restated
Gain on sale of investments	\$ -	\$ 387
Net income	\$ -	\$ 387

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

As discussed in Note 2 to the condensed financial statements, the Company has restated its financial statements for the three months ended March 31, 2003. The Management's Discussion and Analysis gives effect to this restatement.

During the three months ended March 31, 2003, the Company issued no Mortgage Securities or Bonds on behalf of Dynex Capital, Inc. The most recent securitization of mortgage loans by the Company occurred in September 1995.

At March 31, 2003, the Company had \$1.4 billion of securities remaining for issuance under a registration statement filed with the Securities and Exchange Commission in October 1994. Securities sold through private placements by the Company do not reduce the amount available under the shelf registration statements.

During the three months ended March 31, 2003, the Company exercised its call rights on two securities with a principal balance of \$8.2 million, simultaneously collapsed the security structure and sold those securities at a premium, recognizing a gain of \$0.4 million.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

None.

Item 4. Controls And Procedures

(a) Evaluation of disclosure controls and procedures.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to management, including the Company's management, as appropriate, to allow timely decisions regarding required disclosures.

As of the end of the period covered by this report, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. This evaluation was carried out under the supervision and with the participation of the Company's management. Based upon that evaluation, the Company's management concluded that the Company's disclosure controls and procedures are effective, except as described below.

The Company identified an internal control deficiency related to the recording of realized gains on the sale of loans collateralizing securities for which the Company owned the call rights. For each of the called securities, the securitization structure was collapsed and the loans were sold to a third party at a gain. Originally the gain from the sale of these loans was recorded in the financial statements of the Company's parent. Management of the Company subsequently determined that these gains should be reported as income for the period ended March 31, 2003 in the financial statements of the Company. This internal control deficiency did not impact the consolidated financial statements of the Company's parent.

In conducting its review of disclosure controls, management concluded that sufficient disclosure controls and procedures, other than this deficiency, did exist to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

(b) Changes in internal controls.

There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation of it that occurred during the Company's last fiscal quarter that materially effected, or are reasonably likely to materially affect internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings:

None.

Item 5. Other Information:

None.

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits

- 3.1 Articles of Incorporation of the Registrant (Incorporated herein by reference to the Exhibits to Registrant's Registration Statement No. 33-49520 on Form S-11 filed July 10, 1992).
- 3.2 By-Laws of the Registrant (Incorporated herein by reference to the Exhibits to Registrant's Registration Statement No. 33-49520 on Form S-11 filed July 10, 1992).
- 4.1 Form of Trust Agreement dated July 1, 1992, (Incorporated herein by reference to Exhibits to Registrant's Registration Statement No. 33-49520 on Form S-11 filed July 10, 1992).
- 4.2 Standard Terms to Trust Agreement dated July 1, 1992 (Incorporated herein by reference to the Exhibits to Registrant's Registration Statement No. 33-49520 on Form S-11 filed July 10, 1992).
- 4.3 Copy of Series 1992-1 Trust Agreement dated as of August 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed September 4, 1992).
- 4.4 Copy of Series 1992-2 Trust Agreement dated as of September 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed October 14, 1992).
- 4.5 Copy of Series 1992-3 Trust Agreement dated as of October 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed November 6, 1992).
- 4.6 Copy of Series 1992-4 Trust Agreement dated as of November 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed December 7, 1992).
- 4.7 Copy of Series 1992-6 Trust Agreement dated as of December 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed January 7, 1993).
- 4.8 Copy of the Series 1993-8 Trust Agreement dated as of August 1, 1993, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed September 3, 1993).
- 4.9 Standard Terms to Trust Agreement, dated August 1, 1993 (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed September 3, 1993).
- 4.10 Copy of the Series 1993-10 Trust Agreement dated as of October 1, 1993, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed November 1, 1993).
- 4.11 Copy of the Series 1994-2 Trust agreement dated as of January 1, 1994, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas

Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed February 10, 1994).

