

**FORM ADV**

**Uniform Application for Investment Adviser Registration**

**Part II - Page 1**

OMB APPROVAL	
OMB Number	3235-0049
Expires	April 30, 2000
Estimated average burden hours per response. . . .	.9.01

Name of Investment Adviser: <b>Davis Capital Management, LLC</b>				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
<b>55 Madison Street, # 680</b>	<b>Denver</b>	<b>CO</b>	<b>80206</b>	<b>( 303) 329-6262</b>

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any government authority.**

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**(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)**

Applicant: <b>Davis Capital Management, LLC</b>	SEC File Number: 801-	Date: <b>3/13/07</b>
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Definitions for Part II

Related person - Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services - Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1.	<p><b>A. Advisory Services and Fees.</b> (check the applicable boxes)</p> <p>Applicant:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"><input type="checkbox"/></td> <td style="width: 85%;">(1) Provides investment supervisory services . . . . .</td> <td style="width: 10%; text-align: right;">%</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>(2) Manages investment advisory accounts not involving investment supervisory services . . . . .</td> <td style="text-align: right;">100%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(3) Furnishes investment advice through consultations not included in either service described above . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(4) Issues periodicals about securities by subscription . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(5) Issues special reports about securities not included in any service described above . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(8) Provides a timing service . . . . .</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/></td> <td>(9) Furnishes advice about securities in any manner not described above . . . . .</td> <td style="text-align: right;">%</td> </tr> </table> <p style="text-align: center;">(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)</p>	<input type="checkbox"/>	(1) Provides investment supervisory services . . . . .	%	<input checked="" type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services . . . . .	100%	<input type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above . . . . .	%	<input type="checkbox"/>	(4) Issues periodicals about securities by subscription . . . . .	%	<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above . . . . .	%	<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . .	%	<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .	%	<input type="checkbox"/>	(8) Provides a timing service . . . . .	%	<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above . . . . .	%	<p>For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)</p>
<input type="checkbox"/>	(1) Provides investment supervisory services . . . . .	%																											
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<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above . . . . .	%																											
	<p><b>B.</b> Does the applicant call any of the services it checked above financial planning or some similar term? . . . . .</p>	<table style="border: none;"> <tr> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table>	Yes	No	<input type="checkbox"/>	<input checked="" type="checkbox"/>																							
Yes	No																												
<input type="checkbox"/>	<input checked="" type="checkbox"/>																												
	<p><b>C.</b> Applicant offers investment advisory services for: (check all that apply):</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> (1) A percentage of assets under management  <input type="checkbox"/> (2) Hourly charges  <input type="checkbox"/> (3) Fixed fees (not including subscription fees)                 </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> (4) Subscription fees  <input type="checkbox"/> (5) Commissions  <input checked="" type="checkbox"/> (6) Other                 </td> </tr> </table>	<input checked="" type="checkbox"/> (1) A percentage of assets under management <input type="checkbox"/> (2) Hourly charges <input type="checkbox"/> (3) Fixed fees (not including subscription fees)	<input type="checkbox"/> (4) Subscription fees <input type="checkbox"/> (5) Commissions <input checked="" type="checkbox"/> (6) Other																										
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	<p><b>D.</b> For each checked box in A above, describe on Schedule F:</p> <ul style="list-style-type: none"> <li>• the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee</li> <li>• applicant's basic fee schedule, how fees are charged and whether its fees are negotiable</li> <li>• when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date</li> </ul>																												
2.	<p><b>Types of Clients</b> - Applicant generally provides investment advice to: (check those that apply)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> A. Individuals  <input type="checkbox"/> B. Banks or thrift institutions  <input type="checkbox"/> C. Investment companies  <input checked="" type="checkbox"/> D. Pension and profit sharing plans                 </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations  <input type="checkbox"/> F. Corporations or business entities other than those listed above  <input type="checkbox"/> G. Other (describe on Schedule F)                 </td> </tr> </table>	<input checked="" type="checkbox"/> A. Individuals <input type="checkbox"/> B. Banks or thrift institutions <input type="checkbox"/> C. Investment companies <input checked="" type="checkbox"/> D. Pension and profit sharing plans	<input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations <input type="checkbox"/> F. Corporations or business entities other than those listed above <input type="checkbox"/> G. Other (describe on Schedule F)																										
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Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity Securities<br><input checked="" type="checkbox"/> (1) exchange-listed securities<br><input checked="" type="checkbox"/> (2) securities traded over-the-counter<br><input checked="" type="checkbox"/> (3) foreign issues<br><br><input checked="" type="checkbox"/> B. Warrants<br><br><input checked="" type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper)<br><br><input checked="" type="checkbox"/> D. Commercial paper<br><br><input checked="" type="checkbox"/> E. Certificates of deposit<br><br><input checked="" type="checkbox"/> F. Municipal securities<br><br><input type="checkbox"/> G. Investment company securities<br><input type="checkbox"/> (1) variable life insurance<br><input type="checkbox"/> (2) variable annuities<br><input checked="" type="checkbox"/> (3) mutual fund shares | <input checked="" type="checkbox"/> H. United States government securities<br><br><input type="checkbox"/> I. Options contracts on:<br><input type="checkbox"/> (1) securities<br><input type="checkbox"/> (2) commodities<br><br><input type="checkbox"/> J. Futures contracts on:<br><input type="checkbox"/> (1) tangibles<br><input type="checkbox"/> (2) intangibles<br><br><input type="checkbox"/> K. Interests in partnerships investing in:<br><input type="checkbox"/> (1) real estate<br><input checked="" type="checkbox"/> (2) oil and gas interests<br><input type="checkbox"/> (3) other (explain on Schedule F)<br><br><input type="checkbox"/> L. Other (explain on Schedule F) |
|--|--|

