

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

SCHEDULE 14A
**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

SAXON CAPITAL, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: _____

(2) Aggregate number of securities to which transaction applies: _____

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____

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(1) Amount Previously Paid: _____

(2) Form, Schedule or Registration Statement No.: _____

(3) Filing Party: _____

(4) Date Filed: _____



4860 Cox Road
Suite 300
Glen Allen, Virginia 23060

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Saxon Capital, Inc. will hold its Annual Shareholders' Meeting at the Hilton Garden Inn Richmond Innsbrook, 4050 Cox Road, Glen Allen, Virginia 23060, on June 21, 2005, at 9:00 a.m. local time, to:

- Elect five directors for one-year terms ending at the annual shareholders meeting in 2006 and until their successors are duly elected and qualified.
- Ratify the appointment by the Audit Committee of Deloitte & Touche, LLP as the Company's independent registered public accounting firm for 2005.
- Act on any other business that may properly come before the meeting.

If you own our common stock as of the close of business on March 31, 2005 (the "Record Date"), you can vote that stock by mailing the enclosed proxy card or voting at the meeting.

Only shareholders or their proxy holders, members of the Board of Directors, management and our guests may attend the meeting. For registered shareholders, two perforated admission tickets are included with this document. Please bring the admission ticket with you to the meeting. If your shares are held in the name of your broker, bank, or other nominee, you must bring to the meeting an account statement or letter from the nominee indicating that you are the beneficial owner of the shares on the Record Date. Those shareholders wishing to attend the meeting must present these admission tickets or other evidence of stock ownership at the meeting. Any questions regarding the meeting may be addressed to Saxon's Investor Relations department at (804) 967-7879. The meeting will begin promptly at 9:00 a.m.

Shareholders who do not present admission tickets at the meeting will be admitted only upon verification of stock ownership at the registration desk.

Your Vote is Important! Whether or not you expect to attend in person, we urge you to vote your stock by signing, dating, and returning the enclosed proxy card at your earliest convenience. This will ensure the presence of a quorum at the meeting. Promptly voting your stock will save us the expense and extra work of additional solicitation. An addressed envelope for which no postage is required if mailed in the United States is enclosed if you wish to vote your shares by mail. Sending in your proxy card will not prevent you from voting your stock at the meeting if you desire to do so, as your vote by proxy is revocable at your option.

April 26, 2005

Richard D. Shepherd

Secretary



4860 Cox Road
Suite 300
Glen Allen, Virginia 23060

PROXY STATEMENT

We are sending this Proxy Statement to you, the shareholders of Saxon Capital, Inc. ("Saxon" or the "Company"), as part of the Board of Directors' solicitation of proxies to be voted at the Company's Annual Meeting of Shareholders at 9:00 a.m., local time, on June 21, 2005, and at any adjournments or postponements of the meeting. The Annual Meeting will take place at the Hilton Garden Inn Richmond Innsbrook, 4050 Cox Road, Glen Allen, Virginia 23060.

Shareholders of record at the close of business on March 31, 2005 (the "Record Date") will be entitled to vote at the meeting. On March 31, 2005, there were 49,884,038 shares of common stock outstanding. Each share outstanding on the Record Date will be entitled to one vote with respect to all business of the meeting.

We are first releasing this Proxy Statement and proxy card on or about April 26, 2005. We are also enclosing a copy of our Annual Report on Form 10-K that we have filed with the Securities and Exchange Commission, which includes the Company's 2004 consolidated financial statements. The Annual Report on Form 10-K is not, however, part of the proxy materials.

PROPOSALS YOU ARE ASKED TO VOTE ON

PROPOSAL 1

ELECTION OF DIRECTORS

At the Annual Meeting, you will be asked to elect five directors for terms of one year or until their successors are duly elected and qualified. Nominees to the Board of Directors will be elected by the affirmative vote of a plurality of the shares of the Common Stock present and voting at the meeting. This means that the five nominees who receive the largest number of votes cast "FOR" will be elected as directors at the Meeting.

The nominees for election are Richard A. Kraemer, Louis C. Fornetti, Michael L. Sawyer, Thomas J. Wageman and David D. Wesselink. Each nominee is currently serving as a member of the Company's Board of Directors. Each nominee has consented to be named in this Proxy Statement and to serve as a director if elected. (See page 3 for additional information about the nominees). There are no family relationships among the nominees or special understandings pursuant to which the nominees have been nominated as directors of the Company.

We know of no reason why the nominees would not be available for election or, if elected, would not be able to serve. If any of the nominees decline or are unable to serve as a nominee at the time of the meeting, the persons named as proxies may vote either (1) for a substitute nominee designated by the present Board to fill the vacancy or (2) for the balance of the nominees, leaving a vacancy. Alternatively, the present Board may reduce the size of the Board.

**THE BOARD OF DIRECTORS RECOMMENDS THAT
YOU VOTE "FOR" THE FIVE NOMINEES.**

PROPOSAL 2

RATIFY THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Deloitte & Touche LLP as independent registered public accounting firm of the Company for the fiscal year ending December 31, 2005. The Audit Committee is asking shareholders to ratify this appointment. Deloitte & Touche LLP served as our independent registered public accounting firm for the 2004 fiscal year, and is considered by management to be well qualified.

A Deloitte & Touche LLP representative is expected to attend the Annual Meeting to answer appropriate questions and make a statement if he or she so desires.

Approval of this proposal requires the affirmative vote of the holders of a majority of the voting power present in person or by proxy and entitled to vote at the meeting. If the shareholders do not ratify Deloitte & Touche LLP as Saxon's independent registered public accounting firm, the Audit Committee will reconsider the selection of its independent registered public accounting firm. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of Saxon and its shareholders.

**THE BOARD OF DIRECTORS RECOMMENDS THAT
YOU VOTE "FOR" APPROVAL OF THIS PROPOSAL.**

CORPORATE GOVERNANCE

- Saxon has adopted a code of conduct that applies to all of our employees, officers and directors. Our code of conduct is also available on our website at www.saxoncapitalinc.com, and it is available to any shareholder that requests it from Investor Relations, 4860 Cox Road, Suite 300, Glen Allen, Virginia 23060. Any amendments to the code, or waivers from, our code of conduct, if any, applicable to any of our directors or executive officers will be posted on our website.
- Saxon has adopted Corporate Governance Policies and Procedures which are available on our website at www.saxoncapitalinc.com and are available to any shareholder that requests it from Investor Relations, 4860 Cox Road, Suite 300, Glen Allen, Virginia 23060.
- Richard A. Kraemer, Louis C. Fornetti, Thomas J. Wageman and David D. Wesselink are currently serving as independent directors of the Company. Upon the recommendation of the Governance and Nominating Committee, the Board of Directors has affirmatively determined that these directors are independent based on the absence of material business or other relationships with us, past or present employment of the directors or their immediate family members with the Company or firms with which the Company does business.
- Saxon's Board of Directors regularly holds executive sessions at which only the independent directors are present. The Chair of the Board of Directors, Richard A. Kraemer, presides over these executive sessions.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Currently, the Board of Directors (the “Board”) consists of five directors, four of whom (Messrs. Kraemer, Fornetti, Wageman, and Wesselink) are independent directors.

The information set forth below as to each nominee has been furnished by the nominee.

