DOWNEY FINANCIAL CORP Form SC 13G/A February 15, 2006

SECURITIES & EXCHANGE COMMISSION Washington, D.C. 20549

SCHEDULE 13G/A* (Rule 13d-102)

Amendment No. 1

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULES 13d-1(b), (c) AND (d) AND AMENDMENTS THERETO FILED PURSUANT TO 13d-2(b)

Downey Financial Corp. (Name of Issuer)

Common Stock (Title of Class of Securities)

261018105 (CUSIP Number)

December 31, 2005 (Date of event which requires filing of this statement)

Check the appropriate box to designate the rule pursuant to which this Schedule 13G is filed:

- [] Rule 13d-1(b)
- [X] Rule 13d-1(c)
- [] Rule 13d-1(d)

(Page 1 of 11 Pages)

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

The information required in the remainder of this cover page shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 261018105

13G

Page 2 of 11 Pages

(1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO.
OF ABOVE PERSONS (ENTITIES ONLY)

Tontine Partners, L.P.

CHECK T	TIE ADDOODT						
						(b)	[X] []
CITIZEN		E OF ORG	ANIZATION				
(5)	SOLE VOTING	POWER		-0-			
Y (6)	SHARED VOTI	NG POWER		231,350			
(7)	SOLE DISPOS	SITIVE PO	VER	-0-			
(8)	SHARED DISP	OSITIVE 1		231,350			
BY EACH	REPORTING P	ERSON		231,350			
IN ROW	(9) EXCLUDES	CERTAIN	SHARES *				[]
PERCENT	OF CLASS RE	PRESENTE		.83%			
TYPE OF	REPORTING P	ERSON **		PN			
61018105			BEFORE F	ILLING OUT		of	 11 Pages
I.R.S.	IDENTIFICATI	ON NO. O		Financial	Partne	rs,	L.P.
CHECK T	HE APPROPRIA	TE BOX II	A MEMBE	 R OF A GRO	 UP **		
							[X]
SEC USE							
CITIZEN							
	SEC USE CITIZEN (5) Y (6) (7) (8) AGGREGA BY EACH CHECK B IN ROW PERCENT BY AMOU TYPE OF NAMES C I.R.S. PERSONS CHECK T	SEC USE ONLY CITIZENSHIP OR PLACE (5) SOLE VOTING (7) SOLE DISPOSE (8) SHARED DISP AGGREGATE AMOUNT BE BY EACH REPORTING FOR THE AGENT OF CLASS REBY AMOUNT IN ROW (9) TYPE OF REPORTING FOR THE AGENT OF CLASS REBY AMOUNT IN ROW (9) ** SEE INST ** SEE INST CHECK THE APPROPRIA	SEC USE ONLY CITIZENSHIP OR PLACE OF ORGAT Delaware (5) SOLE VOTING POWER (6) SHARED VOTING POWER (7) SOLE DISPOSITIVE POWER (8) SHARED DISPOSITIVE POWER AGGREGATE AMOUNT BENEFICIALLY BY EACH REPORTING PERSON CHECK BOX IF THE AGGREGATE AT IN ROW (9) EXCLUDES CERTAIN PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) TYPE OF REPORTING PERSON ** ** SEE INSTRUCTIONS 61018105 13G NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF PERSONS (ENTITIES ONLY) CHECK THE APPROPRIATE BOX INSECTIONS SEC USE ONLY	SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION Delaware (5) SOLE VOTING POWER (6) SHARED VOTING POWER (7) SOLE DISPOSITIVE POWER (8) SHARED DISPOSITIVE POWER AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES * PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) TYPE OF REPORTING PERSON ** ** SEE INSTRUCTIONS BEFORE F 61018105 13G NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) Tontine CHECK THE APPROPRIATE BOX IF A MEMBE SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION	SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION Delaware (5) SOLE VOTING POWER -0- Y (6) SHARED VOTING POWER 231,350 (7) SOLE DISPOSITIVE POWER -0- (8) SHARED DISPOSITIVE POWER 231,350 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 231,350 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES ** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) .83% TYPE OF REPORTING PERSON ** PN ** SEE INSTRUCTIONS BEFORE FILLING OUT 61018105 13G NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) Tontine Financial CHECK THE APPROPRIATE BOX IF A MEMBER OF A GRO SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION	SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION Delaware (5) SOLE VOTING POWER -0- Y (6) SHARED VOTING POWER 231,350 (7) SOLE DISPOSITIVE POWER -0- (8) SHARED DISPOSITIVE POWER 231,350 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 231,350 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES ** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) .83% TYPE OF REPORTING PERSON ** PN ** SEE INSTRUCTIONS BEFORE FILLING OUT! 61018105 13G Page 3 NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) Tontine Financial Partne CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP ** SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION	SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION Delaware (5) SOLE VOTING POWER (5) SOLE VOTING POWER (6) SHARED VOTING POWER (7) SOLE DISPOSITIVE POWER (8) SHARED DISPOSITIVE POWER 231,350 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 231,350 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES ** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) .83% TYPE OF REPORTING PERSON ** PN ** SEE INSTRUCTIONS BEFORE FILLING OUT! 61018105 13G Page 3 of NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) Tontine Financial Partners, CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP ** (a) (b) SEC USE ONLY CITIZENSHIP OR PLACE OF ORGANIZATION