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

## A. Applicant's security analysis methods include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |   |

## B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services   |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)  |

## C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                            | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales   |  |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant: <b>Davis Capital Management, LLC</b>	SEC File Number: 801-	Date: <b>3/13/07</b>
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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes  No   
 (If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
 

<input type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? ..... Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

Applicant: <b>Davis Capital Management, LLC</b>	SEC File Number: 801-	Date: <b>3/13/07</b>
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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . .

Yes  No

(If yes, describe on Schedule F.)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**Grant C. Davis (Manager) and Lee W. Dines, Jr. (Member) are the only persons authorized to review accounts. Please refer to Schedule F, Section 5 (Education and Business Standards) and Section 6 (Education and Business Background) for the titles, functions and qualifications of the reviewers.**

**There is no sequence for which accounts are reviewed. A review may be instituted by a client, market conditions or other pertinent factors that may surface periodically. When a review is undertaken, it is done within the context of the firm's policy guidelines and the tax and investment considerations of the client.**

B. Describe below the nature and frequency of regular reports to clients on their accounts.

**Generally, clients receive a monthly or quarterly report furnished by the custodian of their account. The firm provides a similar report containing the same detailed information (securities owned, cost, price, estimated yield and income, percentage weighting by asset type and total market value) on request or as part of a regular written communication to clients. This communication is provided at least quarterly. It may also include financial market observations and portfolio strategy as well as a summary of the recent activity in the portfolio.**

Applicant: <b>Davis Capital Management, LLC</b>	SEC File Number: 801-	Date: <b>3/13/07</b>
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**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |  |                                |
|--|--|--------------------------------|
| (1) securities to be bought or sold? .....               | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/> |
| (4) commission rates paid? .....                         | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? ..... Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |  |   |
|---|--|---|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes<br><input type="checkbox"/>            | No<br><input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/>            |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... Yes  No