- 4.12 Copy of the Series 1994-4 Trust Agreement dated as of March 1, 1994, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed April 13, 1994).
- 4.13 Copy of the Series 1994-2 First Amendment to Trust Agreement dated as of March 15, 1994, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed May 5, 1994).
- 4.14 Copy of the Series 1994-4 First Amendment to Trust Agreement dated as of April 15, 1994, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed May 18, 1994).
- 4.15 Copy of the Series 1994-9 Trust Agreement, dated as of June 1, 1994, by and among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed July 12, 1994).
- 4.16 Standard Terms to Trust Agreement (August 1994 Edition) (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed September 13, 1994).
- 4.17 Copy of the Series 1994-2 Second Amendment to Trust Agreement dated as of September 27, 1994, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed October 5, 1994).
- 4.18 Copy of the Series 1993-10 First Amendment to Trust Agreement, dated as of October 7, 1994, by and among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed October 13, 1994).
- 4.19 Standard Terms to Trust Agreement (Pool Insurance) (October 1994 Edition) (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed November 10, 1994).
- 4.20 Copy of the Series 1993-8 First Amendment to Trust Agreement, dated as of November 1, 1994, by and among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed December 15, 1994).
- 4.21 Copy of the Series 1994-4 Second Amendment to Trust Agreement, dated as of November 1, 1994, by and among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed December 15, 1994).

- 4.22 Copy of the September 1995 Edition of Standard Terms to Trust Agreement (with Servicing Agreement for Credit Sensitive Loans) (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed October 12, 1995).
- 10.1 Standard Provisions to Servicing Agreement (December 1992 Edition) (Incorporated herein by reference to the Exhibits to Registrant's Registration Statement No. 33-57204 on Form S-11 filed January 21, 1993).
- 10.2 Copy of the Meritech Servicing Agreement dated September 1, 1995 (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed October 12, 1995).
- 10.3 Copy of the Standard Terms to Meritech Servicing Agreement for Saxon Mortgage Securities Corporation, September 1995 Edition (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed October 12, 1995).
- 31.1 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.1 Copy of the Support Fund Agreement, dated as of June 29, 1994 between Texas Commerce Bank National Association, as Trustee, and Texas Commerce Bank National Association, as Custodian (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed July 11, 1994).
- 99.2 Copy of the Support Fund Agreement, dated as of October 27, 1994 by and between SHF Corp. and Texas Commerce Bank National Association, as Support Fund Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed November 10, 1994).
- 99.3 Copy of Financial Guaranty Insurance Policy No. 50306-N issued by Financial Security Assurance Inc., dated June 28, 1994, with respect to the Series 1994-9 Securities (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 10-K, filed March 21, 1995).
- 99.4 Copy of the Saxon Mortgage, Inc. Servicing Guide for Credit Sensitive Loans, February 1995 Edition (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed October 12, 1995).

(b) Reports on Form 8-K

None.

SIGNATURE

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 thereunto duly authorized.

DYNEX SECURITIES CORPORATION

Dated: May 18, 2004

By: /s/ Stephen J. Benedetti

 Stephen J. Benedetti
 President, Treasurer

CERTIFICATION
 PURSUANT TO 17 CFR 240.13a-14
 PROMULGATED UNDER
 SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen J. Benedetti, certify that:

1. I have reviewed this report on Form 10-Q/A of Dynex Securities Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control of financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 18, 2004

By: /s/ Stephen J. Benedetti

 Stephen J. Benedetti
 Principal Executive Officer and
 Principal Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Dynex Securities Corporation (the "Company") on Form 10-Q/A for the quarter ended March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen J. Benedetti, the Principal Executive Officer and Chief Financial Officer of the Company, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 18, 2004

By: /s/ Stephen J. Benedetti

Stephen J. Benedetti
Principal Executive Officer
Chief Financial Officer