ORIGEN FINANCIAL INC
Form 424B3
March 16, 2006

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

Prospectus Supplement No. 3
(to Prospectus dated May 26, 2005)

This Prospectus Supplement No. 3 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 March 14, 2006, we filed with the Securities and Exchange Commission the attached Current Report on Form 8-K.

On March 16, 2006, we filed with the Securities and Exchange Commission the attached Annual Report on Form 10-K. The attached information supplements and supersedes, in part, the information contained in the Prospectus.

This Prospectus Supplement No. 3 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. 3 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. 3 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 3 is March 16, 2006.

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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 (Date of earliest event reported) March 13, 2006
Origen Financial, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE	000-50721	20-0145649
State of Incorporation	(Commission File Number)	(I.R.S. Employer Identification No.)

27777 Franklin Road, Suite 1700, Southfield, Michigan	48034
(Address of Principal Executive Offices)	(Zip Code)

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

(Former name or former address, if changed since last report)

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 (see General Instruction A.2. below):

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e4(c))

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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On March 13, 2006, Origen Financial, Inc. issued a press release reporting earnings and other financial results for the year ended December 31, 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.

Dated: March 13, 2006

Origen Financial, Inc.

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 March 13, 2006	X

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

At Financial Relations Board:
Leslie Loyet
(312) 640-6672
lloyet@financialrelationsboard.com

FOR IMMEDIATE RELEASE
MONDAY, MARCH 13, 2006

ORIGEN FINANCIAL ANNOUNCES FOURTH QUARTER AND FULL YEAR 2005 RESULTS AND DIVIDEND POLICY

SOUTHFIELD, MI -March 13 2006 Origen Financial, Inc. (NASDAQ: ORGN), a real estate investment trust that originates and services manufactured housing loans, today announced net earnings of $0.9 million for the quarter ended December 31, 2005, representing $0.04 per share on a fully-diluted basis, as compared to a net loss of $6.0 million, or $0.24 per share on a fully-diluted basis for the quarter ended December 31, 2004. Origen s net loss for the full year 2005 was $2.7 million, or $0.11 per share, on a fully-diluted basis, versus a net loss for the full year 2004 of $3.0 million, or $0.14 per share, on a fully-diluted basis. The full year 2005 loss is the result of previously announced items, including (1) loan loss provisions and asset impairment charges relating to estimated loan losses as a result of the effects of Hurricanes Katrina and Rita equating to approximately $0.19 per share and (2) the elimination of a loan recourse liability with Vanderbilt Mortgage and Finance, Inc. equating to approximately $0.03 per share. Origen s Board of Directors determined that no dividend payment would be made for the fourth quarter. It is the stated intention of the Board to pay dividends at least equal to 90% but not more than 100% of annual estimated REIT taxable net income, which differs from net income calculated in accordance with generally accepted accounting principles (GAAP). Dividends totaling $0.18 per share distributed through the third quarter of 2005, relating to Origen s 2005 tax year, were sufficient to satisfy this policy.

Highlights for the Quarter and Full Year

Fourth quarter loan origination volume, excluding third party originations, increased 15.1 percent to $68.5 million versus $59.5 million for the year ago quarter. Full year origination volume was $268.0 million as compared to $243.0 million for the prior year, an increase of 10.3 percent.

Third party loan origination volume for the fourth quarter and full year 2005 totaled $11.0 million and $32.0 million as compared to $8.1 million and $9.9 million for 2004, an increase of 35.8 percent and 223.2 percent, respectively.

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- Total revenue increased 36.6 percent to $20.4 million for the fourth quarter 2005 and 38.0 percent to $74.0 million for the full year, as compared to 2004.
- Non-performing loans as a percent of average outstanding loan principal balances decreased to 1.1 percent at December 31, 2005 as compared to 1.6 percent at December 31, 2004.
- Net loan charge-offs for the full year 2005 were $10.0 million as compared to $10.5 for 2004, a 4.8 percent decrease, despite the fact that loan balances outstanding increased by 36.4 percent over the same period, from $563.3 million to $768.4 million.
- In the fourth quarter 2005, $156.2 million of asset-backed notes were issued secured by manufactured housing contracts with seven offered classes consisting of AAA, AA, A, BBB and BBB- rated bonds. For the full year of 2005, asset-backed note issuances totaled $321.5 million.

Financial Highlights

Total interest income for the fourth quarter increased 29.6 percent to $16.2 million from $12.5 million for the same quarter 2004 and 39.8 percent to $59.4 million from $42.5 million for the full year. Non-interest revenue totaled $4.1 million for the fourth quarter 2005 and $14.7 million for the full year as compared to $2.3 million and $11.2 million for 2004, representing increases of 78.3 percent and 31.3 percent, respectively. The increase in revenue was due primarily to the increase in Origen s owned loan portfolio.

Interest expense for the fourth quarter 2005 increased to $8.7 million from $5.0 million versus last year s fourth quarter, an increase of 74.0 percent. Full year interest expense for 2005 was $28.5 million as compared to $15.0 million for 2004, an increase of 90.0 percent. These increases reflect a significant increase in interest rates during 2005 as well as an increased level of borrowing to fund Origen s increase in its owned loan portfolio.

The provision for credit losses was $2.3 million for the fourth quarter 2005 versus $2.1 million for the same quarter 2004. The provision for the full year 2005, excluding the estimated impact of hurricanes Katrina and Rita, was $9.2 million as compared to $7.1 million for the 2004 quarter, an increase of 29.6 percent. This increase was primarily the result of a 36.4 percent increase in the outstanding loan portfolio for the year. As a result of the estimated impact on loan losses from the hurricanes, the credit loss provision for 2005 was increased by an additional $3.5 million.

Fourth quarter 2005 non-interest expenses were $8.4 million as compared to $13.7 million for the year ago quarter. The 38.7 percent decrease is the result of a $3.2 million reduction in the provision for loan recourse liability, costs incurred in the fourth quarter of 2004 associated with a reduction in Origen s workforce, as well as professional fees, personnel costs and other timing-related items recognized in the year ago quarter. For the year 2005, non-interest expenses were $35.1 million versus $34.6 million for 2004, an increase of 1.4 percent.

Portfolio Performance

At December 31, 2005, loans 60 or more days delinquent were 1.3 percent of the owned loan portfolio compared to 1.8 percent at December 31, 2004. The positive impact of higher credit quality loans originated after year 2001, when compared to loans originated prior to year 2002 (the legacy loans), continued to increase as such legacy loans became a less significant portion

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of Origen s owned loan portfolio. While such loans comprised 7.2 percent and 18.3 percent of the total loan portfolio at December 31, 2005, and December 31, 2004, 55.8 percent and 75.4 percent, respectively, of net loan losses for the twelve months then ended were attributable to these loans.

