

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to
Section 16. Form 4 or Form 5 obligations
may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>POTTS THOMAS H</u> (Last) (First) (Middle) <u>1731 LOMA VISTA STREET</u> (Street) <u>PASADENA CA 91104</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>DYNEX CAPITAL INC [DX]</u> 3. Date of Earliest Transaction (Month/Day/Year) <u>01/15/2004</u> 4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below) 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person
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Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/15/2004		P ⁽¹⁾		5,000	A	\$6.76	11,100	I	IRA
Common Stock	01/16/2004		P ⁽¹⁾		200	A	\$6.75	11,300	I	IRA
Common Stock								306,959 ⁽²⁾	D	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date	Title	Amount or Number of Shares				

Explanation of Responses:

1. The reporting person, who is the former President of the Issuer, is in the process of transferring his Issuer 401(k) plan into his IRA administered by a different financial institution. In connection with this transfer, the Issuer's 401(k) plan was required to sell the securities held in his 401(k) plan account (which included 19,536 shares of the Issuer's common stock). Such sale took place on December 30, 2003. The financial institution that administers the reporting person's IRA has now received the 401(k) plan proceeds and to date has purchased 11,300 shares of the Issuer's common stock. The reporting person plans to repurchase the entire 19,536 shares of the Issuer's common stock into his IRA in the near future.

2. Of this amount, 9,077 shares are indirect beneficial ownership held by the reporting person's family members.

Thomas H. Potts

01/20/2004

** Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.