NUMBER OF	(5) SOLE VOTIN	NG POWER	-0-
SHARES				-
	LY (6) SHARED VOI	ING POWER	1,841,950
OWNED BY				
EACH	(7) SOLE DISPO	OSITIVE POWER	-0-
REPORTING				
PERSON WITH	8) H) SHARED DIS	SPOSITIVE POWEF	1,841,950
	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,841,950			
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(11)	PERCE	NT OF CLASS F OUNT IN ROW (6.61%
				0.016
(12)	TYPE	OF REPORTING	PERSON **	PN
		** SEE INS	STRUCTIONS BEFO	RE FILLING OUT!
CUSIP No. 2	2610181		STRUCTIONS BEFO	RE FILLING OUT! Page 4 of 11 Page
	NAMES	05 OF REPORTING	13G G PERSONS FION NO. OF ABO ONLY)	Page 4 of 11 Page
	NAMES I.R.S PERSC	OF REPORTING OF REPORTING IDENTIFICAT NS (ENTITIES THE APPROPRI	13G G PERSONS FION NO. OF ABC ONLY) Tont	Page 4 of 11 Page OVE ine Management, L.L.C. IEMBER OF A GROUP ** (a) [X] (b) []
(1)	NAMES I.R.S PERSC CHECK	OF REPORTING OF REPORTING IDENTIFICAT NS (ENTITIES THE APPROPRI	13G G PERSONS FION NO. OF ABC ONLY) Tont	Page 4 of 11 Page OVE ine Management, L.L.C. IEMBER OF A GROUP ** (a) [X]
(2)	NAMES I.R.S PERSC CHECK	OF REPORTING IDENTIFICAT NS (ENTITIES THE APPROPRI	13G G PERSONS FION NO. OF ABO ONLY) Tont TATE BOX IF A M	Page 4 of 11 Page OVE ine Management, L.L.C. IEMBER OF A GROUP ** (a) [X] (b) []
(1) (2) (3) (4) NUMBER OF	NAMES I.R.S PERSC CHECK SEC U	OF REPORTING IDENTIFICAT NS (ENTITIES THE APPROPRI	13G G PERSONS FION NO. OF ABO ONLY) Tont TATE BOX IF A M ACE OF ORGANIZA Dela	Page 4 of 11 Page OVE ine Management, L.L.C. MEMBER OF A GROUP ** (a) [X] (b) []
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PERSON WITH	(8)	SHARED DISPOSITIVE POWER	2,073,300
(9)		ATE AMOUNT BENEFICIALLY OWNED H REPORTING PERSON	
			2,073,300
(10)		BOX IF THE AGGREGATE AMOUNT (9) EXCLUDES CERTAIN SHARES **	. []
(11)		T OF CLASS REPRESENTED UNT IN ROW (9)	
			7.44%
(12)	TYPE O	F REPORTING PERSON **	00
		** SEE INSTRUCTIONS BEFORE FI	LLING OUT!
CUSIP No. 2	6101810	5 13G	Page 5 of 11 Page
(1)		OF REPORTING PERSONS	
		IDENTIFICATION NO. OF ABOVE S (ENTITIES ONLY) Tontine	e Overseas Associates, L.L.C
(2)	PERSON	S (ENTITIES ONLY)	
	PERSON	S (ENTITIES ONLY) Tontine TONTINE THE APPROPRIATE BOX IF A MEMBER	R OF A GROUP ** (a) [X] (b) []
(3)	PERSON CHECK SEC US	S (ENTITIES ONLY) Tontine TONTINE THE APPROPRIATE BOX IF A MEMBER	R OF A GROUP ** (a) [X] (b) []
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(3) (4) NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	PERSON CHECK SEC US CITIZE (5) Y (6) (7) (8)	TONTINE TONTINE THE APPROPRIATE BOX IF A MEMBER E ONLY NSHIP OR PLACE OF ORGANIZATION Delaware SOLE VOTING POWER SHARED VOTING POWER	-0- 454,700