Ronald A. Klein, Origen s CEO, stated, We are pleased with our fourth quarter performance. Despite difficult market conditions we increased our originations year over year, reduced delinquency and returned to profitability for the quarter. While manufactured housing shipments have shown an increase, virtually all of the increase was due to orders placed by FEMA and we have yet to see a sustained pickup in core manufactured housing demand. Furthermore the flat yield curve, as well as the steady increase in interest rates, has negatively impacted our net interest margins. In order to sustain our growth and performance we feel it is critical to maintain our credit discipline. Thus far in 2006 our originations are up in excess of 10% year over year. Moreover, our loan performance continues to improve significantly as our 30+ day delinquency is the lowest it has been in our history. We have invested in technology in order to provide superior customer service and we feel that the recently announced partnership with Hometown America further validates the quality of our origination and servicing platform.

Earnings Call and Webcast

A conference call and webcast have been scheduled for March 14, 2006, at 11:00 a.m. EST to discuss fourth quarter results. The call may be accessed on Origen s web site at www.origenfinancial.com or by dialing 800-289-0496. A replay will be available through March 21, 2006 by dialing 888-203-1112, passcode 1945199. You may also access the replay on Origen s website for 90 days following the event.

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.

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

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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, except for share data)

ASSETS

	(Unaudited) December 31, 2005	December 31, 2004
Assets		
Cash and Equivalents	$ 8,307	$ 9,293
Restricted Cash	13,635	9,222
Investment Securities	41,914	37,622
Loans Receivable	768,410	563,268
Premises & Equipment	3,558	2,336
Goodwill	32,277	32,277
Other Assets	24,902	28,529
Total Assets	$ 893,003	$ 682,547

LIABILITIES AND STOCKHOLDERS EQUITY

Liabilities		
Warehouse Financing	$ 65,411	$ 107,373
Securitization Financing	578,503	328,388
Repurchase Agreements	23,582	20,153
Note Payable	2,212	
Loan Recourse Liability	292	6,603
Other Liabilities	23,052	16,564
Total Liabilities	693,052	479,081
Equity	199,951	203,466
Total Liabilities and Equity	$ 893,003	$ 682,547

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

	Twelve Months Ended			
	(Unaudited) December, 31 2005	December, 31 2004	Increase (Decrease) $	%
Interest Income				
Total Interest Income	$ 59,391	$ 42,479	$ 16,912	39.8%
Total Interest Expense	28,468	15,020	13,448	89.5%
Net Interest Income Before Losses and Impairment	30,923	27,459	3,464	12.6%
Provision for Loan Losses	12,691	7,053	5,638	79.9%
Impairment of Purchased Loan Pool	428		428	N/A
Net Interest Income After Losses	17,804	20,406	(2,602)	-12.8%
Non-interest Income	14,651	11,184	3,467	31.0%
Non-interest Expenses:				
Total Personnel	22,550	21,947	603	2.7%
Total Loan Origination & Servicing	1,603	1,354	249	18.4%
Provision for Recourse Liability	218	3,132	(2,914)	-93.0%
Write-down of Residual Interests	724	25	699	2,796.0%
Loss on Recourse Buy-out	792		792	N/A
Total Other Operating	9,227	8,098	1,129	13.9%
Total Non-interest Expenses	35,114	34,556	558	1.6%
Net Income (Loss)	$ (2,659)	$ (2,966)	$ 307	-10.4%
Common Shares Outstanding	25,450,726	25,215,400	235,326	0.9%
Weighted Average Common Shares Outstanding, Basic	24,878,116	21,439,029	3,439,087	16.0%
Weighted Average Common Shares Outstanding, Diluted	24,878,116	21,439,029	3,439,087	16.0%
Earnings Per Share on Basic Average Shares Outstanding	$ (0.11)	$ (0.14)	$ 0.03	-21.4%
Earnings Per Share on Diluted Average Shares Outstanding	$ (0.11)	$ (0.14)	$ 0.03	-21.4%

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

	Quarter Ended			
	December, 31 2005	December, 31 2004	Increase (Decrease) $	%
Interest Income				
Total Interest Income	$ 16,195	$ 12,463	$ 3,732	29.9%
Total Interest Expense	8,663	4,982	3,681	73.9%
Net Interest Income Before Losses and Impairment	7,532	7,481	51	0.7%
Provision for Loan Losses	2,319	2,131	188	8.8%
Net Interest Income After Losses	5,213	5,350	(137)	-2.6%
Non-interest Income	4,101	2,314	1,787	77.2%
Non-interest Expenses:				
Total Personnel	5,485	7,424	(1,939)	-26.1%
Total Loan Origination & Servicing	438	358	80	22.3%
Write-down of Residual Interest		25	(25)	-100.0%
Provision for Recourse Liability	(77)	3,132	(3,209)	-102.5%
Total Other Operating	2,565	2,755	(190)	-6.9%
Total Non-interest Expenses	8,411	13,694	(5,283)	-38.6%
Net Income (Loss)	$ 903	$ (6,030)	$ 6,933	115.0%
Common Shares Outstanding	25,450,726	25,228,150	222,576	0.9%
Weighted Average Common Shares Outstanding, Basic	24,980,889	24,726,729	254,160	1.0%
Weighted Average Common Shares Outstanding, Diluted	25,330,142	24,726,729	603,413	2.4%
Earnings Per Share on Basic Average Shares Outstanding	$ 0.04	$ (0.24)	$ 0.28	116.4%
Earnings Per Share on Diluted Average Shares Outstanding	$ 0.04	$ (0.24)	$ 0.28	116.4%

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2005

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 000-50721
ORIGEN FINANCIAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-0145649**
State of Incorporation	I.R.S. Employer I.D. No.

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

Securities Registered Pursuant to Section 12(b) of the Act:
None

Securities Registered Pursuant to Section 12(g) of the Act:
Common Stock, Par Value $0.01 per Share

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer þ Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ

As of June 30, 2005, the aggregate market value of the registrant s stock held by non-affiliates was approximately $140,113,487 (computed by reference to the closing sales price of the registrant s common stock as of June 30, 2005 as reported on the Nasdaq National Market). For this computation, the registrant has excluded the market value of all shares of common stock reported as beneficially owned by executive officers and directors of the registrant; such exclusion shall not be deemed to constitute an admission that any such person is an affiliate of the registrant.

