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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

Date of Report (Date of earliest event reported): May 9, 2005

DYNEX CAPITAL, INC.

(Exact name of registrant as specified in its charter)

Virginia	1-9819	52-1549373
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

4551 Cox Road, Suite 300	
Glen Allen, Virginia	23060
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (804) 217-5800

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing 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))

Item 1.01 Entry into a Material Definitive Agreement.

On May 9, 2005, Dynex Capital, Inc. ("Dynex"), MSC I, L.P., MERIT Securities Corporation and Issued Holdings Capital Corporation (IHCC), all of which are subsidiaries of Dynex (collectively, the "Company"), entered into a purchase agreement with Highland Undertakings, LLC ("Highland") (the "Purchase Agreement"). Under the Purchase Agreement, the Company sold to Highland (or a subsidiary of Highland) (i) the stock of a subsidiary, (ii) certain securitization financing bonds that it owned, and (iii) the Company's right to redeem one or more classes of securitization bonds that it has issued pursuant to the terms of the respective indentures. In addition, IHCC and a subsidiary of Highland entered into a derivative transaction whereby IHCC received a fixed payment on or about the closing date of the Purchase Agreement and agreed to pay to such subsidiary of Highland certain payments if and when certain funds become available to the Company in the future. The payment by IHCC will be based on amounts available for distribution to the surplus account as that term is defined in the respective indenture for a particular securitization trust. The aggregate purchase price under the Purchase Agreement was \$9,000,000.

The Purchase Agreement contained representations and warranties and other covenants and undertakings typical for a transaction of this nature.

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 hereunto duly authorized.

Date: May 13, 2005

By: /s/ Stephen J. Benedetti
Stephen J. Benedetti
Executive Vice President and
Chief Financial Officer