

DOWNEY FINANCIAL CORP  
Form 4  
May 18, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
HUNTER JAMES

2. Issuer Name and Ticker or Trading Symbol  
DOWNEY FINANCIAL CORP  
[DSL]

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)

(Last) (First) (Middle)  
1670 LA FORCE ROAD  
  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
05/17/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)

ALPINE, CA 91901  
  
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|

|              |            |  |   |          |  |   |  |
|--------------|------------|--|---|----------|--|---|--|
| Common Stock | 05/17/2006 |  | S | 20,000 D | \$ 71 <u>27,320.817</u> <sup>(1)</sup> | I |  |
|--------------|------------|--|---|----------|--|---|--|

By Llano Development Inc. Profit Sharing Plan & Trust and Downey Financial Corp. Stock Purchase Plan

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

**Persons who respond to the collection of information contained in this form are not**

SEC 1474 (9-02)