NOMINEES FOR ELECTION AS DIRECTORS

Name	Age	Principal Business Experience During Past Five Years and Certain Other Directorships	Director Since
Richard A. Kraemer	60	Mr. Kraemer is Chairman of our Board and has served as Chairman of the Board of Saxon Capital since December 9, 2003. Since 2002, Mr. Kraemer has been a trustee of the American Financial Realty Trust, a real estate investment trust. Since 2001, Mr. Kraemer has been a director of The Community Bank. From 1996 to 1999, he was Vice Chairman of Republic New York Corporation, a publicly traded bank holding company. From 1993 to 1996, he was Chairman and Chief Executive Officer of Brooklyn Bancorp, the publicly traded holding company for Crossland Federal Savings Bank. Mr. Kraemer has held senior management positions for most of his thirty-year career. He received his undergraduate degree in real estate from Pace University.	2001
Louis C. Fornetti	55	Since January, 2004, Mr. Fornetti has served as a personal business advisor to an independent trustee to a large group of family trusts. He also served on the Board of Directors for American Medical Security Group from 2003 to December, 2004, and was a member of its Audit Committee and Chairman of the Investment Committee. From 2001 to 2003, Mr. Fornetti served on the Board of Othnet, Inc., a peer-to-peer software development company. He was also Chairman of the Audit Committee and a member of the Compensation Committee during that time. From 1996 to 2001, Mr. Fornetti served on the Board of iPool Corporation, a consumer advocacy company. He was also Chairman of the Audit and Compensation Committees during that time, and currently serves in an advisory role to that company. From 1997 to 2002, Mr. Fornetti served on the Board of Stockwalk Group, Inc., a securities firm providing investment services and was a member of its Audit and Compensation Committees. From 1995 to 1997 Mr. Fornetti held several positions, including Chief Financial Officer, at RBC Dain Rauscher (formerly Interra Financial, Inc.), a regional brokerage firm. During that time he also was President and Chief Executive Officer of Interra Clearing Services. From 1985 to 1995, Mr. Fornetti was employed with American Express Financial Advisors, and served as Chief Financial Officer from 1992 to 1995. Mr. Fornetti received his bachelor’s degree from Northern Michigan University in 1972. Mr. Fornetti received his Certified Public Accountant certificate in 1974 from the State of Minnesota.	2005
David D. Wesselink	62	Mr. Wesselink has been Chairman and Chief Executive Officer of Metris Companies, a bankcard issuer, since December 2002. He joined Metris as Chief Financial Officer in 1998 and was named Vice Chairman in 2000. From 1993 to 1998, he was the Chief Financial Officer of Advanta Corporation. Prior to Advanta, he spent more than 20 years at Household International and was named HFC’s Chief Financial Officer in 1982 and Senior Vice President in 1986. Since 1995, Mr. Wesselink has also served as a director of CFC International, a specialty chemical company whose stock is quoted on the Nasdaq National Market. He is also a board member of the American Financial Services Association (AFSA), Central College, and the National Institute of Consumer Credit at Marquette University. He holds a bachelor’s degree from Central College in Pella, Iowa, and an M.B.A. from Michigan State University.	2001
Thomas J. Wageman	71	Mr. Wageman has been Managing General Partner of TLT, Ltd., a financial services consulting business, since 1994. Since 1996 TLT, Ltd. has been the Trustee of the LMUSA Creditors Trust. From 1992 to 1994, Mr. Wageman was Chairman of the Board and CEO of Sunbelt National Mortgage Company, remaining as a consultant to that company until 1996, following its sale to First Tennessee National Corporation. He has held senior management and Board positions in a variety of public and private companies for most of his forty-year career. Mr. Wageman also serves on the board of directors of Nomas Corp. and First Horizon Asset Securitization, Inc. Mr. Wageman received his bachelor’s degree from the University of Notre Dame and his M.B.A. from the University of Chicago.	2001
Michael L. Sawyer	48	Mr. Sawyer has served as Saxon Capital’s Chief Executive Officer since 2001, and as its President from 1998 until 2001 and since June 7, 2004. Before being named President, Mr. Sawyer had served as a Director and Senior Vice President of Underwriting since 1995. Before joining Saxon Capital, Mr. Sawyer served as Vice President and Director of Conduit Funding for Household Financial Services from 1994 to 1995. From 1993 until 1994, Mr. Sawyer was general manager and director of correspondent lending for Novus Financial Corporation. From 1985 until 1993, Mr. Sawyer held various managerial positions for Ford Consumer Finance, including regional underwriting manager and manager of operations. Mr. Sawyer received his bachelor’s degree in Liberal Arts from the University of Illinois, and received his M.B.A. from the University of California, Irvine.	2001

Board Committees

Executive Committee. The Executive Committee has and may exercise all of the powers and authority of the Board of Directors in the management of our business and affairs, except where action of the entire Board of Directors is required by statute. The Executive Committee currently consists of Messrs. Kraemer (Chair), Sawyer, and Wageman. The Executive Committee met two (2) times in 2004.

Audit Committee. The Audit Committee is comprised of four independent directors—Messrs. Wesselink (Chair), Fornetti, Kraemer, and Wageman. New York Stock Exchange marketplace rules and our Audit Committee charter require that the Audit Committee have at least three members all of whom must be “independent directors.” The Board of Directors has determined that each of Messrs. Wesselink, Fornetti, Kraemer, and Wageman qualify as “independent directors” within the meaning of SEC regulations and the listing standards of the New York Stock Exchange. The Board of Directors has also determined that Messrs. Fornetti and Wesselink, both of whom are independent, qualify as the Audit Committee’s financial experts, and that all Audit Committee members are “financially literate” as required by the New York Stock Exchange. The Audit Committee operates under a written charter adopted by the Board of Directors, a copy of which is attached as Appendix A to this Proxy Statement. You may also access the Audit Committee charter on our website at www.saxoncapitalinc.com, and it is available to any shareholder that requests it from Investor Relations, 4860 Cox Road, Suite 300, Glen Allen, Virginia 23060. The Audit Committee’s pre-approval policies and procedures regarding audit and non-audit services are included in its charter. Among other things, the Audit Committee is responsible for:

- engaging the independent public accountants and approving all fees in advance;
- monitoring the integrity of our financial statements, financial reporting process and internal control systems for finance and accounting;
- monitoring the independence and performance of our independent public accountants and our internal audit function;
- monitoring our compliance with Section 404 of the Sarbanes-Oxley Act and other regulatory requirements;
- monitoring our significant risks and management’s process to manage those risks; and
- ensuring an avenue of communication among the independent registered public accounting firm, management, our internal auditor and the Board of Directors.

During 2004, the Audit Committee met eleven (11) times.

Compensation Committee. The Compensation Committee, among other matters, has responsibility to:

- oversee the development and maintenance of the Company's management compensation philosophy, structure, policies and procedures;
- determine appropriate compensation levels for the officers who report directly to the Chief Executive Officer and certain other key employees; and
- review and evaluate officer compensation plans, employee benefits and equity programs and make recommendations to our Board of Directors.

The Compensation Committee is required by its charter to have at least two members, each of whom must be independent directors. The Compensation Committee currently consists of Messrs. Kraemer (Chair), Fornetti, Wesselink, and Wageman. Messrs. Kraemer, Fornetti, Wageman and Wesselink each qualify as "independent directors" within the meaning of the listing standards of the New York Stock Exchange. The Compensation Committee operates under a written charter adopted by the Board of Directors, which is available on our website at www.saxoncapitalinc.com and it is available to any shareholder that requests it from Investor Relations, 4860 Cox Road, Suite 300, Glen Allen, Virginia 23060.

During 2004, the Compensation Committee met five (5) times.

Governance and Nominating Committee. The Governance and Nominating Committee is comprised of four independent directors - Messrs. Wageman (Chair), Fornetti, Kraemer, and Wesselink. Messrs. Wesselink, Fornetti, Kraemer, and Wageman each qualify as "independent directors" within the meaning of the listing standards of the New York Stock Exchange. The Governance and Nominating Committee operates under a written charter adopted by the Board of Directors which is available on our website at www.saxoncapitalinc.com, and it is available to any shareholder that requests it from Investor Relations, 4860 Cox Road, Suite 300, Glen Allen, Virginia 23060. Among other matters, this committee has responsibility to:

- identify and recommend to the Board qualified director nominees for each election of directors;
- provide oversight in the evaluation of the performance of the Board, each of its committees and each director; and
- keep abreast of the current state of corporate governance and best practices among our peers, and public companies generally, and use its judgment to develop and maintain corporate governance principles and practices, and recommend them to the Board.

During 2004, the Governance and Nominating Committee met four (4) times.

Criteria for Board Nomination. In the nomination of directors, the Governance and Nominating Committee seeks to maintain a mix of experience, skill, and background advantageous to Saxon Capital and its shareholders, and seeks directors with the following characteristics:

- compliance with New York Stock Exchange director independence standards;
- understanding of the roles and responsibilities of public company directors;
- significant related business experience or equivalent, including extensive senior executive experience or equivalent;
- personal independence, and willingness to be a strong advocate of independent views and judgment;
- ability to relate to Saxon Capital's mission, values, and governance principles;
- ability to work effectively with other directors, while remaining independent;
- willingness and ability to commit the necessary time; and
- in good health and capacity for service.

The Governance and Nominating Committee is responsible for making recommendations to the Board of Directors with respect to the evaluation of the independence of each director under the rules of the New York Stock Exchange.

Board Nomination Process. The process for identifying and evaluating nominees to the Board of Directors is initiated by identifying candidates who meet the criteria for selection as a nominee and have the specific qualities or skills being sought based on input from members of the Board and, if the Governance and Nominating Committee deems appropriate, a professional firm. These candidates are evaluated by the Governance and Nominating Committee by reviewing the candidates' biographical information, qualifications, references and personal interviews. The Governance and Nominating Committee may engage qualified professional firms to assist in identifying persons and/or evaluating their qualifications. In 2004, Saxon Capital did not employ such a firm or pay fees to other third parties in connection with seeking or evaluating Board nominee candidates. Candidates recommended by the Governance and Nominating Committee are presented to the Board for selection as nominees to be presented for the approval of the shareholders or for election to fill a vacancy. In 2004, Mr. Fornetti was recommended to the Governance and Nominating Committee as a director nominee by a non-management director.

The Governance and Nominating Committee will consider properly submitted shareholder recommendations for candidates for membership on the Board. To recommend a prospective nominee for the Governance and Nominating Committee's consideration, submit the candidate's name, resume and suitability for Board membership based on the Director Qualifications Template set forth in the Company's Corporate Governance Policies as posted on its website, to the Corporate Secretary at 4860 Cox Road, Suite 300, Glen Allen, Virginia 23060. Submissions must include the name and record address of the shareholder submitting the prospective nominee, the class or series and number of shares of capital stock of the Company that are owned beneficially or of record by such shareholder, and any other items required under the Corporate Governance Guidelines, for the Governance and Nominating Committee to consider. Instructions for doing so and applicable deadlines are posted in the Corporate Governance section of Saxon Capital's website at www.saxoncapitalinc.com.