	IN	ROW	(9) EXCI	JUDES CERT	TAIN SHARES	* *				[]
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(12)	TY	PE OF	REPORT	ING PERSON				00		
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(3)	SE	C USE	ONLY							
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SHARES										
BENEFICIAL OWNED BY	ιLΥ	(6)	SHARED	VOTING PO	OWER			2,528	8,000	
EACH		(7)	SOLE D	ISPOSITIVE	E POWER			-0-		
REPORTING										
PERSON WIT	`H	(8)	SHARED	DISPOSIT	IVE POWER			2,528	8 , 000	
(9)				NT BENEFICING PERSON	CIALLY OWNE	D		2 52:	8,000	
(10)					ATE AMOUNT TAIN SHARES	**				[]
(11)			OF CLAS	SS REPRESE DW (9)	ENTED			0 07	0_	
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CUSIP No. 261018105

13G

Page 7 of 11 Pages

The Schedule 13G initially filed on August 29, 2005 is hereby amended and restated by this Amendment No. 1 to the Schedule 13G.

Item 1(a). Name of Issuer:

The name of the issuer is Downey Financial Corp. (the "Company").

Item 1(b). Address of Issuer's Principal Executive Offices:

The Company's principal executive offices are located at 3501 Jamboree Road, Newport Beach, California 92660.

Item 2(a). Name of Person Filing:

This statement is filed by:

- (i) Tontine Partners, L.P., a Delaware limited partnership ("TP") with respect to the shares of Common Stock directly owned by it;
- (ii) Tontine Financial Partners, L.P., a Delaware limited partnership ("TFP") with respect to the shares of Common Stock directly owned by it;
- (iii) Tontine Management, L.L.C., a limited liability company organized under the laws of the State of Delaware ("TM"), with respect to the shares of Common Stock directly owned by TP and TFP;
- (iv) Tontine Overseas Associates, L.L.C., a limited liability company organized under the laws of the State of Delaware ("TOA"), which serves as investment manager to Tontine Overseas Fund, Ltd. ("TOF"), a company organized under the laws of the Cayman Islands, and to TFP Overseas Fund, Ltd. ("TFPO"), a company organized under the laws of the Cayman Islands; and
 - (v) Jeffrey L. Gendell ("Mr. Gendell"), with respect to the shares of Common Stock owned directly by TP, TFP, TOF and TFPO.

The foregoing persons are hereinafter sometimes collectively referred to as the "Reporting Persons." Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party.

Item 2(b). Address of Principal Business Office or, if None, Residence:

The address of the business office of each of the Reporting Persons is 55 Railroad Avenue, 3rd Floor, Greenwich, Connecticut 06830.

Item 2(c). Citizenship:

TP and TFP are limited partnerships organized under the laws of the State of Delaware. TM and TOA are limited liability companies organized under the laws of the State of Delaware. Mr. Gendell is a United States citizen.