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of Form ADV**

Applicant: <b>Davis Capital Management, L.L.C.</b>	SEC File Number:  801-60895	Date:  3/13/07
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**Continuation Sheet for Form ADV Part II**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Davis Capital Management, L.L.C.</b>	IRS Empl. Ident. No.: <b>84-1313599</b>
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Item of Form (identify)	Answer
<p>I.D. (Advisory Services)</p>	<p>The company provides investment management and advisory services for client securities portfolios. The company does not engage in financial planning. Continuous advice and management is provided for a fee to those portfolios for which direct responsibility is assigned. The company may also provide “supervisory” services for other client assets that would not normally meet the account minimum requirement. In these instances, a fee is not charged. Every attempt is made to determine the total amount and nature of other client assets, liabilities or obligations. The company prefers to manage client portfolios with this full knowledge and understanding, although in some cases this may not be possible without the direction and consent of the client. All clients are asked to develop a Statement of Investment Policy with the assistance of the company. This serves to establish the specific objectives, constraints and goals of each portfolio.</p> <p>Davis Capital Management, LLC claims compliance with the AIMR Performance Presentation Standards (AIMR-PPS) and U.S. and Canadian version of the Global Investment Performance Standards (GIPS). AIMR has not been involved with or reviewed Davis Capital Management, LLC’s claim of compliance.</p> <p style="text-align: center;"><b>Fee Schedule</b></p> <p>The annual fee is 1.00% of total assets up to \$1 million and 0.85% of total assets above \$1 million for discretionary “all-equity” (stocks) and “balanced” (stocks and bonds) accounts. The annual fee is 1.15% of total assets up to \$1 million and 1.00% of total assets above \$1 million for non-discretionary “all-equity” and “balanced” accounts. The annual fee is 0.25% of total assets for discretionary and non-discretionary “fixed-income” (bonds) accounts. “Related party” accounts can be combined for fee purposes to obtain a more favorable effective rate.</p> <p>The current fee schedule went into effect on January 1, 2001. Clients under contract before this date will remain at the prior fee schedule. In some unique circumstances, a lower fee is negotiable with the mutual consent of both parties. Fees are normally charged quarterly on a prorata basis and calculated on an account’s market value as of the last business day of the quarter.</p> <p>All relationships may be terminated upon 30 days written notice, or by mutual consent with fees prorated accordingly. No fees are collected in advance. While no other type of investment advice is currently offered, the company may provide services on a limited consulting basis. The fees for these services (if any) would be agreed upon by mutual consent of the client and the company, but would not be collected in advance.</p> <p>All clients are required to complete an Investment Management Agreement (Limited Power of Attorney) with the company. Where applicable, the Agreement specifically authorizes a client’s custodian to remit directly to the company earned investment management fees, with copies of all invoices for services provided to the client at the time of submission.</p> <p>As part of Davis Capital Management, LLC’s investment advisory service, the company is solicited to vote proxies on various matters related to shares owned by clients. The company participates in proxy issues that directly impact shareholder value and will take a position that, in its best judgment, will enhance the value of client assets. Davis Capital Management, LLC votes according to the written Proxy Voting Policy and Procedures, which describe how the company will <i>generally</i> vote on numerous proxy issues concerning corporate governance, boards of directors, director and</p>

**Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV**

Applicant: <b>Davis Capital Management, L.L.C.</b>	SEC File Number:  801-60895	Date:  3/13/07
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**Continuation Sheet for Form ADV Part II**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Davis Capital Management, L.L.C.</b>	IRS Empl. Ident. No.: <b>84-1313599</b>
Item of Form (identify)	Answer
	<p>executive compensation , capital structure, mutual funds, among others. In certain instances, the company will consider issues on a case-by-case basis and it may be necessary to deviate from positions indicated in the Proxy Voting Policy and Procedures. In the case of social and environmental proxy issues, most of which do not directly impact shareholder value, the company will <i>generally</i> vote with management or abstain. In the event that Davis Capital Management, LLC has a conflict of interest with clients with respect to the outcome of certain proxy proposals, the company will resolve the conflict in any of the following ways: 1) vote in accordance with the Proxy Voting Policy and Procedures if the issue is addressed therein, 2) obtain direction from clients on how to vote, or 3) vote according to the recommendation of an independent third party. In addition, Davis Capital Management, LLC may be solicited to vote on a variety of corporate actions or other matters, and the company will act as it deems to be in the best interest of clients when the action impacts shareholder value. Lee W. Dines, Jr. is primarily responsible for monitoring corporate developments and voting proxies. Clients may request a copy of the company’s Proxy Voting Policy and Procedures or obtain a record of Davis Capital Management, LLC votes by submitting a written request or by calling (303) 329-6262.</p>
4.B. (Sources of Information)	<p>The company continuously reviews reports, periodicals, publications and analysis from a broad variety of sources. Data is also received and monitored from a number of research organizations and securities brokerage firms. The company has identified valuable resources and developed important relationships in the investment community which help provide the necessary insights and information to successfully manage client securities portfolios.</p>
4.C. (Investment Strategies)	<p><b>The company manages fixed-income, equity and balanced portfolios for clients. Investments are made with a long-term focus.</b> Excessive trading that results in short-term gains or losses is not practiced, though there are factors that may lead to sales of securities held less than one year. The company’s own research efforts provide the basis for asset allocation, sector and industry diversification and individual security selection. Only widely held and/or investment grade securities are owned. Where applicable, equity portfolios are well diversified by industry with each containing as many as 30 to 40 different holdings. Similarly, each bond portfolio is comprised of 10 to 20 different holdings, diversified by industry, region and issuer. The company does not employ derivatives, enter into short sales, option writing or margin transactions for clients.</p> <p style="text-align: center;">Investment Strategy for Equities</p> <p><b>An independent-minded, disciplined approach to investing is a key tenet of the firm’s strategy.</b> Investors are deluged with new financial products and information every day. This has fostered an obsession with short-term results and increased overall market volatility. Many authoritative studies confirm that excessive trading or attempts to “time the market” can have negative effects on investment results. When measured in years, stocks have provided positive returns the majority of the time, mirroring the underlying growth in the economy. For these reasons, the company believes that maintaining “fully invested” portfolios and keeping turnover low will greatly increase the opportunities for superior relative performance and long-term capital growth.</p> <p>The stock market tends to be very “efficient” over longer time horizons; prices will accurately reflect companies’ secular fundamentals and intrinsic values. However, the stock market tends to be very “inefficient” over shorter time horizons. This is because short-term pricing of stocks is greatly impacted by human emotion – greed (optimism) and fear (pessimism). Even superior companies can experience disappointments from time to time that will raise doubts about future investment prospects. This usually results in a downward revision in price and relative valuation. The prevailing fixation with short-term results by most investors can create opportunity for patient ones</p>

**Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of Form ADV**

Applicant: <b>Davis Capital Management, L.L.C.</b>	SEC File Number:  801-60895	Date:  3/13/07
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**Continuation Sheet for Form ADV Part II**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Davis Capital Management, L.L.C.</b>	IRS Empl. Ident. No.: <b>84-1313599</b>
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Item of Form (identify)	Answer
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	<p>with a longer term focus. In fact, experience has shown that recent disappointments often provide fertile ground for inquiry. The task is to try to determine whether the factors impacting a company or industry are permanent or transitory, and if recent price weakness presents an opportunity for long-term investment. Once the company gains further confidence in a stock or industry that has been owned for some time, additions will be made to established positions. The company's "sell" discipline for a particular company or industry is triggered by a perceived permanent change in fortunes resulting from economic, demographic or competitive trends or developments.</p> <p><b>The company studies industry groups rather than specific companies as the primary basis for its selection process.</b> Stock prices of companies in a given industry tend to move in the same general direction for multi-year cycles, irrespective of the market's general level or trend. Fundamentally superior companies tend to perform relatively better than their industry peers given their more favorable competitive positions. However, stock market industry leadership invariably changes over time. Experience has shown that industries that have under-performed the "averages" and current market leaders for a number of years typically out-perform them in the future. An understanding of these changing dynamics can greatly enhance opportunities for superior relative investment performance.</p> <p style="text-align: center;">Investment Strategy for Bonds</p> <p><b>Bond management focuses particular attention on credit market conditions and economic trends.</b> This includes monitoring the important cyclical factors that affect the economy, and consequently the level and direction of interest rates. Bonds provide a stable source of income for client portfolios when an income need is specified. In addition, bonds typically exhibit less price volatility than equities thereby reducing overall portfolio risk. Only investment-grade bonds are owned. This includes those rated at least BBB or higher by Standard &amp; Poor's or an equivalent, recognized rating agency. Non-rated bonds are not permissible investments.</p>
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5. (Education and Business Standards)	Portfolio managers authorized to review accounts must possess a high level of personal integrity, sound judgement and the skills, education and experience demanded by the investment management profession. The investment practitioners and portfolio managers in the company have substantial experience in portfolio management, securities analysis and related fields having served as officers, analysts and portfolio managers for companies whose assets under management ranged in size from approximately \$30 million to \$500 million. The portfolio managers have experience serving a broad client base including banks, foundations, individuals, trusts, individual retirement accounts and pension and profit-sharing plans.
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6. (Education and Business Background)	<p>Grant Crain Davis (Manager)</p> <p>Born January 19, 1959 in Denver, Colorado. B.A. (Economics) from The Colorado College, Colorado Springs, Colorado in 1981. M.A. (Economics) from The University of Denver, Denver, Colorado in 1984.</p> <p>United Banks of Colorado, Inc., Denver, Colorado (1981-82); Market Analyst, Area Representative</p>
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	<p>for Economic Development.</p> <p>Touche Ross and Company, Minneapolis, Minnesota (1984-85); Management Consultant. Provided market analysis, prospective reporting and financial feasibility studies for a broad range of companies and industries.</p> <p>Peat Marwick Mitchell and Company, Minneapolis, Minnesota (1985-86); Management Consultant. Provided market analysis, prospective reporting and financial feasibility studies for a broad range of companies and industries.</p> <p>Ramsay Investment Counsel, Inc., Colorado Springs, Colorado (1986-89); Vice-President, Portfolio Manager and Research Analyst.</p> <p>Tempest, Isenhart, Chafee, Lansdowne and Associates, Inc. Denver, Colorado (1989-95); Vice-President, Portfolio Manager, Research Analyst and Member of the Investment Committee.</p> <p>Davis Capital Management, L.L.C., Denver, Colorado (1995-present); Manager, Portfolio Manager, Research Analyst and Member of the Investment Committee.</p> <p>Lee W. Dines, Jr. (Member)</p> <p>Born August 12, 1962 in Honolulu, Hawaii. B.A. (Biology) from Lewis &amp; Clark College, Portland, Oregon in 1985.</p> <p>First Interstate Bank of Denver, Denver, Colorado (1986-87); Trust Officer Management and Operations Trainee for Account Development.</p> <p>Tempest, Isenhart, Chafee, Lansdowne and Associates, Inc., Denver, Colorado (1987-97); Vice-President, Portfolio Manager, Securities Trader, Research Analyst and Member of the Investment Committee.</p> <p>Davis Capital Management, L.L.C., Denver, Colorado (1997-present); Member, Portfolio Manager, Securities Trader, Research Analyst and Member of the Investment Committee.</p>
9. (Participation or Interest in Client Transactions)	<p>The investment management business requires a strict adherence to the standards of professional conduct. In addition, the company has a Code of Ethics which further defines standards of conduct and behavior for its managers, members and employees. The Code provides that:</p> <ol style="list-style-type: none"> <li>1) No person for whom the Code is applicable shall effect an equity purchase transaction in their personal account(s) or ones in which they have a beneficial interest (unless it is from a fee paying account) until 30 days after the date of recommendation as noted in the company's Investment Minutes.</li> <li>2) In addition to the conditions in #1, no person for whom the Code is applicable shall effect an equity purchase transaction for their personal account(s) or ones in which they have a beneficial interest, during any time account(s) managed by the company are in the process of completing</li> </ol>