Shareholder Communications with Directors. Generally, shareholders and other interested parties who have questions or concerns regarding Saxon Capital should contact our Investor Relations department at (804) 967-7879. However, shareholders, employees and other interested parties may communicate directly to the Board of Directors. Instructions for doing so including a dedicated mailing address are posted on the hyperlink, "Contact our Directors" that we maintain on our corporate website. Communications intended for a specific director or directors (such as the lead director or non-management directors) should be addressed to his, her or their attention, c/o the Corporate Secretary at the dedicated mailing address. Communications received from shareholders are forwarded directly to Board members as part of the materials mailed in advance of the next scheduled Board meeting following receipt of the communications, although the Board has authorized management, in its discretion, to forward communications on a more expedited basis if circumstances warrant or to exclude a communication if it is illegal, unduly hostile or threatening, or similarly inappropriate. Advertisements, solicitations for periodical or other subscriptions, and other similar communications generally will not be forwarded to the directors.

Attendance at Board and Committee Meetings

During 2004, the Board met eleven (11) times, including meetings of the Board of Saxon Capital, Inc. and as the Board of Saxon REIT, Inc., which changed its name to Saxon Capital, Inc. following our conversion to a real estate investment trust in September, 2004. Each director attended all of the meetings held by the Board and the committees of the Board on which he served during the period for which he has been a director. Saxon Capital does not have a policy requiring directors to attend its annual shareholders meeting. Last year, four directors attended the annual shareholders meeting in person, and one director attended telephonically.

Compensation of Directors

Saxon Capital pays its non-management directors an annual cash retainer of \$30,000. The chairman of the Audit Committee receives an additional annual cash retainer of \$10,000, and each other committee chairman receives an additional annual cash retainer of \$5,000. Each non-management director receives a fee of \$3,000 for each Board or committee meeting attended, other than the Chairman of the Board who receives \$6,000 for each Board meeting attended and \$3,000 for each committee meeting attended. Subject to availability of units for grant under a shareholder-approved plan, non-management directors who are first elected to the Board of Directors in 2005 will receive an initial one-time grant of 20,000 restricted stock units. In the case of those non-management directors serving as members of our Board as of the date of the merger, those directors received a one-time grant of 20,000 restricted stock units in January, 2005. With respect to non-management directors joining the Board in 2006, an initial one-time grant of 15,000 restricted stock units will be made, and with respect to non-management directors joining the Board in 2007 and thereafter, an initial one-time grant of 10,000 restricted stock units will be made. These restricted stock units all vest in four equal annual installments, each installment vesting on the anniversary date of the grant. In the event of any adjustments to the common stock of Saxon prior to completion of vesting of the restricted stock units, the number of units granted shall be adjusted to reflect such adjustments. Dividend equivalents are paid to the non-management directors with respect to these restricted stock units, including unvested units, whenever dividends are paid to shareholders.

Saxon Capital reimburses all of its non-management directors for reasonable expenses incurred in attending meetings as well as expenses incurred for other necessary Saxon Capital business purposes.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Independent Registered Public Accounting Firm Fees

For its 2004 and 2003 services, we paid Deloitte & Touche LLP the following fees:

Audit Fees. The aggregate fees for professional services rendered by Deloitte & Touche LLP in connection with their audit of our annual consolidated financial statements, their 2004 audit of internal controls under Section 404 of the Sarbanes-Oxley Act, their 2004 audit of management's assessment of internal controls under Section 404 of the Sarbanes-Oxley Act, and reviews of the consolidated financial statements included in our Quarterly Reports on Form 10-Q for the 2004 and 2003 fiscal years were \$1,733,496 and \$556,861, respectively.

Audit-Related Fees. The aggregate fees for all audit-related services rendered by Deloitte & Touche LLP in the 2004 and 2003 fiscal years were \$432,798 and \$107,482, respectively, which included services rendered by Deloitte & Touche LLP for matters such as audits of employee benefit plans, agreed-upon procedures, and consents and comfort letters issued in connection with the Company's conversion to a real estate investment trust.

Tax Fees. There were no tax services rendered by Deloitte & Touche LLP in the 2004 and 2003 fiscal years.

All Other Fees. There were no other fees rendered by Deloitte & Touche LLP in the 2004 and 2003 fiscal years.

The Audit Committee has considered whether the provision of services by Deloitte & Touche LLP under the caption "All Other Fees" above is compatible with maintaining the independence of Deloitte & Touche LLP.

Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. All of the services provided by the independent registered public accounting firm described under "—Independent Registered Public Accounting Firm's Fees" were pre-approved by the Audit Committee based on the Audit Committee's policy for the pre-approval of services provided by the independent public auditors.

The Audit Committee's pre-approval policy and procedures include:

- reviewing the performance of the independent public auditors and annually appointing the independent public auditors or approving any discharge of the independent public auditors when circumstances warrant;
- approving the annual engagement of the independent public auditors for any services, including audit, audit-related, and non-audit services (other than permissible de minimis non-audit related services). The Audit Committee may also approve particular services on a case-by-case basis;
- prior to the engagement and thereafter as appropriate, reviewing and discussing with the independent public auditors, all significant relationships they have with Saxon Capital that could impair the independent public auditors' independence, including consideration of the significance of any non-audit services being provided to Saxon Capital;
- requiring management to prepare timely disclosure of any such audit or non-audit related services; and
- reviewing the independent public auditors' annual audit plan and discussing the scope, staffing, locations, reliance upon management and general audit approach.

The Audit Committee in its discretion may delegate its pre-approval responsibilities to one or more members, with such member reporting any decisions to the Audit Committee at the next scheduled meeting. The Audit Committee may not delegate to management its responsibilities to pre-approve services performed by the independent public auditors.

AUDIT COMMITTEE REPORT

In March, 2005, the Audit Committee adopted, and the Board of Directors approved, an amended charter outlining its responsibilities, policies and procedures.

In accordance with the Audit Committee Charter, management is responsible for the preparation, presentation, and integrity of our consolidated financial statements, accounting principles generally accepted in the United States of America, financial reporting principles, internal controls, and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. Our independent registered public accounting firm, Deloitte & Touche LLP, is responsible for performing an independent audit of the consolidated financial statements, expressing an opinion on the conformity of those consolidated financial statements with accounting principles generally accepted in the United States of America, assessing our internal controls and reporting on management's assessment of internal controls.

The Committee has also reviewed and discussed with our management and Deloitte & Touche our audited consolidated financial statements for the fiscal year ended December 31, 2004 and the audit of the effectiveness of our internal control over financial reporting. The Committee also has discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended by Statement on Auditing Standards No. 90 (Communication with Audit Committees). In addition, Deloitte & Touche LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee has discussed with Deloitte & Touche LLP their independence.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Saxon Capital's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, for filing with the SEC.

David D. Wesselink, Chairman
 Louis C. Fornetti
 Richard A. Kraemer
 Thomas J. Wageman

The foregoing Audit Committee Report shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act or the Exchange Act, except to the extent that the company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

Management

Directors and Executive Officers

Our directors and executive officers as of March 31, 2005, are as follows:

Name	Age	Title
Directors and Executive Officers:		
Richard A. Kraemer	60	Chairman of the Board of Directors ⁽¹⁾
Louis C. Fornetti	55	Director ⁽¹⁾
Michael L. Sawyer	48	Director and Chief Executive Officer and President ⁽¹⁾
David D. Wesselink	62	Director ⁽¹⁾
Thomas J. Wageman	71	Director ⁽¹⁾
Robert B. Eastep	41	Executive Vice President, Chief Financial Officer
Bradley D. Adams	39	Executive Vice President — Capital Markets
James V. Smith	47	Executive Vice President — Production
David L. Dill	41	Executive Vice President — Servicing
Richard D. Shepherd	51	Executive Vice President, General Counsel and Secretary
Mark D. Rogers	52	Senior Vice President — Corporate Strategies Director
Carrie J. Pettitt	34	Vice President and Controller

(1) Term as Director expires June 2005.

Security Ownership of Principal Shareholders and Management

The following table sets forth the total number and percentage of Saxon Capital's shares of common stock beneficially owned as of March 31, 2005, except as noted below, by: (1) each director; (2) our Chief Executive Officer and each of our other six most highly compensated executive officers; (3) all executive officers and directors as a group; and (4) beneficial owners of more than 5% of Saxon Capital's outstanding common stock. Unless otherwise noted, the percentage ownership is calculated based on 49,884,038 shares of common stock of Saxon Capital outstanding as of March 31, 2005. Except as otherwise noted below, the address of each of the persons in the table is c/o Saxon Capital, Inc., 4860 Cox Road, Suite 300, Glen Allen, Virginia 23060.

