

ORIGEN FINANCIAL INC

Form 424B3

August 15, 2005

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**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-112520**

**Prospectus Supplement No. 1
(to Prospectus dated May 26, 2005)**

This Prospectus Supplement No. 1 supplements and amends the Prospectus dated May 26, 2005 (the Prospectus) relating to the sale from time to time of up to 10,575,000 shares of our common stock by certain selling stockholders. On August 15, 2005, we filed with the Securities and Exchange Commission the attached Current Report on Form 8-K. On August 15, 2005, we filed with the Securities and Exchange Commission the attached Quarterly Report on Form 10-Q. The attached information supplements and supersedes, in part, the information contained in the Prospectus.

This Prospectus Supplement No. 1 should be read in conjunction with, and delivered with, the Prospectus and is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement No. 1 supersedes the information contained in the Prospectus.

Our common stock is listed on the Nasdaq National Market under the symbol ORGN.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this Prospectus Supplement No. 1 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 1 is August 15, 2005.

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report: August 10, 2005
(Date of earliest event reported)
ORIGEN FINANCIAL, INC.
(Exact name of registrant as specified in its charter)**

Delaware
(State of incorporation)

Commission File No. 000-50721

20-0145649
(IRS Employer I.D. No.)

**27777 Franklin Road
Suite 1700
Southfield, Michigan 48034
(Address of principal executive offices)
(248) 746-7000**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 140.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 10, 2005, Origen Financial, Inc. issued a press release reporting earnings and other financial results for the fiscal quarter ended June 30, 2005. A copy of the press release is attached as Exhibit 99.1.

SIGNATURES

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 hereunto duly authorized.

Origen Financial, Inc.

Dated: August 10, 2005

By: /s/ W. Anderson Geater, Jr.
W. Anderson Geater, Jr., Chief Financial
Officer

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**ORIGEN FINANCIAL, INC.
EXHIBIT INDEX**

Exhibit No.	Description	Furnished Herewith
99.1	Text of Press Release, dated August 10, 2005	X

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EXHIBIT 99.1

Origen Financial Announces Second Quarter 2005 Results And Declares Dividend

SOUTHFIELD, MI August 10, 2005 Origen Financial, Inc. (NASDAQ: ORGN), a real estate investment trust that originates and services manufactured home loans, today announced net income of \$1.5 million for the quarter ended June 30, 2005, representing \$0.06 per share, as compared to net income of \$1.4 million, or \$.07 per share for the quarter ended June 30, 2004. Origen also declared a dividend payment for the second quarter of \$.06 per share to be paid to holders of Origen's common stock of record on August 22, 2005. The dividend will be paid on August 31, 2005 and will approximate \$1.5 million.

Highlights for Quarter

Loan origination volume increased 31% to \$80.0 million for the second quarter 2005, including \$10.5 million of third party originations, compared to second quarter 2004 originations of \$61.0 million, including third party originations of \$0.6 million.

Origen's 2005-A securitization closed in May 2005 with the issuance of \$165.3 million in asset-backed notes, achieving tighter spreads to benchmark interest rates across all note tranches and a lower over-collateralization level as compared to Origen's previous securitization, 2004-B.

Loans closed under Origen's Recovery Rewards program totaled 69% of loan originations.

Financial Highlights

Total revenue for the second quarter increased 38% to \$18.0 million from \$13.0 million for the second quarter 2004. Interest income comprised \$14.6 million of total revenue for the second quarter 2005 and non-interest revenue accounted for the balance of \$3.4 million. The revenue increase between quarters was primarily the result of increases in Origen's owned loan portfolio as a result of loan origination and first quarter 2005 loan purchase activities. Interest expense for the second quarter 2005 increased to \$6.7 million from \$3.3 million for the second quarter 2004. Such increase was due to increased borrowings relating to loan originations and first quarter 2005 loan purchases and continuing increases in the LIBOR benchmark rate on Origen's warehouse line of credit. Non-interest expenses for the second quarter 2005 were \$8.0 million as compared to \$6.8 million for the year ago quarter. Of the \$1.2 million increase versus the second quarter 2004, \$0.8 million or 67% related to personnel costs, including the significant on-going costs of compliance with Sarbanes-Oxley regulations.

