

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13D-1(A) AND
AMENDMENTS THERETO FILED PURSUANT TO RULE 13D-2(A)*

(AMENDMENT NO. 8)

Dynex Capital, Inc.

(Name of Issuer)

Common Stock, \$0.01 par value per share

(Title of Class of Securities)

26817Q506

(CUSIP Number)

with a copy to:

Michael R. Kelly 550 West C Street San Diego, CA 92101 (619) 687-5000	Stephen Fraidin Fried, Frank, Harris, Shriver & Jacobson One New York Plaza New York, NY 10004-1980 (212) 859-8000
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(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

December 11, 2000

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box ☐.

NOTE: Schedules filed in paper format shall include a signed original and five copies of the Schedule, including all exhibits. SEE Rule 13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, SEE the NOTES).

SCHEDULE 13D
CUSIP No. 26817Q506

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

CALIFORNIA INVESTMENT FUND, LLC 33-0688954

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)	<input checked="" type="checkbox"/>
(b)	<input type="checkbox"/>

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) ☐

NOT APPLICABLE

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CALIFORNIA

NUMBER OF 7 SOLE VOTING POWER
SHARES -0-
BENEFICIALLY 8 SHARED VOTING POWER
OWNED BY EACH 572,178
REPORTING 9 SOLE DISPOSITIVE POWER
PERSON WITH -0-
10 SHARED DISPOSITIVE POWER
572,178

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

572,178

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) []
EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.00%

14 TYPE OF REPORTING PERSON (See Instructions)

CO

SCHEDULE 13D

CUSIP No. 26817Q506

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

MICHAEL R. KELLY

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) [X]

(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) []

NOT APPLICABLE

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF 7 SOLE VOTING POWER
SHARES -0-
BENEFICIALLY 8 SHARED VOTING POWER
OWNED BY EACH 572,178
REPORTING 9 SOLE DISPOSITIVE POWER
PERSON WITH -0-
10 SHARED DISPOSITIVE POWER
572,178

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

572,178

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) []
EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.00%

14 TYPE OF REPORTING PERSON (See Instructions)
IN

SCHEDULE 13D
CUSIP No. 26817Q506

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
RICHARD KELLY

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) [X]
(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) []
NOT APPLICABLE

6 CITIZENSHIP OR PLACE OF ORGANIZATION
USA

NUMBER OF 7 SOLE VOTING POWER
SHARES -0-

BENEFICIALLY 8 SHARED VOTING POWER
OWNED BY EACH 572,178

REPORTING 9 SOLE DISPOSITIVE POWER
PERSON WITH -0-

10 SHARED DISPOSITIVE POWER
572,178

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
572,178

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) []
EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.00%

14 TYPE OF REPORTING PERSON (See Instructions)
IN

This amendment amends and supplements Schedule 13D of California Investment Fund, LLC, dated April 3, 2000 and filed on April 4, 2000 with the Securities and Exchange Commission ("SEC"), Amendment No. 1 to Schedule 13D, dated September 12, 2000 and filed on September 13, 2000 with the SEC, Amendment No. 2 to Schedule 13D, dated October 3, 2000 and filed on October 3, 2000 with the SEC, Amendment No. 3 to Schedule 13D, dated October 17, 2000 and filed on October 17, 2000 with the SEC, Amendment No. 4 to Schedule 13D, dated October 24, 2000 and filed on October 24, 2000 with the SEC, Amendment No. 5 to Schedule 13D, dated October 30, 2000 and filed on October 30, 2000 with the SEC, Amendment No. 6 to Schedule 13D, dated November 8, 2000 and filed on November 8,

2000 with the SEC, and Amendment No. 7 to Schedule 13D, dated December 12, 2000 and filed on December 13, 2000 with the SEC (together, the "Schedule 13D"). Except as amended by this amendment, there has been no change in the information previously reported on the Schedule 13D.

ITEM 4. PURPOSE OF TRANSACTION.

On November 7, 2000, California Investment Fund, LLC (the "Fund") and Dynex Capital, Inc. ("Dynex") entered into a definitive merger agreement (as amended, the "Merger Agreement") pursuant to which a newly formed subsidiary of the Fund will merge with and into Dynex and Dynex will become a wholly owned subsidiary of the Fund for a purchase price of \$90 million in cash for all of the equity of Dynex (the "Acquisition Transaction"). There can be no assurance that the Acquisition Transaction will be completed on the terms set forth in the Merger Agreement or otherwise. A copy of the Merger Agreement was attached as Exhibit B to the Fund's Amendment No. 6 to Schedule 13D filed on November 8, 2000 with the SEC, and is specifically incorporated herein by reference, and the description herein of such merger agreement is qualified in its entirety by reference to such agreement.

On December 11, 2000, the Fund and Dynex executed a document, a copy of which is attached hereto as Exhibit A. Such document is specifically incorporated herein by reference, and the description herein of such document is qualified in its entirety by reference to such document.

On December 19, 2000, Fremont Investment & Loan ("Fremont") delivered to Dynex a letter (the "Letter") regarding financing in connection with the Acquisition Transaction. A copy of the Letter is attached hereto as Exhibit B and is specifically incorporated herein by reference, and the description herein of such letter is qualified in its entirety by reference to such letter.

Depending on the outcome of the Acquisition Transaction, the Fund reserves the right to formulate other plans and/or make other proposals, and take such actions with respect to its investments in Dynex, including any or all of the actions set forth in the paragraphs (a) through (j) of Item 4 of Schedule 13D and any other actions as it may determine.