As of March 1, 2006, there were 25,449,059 shares of the registrant s common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant s definitive Proxy Statement to be filed for its 2006 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

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As used in this report, Company , Us , We , Our and similar terms means Origen Financial, Inc., a Delaware corporation, and, as the context requires, one or more of its subsidiaries.

PART I

ITEM 1. BUSINESS

General

Origen Financial, Inc. is an internally-managed and internally-advised Delaware corporation that is taxed as a real estate investment trust, or REIT. We are a national consumer manufactured housing lender and servicer. Currently, we originate loans in 45 states and we service loans in 47 states. We and our predecessors have originated more than $2.3 billion of manufactured housing loans from 1996 through December 31, 2005 including $268.0 million in 2005. We additionally processed $32.0 million in loans originated under third-party origination agreements in 2005. As of December 31, 2005, our loan servicing portfolio of over 36,000 loans totaled approximately $1.51 billion in loan principal outstanding.

Origen Financial, Inc. was incorporated on July 31, 2003. On October 8, 2003, we began operations when we acquired all of the equity interests of Origen Financial L.L.C. and its subsidiaries and completed a private placement of $150 million of our common stock to certain institutional and accredited investors. In February 2004, we completed another private placement of $10 million of our common stock to an institutional investor. In the second quarter of 2004, we completed the initial public offering of our common stock. Currently, most of our operations are conducted through Origen Financial L.L.C., our wholly-owned subsidiary. We conduct the rest of our business operations through our other wholly-owned subsidiaries, including taxable REIT subsidiaries, to take advantage of certain business opportunities and ensure that we comply with the federal income tax rules applicable to REITs.

Our executive office is located at 27777 Franklin Road, Suite 1700, Southfield, Michigan 48034 and our telephone number is (248) 746-7000. We maintain our servicing operations in Ft. Worth, Texas and have other regional offices located in Glen Allen, Virginia and Duluth, Georgia. As of December 31, 2005, we employed 260 people.

Our website address is www.origenfinancial.com and we make available, free of charge, on or through our website all of our periodic reports, including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as soon as reasonably practicable after we file such reports with the Securities and Exchange Commission.

Recent Developments

Internal Audit Department

Effective January 1, 2005, we formed our first Corporate Internal Audit Department. While in the past, we and our predecessors recognized the need for the performance of a wide range of internal audit functions and quality control reviews, such audits and reviews were primarily performed on a departmental basis with no centralization of responsibility at the corporate level and no formalized reporting to the Audit Committee of our Board of Directors. The newly-formed Internal Audit Department is staffed by a Director of Internal Audit and three staff auditors. The Director of Internal Audit reports directly to the Chairman of the Audit Committee.

Securitizations

In May 2005, we completed our Origen Manufactured Housing Contract Trust Collateralized Notes, Series 2005-A transaction. This securitized transaction consists of asset-backed certificates secured by manufactured housing contracts with seven separate offered classes ranging from approximately $11.4 million to approximately $44.5 million consisting of AAA, AA, A and BBB rated bonds, totaling approximately $165.3 million.

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In December 2005, we completed our Origen Manufactured Housing Contract Trust Collateralized Notes, Series 2005-B transaction. This securitized transaction consists of asset-backed certificates secured by manufactured housing contracts with seven separate offered classes ranging from approximately $3.5 million to approximately $40.7 million consisting of AAA, AA, A, BBB and BBB- rated bonds, totaling approximately $156.2 million.

Hometown America

In January 2006, we were selected by Hometown America to provide comprehensive loan origination services. These services include loan application processing, underwriting, document preparation, funding and titling. According to its website, Hometown is one of the top ten operators of manufactured housing communities in the country, has the second largest privately owned portfolio of manufactured housing communities in the United States, and is currently home to 60,000 families in 153 communities located in 20 states.

Loan Origination, Acquisition and Underwriting

General

We and our predecessors have originated more than $2.3 billion of manufactured housing loans from 1996 through December 31, 2005, including $268.0 million in 2005. We additionally processed $32.0 million in loans originated under third-party origination agreements in 2005. We originate and intend to continue to originate manufactured housing loans to borrowers who have above average credit profiles and above average income, each as compared to manufactured housing borrowers as a whole.

Although we consider FICO scores in underwriting loans, our primary underwriting tool is TNG , an internally-developed, externally-validated proprietary statistical scoring system that ranks the risk of default for our manufactured home-only loans. Our loan origination activities are conducted through proprietary systems maintained and enhanced by an internal staff of systems professionals. Our home-only loan or chattel origination activities are centralized at our Southfield, Michigan executive offices and our land-home origination activities are centralized at our Ft. Worth, Texas facility.

Dealer, Broker and Correspondent Network

We currently provide new and pre-owned manufactured housing financing through a network of over 850 primarily independent retailers of new and pre-owned manufactured houses and loan brokers specializing in the manufactured housing industry. We are focused on penetrating our existing broker/retailer network to achieve a higher level of approvals and fundings from those approvals. Each loan submitted to us by a retailer or broker must meet the standards for loan terms, advance amounts, down payment requirements, residency type, and other pertinent parameters we have established under our housing loan purchase programs.

We have invested heavily in technology to increase our penetration into the retailer network and to streamline the application, approval and funding process. We have a proprietary web-based delivery system, known as Origen Focus , for application, approval, funding, tracking, and reporting of loans. This system allows for the application to be submitted and tracked over the Internet. During 2005, approximately 77% of our application volume was submitted through Origen Focus. We intend to eventually transition substantially all of the retailer network to the Origen Focus platform. Loan applications submitted through Origen Focus seamlessly interface electronically with our other proprietary loan processing systems. Origen Focus also eliminates the need for personnel to input loan applications, improving our productivity and reducing our staffing costs.

We perform initial and periodic reviews of our loan sources. We underwrite their credit profile, industry experience, sales and financing plans. We regularly monitor retailer performance and rank retailers according to their default, delinquency, credit quality, approval and funding ratios, and the volume of loans they submit to us, and, if necessary, we terminate relationships with non-performing retailers.

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We have developed a rewards program called Origen Elite Rewards that provides benefits to the loan sources that provide us with the highest quality loans. These benefits include guaranteed same day turnaround for completed applications and other service enhancements, specific pricing incentives and improved financing options for new and pre-owned homes.

We also offer Recovery Rewards , a program that aligns the interests of the retailer, the borrower and the lender. Recovery Rewards provides an incentive to sources whose loans perform, and who assist us in improving recovery on those that do not.