Portfolio Performance

Loans 60 or more days delinquent were 1.4% of the owned loan portfolio at June 30, 2005 compared to 1.8% at December 31, 2004. Net charge-offs totaled \$2.1 million for the second quarter 2005, a 5% reduction versus the \$2.2 million charged off during the second quarter 2004, reflecting the on-going trend of improvement in Origen's credit quality.

Ronald A. Klein, Origen's Chief Executive Officer, stated, "We are pleased with our second quarter results. Manufactured housing industry conditions continue to be difficult. While short-term interest rates continue to rise long-term rates have remained low. This combination lowers our net interest margins for loans financed on our warehouse line of credit. Additionally low site built mortgage rates and the availability of aggressive mortgage products continue to negatively impact the sale of new manufactured homes as MH shipments have yet to rebound from 40+year lows. Despite these conditions our originations increased by 31% versus second

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quarter 2004 from \$61.0 million to \$80.0 million. Furthermore the portfolio performance of our loans originated after 2002 continues to outperform our expectations. Our delinquency rate at the end of June remained at historic lows. While many lenders have loosened their underwriting standards to remain competitive in today's challenging environment, Origen continues to emphasize credit discipline while we grow our portfolio. Mr. Klein added, "The successful execution of our Origen 2005-A securitization validates our underwriting approach as once again we increased our leverage and saw significant spread tightening in every bond tranche."

Subsequent Events

Subsequent to the second quarter, in July 2005, Origen negotiated the buy-out of a loan recourse obligation with Vanderbilt Mortgage and Finance, Inc. (Vanderbilt). In August 2000, Origen's predecessor, Dynex Financial, Inc., sold a pool of manufactured housing loans to Vanderbilt with full recourse to the seller. Of the original pool balance of \$114.4 million, \$41.4 million in loan principal remained at June 30, 2005. As of that date, Origen maintained a recourse reserve for this legacy item of \$4.6 million and a receivable of \$1.7 million relating to a deferred portion of the original sales price. Management believes that the buy-out was in Origen's best interest due to the inherent uncertainty involved in any recourse situation and due to the on-going requirement to expend cash to repurchase defaulted loans under the terms of the recourse agreement. Origen believes that the carrying amounts of the recourse liability and the deferred sales price were appropriate as of June 30, 2005. However, in the future, Origen would be required to take as a charge against earnings, over the remaining life of the loan pool, the difference between the book amount of the recourse liability, which is based on net present value, and the then current dollars paid out to satisfy the recourse requirement. The buy-out, which was consummated on July 26, 2005, will result in a third quarter charge against earnings of approximately \$0.8 million. Mr. Klein stated, "We believe that this transaction is an important step for us to reduce the impact of legacy loans on our performance."

Earnings Call and Webcast

A conference call and webcast have been scheduled for August 11, 2005, at 11:00 a.m. EDT to discuss second quarter results. The call may be accessed on Origen's web site at www.origenfinancial.com or by dialing 800-500-0311. A replay will be available through August 15, 2005 by dialing 719-457-0820 or 888-203-1112, passcode 4916390. You may also access the replay on Origen's website for the next 90 days.

Forward-Looking Statements

This press release contains various forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and Origen intends that such forward-looking statements will be subject to the safe harbors created thereby. The words will, may, could, expect, anticipate, believes, intends, should, estimates, approximate and similar expressions identify these forward-looking statements. These forward-looking statements reflect Origen's current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this press release. These risks and uncertainties may cause Origen's actual results to be materially different from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the foregoing assumptions and those risks referenced under the headings entitled "Factors That May Affect Future Results" or "Risk Factors" contained in Origen's filings with the Securities and Exchange Commission. The forward-looking statements contained in this press release speak only as of the date hereof and Origen expressly disclaims any obligation to provide public updates, revisions or amendments to any forward-looking statements made herein to reflect changes in Origen's expectations or future events.

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About Origen Financial, Inc.

Origen is an internally managed and internally advised company that has elected to be taxed as a real estate investment trust. Based in Southfield, Michigan, with significant operations in Ft. Worth, Texas, Origen is a national consumer manufactured housing lender and servicer. It offers a complete line of home only products and land home conforming and non-conforming products. Origen also provides servicing for manufactured home only and land home loans.

For more information about Origen, please visit www.origenfinancial.com.

