

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. 9)

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	Stephen Fraidin
550 West C Street	Fried, Frank, Harris, Shriver & Jacobson
San Diego, CA 92101	One New York Plaza
(619) 687-5000	New York, NY 10004-1980
	(212) 859-8000

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

December 26, 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) ☒
(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
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
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11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
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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, Amendment No. 7 to Schedule 13D, dated December 12, 2000 and filed on December 12, 2000 with the SEC and Amendment No. 8 to Schedule 13D, dated December 21, 2000, and filed on December 21, 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 26, 2000, the Fund and Dynex executed a document, and simultaneously with its delivery of the executed document, the Fund delivered to Dynex a letter. A copy of the document and the letter are attached hereto as Exhibit A and Exhibit B, respectively. Such document and such letter are specifically incorporated herein by reference, and the description herein of such document and such letter is qualified in its entirety by reference to such document and 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 22, 2000.

Exhibit B -- Letter, dated December 26, 2000, from California Investment Fund, LLC to Dynex Capital, Inc.

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 27, 2000 California Investment Fund, LLC,
a California limited liability company

By: /s/ MICHAEL R. KELLY

Michael R. Kelly
Its: Managing Member

Date: December 27, 2000 Michael R. Kelly

By: /s/ MICHAEL R. KELLY

Michael R. Kelly, as an Individual

Date: December 27, 2000 Richard Kelly

By: /s/ RICHARD KELLY

Richard Kelly, as an Individual

EXHIBIT INDEX

Exhibit A -- Document, executed by California Investment Fund, LLC, DCI Acquisition Corporation and Dynex Capital, Inc., dated as of December 22, 2000.

Exhibit B -- Letter, dated December 26, 2000, from California Investment Fund, LLC to Dynex Capital, Inc.

EXHIBIT A

DYNEX

DYNEX CAPITAL, INC.
4551 Cox Road - Suite 300
Glen Allen, Virginia 23060
804-217-5800
Fax 804-217-5861

December 22, 2000

BY CERTIFIED MAIL - RETURN RECEIPT
REQUESTED & BY FACSIMILE: (619) 687-5010

Mr. Michael R. Kelly
Managing Member
California Investment Fund, LLC
DCI Acquisition Corporation
550 West C Street
10th Floor
San Diego, California 92101

Re: Agreement and Plan of Merger dated as of November 7, 2000 by and among
California Investment Fund, LLC, DCI Acquisition Corporation and Dynex
Capital, Inc.

Dear Mr. Kelly:

This is to notify you that California Investment Fund, LLC ("CIF") is in breach of its obligations under Section 5(e) of the captioned Agreement and Plan of Merger (the "Merger Agreement"), as the letter addressed to me from Fremont Investment & Loan dated December 19, 2000 is neither a "commitment" to provide financing nor is it from a financing source "capable of financing the transactions contemplated by" the Merger Agreement. Pursuant to Sections 7(a)(vii) and 7(c)(i) of the Merger Agreement, Dynex has the right to terminate the Merger Agreement and receive payment and delivery of the Escrow Amount. Dynex reserves its rights described above, but elects at this time to forbear from exercising such rights, provided that the enclosed duplicate original of this letter is executed and returned to the undersigned no later than 5pm Eastern time on Wednesday, December 27, 2000 and that CIF complies with its obligations under numbered paragraphs 2 and 3 below. If a countersigned original of this letter is not received by such time, or if CIF breaches any obligation under numbered paragraphs 2 or 3 below, Dynex shall thereupon terminate the Merger Agreement and make a claim under the Escrow Agreement for the Escrow Amount.

Capitalized terms used but not otherwise defined in this letter shall have the meanings ascribed to such terms in the Merger Agreement.

By your execution and return of this letter, you agree to the terms and conditions set forth below.

1. At CIF's request, the SEC Mail Date shall be January 29, 2001. Dynex shall provide to CIF a revised draft preliminary merger proxy in substantially final form (excluding sections of the merger proxy meant to be drafted by CIF) on or before January 19, 2001. CIF shall provide to Dynex all its comments and insertions to the draft preliminary merger proxy electronically and via fax by 5:00 PM Pacific time on January 26, 2001.

2. On or before 5pm Eastern time on January 25, 2001, CIF shall provide to Dynex (a) written binding commitment(s) from a third party or parties committing to provide CIF and DCI with sufficient financing (debt and/or equity) to consummate the Merger according to the terms (and without any conditions other than those conditions customarily contained in such written binding commitment(s) by such third party or third parties) of such written commitment(s), or (b) definitive agreements for sufficient financing (debt and/or equity) to consummate the Merger.

3. CIF shall have obtained and shall provide to Dynex, on or prior to 5pm Eastern time on January 25, 2001, the written consent by a sufficient number of the holders of the Target Senior Notes to permit all of the transactions contemplated by the Merger Agreement, including without limitation the financing thereof, to be consummated without breach of the Target Senior Note Indenture.

4. To the extent any provision of this letter conflicts with or is inconsistent with any term or condition of the Merger Agreement, the Merger Agreement shall be deemed to have been amended in a manner consistent with the

provisions hereof. Any breach by CIF of any obligation hereunder shall be deemed to be a breach by CIF of its obligations under numbered paragraph 2 or 3 above, and shall also revoke Dynex's forbearance described in the introductory paragraph hereof.

DYNEX CAPITAL, INC.

By: /s/ Thomas H. Potts

Thomas H. Potts, President

AGREED AND ACCEPTED:

CALIFORNIA INVESTMENT FUND, LLC

By: /s/ Michael R. Kelly

Name:

Title:

DCI ACQUISITION CORPORATION

By: /s/ Michael R. Kelly

Name:

Title:

cc: Stephen Fraidin, Esq.

EXHIBIT B

CALIFORNIA INVESTMENT FUND, LLC

December 26, 2000

BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED
AND BY FACSIMILE: (804) 217-5860

Mr. Thomas H. Potts
President
Dynex Capital, Inc.
4551 Cox Road, Suite 300
Glen Allen, Virginia 23060

Re: AGREEMENT AND PLAN OF MERGER DATED AS OF NOVEMBER 7, 2000 BY AND AMONG
CALIFORNIA INVESTMENT FUND, LLC, DCI ACQUISITION CORPORATION AND DYNEX
CAPITAL, INC.

Dear Mr. Potts:

Reference is made to your letter dated December 22, 2000 to the undersigned and your related press release, to the effect that the December 19, 2000 letter from Freemont Investment and Loan does not satisfy the provisions of Section 5(e) of the Merger Agreement. As we have previously indicated to you in our telephone conversations, we do not agree with your position regarding the letter from Freemont and reserve all of our rights in connection therewith.

Nevertheless, we have decided to enter into the letter agreement attached hereto in order to move this transaction forward.

Very truly yours,
California Investment Fund, LLC

/s/ Michael R. Kelly

Michael R. Kelly
Managing Member

CC: Elizabeth R. Hughes, Esq.

550 West C Street, 10th Floor
San Diego, California 92101
(619) 687-5000 (619) 687-5010 fax