During 2005, we entered into several correspondent relationships to source land-home loans. Given the timing of the formation of these relationships, no loans were purchased during 2005. We anticipate beginning to purchase loans from correspondents during the first quarter of 2006, with loan purchase volume growing gradually over the year.

Underwriting

We underwrite home-only loans, using our internally-developed proprietary credit scoring system, TNG. We developed and enhanced TNG to predict defaults using empirical modeling techniques. TNG takes into account information about each applicant s credit history, debt and income, demographics, and the terms of the loan. The TNG model is fully integrated into our origination system and is based on our historical lending experience. We have used TNG to back-test all of our home-only loans originated since 1996 by Origen Financial L.L.C., its predecessors and us. Following internal testing and validation, Experian Information Solutions, Inc., a leading consumer credit reporting and risk modeling company, independently validated the TNG model in January of 2004.

All home-only applications are scored by TNG and then reviewed by an underwriter. TNG provides the underwriter a recommendation of pass, fail or review. The recommendations are based upon the underlying TNG score as well as other factors that may arise from the application. TNG alerts underwriters to particular attention areas and provides review recommendations. It also provides a reason for declination on fail recommendations. TNG is used to rescore the application throughout the origination and underwriting process as the initial application information is verified and/or terms and conditions of the loan change. In specially approved markets a comparable appraisal is used to determine chattel manufactured housing values.

We also underwrite mortgage loans, often called land-home loans, collateralized by both the manufactured houses and the underlying real estate. Because the land-home and home-only business lines have different characteristics, and because we have not accumulated enough default data points for our land-home loans (a necessary component of a successful predictive model), predictive modeling has only been possible for the home-only applications. We use our Internal Credit Rating grid and a full property appraisal to underwrite land-home loans. The grid is a traditional underwriting method that primarily takes into account the applicant s credit history, debt capacity and underlying collateral value.

In addition to using our proprietary TNG scoring model, we underwrite loans based upon our review of credit applications to ensure loans will comply with internal company guidelines, which are readily available on our intranet site. Our approach to underwriting focuses primarily on the borrower s creditworthiness and the borrower s ability and willingness to repay the debt, as determined through TNG. Each contract originated by us is individually underwritten and approved or rejected based on the TNG result and an underwriter s evaluation of the terms of the purchase agreement, a detailed credit application completed by the prospective borrower and the borrower s credit report, which includes the applicant s credit history as well as litigation, judgment and bankruptcy information. Once all the applicable employment, credit and property-related information is received, the application is evaluated to determine whether the applicant has sufficient monthly income to meet the anticipated loan payment and other obligations.

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Third-Party Originations

We currently provide comprehensive loan origination services for several companies, including Affordable Residential Communities (ARC) and Hometown America (Hometown), each of which is a nationwide owner-operator of manufactured housing communities. Under these arrangements, we commit to use our origination platform to originate manufactured housing loans for ARC and Hometown, which own the loans. We receive upfront commitment fees for these origination services. In addition, we have the right to receive a servicing fee with respect to loans originated for ARC. Currently we do not retain servicing rights for the Hometown loans. In the future we may seek to provide origination services to other third parties under similar arrangements. We enter into these types of third-party arrangements primarily to strengthen our relationships within the manufactured housing industry with the goal of creating additional sources of revenue, especially servicing revenue. In addition, the increased loan origination volume provided by these arrangements provides valuable information that we use in our internal credit modeling and securitization program analyses.

Acquisitions of Manufactured Housing Loans and Securities from Existing Securitizations

We believe there may be selective opportunities to acquire existing portfolios of manufactured housing whole loans and bonds in outstanding securitizations backed by manufactured housing loans. In the past we have acquired, and from time to time in the future we may seek to acquire, such assets at attractive prices.

Servicing

We service the manufactured housing loan contracts that we originate or purchase as well as manufactured housing loan contracts owned by third parties. As of December 31, 2005, our loan servicing portfolio of over 36,000 loans totaled approximately $1.51 billion in loan principal outstanding. Our annual servicing fees range from 50 to 150 basis points of the outstanding balance on manufactured housing loans serviced. The vast majority of loans we service are included in securitized loan pools. As opportunities present themselves, we intend to grow our servicing business by acquiring the servicing or subservicing rights to portfolios of manufactured housing loans owned by third parties, including companies that have stopped originating manufactured home loans but continue to own loan portfolios.

Servicing activities include processing payments received, recording and tracking all relevant information regarding the loan and the underlying collateral, collecting delinquent accounts, remitting funds to investors, repossessing houses upon loan default and reselling repossessed houses. Our loan servicing activities are centralized at our national loan servicing center in Ft. Worth, Texas.

Although we strive to continuously reduce delinquency, our primary servicing objectives are to maintain a stream of borrower payments, limit loan defaults, and maximize recoveries on defaulted loans. Accordingly, we perform loss mitigation activities on delinquent loans whereby we maintain the borrower s delinquent status during the payment plan or other loan workout situation. The industry has typically reported borrowers in loss mitigation as current. In our efforts to maximize recoveries on defaulted loans, we may hold repossessed collateral longer to achieve a retail sale to a consumer for a higher price rather than a quicker sale to a reseller at a lower price. This business strategy may cause us to report higher delinquencies, but usually leads to improved default and recovery performance.

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Securitizations

We have securitized a substantial portion of our owned manufactured housing loans and intend in the future to originate and acquire manufactured housing loans for securitization. After accumulating enough manufactured housing loans (typically not less than $125 million), we use transactions known as asset-backed securitizations to pay off short term debt, replenish funds for future loan originations, limit credit risk, and lock in the spread between interest rates on borrowings with the interest rates on our manufactured housing loans. In our securitizations, the manufactured housing loans are transferred to a bankruptcy remote trust that then issues bonds, typically both senior and subordinate, collateralized by those manufactured housing loans. By securitizing loans in this way, we eliminate the credit risk on our manufactured housing loans up to the amount of bonds sold to investors. Likewise, the form of securitization is designed to insulate the securitized loans from our creditors if we file for bankruptcy so that the loans supporting the bonds issued by the trust will not be encumbered. This process enables us to fund our business at competitive rates without asset-backed bond investors relying on our corporate credit-worthiness.

We successfully completed two securitizations in 2005. The securitizations were completed in May 2005 and December 2005 and related to approximately $190.0 million and $175.0 million of manufactured housing loans, respectively.