Except as stated in this response to Item 4 and in furtherance of closing the Acquisition Transaction pursuant to the terms of the Merger Agreement, the Fund has no current plans or proposals with respect to Dynex or its securities of the types enumerated in paragraphs (a) through (j) of Item 4 of Schedule 13D.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit A -- Document, executed by California Investment Fund, LLC, DCI Acquisition Corporation and Dynex Capital, Inc., dated as of December 8, 2000.

Exhibit B -- Letter, dated December 19, 2000 from Fremont Investment & Loan.

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

Date: December 21, 2000 California Investment Fund, LLC,
a California limited liability company

By: /s/ Michael R. Kelly

Michael R. Kelly
Its: Managing Member

Date: December 21, 2000 Michael R. Kelly

By: /s/ Michael R. Kelly

Michael R. Kelly, as an Individual

Date: December 21, 2000 Richard Kelly

By: /s/ Richard Kelly

Richard Kelly, as an Individual

Exhibit A -- Document, executed by California Investment Fund, LLC, DCI
Acquisition Corporation and Dynex Capital, Inc., dated
as of December 8, 2000.

Exhibit B -- Letter, dated December 19, 2000 from Fremont Investment & Loan.

EXHIBIT A

ACKNOWLEDGEMENT AND AGREEMENT

Reference is hereby made to that certain Agreement and Plan of Merger (the "Merger Agreement"), dated November 7, 2000, by and among California Investment Fund, LLC, a California limited liability company (the "Buyer"), DCI Acquisition Corporation, a Virginia corporation (the "Transitory Subsidiary"), and Dynex Capital, Inc., a Virginia corporation (the "Target"). Each capitalized term used and not otherwise defined herein shall have the meaning ascribed to it in the Merger Agreement.

Pursuant to Section 5(c)(i), the SEC Mail Date will be December 22, 2000, unless the parties mutually agree to an earlier date.

Pursuant to Sections 2(d)(vii), 5(f) and 6(a)(vii) of the Merger Agreement, the Target is required to purchase, terminate or cancel all outstanding Target SARs and Target Options for an aggregate amount not to exceed \$265,000 on or before the Effective Time. Each of the Buyer, the Transitory Subsidiary and the Target hereby agrees to substitute \$300,000 in lieu of \$265,000 in each such Section.

Pursuant to Section 5(g)(vii) of the Merger Agreement, none of the Target and its Subsidiaries will make any change in employment retention agreements other than extension through the Effective Time. Each of the Buyer, the Transitory Subsidiary and the Target hereby agrees that the Target may extend through December 31, 2001 employment retention agreements for full-time employees of the Target in its Glen Allen, VA office that have been employees of the Target for at least one full year as of December 31, 2000. Such retention agreements will provide for a retention payment of 20% of base salary in addition to the one-week per year of service in the Target's existing severance policy to the extent such employee's position is eliminated or relocated outside the Richmond, VA metropolitan area during calendar year 2001 and such employee does not relocate.

IN WITNESS WHEREOF, each of the undersigned acknowledges and agrees to the foregoing and executes this Acknowledgement and Agreement as of this 8th day of December, 2000.

ACKNOWLEDGED AND AGREED:

CALIFORNIA INVESTMENT FUND, LLC

By: /s/ Michael R. Kelly

Title: Managing Member

DCI ACQUISITION CORPORATION

By: /s/ Michael R. Kelly

Title:

DYNEX CAPITAL, INC.

By: /s/ Thomas H. Potts

Title: President

December 19, 2000

Mr. Thomas H. Potts
President
Dynex Capital, Inc.
4551 Cox Road
Third Floor
Glen Allen, VA 23060

Re: Letter of Intent for Loan to California Investment Fund, LLC

Dear Mr. Potts:

FREMONT INVESTMENT & LOAN ("Lender") and CALIFORNIA INVESTMENT FUND, LLC ("Borrower") are in the process of negotiating documents relating to a loan (the "Loan") in the approximate amount of \$90,000,000 (the "Loan Amount") to Borrower in connection with Borrower's proposed acquisition of Dynex Capital, Inc. ("Dynex"). The Loan would be secured by, among other things, a pledge of all of Dynex's assets.

Lender's interest in making the Loan is based, among other things, on its five-year lending relationship with Borrower and the due diligence information presented to Lender by Borrower with respect to Dynex and the proposed transaction. Please note that the actual making of the Loan is conditioned upon, among other things, Lender's confirmation of the truth and accuracy of all such due diligence information, its own due diligence regarding Dynex and the proposed transaction, Lender's receipt and approval of all reports, documents and other information required in connection with this transaction, the satisfaction of all closing conditions required by Lender in its sole discretion, the completion of the necessary documentation and the negotiation, execution and delivery of satisfactory agreements and loan documents incorporating such terms, conditions, representations and covenants as Lender may deem appropriate for this transaction, the entering into of such participation agreements with one or more interested parties as Lender may elect, and the review and approval of such other matters relating to the proposed Loan that Lender and/or its counsel may elect.

The parties acknowledge and agree that this letter of intent does not constitute, and Lender has not issued, a commitment to make the Loan. At Lender's option, it may, at any time, terminate all further negotiations relating to the Loan without liability or notice to any party.

Lender is a \$4 billion thrift which has originated approximately 400 commercial real estate loans, in excess of \$2.5 billion, across the country over the past two years.

Very truly yours,

FREMONT INVESTMENT & LOAN

/s/ Gwyneth E. Colburn by Marla Ford

Gwyneth E. Colburn
Executive Vice President
Commercial Real Estate