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ORIGEN FINANCIAL, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
ASSETS

	<i>(unaudited)</i>	
	June 30, 2005	December 31, 2004
Assets		
Cash and Equivalents	\$ 3,428	\$ 9,293
Restricted Cash	10,898	9,222
Investment Securities	41,863	37,622
Loans Receivable	678,197	563,268
Premises & Equipment	3,230	2,336
Goodwill	32,277	32,277
Other Assets	27,998	28,529
Total Assets	\$ 797,891	\$ 682,547

LIABILITIES AND STOCKHOLDERS EQUITY

Liabilities		
Warehouse Financing	\$ 82,128	\$ 107,373
Securitization Financing	463,292	328,388
Repurchase Agreements	22,073	20,153
Note Payable	1,774	
Loan Recourse Liability	4,908	6,603
Other Liabilities	20,370	16,564
Total Liabilities	594,545	479,081
Stockholders Equity		
Preferred Stock, par value \$0.01; 10,000,000 shares authorized; 125 shares issued our outstanding	125	125
Common Stock, \$0.01 par value, 125,000,000 shares authorized; 25,454,060 issued and outstanding (25,215,400 at December 31, 2004)	254	252
Additional paid-in-capital	220,534	219,121
Accumulated comprehensive loss	(2,746)	(1,807)
Unearned stock compensation	(3,362)	(2,790)
Distributions in excess of earnings	(11,459)	(11,435)
Total Stockholders Equity	203,346	203,466

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ORIGEN FINANCIAL. INC.
CONSOLIDATED STATEMENT OF EARNINGS
(Dollars in thousands, except for share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Interest Income				
Total Interest Income	\$ 14,622	\$ 10,034	\$ 27,788	\$ 18,804
Total Interest Expense	6,681	3,296	12,091	6,315
Net Interest Income Before Losses				
Provision for Loan and Recourse Losses	7,941	6,738	15,697	12,489
	1,813	1,531	3,893	3,422
Net Interest Income After Losses	6,128	5,207	11,804	9,067
Non-interest Income				
	3,396	3,014	6,676	5,895
Non-interest Expenses:				
Total Personnel	5,697	4,915	11,178	9,317
Total Loan Origination & Servicing	380	263	794	653
State Taxes	77	73	190	163
Total Other Operating	1,857	1,578	3,798	3,174
Total Non-interest Expenses	8,011	6,829	15,960	13,307
Net Income (Loss)				
	\$ 1,513	\$ 1,392	\$ 2,520	\$ 1,655
Earnings Per Share on Basic Average Shares Outstanding				
	\$ 0.06	\$ 0.07	\$ 0.10	\$ 0.09
Earnings Per Share on Diluted Average Shares Outstanding				
	\$ 0.06	\$ 0.07	\$ 0.10	\$ 0.09
Common Shares Outstanding				
	25,454,060	25,118,400	25,454,060	25,118,400
Weighted Average Common Shares Outstanding, Basic				
	24,818,544	20,580,155	24,776,139	18,133,264
Weighted Average Common Shares Outstanding, Diluted				
	25,325,006	20,891,669	25,174,132	18,393,536

At Origen:
W. Anderson Geater
Chief Financial Officer
866.4 ORIGEN

At Financial Relations Board:

Leslie Loyet

(312) 640-6672

lloyet@financialrelationsboard.com

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**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.
FORM 10-Q**

**Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
FOR THE QUARTERLY PERIOD ENDED June 30, 2005.**
OR

**Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
For the Transition Period From ___ to ___**
COMMISSION FILE NUMBER 000-50721
Origen Financial, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State of Incorporation)

20-0145649
(I.R.S. Employer Identification No.)

27777 Franklin Rd.
Suite 1700
Southfield, MI
(Address of Principal Executive Offices)

48034
(Zip Code)

Registrant's telephone number, including area code: (248) 746-7000

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 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of Common Stock, \$.01 par value, outstanding as of July 31, 2005: 25,454,060

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Origen Financial, Inc.
Consolidated Balance Sheet
(In thousands, except share data)
June 30, 2005 and December 31, 2004