Insurance

As a complement to our origination and servicing business, we offer property and casualty insurance at the point of sale for manufactured housing loans we have originated or service. Additionally, we have historically placed property and casualty insurance for lapsed policies, primarily for manufactured housing loans we have originated or service. We estimate that the closing of approximately 30% of all manufactured housing loans we originate is delayed because the borrower has not obtained insurance or the insurance policy obtained by the borrower does not meet our guidelines. By offering our borrowers the opportunity to obtain insurance from us, we are able to close loans more quickly and efficiently because all insurance policies placed through us will meet our guidelines.

Competition

The demand for manufactured housing financing is driven by the demand for manufactured housing. Low mortgage rates and the availability of interest-only loans for traditional site built housing has placed manufactured housing at a competitive disadvantage.

The manufactured housing finance industry is very fragmented. The market is served by both traditional and non-traditional consumer finance sources. Several of these financing sources are larger than us and have greater financial resources. In addition, some of the manufactured housing industry s larger manufacturers maintain their own finance subsidiaries to provide financing for purchasers of their manufactured houses. Our largest competitors in the industry include Clayton Homes, Inc., through its subsidiaries 21st Mortgage Corporation and Vanderbilt Mortgage and Finance, Inc., U.S. Bank, San Antonio Federal Credit Union and Triad Financial Services, Inc. Traditional financing sources such as commercial banks, savings and loans, credit unions and other consumer lenders, many of which have significantly greater resources than us and may be able to offer more attractive terms to potential customers, including non-traditional mortgage products, also provide competition in our market. Competition among industry participants can take many forms, including convenience in obtaining a loan, amount and term of the loan, customer service, marketing/distribution channels, loan origination fees, interest rates and credit related factors.

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Corporate Governance

We have implemented the following corporate governance initiatives to address certain legal requirements promulgated under the Sarbanes-Oxley Act of 2002, as well as Nasdaq corporate governance listing standards:

Our Board of Directors determined that each member of the Audit Committee of our Board of Directors qualifies as an audit committee financial expert as such term is defined under Item 401 of Regulation S-K. Each Audit Committee member is also independent as that term is defined under applicable SEC and Nasdaq rules.

Our Board of Directors adopted a Financial Code of Ethics for Senior Financial Officers, which governs the conduct of our senior financial officers. A copy of this code is available on our website at www.origenfinancial.com under the heading Investors and subheading Corporate Governance and is also available in print to any stockholder upon written request to Origen Financial, Inc., 27777 Franklin Road, Suite 1700, Southfield, Michigan 48034.

Our Board of Directors established and adopted charters for each of its Audit, Compensation and Nominating and Governance Committees. Each committee is comprised of independent directors. A copy of each of these charters is available on our website at www.origenfinancial.com under the heading Investors and subheading Corporate Governance and is also available in print to any stockholder upon written request to Origen Financial, Inc., 27777 Franklin Road, Suite 1700, Southfield, Michigan 48034.

Our Board of Directors adopted a Code of Business Conduct and Ethics, which governs business decisions made and actions taken by our directors, officers and employees. A copy of this code is available on our website at www.origenfinancial.com under the heading Investors and subheading Corporate Governance and is also available in print to any stockholder upon written request to Origen Financial, Inc., 27777 Franklin Road, Suite 1700, Southfield, Michigan 48034. Additionally, the Company has created a Confidential and Anonymous Ethics Complaint Hotline maintained with an independent third party so that employees may confidentially report infractions against the Company s Code of Business Conduct and Ethics to the Compliance Committee. Through this arrangement, each Compliance Committee member has access to two-way anonymous communications with the reporting employee. There are three submission methods (voicemail, email and web form). There is a message management system that provides the member an up-to-date snapshot of all incoming and outgoing communications. The ethics hotline is accessible through the Company s intranet system.

The Sarbanes Oxley Act of 2002 requires the establishment of procedures whereby each member of the Audit Committee of our Board of Directors is able to receive confidential, anonymous communications regarding concerns in the areas of accounting, internal controls or auditing matters. We have established a Confidential and Anonymous Financial Complaint Hotline , or whistleblower hotline, maintained with an independent third party. Through this arrangement, each Audit Committee member has access to two-way anonymous communications with the whistleblower. There are three submission methods (voicemail, e-mail and web form). There is a message management system that provides the member an up-to-date snapshot of all incoming and outgoing communications. The Whistleblower Hotline is accessible through our website at www.origenfinancial.com under the heading Investors .

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ITEM 1A. RISK FACTORS

Our prospects are subject to certain uncertainties and risks. Our future results could differ materially from current results, and our actual results could differ materially from those projected in forward-looking statements as a result of certain risk factors. These risk factors include, but are not limited to, those set forth below, other one-time events, and important factors disclosed previously and from time to time in our other filings with the Securities and Exchange Commission. This report contains certain forward-looking statements.

Risks Related to Our Business

We may not generate sufficient revenue to make or sustain distributions to stockholders.

We intend to distribute to our stockholders substantially all of our REIT net taxable income each year so as to avoid paying corporate income tax on our earnings and to qualify for the tax benefits accorded to a REIT under the Internal Revenue Code. Distributions will be made at the discretion of our Board of Directors. Our ability to make and sustain cash distributions is based on many factors, including the performance of our manufactured housing loans, our ability to borrow at favorable rates and terms, interest rate levels and changes in the yield curve and our ability to use hedging strategies to insulate our exposure to changing interest rates. Some of these factors are beyond our control and a change in any such factor could affect our ability to pay future distributions. We cannot assure our stockholders that we will be able to pay or maintain distributions in the future. We also cannot assure stockholders that the level of distributions will increase over time and that our loans will perform as expected or that the growth of our loan acquisition and servicing business will be sufficient to increase our actual cash available for distribution to stockholders.

We may not have access to capital to meet our anticipated needs.

Our ability to achieve our investment objectives depends to a significant extent on our ability to raise equity and to borrow money in sufficient amounts and on sufficiently favorable terms to earn incremental returns and on our ability to securitize our loans. There can be no assurance that we will be able to obtain such funding on terms favorable to us or at all. Even if such funding is available, we may not be able to achieve the degree of leverage we believe to be optimal due to decreases in the proportion of the value of our assets that we can borrow against, decreases in the market value of our assets, increases in interest rates, changes in the availability of financing in the market, conditions then applicable in the lending market and other factors. Our inability to access capital could jeopardize our ability to fund loan originations and continue operations.

We incur indebtedness to fund our operations, and there is no limit on the total amount of indebtedness that we can incur.