Beneficial Owner	Shares Beneficially Owned	
	Number ⁽¹⁾	Percent
Wasatch Advisors, Inc. ⁽²⁾	4,777,422	9.6%
Franklin Mutual Advisers, LLC ⁽³⁾	3,507,685	7.0%
Friedman, Billings, Ramsey Group, Inc. ⁽⁴⁾	3,003,713	6.0%
Eubel Brady & Suttman Asset Management, Inc. ⁽⁵⁾	2,847,849	5.7%
Michael L. Sawyer	315,006	*
Richard A. Kraemer	115,000	*
Thomas J. Wageman ⁽⁶⁾	100,250	*
Robert B. Eastep	61,867	*
David D. Wesselink ⁽⁷⁾	95,000	*
Mark D. Rogers	11,944	*
James V. Smith	38,549	*
Bradley D. Adams	107,494	*
Richard D. Shepherd	33,920	*
David L. Dill	1,938	*
All named executive officers and directors as a group (eleven (11) persons) ⁽⁸⁾	880,968	1.77%

*Less than 1%.

- (1) Includes any options or other securities that are exercisable or otherwise convertible into common stock within 60 days of March 31, 2005. None of the individuals holds options or other securities that are exercisable or otherwise convertible into common stock within 60 days of March 31, 2005.
- (2) Based on a Schedule 13G/A filed on February 14, 2005, as of December 31, 2004, Wasatch Advisors, Inc. has the sole power to dispose and vote 4,777,422 shares of our common stock. The business address for Wasatch Advisors is 150 Social Hall Avenue, Salt Lake City, Utah 84111.
- (3) Based on a Schedule 13G/A filed on February 14, 2005, as of December 31, 2004, Franklin Mutual Advisers, LLC has the sole power to dispose and vote 3,507,685 shares of our common stock. The business address for Franklin Mutual Advisers, LLC is 51 John F. Kennedy Parkway, Short Hills, New Jersey 07078.
- (4) Based on a Schedule 13G/A filed on February 15, 2005, as of December 31, 2004, Friedman, Billings, Ramsey Group, Inc., the parent company of Friedman, Billings, Ramsey & Co., and its affiliates, together have the power to dispose and vote 3,003,713 shares of our common stock, 1,840,000 of which they hold the sole power to dispose and vote. The business address of Friedman, Billings, Ramsey Group, Inc. is Potomac Tower, 1001 Nineteenth Street North, Arlington, Virginia 22209.
- (5) Based on a Schedule 13G/A filed on February 14, 2005, as of December 31, 2004, Eubel Brady & Suttman Asset Management, Inc. has shared power to dispose and vote 2,847,849 shares of our common stock. The business address for Eubel Brady & Suttman Asset Management, Inc. is 7777 Washington Village Drive, Suite 210, Dayton, Ohio, 45459.
- (6) Shares are held by TLT, Ltd., 433 Private Road 125, Savoy, Texas 75479, Twin Oak Partners, Ltd., 433 Private Road 125, Savoy, Texas 75479, and as custodian for granddaughter.
- (7) Shares are held by Mr. Wesselink's wife.
- (8) Includes only those shares beneficially owned by current executive officers and directors.

EXECUTIVE COMPENSATION

1. Summary Compensation Table

The following table sets forth the total components paid or accrued by Saxon Capital during the last three fiscal years to our Chief Executive Officer, our four most highly compensated executive officers and two other individuals for whom disclosure would have been provided except that they were not serving as executive officers at the end of the fiscal year, who are referred to collectively as named executive officers:

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation				All Other Compensation (\$) ⁽³⁾
		Salary(\$) ⁽¹⁾	Bonus(\$)	Other Annual Compensation (\$) ⁽²⁾	Awards		Payouts		
					Restricted Stock Units(\$)	Securities Underlying Options/ SARs(#)		LTIP Payouts(\$)	
Michael L. Sawyer, Director, Chief Executive Officer and President	2004	387,500	550,000	—	—	—	—	10,715	
	2003	375,000	565,500	—	1,555,200	—	—	7,985	
	2002	325,000	407,858	—	—	—	—	7,667	
Robert B. Eastep, Executive Vice President and Chief Financial Officer	2004	232,692	290,000	—	—	—	—	10,067	
	2003	214,743	270,000	—	518,400	—	—	3,631	
	2002	161,086	163,405	—	—	—	—	2,832	
Bradley D. Adams, Executive Vice President, Capital Markets	2004	232,692	290,000	—	—	—	—	9,850	
	2003	229,899	259,560	—	—	50,000	—	4,572	
	2002	197,701	273,937	—	—	—	—	5,338	
Mark D. Rogers, Senior Vice President and Corporate Strategies Director	2004	175,570	210,000	—	—	—	—	7,696	
	2003	127,403	62,499	—	—	10,000	—	3,370	
	2002	91,346	44,229	—	—	—	—	2,502	
Richard D. Shepherd, Executive Vice President, General Counsel and Secretary	2004	151,444	85,850	—	—	—	—	7,896	
	2003	137,596	67,500	—	—	—	—	18,375	
	2002	125,059	62,499	—	—	—	—	11,590	
James V. Smith, Executive Vice President, Production	2004	194,230	563,126	—	—	—	—	10,512	
	2003	137,500	330,000	—	—	50,000	—	—	
	2002	—	—	—	—	—	—	—	
David L. Dill, Executive Vice President	2004	220,840	289,045	—	—	—	—	9,935	
	2003	178,563	185,005	—	—	50,000	—	14,209	
	2002	148,399	105,159	—	—	—	—	3,231	

(1) Includes the Company's purchase of unused vacation days earned during the year (employees are permitted to sell back 5 unused vacation days annually). Amounts for 2004 for the named executive officers were as follows: (a) Mr. Sawyer - \$0, (b) Mr. Adams - \$4,807.70, (c) Mr. Eastep - \$4,807.70, (d) Mr. Rogers - \$0, (e) Mr. Shepherd - \$2,893.84, (f) Mr. Smith - \$0, and (g) Mr. Dill - \$4,807.69.

(2) None of the named executive officers received perquisites or benefits that met or exceeded the lesser of \$50,000 or 10% of his respective salary plus bonus payments.

(3) The amounts listed for 2004 are as follows:

	401(k) Match	Group Term Life Insurance (imputed income)	Awards/Gifts ⁽¹⁾
Michael L. Sawyer	8,200	1,306	1,209
Robert B. Eastep	8,200	508	1,359
Bradley D. Adams	8,200	457	1,193
Mark D. Rogers	6,869	827	0
Richard D. Shepherd	5,942	710	1,244
James V. Smith	8,200	1,152	1,160
David L. Dill	8,200	469	1,266

(1) The amounts represent the value of the preferred stock of the Company's wholly-owned subsidiary, Saxon Securities and Certificates, Inc., issued in connection with our conversion to a real estate investment trust.

2. Option Grants in Last Fiscal Year

There were no grants of options to purchase our common stock made to our named executive officers during 2004.

3. Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year End Option/SAR Values

The following table sets forth information regarding the number of securities underlying exercisable and unexercisable options, and the value of exercisable and unexercisable options held by the named executive officers as of December 31, 2004.

Name	Shares Acquired Upon Exercise(#)	Value Realized(\$)	Number of Securities Underlying	
			Unexercised Options/SARs at FY-End Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at FY-End(\$) Exercisable/ Unexercisable (1)
Michael L. Sawyer, Director, Chief Executive Officer and President	500,000	8,755,000	0	0
Robert B. Eastep, Executive Vice President and Chief Financial Officer	82,500	1,532,513	0	0
Bradley D. Adams, Executive Vice President, Capital Markets	132,500	2,232,790	0	0
Mark D. Rogers, Senior Vice President	10,000	160,450	0	0
Richard D. Shepherd, Executive Vice President	67,500	1,242,074	0	0
James V. Smith, Executive Vice President	50,000	736,000	0	0
David L. Dill, Executive Vice President	82,500	1,532,513	0	0

(1) Market value of underlying securities at fiscal year-end, minus the exercise price. The market value is the average of the highest and lowest trading values of Saxon common stock on December 31, 2004.

Employment Agreements

We have entered into employment agreements with certain executive officers, including Mr. Sawyer for a two-year term and Messrs. Adams, Eastep, Smith and Dill for one-year terms. Each employment agreement at expiration automatically renews for successive one-year terms unless previously terminated.

The employment agreements require each of these officers to devote their best efforts to our interests and business and prohibit them from disclosing information, competing with us, and soliciting employees while employed and for specified periods after termination of employment for any reason other than for cause. Under the terms of these employment agreements, each of Messrs. Sawyer, Adams, Eastep, Smith and Dill is entitled to an annual base salary of \$450,000, \$250,000, \$250,000, \$250,000, and \$250,000, respectively. Each executive's base salary may be increased by the Compensation Committee. The employment agreements also provide Messrs. Sawyer, Adams, Eastep, Smith and Dill with an annual target bonus opportunity of 100% of base salary. These agreements also provide an annual maximum bonus opportunity of 200% of base salary for Messrs. Sawyer and Dill and 150% of base salary for Messrs. Eastep, and Adams, and equal to a percentage of total mortgage loan production by the Company and its subsidiaries for Mr. Smith, each as determined by the Compensation Committee based upon their performance and our performance during the prior fiscal year. We also extend to each executive, vacation and other benefits and reimbursement of reasonable business expenses.