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	<p>an identical transaction.</p> <p>3) Any person for whom the Code is applicable shall make disclosure of any and all trades in their personal account(s) or ones in which they have a beneficial interest to the manager(s) of the company. All persons that participate in the investment management process must report any personal positions or interests in any security under consideration to the manager(s) of the company prior to the date of consideration.</p> <p>4) No person for whom the Code is applicable may solicit or accept any offer made by a broker which would enable him/her to purchase or sell securities under terms more favorable than those offered or obtained by clients.</p> <p>5) All persons for whom the Code is applicable are prohibited from trading on “insider information.” This includes purchasing and selling any securities while in possession of material non-public information. Those persons that feel they may be in possession of material non-public information shall promptly report the situation to the manager(s) of the company.</p>
10. (Conditions for Managing Accounts)	The minimum dollar amount of assets required to establish or maintain an account with the firm is \$250,000. This implies a minimum annual fee of \$2,500. Under certain circumstances, exceptions can be made to this minimum asset and fee requirement. However, dollar amounts in excess of the minimum may still preclude certain clients or portfolios from consideration given the specific objectives, constraints and goals of the account.
12.A. (Investment or Brokerage Discretion)	<p>Orders are placed with a number of securities brokers selected by the company at its discretion. These firms are chosen for a number of considerations including, without limitation, execution capabilities, commission rates, perceived value of written, oral and on-line research services, back-office operations, quality of service and the financial strength and stability of the firm.</p> <p>The allocation of brokerage business is a function of the company’s determination that the combination of services received is useful and important to the job of managing client assets. The company continuously evaluates the reasonableness of the overall commissions that are paid, and usually receives a discount over the rate that clients might otherwise obtain. The company exercises discretion in seeking the best execution, and does not consider it imperative to receive the cheapest execution available without regard to the other qualitative considerations mentioned above.</p> <p>Thus, commissions paid may be greater than those that may be charged by another broker, if the company determines in good faith that these commissions are reasonable in relation to the value of the other services received. The firm has no “soft dollar” commission arrangements.</p> <p>The research services furnished by a broker from commissions on a specific account may benefit any or all of the company’s clients. Moreover, it is possible that some research services purchased by the firm may not be useful to any specific account, or the account actually paying the commissions.</p> <p>If discretionary authority is granted by the client, the company will normally determine 1) the securities to be bought or sold, 2) the amount of securities to be bought or sold, 3) the broker or dealer to be used, and whether transactions should be combined with those of other clients to</p>

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	<p>achieve best execution, and 4) commission rates paid. Limitations may be imposed by clients prior to any action being taken. These limitations may normally include the securities and amounts to be bought or sold.</p> <p>The company will also accept non-discretionary accounts whereby no transactions can be effected without prior consultation with the client or their legal representative.</p>	
13.B. (Additional Compensation)	<p>The company will direct commissions to a broker(s) when instructed to do so by the client. In these cases, the client should be aware that 1) higher commissions may be incurred due to our inability to negotiate, 2) the client may not benefit from volume discounts that might otherwise be obtained when transactions are combined with orders of other clients and 3) the execution of all trades by a particular broker(s) at the client's instruction may or may not result in the best execution for specific transactions.</p>	

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