We borrow against, or leverage, our assets primarily through repurchase agreements, securitizations of manufactured housing loans and secured and unsecured loans. The terms of such borrowings may provide for us to pay a fixed or adjustable rate of interest, and may provide for any term to maturity that management deems appropriate. The total amount of indebtedness we can incur is not expressly limited by our certificate of incorporation or bylaws. Instead, management has discretion as to the amount of leverage to be employed depending on management s measurement of acceptable risk consistent with the nature of the assets then held by us. We face the risk that we might not be able to meet our debt service obligations and, to the extent we cannot, we might be forced to liquidate some of our assets at disadvantageous prices. Also, our debt service payments will reduce the net income available for distributions to stockholders. Our use of leverage amplifies the risks associated with other risk factors, which could reduce our net income or cause us to suffer a loss.

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We may not be able to securitize our manufactured housing loans or do so on favorable terms.

We intend to securitize a substantial portion of the manufactured housing loans we originate. We intend to account for securitizations as secured financings. In a typical securitization, we issue collateralized debt securities of a subsidiary in multiple classes, which securities are secured by an underlying portfolio of manufactured housing loans owned by the subsidiary. Factors affecting our ability to securitize loans and to do so profitably, include:

- conditions in the asset-backed securities markets generally;
- conditions in the manufactured housing asset-backed securities markets specifically, including rating agencies views on the manufactured housing industry;
- the performance of the securities issued in connection with our securitizations;
- the nominal interest rate and credit quality of our loans;
- our relationship with our bond and other investors in our securities and loans;
- compliance of our loans with the eligibility requirements for a particular securitization;
- our ability to adequately service our loans, including our ability to obtain a servicer rating;
- adverse changes in state and federal regulations regarding high-cost and predatory lending; and
- any material negative rating agency action pertaining to certificates issued in our securitizations.

In addition, federal income tax requirements applicable to REITs may limit our ability to use particular types of securitization structures.

If we are unable to securitize, or securitize profitably, the manufactured housing loans that we originate and that we may invest in from time to time, our net revenues for the duration of our investment in those manufactured housing loans would decline, which would lower our earnings for the time the loans remain in our portfolio. We cannot assure stockholders that we will be able to complete loan securitizations in the future on favorable terms, or at all.

Certain securitization structures may cause us to recognize income for accounting and tax purposes without concurrently receiving the associated cash flow.

Certain securitizations are structured to build overcollateralization over time with respect to the loans that are the subject of the securitization or to accelerate the payment on senior securities to enhance the credit ratings of such securities. Accordingly, these structures may cause us to recognize income without concurrently receiving the associated cash flow. We have used such securitization structures in the past and may use them in the future. These securitization structures and the possible resulting mismatch between income recognition and receipt of cash flow may require us to access the capital markets at times which may not be favorable to us.

Our business may not be profitable in the future.

We incurred net losses of approximately $2.7 million and $3.0 million during the twelve months ended December 31, 2005 and 2004, respectively. Origen Financial L.L.C., our predecessor company, which we acquired in October 2003, experienced net losses in each year of its existence while growing its loan origination platform and business, including net losses of approximately $23.9 million for the period from January 1, 2003 through October 7, 2003 and $29.2 million for fiscal year 2002. We will need to generate significant revenues to achieve and maintain profitability. If we are unable to achieve and maintain sufficient revenue growth, we may not be profitable in the future. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

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We depend on key personnel, the loss of whom could threaten our ability to operate our business successfully.

Our future success depends, to a significant extent, upon the continued services of our senior management team. In general, we have entered into employment agreements with these individuals. There is no guarantee that these individuals will renew their employment agreements prior to the termination of the employment agreements, some of which are scheduled to expire in 2006, or that they otherwise will remain employed with us. The market for skilled personnel, especially those with the technical abilities we require, is currently very competitive, and we must compete with much larger companies with significantly greater resources to attract and retain such personnel. The loss of services of one or more key employees may harm our business and our prospects.

Future acquisitions of loan portfolios, servicing portfolios and other assets may not yield the returns we expect.

We expect to make future acquisitions or investments in loan portfolios, servicing portfolios and bonds in outstanding securitizations backed by manufactured housing loans. The relevant economic characteristics of the assets we may acquire in the future may not generate returns or may not meet a risk profile that our investors find acceptable. Furthermore, we may not be successful in executing our acquisition strategy.

Our profitability may be affected if we are unable to effectively manage interest rate risk and leverage.

We derive our income in part from the difference, or spread, between the interest earned on loans and interest paid on borrowings. In general, the wider the spread, the more we earn. In addition, at any point in time there is an optimal amount of leverage to employ in the business in order to generate the highest rate of return to our stockholders. When market rates of interest change, the interest we receive on our assets and the interest we pay on our liabilities will fluctuate. In addition, interest rate changes affect the optimal amount of leverage to employ. This can cause increases or decreases in our spread and can affect our income, require us to modify our leverage strategy and affect returns to our stockholders. Factors such as inflation, recession, unemployment, money supply, international disorders, instability in domestic and foreign financial markets and other factors beyond our control may affect interest rates.

We may pay distributions that result in a return of capital to stockholders, which may cause stockholders to realize lower overall returns.

Until we are able to originate and securitize a sufficient number of loans to achieve our desired asset level and target leverage ratio, we may pay quarterly distributions that result in a return of capital to our stockholders. Any such return of capital to our stockholders will reduce the amount of capital available to us to originate and acquire manufactured housing loans, which may result in lower returns to our stockholders. Return of capital amounted to 77.8% and 46.9% of distributions in 2005 and 2004, respectively.

Some of our investments are illiquid and their value may decrease.

Some of our assets are and will continue to be relatively illiquid. In addition, certain of the asset-backed securities that we may acquire may include interests that have not been registered under the relevant securities laws, resulting in a prohibition against transfer, sale, pledge or other disposition of those securities except in a transaction that is exempt from the registration requirements of, or otherwise in accordance with, those laws. Our ability to vary our portfolio in response to changes in economic and other conditions, therefore, may be relatively limited. No assurances can be given that the fair market value of any of our assets will not decrease in the future.

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We may engage in hedging transactions, which can limit gains and increase exposure to losses.

Periodically, we have entered into interest rate swap agreements in an effort to manage interest rate risk. An interest rate swap is considered to be a hedging transaction designed to protect us from the effect of interest rate fluctuations on our floating rate debt and also to protect our portfolio of assets from interest rate and prepayment rate fluctuations. We intend to use hedging transactions, primarily interest rate swaps and caps, in the future. The nature and timing of interest rate risk management strategies may impact their effectiveness. Poorly designed strategies may increase rather than mitigate risk. For example, if we enter into hedging instruments that have higher interest rates embedded in them as a result of the forward yield curve, and at the end of the term of these hedging instruments the spot market interest rates for the liabilities that we hedged are actually lower, then we will have locked in higher interest rates for our liabilities than would be available in the spot market at the time and this could result in a narrowing of our net interest rate margin or result in losses. In some situations, we may sell assets or hedging instruments at a loss in order to maintain adequate liquidity. There can be no assurance that our hedging activities will have the desired beneficial impact on our financial condition or results of operations. Moreover, no hedging activity can completely insulate us from the risks associated with changes in interest rates and prepayment rates.

