
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

- ☒ **Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

For the quarter ended September 30, 2003

- ☐ **Transition Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Commission file number 0-20552

DYNEX SECURITIES CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

52-1785164
(I.R.S. Employer
Identification No.)

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

23060-6740
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety days.

☒ **Yes** ☐ **No**

As of October 31, 2003, the latest practicable date, there were 1,000 shares of Dynex Securities Corporation common stock outstanding.

The registrant meets the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format.

DYNEX SECURITIES CORPORATION

FORM 10-Q

Index

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Balance Sheets at September 30, 2003 and December 31, 2002 (unaudited).....	1
Notes to Unaudited Financial Statements.....	2
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	2
Item 3. Quantitative and Qualitative Disclosures about Market Risk	2
Item 4. Controls and Procedures	3
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	3
Item 5. Other Information	3
Item 6. Exhibits and Reports on Form 8-K	3
SIGNATURES.....	6

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**DYNEX SECURITIES CORPORATION
BALANCE SHEETS (UNAUDITED)**

	<u>September 30,</u> <u>2003</u>	<u>December 31,</u> <u>2002</u>
ASSETS		
Cash	<u>\$ 10,000</u>	<u>\$ 10,000</u>
SHAREHOLDER'S EQUITY		
Common Stock, no par value: 10,000 shares authorized, 1,000 issued and outstanding	<u>\$ 10,000</u>	<u>\$ 10,000</u>

See accompanying notes to the unaudited balance sheets.

DYNEX SECURITIES CORPORATION
NOTES TO UNAUDITED FINANCIAL STATEMENTS

September 30, 2003

NOTE 1 – CONDENSED FINANCIAL STATEMENTS

The accompanying balance sheets have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and notes required by accounting principles generally accepted in the United States of America, hereinafter referred to as “generally accepted accounting principles” for complete balance sheets. The financial statements include the accounts of Dynex Securities Corporation (the “Company”). The Company was incorporated in Virginia on July 8, 1992 as a wholly owned, limited-purpose financing subsidiary of SMFC Funding Corporation, a Virginia corporation (“SMFC”). On January 1, 1997, SMFC dividended all of the outstanding stock of the Company, represented by 1,000 shares of common stock, to Dynex Holding, Inc. (“DHI”), an affiliate company. On November 1, 2000, DHI sold all of the capital stock to Dynex Capital, Inc. (“DX”), an affiliate of DHI.

The Company was organized to facilitate the securitization of mortgage loans through the issuance and sale of collateralized bonds (the “Bonds”) and certificates of participation (“Mortgage Securities”). The Bonds are issued pursuant to an indenture or indentures and are secured by securities backed by one or more of the following: mortgage loans, Federal National Mortgage Association Mortgage-Backed Certificates, insurance policies, and various accounts and funds (collectively, the “Collateral”). The Collateral for a series of Bonds will be pledged to a trustee. The Mortgage Securities will represent a percentage interest in a pool of Collateral purchased by a trust established by the Company.

In the opinion of management, all adjustments considered necessary to present fairly the financial position for the periods presented have been made. The Balance Sheet as of September 30, 2003 is unaudited. The Balance Sheet at December 31, 2002 has been taken from the audited financial statements as of that date. The Company has had no operations during the quarter. Accordingly, the statements of operations and cash flows for the nine months ended September 30, 2003 and 2002 have not been provided. For further information, refer to the audited balance sheet and footnotes included in the Company’s Form 10-K for the year ended December 31, 2002.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

During the nine months ended September 30, 2003, the Company issued no Mortgage Securities or Bonds on behalf of DX. The most recent securitization of mortgage loans by the Company occurred in September 1995.

At September 30, 2003, the Company had \$1.4 billion of securities remaining for issuance under a registration statement filed with the Securities and Exchange Commission in October 1994. Securities sold through private placements by the Company do not reduce the amount available under the shelf registration statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

None.

Item 4. Controls And Procedures

(a) Evaluation of disclosure controls and procedures.

As required by Rule 13a-15 under the Exchange Act, within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"), the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of the Company's management. Based upon that evaluation, the Company's management concluded that the Company's disclosure controls and procedures are effective. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to management, including the Company's management, as appropriate, to allow timely decisions regarding required disclosures.

(b) Changes in internal controls.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's internal controls subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such internal controls requiring corrective actions.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings:

None.

Item 5. Other Information:

None.