Item 2(d). Title of Class of Securities:
 Common Stock, \$0.01 par value (the "Common Stock")

CUSIP No. 261018105 13G Page 8 of 11 Pages Item 2(e). CUSIP Number: 261018105 Item 3. If this statement is filed pursuant to Rules 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a: (a) [] Broker or dealer registered under Section 15 of the Act, (b) [] Bank as defined in Section 3(a)(6) of the Act, (c) [] Insurance Company as defined in Section 3(a)(19) of the Act, (d) [] Investment Company registered under Section 8 of the Investment Company Act of 1940, (e) [] Investment Adviser in accordance with Rule 13d-1 (b)(1)(ii)(E), (f) [] Employee Benefit Plan or Endowment Fund in accordance with Rule 13d-1 (b) (1) (ii) (F), (g) [] Parent Holding Company or control person in accordance with Rule 13d-1 (b) (1) (ii) (G), (h) [] Savings Association as defined in Section 3(b) of the Federal Deposit Insurance Act, (i) [] Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940, (j) [] Group, in accordance with Rule 13d-1(b)(1)(ii)(J). Not applicable. Item 4. Ownership. Tontine Partners, L.P. (a) Amount beneficially owned: 231,350 (b) Percent of class: .83% The percentages used herein and in the rest of Item 4 are calculated based upon the 27,853,783 shares of Common Stock issued and outstanding as of September 30, 2005, as set forth in the

CUSIP No. 261018105

13G

Company's Form 10-Q for the quarterly period ended September 30, 2005.

231,350

(c)(i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 231,350(iii) Sole power to dispose or direct the disposition: -0-(iv) Shared power to dispose or direct the disposition:

Page 9 of 11 Pages

- B. Tontine Financial Partners, L.P.
 - (a) Amount beneficially owned: 1,841,950
 - (b) Percent of class: 6.61%
 - (c) (i) Sole power to vote or direct the vote: -0-
 - (ii) Shared power to vote or direct the vote: 1,841,950
 - (iii) Sole power to dispose or direct the disposition: -0-
 - (iv) Shared power to dispose or direct the disposition: 1,841,950
- C. Tontine Management, L.L.C.
 - (a) Amount beneficially owned: 2,073,300
 - (b) Percent of class: 7.44%
 - (c) (i) Sole power to vote or direct the vote: -0-
 - (ii) Shared power to vote or direct the vote: 2,073,300
 - (iii) Sole power to dispose or direct the disposition: -0-
 - (iv) Shared power to dispose or direct the disposition: 2,073,300
- D. Tontine Overseas Associates, L.L.C.
 - (a) Amount beneficially owned: 454,700
 - (b) Percent of class: 1.63%
 - (c) (i) Sole power to vote or direct the vote: -0-
 - (ii) Shared power to vote or direct the vote: 454,700
 - (iii) Sole power to dispose or direct the disposition: -0-
 - (iv) Shared power to dispose or direct the disposition: 454,700
- E. Jeffrey L. Gendell
 - (a) Amount beneficially owned: 2,528,000
 - (b) Percent of class: 9.07%
 - (c) (i) Sole power to vote or direct the vote: -0-
 - (ii) Shared power to vote or direct the vote: 2,528,000
 - (iii) Sole power to dispose or direct the disposition: -0-
 - (iv) Shared power to dispose or direct the disposition: 2,528,000
- Item 5. Ownership of Five Percent or Less of a Class.

Not applicable.

CUSIP No. 261018105

13G

Page 10 of 11 Pages

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

TM, the general partner of TP and TFP, has the power to direct the affairs of TP and TFP, including decisions respecting the disposition of the proceeds from the sale of the shares. Mr. Gendell is the managing member of TM and TOA, and in that capacity directs their operations. Each of the clients of TOA has the power to direct the receipt of dividends from or the proceeds of sale of such shares.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

Not applicable.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

Each of the Reporting Persons hereby makes the following certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

CUSIP No. 261018105 13G

Page 11 of 11 Pages

SIGNATURES

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

DATED: February 14, 2006

/s/ JEFFREY L. GENDELL

Jeffrey L. Gendell, individually, and as managing member of Tontine Management, L.L.C., general partner of Tontine Partners, L.P., and Tontine Financial Partners, L.P., and as managing member of Tontine Overseas Associates, L.L.C.