The competition we face could adversely affect our profitability.

The demand for manufactured housing financing is driven by the demand for manufactured housing. The manufactured housing industry faces competition from the traditional site built housing industry. To the extent that an increase in the demand for site built housing decreases the demand for manufactured housing and manufactured housing financing, we could be adversely affected.

The manufactured housing finance industry is very fragmented. The market is served by both traditional and non-traditional consumer finance sources. Several of these financing sources are larger than us and have greater financial resources. In addition, some of the manufactured housing industry s larger manufacturers maintain their own finance subsidiaries to provide financing for purchasers of their manufactured houses. Our largest competitors in the industry include Clayton Homes, Inc., through its subsidiaries 21st Mortgage Corporation and Vanderbilt Mortgage and Finance, Inc., U.S. Bank, San Antonio Federal Credit Union and Triad Financial Services, Inc. Traditional financing sources such as commercial banks, savings and loans, credit unions and other consumer lenders, many of which have significantly greater resources than us and may be able to offer more attractive terms to potential customers, including non-traditional mortgage products, also provide competition in our market. Competition among industry participants can take many forms, including convenience in obtaining a loan, amount and term of the loan, customer service, marketing/distribution channels, loan origination fees, interest rates and credit related factors. To the extent any competitor expands their activities in the manufactured housing industry, we could be adversely affected.

The success and growth of our business will depend upon our ability to adapt to and implement technological changes.

Our manufactured housing loan origination business is currently dependent upon our ability to effectively develop relationships with retailers, brokers, correspondents, borrowers and other third parties and to efficiently process loan applications and closings. The origination process is becoming more dependent upon technological advancement, such as the ability to process applications over the Internet, accept electronic signatures, to provide process status updates instantly and other customer-expected conveniences that are cost-efficient to our process. Implementing new technology and becoming proficient with it may also require significant capital expenditures. As these requirements increase in the future, we will have to continually develop our technological capabilities to remain competitive or our business will be significantly harmed.

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We may experience capacity constraints or system failures that could damage our business.

If our systems or third-party systems cannot be expanded to support increased loan originations, acquisitions of loan portfolios or additional servicing opportunities, or if such systems fail to perform effectively, we could experience:

disruptions in servicing and originating loans;

reduced borrower satisfaction;

delays in the introduction of new loan services; or

vulnerability to Internet hacker raids,

any of which could impair our reputation, damage the Origen brand, or otherwise have a material adverse effect on our business, operating results and financial condition.

Our ability to provide high-quality service also depends on the efficient and uninterrupted operation of our technology infrastructure. Even though we have developed a redundant infrastructure to protect our systems and operations, our systems are vulnerable to damage or interruption from human error, natural disasters, telecommunication failures, break-ins, sabotage, failure to adequately document the operation of software and hardware systems and procedures, computer viruses, intentional acts of vandalism and similar events. If any of these events were to occur, our business could be materially and adversely affected. Although we maintain business interruption insurance to compensate for losses that could occur for any of these risks, such insurance may not be sufficient to cover a significant loss.

If the prepayment rates for our manufactured housing loans are higher than expected, our results of operations may be significantly harmed.

Prepayments of our manufactured housing loans, whether due to refinancing, repayments, repossessions or foreclosures, in excess of management s estimates could adversely affect our future cash flow as a result of the resulting loss of any servicing fee revenue and net interest income on such prepaid loans. Prepayments can result from a variety of factors, many of which are beyond our control, including changes in interest rates and general economic conditions.

If we are unable to maintain our network of retailers, brokers and correspondents, our loan origination business will decrease.

A significant majority of our originations of manufactured housing loans comes from retailers and brokers. The retailers and brokers with whom we do business are not contractually obligated to do business with us. Further, our competitors may also have relationships with these retailers and brokers and actively compete with us in our efforts to strengthen our retailer and broker networks. Accordingly, we cannot assure stockholders that we will be successful in maintaining our retailer and broker networks, the failure of which could adversely affect our ability to originate manufactured housing loans.

Part of our loan acquisition growth strategy involves the creation of correspondent relationships. To the extent we are not successful in forming these relationships, our loan acquisition volume could suffer.

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We may not realize the expected recovery rate on the resale of a manufactured house upon its repossession or foreclosure.

Most states impose requirements and restrictions relating to resales of repossessed manufactured houses and foreclosed manufactured houses and land, and obtaining deficiency judgments following such sales. In addition to these requirements and restrictions, our ability to realize the expected recovery rate upon such sales may be affected by depreciation or loss of or damage to the manufactured house. Federal bankruptcy laws and related state laws also may impair our ability to realize upon collateral or enforce a deficiency judgment. For example, in a Chapter 13 proceeding under federal bankruptcy law, a court may prevent us from repossessing a manufactured house or foreclosing on a manufactured house and land. As part of the debt repayment plan, a bankruptcy court may reduce the amount of our secured debt to the market value of the manufactured house at the time of the bankruptcy, leaving us as a general unsecured creditor for the remainder of the debt. A Chapter 7 bankruptcy debtor, under certain circumstances, may retain possession of his or her house, while enforcement of our loan may be limited to the value of our collateral.

Data security breaches may subject us to liability or tarnish our reputation.

In the ordinary course of our business, we acquire and maintain confidential customer information. While we take great care in protecting customer information, we may incur liability if it is accessed by third parties and our customers suffer negative consequences, such as identity theft.

For example, in February 2006 we confirmed that a computer stolen by thieves from our Fort Worth, Texas office contained personal information on certain of our current and former borrowers and employees. The server was stolen when thieves broke into an unoccupied building space adjacent to our Fort Worth offices and cut through a wall to access our office space. Other office equipment was stolen in addition to this particular computer. Our review of the effects of the incident is ongoing and we have established a hotline to assist those affected. Discussions with our insurance carrier regarding coverage of expenses incurred in connection with this incident are in progress. We also believe that there may be liability on the part of our Texas facility landlord based upon this incident.