	June 30, 2005 (Unaudited)	December 31, 2004
ASSETS		
Assets		
Cash and cash equivalents	\$ 3,428	\$ 9,293
Restricted cash	10,898	9,222
Loans receivable, net of allowance for losses of \$5,729 and \$5,315, respectively	678,197	563,268
Investments	41,863	37,622
Furniture, fixtures and equipment, net	3,230	2,336
Goodwill	32,277	32,277
Other assets	27,998	28,529
Total assets	\$797,891	\$682,547
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Warehouse financing	\$ 82,128	\$107,373
Securitization financing	463,292	328,388
Repurchase agreements	22,073	20,153
Notes payable servicing advances	1,774	
Recourse liability	4,908	6,603
Other liabilities	20,370	16,564
Total liabilities	594,545	479,081
Stockholders Equity		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; 125 shares issued and outstanding at June 30, 2005 and December 31, 2004, respectively	125	125
Common stock, \$.01 stated value, 125,000,000 shares authorized; 25,454,060 and 25,215,400 shares issued and outstanding at June 30, 2005 and December 31, 2004, respectively	254	252
Additional paid-in-capital	220,534	219,121
Accumulated other comprehensive loss	(2,746)	(1,807)
Unearned stock compensation	(3,362)	(2,790)
Distributions in excess of earnings	(11,459)	(11,435)

Total stockholders' equity	203,346	203,466
Total liabilities and stockholders' equity	\$797,891	\$682,547

The accompanying notes are an integral part of these financial statements.

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Origen Financial, Inc.
Consolidated Statement of Earnings (Unaudited)
(In thousands, except share data)
For the periods ended June 30, 2005 and 2004

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Interest Income				
Total interest income	\$ 14,622	\$ 10,034	\$ 27,788	\$ 18,804
Total interest expense	6,681	3,296	12,091	6,315
Net interest income before loan losses	7,941	6,738	15,697	12,489
Provision for credit losses	1,645	1,531	3,675	3,422
Net interest income after loan losses	6,296	5,207	12,022	9,067
Non-Interest Income	3,396	3,014	6,676	5,895
Non-Interest Expenses				
Personnel	5,697	4,915	11,178	9,317
Loan origination and servicing	380	263	794	653
Provision for recourse liability	168		218	
State business taxes	77	73	190	163
Other operating	1,857	1,578	3,798	3,174
Total non-interest expense	8,179	6,829	16,178	13,307
NET INCOME	\$ 1,513	\$ 1,392	\$ 2,520	\$ 1,655
Weighted average common shares outstanding, basic	24,818,544	20,580,155	24,776,139	18,133,264
Weighted average common shares outstanding, diluted	25,325,006	20,891,669	25,174,132	18,393,586
Earnings per common share:				
Basic	\$ 0.06	\$ 0.07	\$ 0.10	\$ 0.09
Diluted	\$ 0.06	\$ 0.07	\$ 0.10	\$ 0.09

The accompanying notes are an integral part of these financial statements.

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Origen Financial, Inc.
Consolidated Statement of Other Comprehensive Income (Loss) (Unaudited)
(In thousands, except share data)
For the periods ended June 30, 2005 and 2004

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Net income	\$ 1,513	\$1,392	\$ 2,520	\$1,655
Other comprehensive income:				
Net unrealized (loss) gain on interest rate swaps	(2,467)	5	(1,098)	20
Less reclassification of adjustment for net realized losses included in net income	91		159	
Comprehensive (loss) income	\$ (863)	\$1,397	\$ 1,581	\$1,675

The accompanying notes are an integral part of these financial statements.

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Origen Financial, Inc.
Consolidated Statement of Cash Flows (Unaudited)
(In thousands, except share data)
For the six months ended June 30

	2005	2004
Cash Flows From Operating Activities		
Net income	\$ 2,520	\$ 1,655
Adjustments to reconcile net income to cash used in operating activities:		
Provision for credit losses and recourse liability	3,893	3,422
Depreciation and amortization	3,932	1,881
Increase in other assets	(1,081)	(4,508)
Increase (decrease) in accounts payable and other liabilities	159	(4,529)
Net cash provided by (used in) operating activities	9,423	(2,079)
Cash Flows From Investing Activities		
Increase in restricted cash	(1,676)	(514)
Purchase of investment securities	(4,240)	(34,270)
Originations and purchases of loans	(158,989)	(121,374)
Principal collections on loans	35,109	30,696
Proceeds from sale of repossessed homes	5,638	4,304
Capital expenditures	(1,301)	(186)
Net cash used in investing activities	(125,459)	(121,344)
Cash Flows From Financing Activities		
Net proceeds from issuance of preferred stock		95
Net proceeds from issuance of common stock		73,107
Dividends paid	(2,545)	(663)
Proceeds from warehouse and securitization financing	304,274	425,388
Repayment of warehouse and securitization financing	(193,332)	(362,853)
Net change in notes payable servicing advances		