If each executive complies with the terms of his employment agreement, and his employment is terminated either by us (other than for cause) or voluntarily by the executive for good reason, then the executive generally is entitled to severance pay in the form of monthly payments in an amount equal to 1/12th of the sum of (A) the executive's annual base salary plus (B) 100% of the target bonus for the fiscal year in which termination occurs, less deductions required by law payable in accordance with our normal payroll practices, for twenty-four months (or in the case of Messrs. Adams, Eastep and Smith, twelve months) following such termination. Alternatively, provided that the executive executes and delivers a general release within fifteen (15) days following such a termination of employment by us other than for cause, at the executive's sole election the severance pay is payable at the time of such delivery of the general release and will consist of a lump sum equal to the sum of the amounts described in clauses (A) and (B) above (or, in the case of Mr. Sawyer, 200% of such sum).

For purposes of the employment agreements, "cause" includes (A) an act or acts of personal dishonesty by the executive that were intended to result in substantial personal enrichment of the executive at the expense of the Company, (B) the executive's conviction of any felony; and (C) an executive's gross negligence, willful insubordination or misconduct, intentional or persistent failure to perform stated duties or abide by the Company's policies, or material breach of any provision of the employment agreement. For purposes of the employment agreements, "good reason" means:

- the material reduction or material adverse modification, without the executive's prior written consent of the executive's authority or duties;
- any reduction in the executive's base salary or, in the case of Messrs. Sawyer, Eastep and Adams a reduction in bonus calculation, and in the case of Messrs. Smith and Dill, bonus opportunity, or any material reduction in employee benefits;
- any requirement to move the executive's principal place of employment to a location that is more than a 50 mile radius from its current location; or
- any material breach of the employment agreement by Saxon Capital that is not cured within 30 days following demand for the cure thereof.

The employment agreements also provide that a pro-rated bonus based on annual base salary will be paid to each executive if his employment is terminated due to a change in control, the executive's death or termination of the executive's employment due to disability. All payments and benefits provided shall be subject to "gross up" payments if the executive is required to pay "golden parachute" excise taxes under Section 4999 of the Code thereon. The gross-up amount generally is 100% reimbursement of the initial excise tax and 100% reimbursement of all other taxes resulting from the first reimbursement.

In the event an executive is terminated other than for cause or executive terminates his employment for good reason, any equity-based compensation granted under a shareholder approved plan shall vest as of the effective date of termination and the underlying shares shall be delivered in accordance with the terms of the applicable grant documents and shareholder approved plan. In the event of death or disability, to the extent not inconsistent with the terms of a shareholder approved compensation plan, any equity based compensation shall vest as of the date of such death or disability and be delivered in accordance with the terms of the applicable grant.

Each executive's employment agreement further provides that upon the consummation of a change in control (as defined below), the executive is entitled to receive, in the form of monthly payments, an amount equal to 1/12th of the sum of (A) the executive's annual base salary plus (B) the target bonus for the fiscal year in which the consummation of a change in control occurs, less deductions required by law, payable in accordance with the normal payroll practices, for twenty-four months (or in the case of Messrs. Adams, Eastep, Smith and Dill, twelve months) following consummation of such change in control. Such change in control payment is a separate payment from severance pay. Alternatively, at each executive's sole election, the change in control payment is payable in a lump sum equal to 200% (or in the case of Messrs. Adams, Eastep, Smith and Dill, 100%) of the sum of the amounts described in clauses (A) and (B) above. The change in control payment is in addition to, and not in lieu of, the executive's base salary and bonus, if any, payable in accordance with the terms of the executive's employment agreement. In addition, upon the consummation of a change in control, all of the executive's equity based compensation becomes immediately and fully exercisable. Following the consummation of a change in control, the executive is not entitled to receive severance pay in the event the executive's employment is terminated for any reason. For purposes of the employment agreements, "change in control" generally means (1) an acquisition, merger, or consolidation, or (2) the sale of voting control or all or substantially all of our assets, with, by, or to any person or entity in which our shareholders immediately before the effective date of such change in control do not own a majority of the outstanding shares of the capital stock of the surviving entity after such change in control. If the executive's employment is terminated other than for cause at any time following the public announcement of a prospective change in control, then, notwithstanding such termination, the executive is entitled to receive the change in control payment based on the executive's base salary in effect on the date of such termination; provided, however, that such change in control payment is reduced by the total amount of any severance pay received by him, and thereafter he is not entitled to any further severance pay.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee is or was formerly an officer or employee of Saxon Capital and its subsidiaries. No interlocking relationships exist between members of our Board of Directors or Compensation Committee and the Board of Directors or compensation committee of any other company, nor have any interlocking relationships existed in the past.

Certain Relationships and Related Transactions

In 2004, Friedman, Billings, Ramsey & Co. ("FBR"), a subsidiary of Friedman, Billings, Ramsey & Group, Inc., which owns greater than 5% of Saxon Capital's voting stock, served as a lead underwriter and financial advisor for our common stock offering in connection with our conversion to a real estate investment trust ("REIT"). Pursuant to its engagement letter as lead underwriter, FBR was paid a fee of \$12,376,000 (plus reimbursement of out-of-pocket expenses) and pursuant to its engagement letter as financial advisor, received a fee of \$3,867,500.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Saxon Capital's directors and officers, and persons who beneficially own more than ten percent of our common stock, to file initial reports of ownership and reports of changes in ownership of our common stock and any other equity securities with the Securities and Exchange Commission. As a practical matter, Saxon Capital assists its directors and officers by monitoring transactions and completing and filing Section 16 reports on their behalf.

Based solely on our review of the copies of such forms and written representations from reporting persons, we believe that with respect to the fiscal year ended December 31, 2004, all the reporting persons complied with all applicable filing requirements

BOARD COMPENSATION COMMITTEE REPORT

ON EXECUTIVE COMPENSATION

The Board has delegated to the Compensation Committee responsibility for overseeing the Company's executive compensation programs. The Compensation Committee is composed exclusively of independent directors. The four directors whose names appear at the end of this report comprise the Compensation Committee.

The principal responsibilities of the Committee are:

- To review management's recommendations and advise management and the Board on compensation programs and policies such as salary ranges, annual incentive bonuses and long-term incentive plans, including equity-based compensation programs.
- To establish performance objectives for the Chief Executive Officer and review performance objectives established for other senior executives of the Company; and to evaluate the performance of such executives relative to these objectives, in connection with the Committee's overall review of executive compensation.
- To recommend to the Board the base salary, cash incentive bonus, equity-based incentive awards and other compensation for the Chief Executive Officer of the Company.

- To approve base salaries, cash incentive bonuses, equity-based incentive awards and other compensation for the officers who report directly to the Chief Executive Officer and certain other key employees, as designated by the Committee.
- To administer the Company's 2001 Stock Incentive Plan and the 2004 Employee Stock Purchase Plan.
- To retain and oversee the independent consultants engaged by the Committee from time to time.
- To oversee the Company's performance evaluation practices and procedures.
- To perform such other duties and responsibilities pertaining to compensation matters as may be assigned to the Committee by the Board or the Chairman of the Board.

In 2004, the Compensation Committee used the services of a nationally recognized independent compensation consultant that reported directly to the Committee. Our consultant reviewed the individual compensation for our Chief Executive Officer and other executives and advised the Committee on competitive market compensation levels, long-term compensation practices, and trends in executive compensation.

Meetings

The Compensation Committee typically meets periodically during each year to consider compensation for the Chief Executive Officer and the other executives whose compensation is subject to Committee approval, to consider senior management's recommendations for base salary adjustments for the coming year and incentive bonuses and equity awards in respect of the preceding year for officers and other eligible employees, and to evaluate the performance of management relative to objectives and to perform our other functions. The Committee held a total of five (5) meetings during 2004.

Compensation Philosophy

The Company's strategy targets delivery of superior returns on shareholder equity through growing a portfolio of owned and managed mortgage assets through the Company's core competencies at originating, acquiring, securitizing, and servicing residential mortgages. In the Committee's view, the Company's success depends on the talent, skills and commitment of the Company's employees, and in particular its senior executives, in providing the services necessary to implement this strategy. The Company's compensation practices and programs are intended to achieve the following objectives:

- To attract, retain, motivate and reward key employees to drive achievement of the Company's current and long-term strategic, business and financial goals in the creation of shareholder value.
- To provide an appropriate mix of current compensation and long-term rewards, which is properly balanced between salary and performance-based pay and includes cash, equity compensation and other benefits.
- To align shareholder interests and employee rewards.
- To establish appropriate incentives for management and employees that are consistent with the Company's culture and values.

In accordance with these objectives, a significant part of executive compensation, including the Chief Executive Officer's compensation, is subject to the overall performance of the Company and the total return generated for the Company's shareholders. We believe that this approach best enables us to achieve our objectives and satisfy the interests of our shareholders. The primary Company performance measures used in determining annual bonuses include earnings per share, net income, return on assets, origination or production volume, general and administrative expenses, cost to produce, return on equity, charge-offs, growth of owned assets, net interest margin, loss severity, delinquencies, delinquency ratio and other relevant measures. Each year the Compensation Committee determines the particular Company performance measures for the annual bonus plans of our Chief Executive Officer and other executives, and may also establish individualized performance measures relating to leadership, succession planning and financial reporting controls for determining a portion of the annual bonus.