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits

- 3.1 Articles of Incorporation of the Registrant (Incorporated herein by reference to the Exhibits to Registrant's Registration Statement No. 33-49520 on Form S-11 filed July 10, 1992).
- 3.2 By-Laws of the Registrant (Incorporated herein by reference to the Exhibits to Registrant's Registration Statement No. 33-49520 on Form S-11 filed July 10, 1992).
- 4.1 Form of Trust Agreement dated July 1, 1992, (Incorporated herein by reference to Exhibits to Registrant's Registration Statement No. 33-49520 on Form S-11 filed July 10, 1992).

- 4.2 Standard Terms to Trust Agreement dated July 1, 1992 (Incorporated herein by reference to the Exhibits to Registrant's Registration Statement No. 33-49520 on Form S-11 filed July 10, 1992).
- 4.3 Copy of Series 1992-1 Trust Agreement dated as of August 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed September 4, 1992).
- 4.4 Copy of Series 1992-2 Trust Agreement dated as of September 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed October 14, 1992).
- 4.5 Copy of Series 1992-3 Trust Agreement dated as of October 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed November 6, 1992).
- 4.6 Copy of Series 1992-4 Trust Agreement dated as of November 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed December 7, 1992).
- 4.7 Copy of Series 1992-6 Trust Agreement dated as of December 1, 1992, among Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed January 7, 1993).
- 4.8 Standard Terms to Trust Agreement, dated August 1, 1993 (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed September 3, 1993).
- 4.9 Copy of the Series 1993-10 Trust Agreement dated as of October 1, 1993, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed November 1, 1993).
- 4.10 Copy of the Series 1994-2 Trust agreement dated as of January 1, 1994, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed February 10, 1994)
- 4.11 Copy of the Series 1994-2 First Amendment to Trust Agreement dated as of March 15, 1994, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed May 5, 1994).
- 4.12 Standard Terms to Trust Agreement (August 1994 Edition) (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed September 13, 1994).
- 4.13 Copy of the Series 1994-2 Second Amendment to Trust Agreement dated as of September 27, 1994, among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated

herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed October 5, 1994).

- 4.14 Copy of the Series 1993-10 First Amendment to Trust Agreement, dated as of October 7, 1994, by and among the Registrant, Ryland Mortgage Company, as Master Servicer, and Texas Commerce Bank National Association, as Trustee (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed October 13, 1994).
- 4.15 Standard Terms to Trust Agreement (Pool Insurance) (October 1994 Edition) (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed November 10, 1994).
- 4.16 Copy of the September 1995 Edition of Standard Terms to Trust Agreement (with Servicing Agreement for Credit Sensitive Loans) (Incorporated herein by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed October 12, 1995).
- 33.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 33.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 99.1 Standard Provisions to Servicing Agreement (November 1989 Edition) (Incorporated herein by reference to the Exhibits to Registrant's Registration Statement No. 33-49520 on Form S-11 filed July 10, 1992).
- 99.2 Copy of the Support Fund Agreement, dated as of June 29, 1994 between Texas Commerce Bank National Association, as Trustee, and Texas Commerce Bank National Association, as Custodian (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed July 11, 1994).
- 99.3 Copy of the Support Fund Agreement, dated as of October 27, 1994 by and between SHF Corp. and Texas Commerce Bank National Association, as Support Fund Trustee (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed November 10, 1994).
- 99.4 Copy of the Meritech Servicing Agreement dated September 1, 1995 (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed October 12, 1995).
- 99.5 Copy of the Standard Terms to Meritech Servicing Agreement for Saxon Mortgage Securities Corporation, September 1995 Edition (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed October 12, 1995).
- 99.6 Copy of the Saxon Mortgage, Inc. Servicing Guide for Credit Sensitive Loans, February 1995 Edition (Incorporated herein by reference to Exhibit to the Registrant's Current Report on Form 8-K, filed October 12, 1995).
- 99.7 Certification of Principal Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DYNEX SECURITIES CORPORATION

Dated: November 12, 2003

By: /s/ Stephen J. Benedetti
Stephen J. Benedetti, Executive Vice President,
Chief Financial Officer, and Treasurer
(principal accounting officer)

**CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen J. Benedetti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dynex Securities Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

/s/ Stephen J. Benedetti
Stephen J. Benedetti
Principal Executive Officer

**CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen J. Benedetti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dynex Securities Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

/s/ Stephen J. Benedetti
Stephen J. Benedetti
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Dynex Securities Corporation (the “Company”) on Form 10-Q for the quarter ending September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen J. Benedetti, the Principal Executive Officer of the Company, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 12, 2003

/s/ Stephen J. Benedetti
Stephen J. Benedetti
Principal Executive Officer
Chief Financial Officer