Compensation of Chief Executive Officer

Employment Agreement

For 2004, Mr. Sawyer earned \$937,500 in salary and bonus, as shown in the Summary Compensation Table on page 13. In December, 2002, Mr. Sawyer's base salary was increased, based upon the Compensation Committee's recommendation, to \$375,000 pursuant to Mr. Sawyer's employment agreement, effective June 7, 2001 with Saxon Capital, and remained in effect until Saxon Capital entered into an Amended and Restated Employment Agreement with Mr. Sawyer, effective September 13, 2004, increasing Mr. Sawyer's base salary to \$450,000.

The Compensation Committee met and made decisions related to Mr. Sawyer's compensation in 2004. His annual incentive bonus of \$550,000 was based on his achievement of targeted goals relating to Saxon Capital's net income, adherence to general and administrative cost goals, and Mr. Sawyer's achievement of certain management objectives. His grant of restricted stock units took into account previous long-term incentives granted to him and comparative information provided by the Committee's consulting firm regarding total cash compensation and total remuneration.

For the year 2005, Mr. Sawyer did not receive a salary increase. Under the terms of his employment agreement, Mr. Sawyer's target bonus amount is 100% of his base salary and the maximum bonus amount is 200% of his base salary. The Compensation Committee established bonus targets for Mr. Sawyer based on Company net income goals, return on equity, return on assets and adherence to cost control targets.

Compensation of Other Executives

Salaries. Our policy is to set salaries at levels we believe will attract, retain and motivate highly-competent individuals. In establishing base salary levels for the Company's key executives, we consider the executive's position and responsibility, experience, and overall performance, as well as the compensation practices of other companies in the markets where the Company competes for executive talent, which the Committee examines with the assistance of its consulting firm.

Bonuses. We also award bonuses to executive officers and other employees based upon: (1) overall Company performance; (2) business segment or departmental performance; (3) individual performance; and (4) other factors we determine to be appropriate.

Equity Awards. No awards of equity were made in 2004.

Other Benefits. Employee compensation also includes various benefits, such as health insurance plans and retirement plans in which substantially all of the Company's employees participate. At the present time, we provide health, life and disability insurance plans and a 401(k) plan, vacation benefits and other customary employee benefits.

Tax Implications

The Company's compensation policy is primarily based upon the practice of pay-for-performance. Section 162(m) of the Code imposes a limitation on the deductibility of nonperformance-based compensation in excess of \$1 million paid annually to the named executive officers. The Compensation Committee currently believes that the Company should be able to continue to manage its executive compensation program for the named executive officers so as to preserve the related federal income tax deductions, although individual exceptions may occur.

Submitted by the Compensation Committee:

Richard A. Kraemer (Chair)
Louis C. Fornetti
Thomas J. Wageman
David D. Wesselink

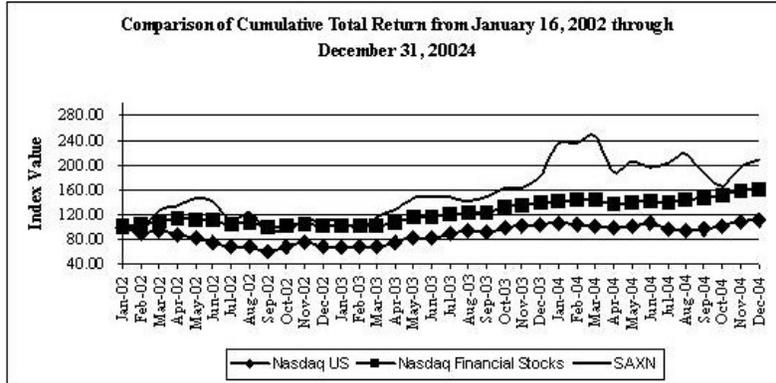
The above report will not be deemed to be incorporated by reference into any filing by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate the same by reference.

PERFORMANCE GRAPH

Notwithstanding anything to the contrary set forth in any of our filings under the Securities Act or the Exchange Act, the following performance graph shall not be incorporated by reference into any such filing and shall not otherwise be deemed filed under either Act, except to the extent we specifically incorporate this information by reference.

Set forth below is a performance graph comparing the yearly percentage change in Saxon Capital's cumulative total shareholder return on its common stock to the cumulative total return of a broad equity market index and of a peer group of issuers. This graph compares Saxon Capital's common stock to The Nasdaq US Stock Market Index and The Nasdaq Financial Stock Index over the period from January 16, 2002 (the date the registration of the common stock under Section 12 of the Exchange Act became effective) by month through December 31, 2004. The graph assumes that the value of the investment in the common stock was \$100 at the closing price of \$11.50 per share and at the closing price for each index on that date and all dividends were reinvested. The stock price performance on the graph below is not necessarily indicative of future performance.

The results of the Company during this period are set forth without interruption. Before September 20, 2004, the results are those of Saxon Capital, Inc.; September 20, 2004 and thereafter, the results are those of Saxon REIT, Inc., which changed its name to Saxon Capital, Inc. on September 24, 2004. Each share of Saxon Capital, Inc. common stock outstanding immediately prior to the effective time of the conversion to the real estate investment trust was converted into the right to receive one share of Saxon REIT, Inc. common stock and \$4.00 in cash.



Date	Nasdaq US	Nasdaq Financial Stocks	SAXN
1/16/2002	100.00	100.00	100.00
01/31/02	99.38	101.82	101.04
02/28/02	89.05	103.22	96.52
03/28/02	94.89	108.99	128.43
04/30/02	87.01	112.87	135.74
05/31/02	83.17	112.03	146.97
06/28/02	75.63	110.68	141.48
07/31/02	68.73	104.96	112.43
08/30/02	68.00	107.38	122.61
09/30/02	60.69	99.88	96.26
10/31/02	68.98	102.37	93.04
11/29/02	76.67	103.99	112.52
12/31/02	69.24	103.12	108.78
01/31/03	68.49	102.09	111.13
02/28/03	69.45	101.65	95.74
03/31/03	69.65	101.13	115.74
04/30/03	75.98	107.27	128.26
05/30/03	82.65	115.55	148.26
06/30/03	83.98	116.34	150.26
07/31/03	89.76	121.72	150.52
08/29/03	93.68	123.93	142.96
09/30/03	92.46	124.43	149.04
10/31/03	99.90	133.43	163.65
11/28/03	101.38	136.58	164.09
12/31/03	103.52	139.47	182.17
01/30/04	106.58	143.42	236.52
02/27/04	104.58	146.11	235.48
03/31/04	102.80	145.39	246.96
04/30/04	99.39	137.64	189.13
05/28/04	102.69	140.16	207.57
06/30/04	105.85	142.95	198.52
07/30/04	97.77	140.12	204.52
08/31/04	95.38	144.10	218.70
09/30/04	98.22	146.90	186.96
10/29/04	102.20	151.22	166.96
11/30/04	108.50	160.14	197.39
12/31/04	112.65	162.81	208.61

YEAR 2006 SHAREHOLDERS PROPOSALS

If you are submitting a proposal to be included in next year's proxy statement pursuant to Rule 14a-8 under the Exchange Act, we must receive the proposal by December 23, 2005 in order for your proposal to be eligible for inclusion. If you are submitting a proposal outside of Rule 14a-8 or wish to nominate a director at the 2006 annual meeting, we must receive it by the close of business not less than 60 nor more than 90 days before the anniversary of when we mailed the proxy materials for the 2005 annual meeting. We will mail the 2005 proxy materials on or about May 9, 2005, which means that any such proposal or nomination must be received between February 8, 2006 and March 10, 2006 in order to be brought before the 2006 annual meeting. If you do not also comply with the requirements of Rule 14a-4 under the Securities Exchange Act of 1934, the Company may exercise discretionary voting authority under proxies it solicits to vote in accordance with its best judgment on any such proposal submitted by a shareholder.

The Saxon Capital bylaws require the 2006 annual meeting to be held in June, 2006.

GENERAL

We will pay the costs relating to this proxy statement/prospectus, the proxy, and the annual meeting. We are soliciting proxies by mailing this proxy statement/prospectus and proxy card to the shareholders. In addition to solicitations by mail, some of our directors, officers, and regular employees may, without extra pay, make additional solicitations by telephone or in person. We will pay the solicitation costs, and will reimburse banks, brokerage houses and other custodians, nominees, and fiduciaries for their reasonable expenses in forwarding proxy materials to beneficial owners.

To reduce postage costs, materials are sent at bulk mail rates. If, for whatever reason, you need another copy, please write Bobbi J. Roberts, Vice President, Investor Relations, 4860 Cox Road, Suite 300, Glen Allen, Virginia 23060 or InvestorRelations@saxonmtg.com.

Please complete, sign, and date the enclosed proxy card and mail it promptly in the enclosed postage-paid envelope. Your proxy may be revoked at any time before it is exercised by delivering to us a written revocation of your proxy or a duly executed proxy bearing a later date, or by attending the meeting and voting in person on each matter brought before the meeting. If you are a shareholder whose shares are not registered in your own name, you will need additional documentation from your record holder to vote in person at the meeting. Only shareholders or their proxy holders and our guests may attend the meeting. For registered shareholders, two perforated admission tickets are included with this document. Please bring the admission ticket with you to the meeting. If your shares are held in the name of your broker, bank, or other nominee, you must bring to the meeting an account statement or letter from the nominee indicating that you are the beneficial owner of the shares on the record date. Any questions regarding the meeting may be addressed to our Investor Relations department at (804) 967-7879, 4860 Cox Road, Suite 300, Glen Allen, Virginia 23060. The meeting will begin promptly at 9:00 a.m.

Shareholders who do not present admission tickets at the meeting will be admitted only upon verification of stock ownership at the registration desk.

OTHER MATTERS

The Board of Directors of Saxon Capital knows of no other business to be presented at the annual meeting. In the event that other matters properly come before the special meeting, the persons named as proxies will vote on them in accordance with their best judgment.

QUORUM AND VOTING

Quorum. A quorum is a majority of the voting power of the shares entitled to vote at the meeting.

Voting. Any shareholder returning a proxy may revoke it by casting a ballot at the Meeting. Any proxy not revoked will be voted as specified by the shareholder. If no choice is indicated, a proxy will be voted in accordance with the Board's recommendations: (1) FOR the election of the five director nominees named herein, and (2) FOR the ratification of the appointment of Deloitte & Touche as independent registered public accounting firm for the current fiscal year. As to any other business that may properly come before the meeting, the proxyholders will vote in accordance with their best judgment, although Saxon does not presently know of any other business.

Effect of an Abstention and Broker Non-Votes. Abstentions are considered in determining the presence of a quorum but will not be considered votes cast. Broker non-votes occur when both a shareholder does not provide voting instructions to the broker and New York Stock Exchange rules prevent the broker from using his or her discretion to vote. Broker non-votes are considered in determining the presence of a quorum but will not be considered votes cast.

Tabulation of Votes. Representatives of American Stock and Transfer, the independent Inspector of Elections, will count the votes.

Mailing of Materials. The Securities and Exchange Commission has adopted amendments to the proxy rules permitting companies and intermediaries to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement to those shareholders. This method of delivery, often referred to as "householding," should reduce the amount of duplicate information that shareholders receive and lower printing and mailing costs for companies. We are not householding materials for our shareholders in connection with the Annual Meeting, however, we have been informed that certain intermediaries will household proxy materials.

If a broker or other nominee holds your shares, this means that:

- Only one annual report and proxy statement will be delivered to multiple shareholders sharing an address unless you notify ADP at Householding Department, 51 Mercedes Way, Edgewood, NY 11717, to inform them of your request. Be sure to include your name, the name of your brokerage firm and your account number.
- You can contact us by calling our Investor Relations Department at (804) 967-7879 or by writing to Saxon Capital, Inc., Investor Relations Department, 4860 Cox Road, Suite 300, Glen Allen, VA 23060 to request a separate copy of the annual report and proxy statement for the Annual Meeting and for future meetings or you can contact your broker to make the same request.
- You can request future delivery of a single copy of annual reports or proxy statements from ADP at the address given above or from your broker if you share the same address as another shareholder.

By Order of the Board of Directors

/s/Richard D. Shepherd
Richard D. Shepherd
Secretary
4860 Cox Road, Suite 300
Glen Allen, Virginia 23060

SAXON CAPITAL, INC.**CHARTER****AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

I. AUDIT COMMITTEE PURPOSE

The Audit Committee is appointed by the Board of Directors (the "Board") to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

1. Monitor the integrity of the Company's financial statements and financial reporting process, and its internal control systems regarding finance and accounting.
2. Engage the independent auditors and monitor the independence and performance of the Company's independent auditors and internal auditors.
3. Monitor the Company's compliance with Section 404 of the Sarbanes-Oxley Act and other regulatory requirements.
4. Monitor the Company's significant risks and management's process to manage those risks.
5. Ensure an open avenue of independent communication among the independent auditors, financial management, the internal auditors, and the Board of Directors

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the Company. The Audit Committee is authorized to retain special legal, accounting, auditing, or other consultants or experts it deems necessary in the performance of its duties and to require the Company to provide appropriate funding for such services as the Audit Committee deems necessary.

II. AUDIT COMMITTEE MEMBER QUALIFICATIONS; MEETINGS

1. Audit Committee members and its Chairman will be appointed by the Board of Directors. In so doing, the Board intends that the membership will have the following qualifications:
 - (a) The Audit Committee will be comprised at all times of three (3) or more directors as determined by the Board, each of whom shall be "independent" directors, as determined in accordance with applicable legal and Nasdaq Stock Market and New York Stock Exchange independence requirements as summarized in the Company's Corporate Governance Policies published on its website.
 - (b) All members of the Audit Committee will have a basic understanding of finance and accounting and be able to read and understand financial statements.
 - (c) The Committee shall remain in compliance with laws and regulations relating to inclusion of financial experts on the Committee, and disclosure of financial expert membership.
2. No Audit Committee member will receive or accept any consulting, advisory or other compensatory fee from the Company except in his or her capacity as a member of the Board or any other committee, determined in accordance with relevant laws and regulations.
3. The Audit Committee will meet at least quarterly, or more frequently as circumstances dictate. The Audit Committee Chair will cause an agenda to be prepared in advance of each meeting.
4. The Audit Committee may request any members of management, internal auditors, independent auditors, legal counsel or others to attend meetings.
5. The Audit Committee shall hold executive sessions at least quarterly with (i) the Chief Financial Officer, (ii) the senior internal audit executive, and (iii) the independent auditors, in all cases in the absence of any members of management.

SAXON CAPITAL, INC.

CHARTER

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

-continued-

III. AUDIT COMMITTEE AUTHORITY AND RESPONSIBILITIES

A. Oversight of Financial Reporting, Controls and Risks

1. **Financial Statements**. Meet to review, discuss with management and the independent auditor and approve all financial statements contained in all filings with the Securities and Exchange Commission, including but not limited to the Quarterly Reports on Form 10-Q and the Annual Report on Form 10-K (including disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations contained therein).
2. **Regulatory Filings and Press Releases**. Review and discuss the text of any filings with the Securities and Exchange Commission and any press releases, including earnings press releases, if any, containing financial information, including but not limited to the Quarterly Reports on Form 10-Q, the Annual Report on Form 10-K and Current Reports on Form 8-K.
3. **Review with Management and Internal Audit**. At least quarterly, and as frequently as circumstances require, review with management and the internal auditors as appropriate, the results of operations, any significant and unusual transactions, the impact of changes in accounting principles or adoption of new accounting principles, any unusual issues regarding accounting principles, practices, and judgments, and the contents of any public filings prior to their distribution to the Securities and Exchange Commission.
4. **Critical Accounting Policies, Alternative Treatments, and Material Written Communications**. As required by applicable laws and regulations, and as frequently as circumstances require, discuss with the independent auditors and management information required by relevant laws and regulations to be reported to the Audit Committee, including the following: (a) all critical accounting policies and practices; (b) all alternative treatments of financial information, including ramifications of the use thereof and the treatment preferred by the independent auditors; and (c) other material written communications between the independent auditors and management.
5. **Sarbanes-Oxley Act Disclosures**. Prior to the release of quarterly financial statements, review management's disclosure to the Audit Committee under Section 302 of the Sarbanes-Oxley Act relating to the effectiveness of disclosure controls and procedures and internal controls. In addition, the Audit Committee will review the contents of the Chief Executive Officer and the Principal Financial Officer compliance certifications to be filed under Sections 302 and 906 of the Sarbanes-Oxley Act.
6. **Financial Reporting Process and Internal Controls**. In consultation with management, the independent auditors, and the internal auditor, monitor the integrity of the Company's financial reporting processes and internal controls, disclosure controls, and disclosure procedures including:
 - (a) review and discuss annually with management its assessment of the effectiveness of the Company's internal controls, disclosure controls and procedures for financial reporting;
 - (b) review and discuss corporate practices with respect to earnings press releases and financial information and earnings guidance, if any, provided to analysts and rating agencies;
 - (c) review annually with the independent auditors the attestation to, and report on, the assessment of controls made by management; and
 - (d) consider whether any changes to the internal controls or disclosure controls processes and procedures are appropriate in light of management's assessment or the independent auditors' report.
7. **Risk Exposures**. In consultation with management, the independent auditors, and the internal auditor, monitor and discuss significant financial risk exposures, and guide management in its implementation of steps to monitor, control, and report such exposures.

SAXON CAPITAL, INC.

CHARTER

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

-continued-

B. Oversight of Independent Auditors

The independent auditors report directly to the Audit Committee. As such, the Audit Committee will:

1. **Oversight.** Oversee performance of the independent auditors and annually appoint the independent auditors or approve any discharge of the independent auditors when circumstances warrant.
2. **Engagement.** Consider and approve the engagement of the independent auditors for all services to be provided consistent with applicable laws and regulations.
3. **Pre-Approval Procedures.** Consider and approve in accordance with regulatory and exchange listing requirements in advance all auditing and audit-related services, internal control-related services and any non-audit services permitted by law and desired by the Company to be performed by the independent auditors. This requirement is subject to the de minimus exceptions for non-audit services described in the Securities Exchange Act which are approved by the Audit Committee prior to the completion of the engagement. The Audit Committee may delegate the responsibilities described in this Section B.3 to one or more of its members or to a subcommittee consisting of one or more Audit Committee members, provided that the decision by such member(s) or subcommittee shall be presented to the Audit Committee at its next scheduled meeting.
4. **Annual Audit Plan.** Review the independent auditors' annual audit plan and discuss the plan with the independent auditors. The Audit Committee's oversight will include oversight of the audit plan's approach, completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
5. **Year End Earnings.** Prior to releasing year-end earnings, review the results of the audit with the independent auditors, changes in the audit plan, any accounting adjustments, and any difficulties encountered in the course of the audit, including any restrictions on the scope of the work or access to required information, any other matters required to be communicated to the Audit Committee in accordance with the American Institute of Certified Public Accountant's Statement on Auditing Standards No. 61, *Communications with Audit Committees* ("SAS 61"), as amended, and any formal written statements received from the independent auditors consistent with and in satisfaction of Independence Standards Board Standard No. 1, as amended.
6. **Independence and Communication.** The Audit Committee will review the status of the independent auditors' independence and communication to the Audit Committee as required under relevant laws and regulations, including Regulation S-K and Section 10A of the Securities Exchange Act, relating to:
 - (a) the annual review of reports from the independent auditors regarding (i) the auditors' internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one more independent audits carried out by the firm, and any steps taken to deal with any such issues, and (iii) the firms' reports with respect to relationships between the independent auditors and the Company; and
 - (b) rotation of independent auditors or independent audit personnel.
7. The Audit Committee will oversee the Company's hiring policies for employees or former employees of the independent auditors.

C. Oversight of Internal Auditor

The internal auditor reports directly to the Audit Committee. As such, the Audit Committee will:

1. Approve any Internal Audit charter, review at least annually the adequacy of any such charter, and approve any changes to the charter.
2. At least annually, and as often as necessary, review the budget, plan, and changes in plan, activities, organizational structure, and qualifications of the internal auditor.
3. Review the appointment, performance, compensation, and replacement of the senior internal audit executive.
4. Review significant reports prepared by the internal auditor together with management's response and follow-up to these reports.
5. Discuss with the senior internal audit executive any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.
6. At least quarterly, meet in executive session with the senior internal audit executive as provided in Section II.1(5) above to discuss any matters that the Audit Committee or the senior internal audit executive believes should be discussed privately with the Audit Committee.

D. Legal Compliance

8. At least annually, and upon request or as deemed necessary by either the Committee or the Company's General Counsel, review with the Company's General Counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, or are otherwise significant. Such review may occur in meetings of the Board of Directors attended by members of the Committee.

SAXON CAPITAL, INC.

CHARTER

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

-continued-

E. Audit Committee Governance Activities

The Audit Committee shall:

1. Annually assess:
 - (a) the satisfaction by each Audit Committee member of the qualifications set forth in Section II of this Charter; and
 - (b) the effectiveness of the Audit Committee in executing its purposes as set forth in Section I of this Charter.
2. Annually, or more frequently if required, review the adequacy of this Charter and submit any Charter changes to the Board for approval. The Committee shall cause the Charter to be publicly disclosed in accordance with relevant laws and regulations.
3. **Code of Conduct.** Oversee the Company's adoption of a Code of Conduct for employees and directors, which Code of Conduct shall comply with all relevant rules and regulations, and ensure any disclosures required in connection therewith are made. Although waivers of the Code of Conduct are not anticipated, in the event it is ever necessary to consider a waiver, such request shall be presented to and approved by the Audit Committee.
4. **Complaints.** Establish procedures for the receipt, retention and treatment of complaints received by the Audit Committee regarding accounting, internal accounting controls, or auditing matters and the submission of confidential and anonymous concerns regarding questionable accounting or auditing matters. All such procedures will at all times comply with all provisions of law, regulation or Company policy that prohibit discipline of or discrimination against employees who report what they reasonably believe to be violations of any law, rule or regulation applicable to the Company.
5. **Related Party Transactions.** At least annually, review and approve any related-party transactions, as that term is defined in relevant laws and regulations, after reviewing each such transaction for potential conflicts of interest and improprieties for any director or executive officers.
6. Review the results of annual expense report audits for all directors and executive officers.
7. Prepare the annual report to shareholders for inclusion in the Company's annual proxy statement relating to the performance of the Audit Committee's duties as required by relevant laws and regulations.
8. Ensure that the Audit Committee obtains adequate continuing education as necessary to maintain competence in current accounting topics, risk management, corporate governance, and other topics pertinent to the Audit Committee's responsibilities.
9. Maintain minutes of meetings and regularly report to the Board of Directors on significant results of the foregoing activities.

**Directions to Hilton Garden Inn Richmond Innsbrook
4050 Cox Road
(804) 521-2900 (Phone), (804) 521-2901 (Fax)**

From the North
(Washington, DC, Maryland)

- Take I-95 South to exit number 84B (295 bypass towards Charlottesville)
- Take Exit 51B (Nuckols Road South)
- At second traffic light, take a right onto Cox Road
- Follow Cox Road for approximately 1 mile and turn right into the Innsbrook Shoppes

From the South
(Petersburg, North Carolina)

- Take I-95 North to Exit 79 (I-64 West)
- Follow I-64 West for approximately 15-20 miles and take Exit 178B (Route 250 East Richmond)
- At second traffic light, take a left onto Cox Road
- Take your first left into the Innsbrook Shoppes

OR

- Take I-95 North to the 295 bypass
- Follow 295 for approximately 60 miles to Exit 51B (Nuckols Road South)
- At second traffic light, take a right onto Cox Road
- Follow Cox Road for approximately 1 mile and turn right into Innsbrook Shoppes

From the East
(Richmond International Airport, Virginia Beach, Williamsburg)

- Take I-64 West to Exit 178B (Route 250 East Richmond)
- At the second traffic light, take a left onto Cox Road
- Take your first left into the Innsbrook Shoppes

From the West
(Roanoke, Charlottesville)

- Take I-64 East to Exit 178B (Route 250 East Richmond)
- At the second traffic light, take a left onto Cox Road
- Take your first left into the Innsbrook Shoppes.

Complimentary Parking for all Guests

Your proxy card is attached below.

FOLD AND DETACH HERE

SAXON CAPITAL, INC.

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS

JUNE 21, 2005

This Proxy is Solicited on Behalf of Saxon's Board of Directors

Each of the undersigned, revoking all other proxies heretofore given, hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement and hereby constitutes and appoints Michael L. Sawyer and Richard D. Shepherd, and each of them, proxies for the undersigned, with full power of substitution, as proxy or proxies to represent and vote all shares of Saxon Capital Stock that the undersigned may be entitled to vote at the Annual Meeting of Shareholders of Saxon Capital, Inc. in Glen Allen, Virginia, on Tuesday, June 21, 2005 at 9:00 a.m., or at any adjournments or postponements thereof. The shares represented hereby will be voted, in accordance with the directions given in this Proxy. If not otherwise directed herein, shares represented by this Proxy will be voted for all nominees named in Proposal 1 (election of directors) and for Proposal 2 (ratification of the selection of independent registered public accounting firm). If any other matters are properly brought before the Annual Meeting or any adjournments or postponements thereof, proxies will be voted on such matters as the proxies named herein, in their sole discretion, may determine.

Please mark this proxy as indicated on the reverse side to vote on any item. If you wish to vote in accordance with the Board of Directors' recommendations, please sign the reverse side; no boxes need to be checked.

SAXON CAPITAL, INC.
4860 Cox Road
Suite 300
Glen Allen, Virginia 23060

THE BOARD OF DIRECTORS RECOMMENDS A
VOTE "FOR" ITEM NO. 1

Please mark your votes as indicated

1. Election of Directors:

- Nominees 01 - Richard A. Kraemer
 02 - Louis C. Fornetti
 03 - Michael L. Sawyer
 04 - Thomas J. Wageman
 05 - David D. Wesselink

FOR election of all nominees

WITHHOLD vote from all nominees

Except for nominee(s) listed below from whom the vote is withheld:

**THE BOARD OF DIRECTORS RECOMMENDS A
VOTE "FOR" ITEM NO. 2**

Please mark your votes as indicated

2. Independent Registered Public Accounting Firm:

Ratification of Deloitte & Touche, LLP as independent registered public accounting firm for 2005

FOR ratification of independent registered public accounting firm

AGAINST ratification of independent registered public accounting firm

ABSTAIN from ratification of independent registered public accounting firm

(Continued and to be signed and dated below)

This proxy when properly signed will be voted in the manner directed herein by the undersigned shareholder. IF NO DIRECTION IS PROVIDED, THIS PROXY WILL BE VOTED AS RECOMMENDED BY THE BOARD OF DIRECTORS.

IMPORTANT: Please sign exactly as your name or names appear on this Proxy. Where shares are held jointly, both holders should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give your full title as such. If the holder is a corporation, execute in full corporate name by authorized officer.

Dated: _____, 2005

Signature

Signature

Please read the enclosed proxy statement, then vote and return the card at your earliest convenience.