We are taking new precautions to guarantee the safety of all of our customers confidential information. We are also reviewing all our data security policies and procedures and are taking all necessary steps to avoid a similar incident in the future. Although we have no reason to believe that customer and employee information has been misused and we are not aware that anyone has been a victim of identity theft in connection with this incident, there can be no guarantee that we will not be subject to future claims arising from this or similar incidents. In addition, our relationships with our borrowers, retailers and brokers may be harmed if our reputation is tarnished by any such incident.

Risks Related to the Manufactured Housing Industry

Manufactured housing loan borrowers may be relatively high credit risks.

Manufactured housing loans make up substantially our entire loan portfolio. Typical manufactured housing loan borrowers may be relatively higher credit risks due to various factors, including, among other things, the manner in which borrowers have handled previous credit, the absence or limited extent of borrowers prior credit history, limited financial resources, frequent changes in or loss of employment and changes in borrowers personal or domestic situations that affect their ability to repay loans. Consequently, the manufactured housing loans we originate and have an ownership interest in bear a higher rate of interest, have a higher probability of default and may involve higher delinquency rates and greater servicing costs relative to loans to more creditworthy borrowers. Our profitability depends upon our ability to properly evaluate the creditworthiness of borrowers and price each loan accordingly and efficiently service the contracts by limiting our delinquency and default rates and foreclosure and repossession costs and by maximizing our recovery rates. To the extent that aggregate losses on the resale of repossessed and foreclosed houses exceed our estimates, our profitability will be adversely affected.

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Delinquency interrupts the flow of projected interest income from a manufactured housing loan, and default can ultimately lead to a loss if the net realizable value of the collateral or real property securing the manufactured housing loan is insufficient to cover the principal and interest due on the loan. Also, our cost of financing and servicing a delinquent or defaulted loan is generally higher than for a performing loan. We bear the risk of delinquency and default on loans beginning when we originate them and continuing even after we sell loans with a retained interest or securitize them. We also reacquire the risks of delinquency and default for loans that we are obligated to repurchase. Repurchase obligations are typically triggered in any sale or securitization if the loan materially violates our representations or warranties. If we experience higher-than-expected levels of delinquency or default in pools of loans that we service, resulting in higher than anticipated losses we may trigger termination of our servicing rights, which would result in a loss of future servicing income and damage to our reputation as a loan servicer.

We attempt to manage these risks with risk-based loan pricing and appropriate underwriting policies and loan collection methods. However, if such policies and methods are insufficient to control our delinquency and default risks and do not result in appropriate loan pricing, our business, financial condition, liquidity and results of operations could be significantly harmed.

The manufactured housing industry has been in a downturn since 1998.

The manufactured housing industry historically has been cyclical and is generally subject to many of the same national and regional economic and demographic factors that affect the housing industry generally. These factors, including consumer confidence, inflation, regional population and employment trends, availability of and cost of alternative housing, weather conditions and general economic conditions, tend to impact manufactured housing buyers to a greater degree than buyers of traditional site built houses. In addition, sales of manufactured houses typically peak during the spring and summer seasons and decline to lower levels from mid-November through February. Due to aggressive underwriting practices by some industry lenders that led to increased defaults, decreased recovery rates on repossessions, the continued excessive inventory of repossessed houses and unfavorable volatility in the secondary markets for manufactured housing loans, companies in the manufactured housing finance business have generally not been profitable since 1998. Some of the industry s largest lenders have exited the business. Although we believe that our business plan will be profitable in the long term, there can be no assurance that we will in fact be profitable either in the long term or the short term.

Wide spreads between interest rates for manufactured housing loans and traditional site built housing loans decrease the relative demand for manufactured houses.

In the current interest rate environment, traditional site built houses have become more affordable relative to manufactured houses. If the difference between interest rates for manufactured housing loans and traditional site built housing loans does not decrease, demand for manufactured housing loans may decrease, which would decrease our loan originations.

Any substantial economic slowdown could increase delinquencies, defaults, repossessions and foreclosures and reduce our ability to originate loans.

Periods of economic slowdown or recession may be accompanied by decreased demand for consumer credit, decreased real estate values, and an increased rate of delinquencies, defaults, repossessions and foreclosures. We originate loans to some borrowers who make little or no down payment, resulting in high loan-to-value ratios. A lack of equity in the house may reduce the incentive a borrower has to meet his payment obligations during periods of financial hardship, which might result in higher delinquencies, defaults, repossessions and foreclosures. These factors would reduce our ability to originate loans and increase our losses on loans in which we have a residual or retained interest. In addition, loans we originate during an economic slowdown may not be as valuable to us because potential investors in or purchasers of our loans might reduce the premiums they pay for the loans or related bonds to compensate for any increased risks arising during such periods. Any sustained increase in delinquencies, defaults, repossessions or foreclosures is likely to significantly harm the pricing of our future loan sales and securitizations and also our ability to finance our loan originations.

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Our business may be significantly harmed by a slowdown in the economies of California or Texas, in each of which we conduct a significant amount of business.

We have no geographic concentration limits on our ability to originate, purchase or service loans. A significant portion of the manufactured housing loans we have originated, purchased or serviced historically has been in California and Texas. For the year ended December 31, 2005, approximately 38% and 9% by principal balance and 23% and 12% by number of loans, respectively, of the loans we originated were in California and Texas. An overall decline in the economy or the residential real estate market in California or Texas or in any other state in which we have a high concentration of loans could decrease the value of manufactured houses and increase the risk of delinquency. This, in turn, would increase the risk of default, repossession or foreclosure on manufactured housing loans in our portfolio or that we have sold to others. Geographic concentration could adversely affect our ability to securitize pools of manufactured housing loans.

Depreciation in the value of manufactured houses may decrease sales of new manufactured houses and lead to increased defaults and delinquencies.

Over the last several years, the value of manufactured houses has tended to depreciate over time. This depreciation makes pre-owned houses, even relatively new ones, significantly less expensive than new manufactured houses, thereby decreasing the demand for new houses, which negatively affects the manufactured housing lending industry. Additionally, rapid depreciation may cause the fair market value of borrowers manufactured houses to be less than the outstanding balance of their loans. In cases where borrowers have negative equity in their houses, they may not be able to resell their manufactured houses for enough money to repay their loans and may have less incentive to continue to repay their loans, which may lead to increased delinquencies and defaults.

Tax Risks of Our Business and Structure

Distribution requirements imposed by law limit our flexibility in executing our business plan, and we cannot assure stockholders that we will have sufficient funds to meet our distribution obligations.

To maintain our status as a REIT for federal income tax purposes, we generally are required to distribute to our stockholders at least 90% of our REIT taxable net income each year. REIT taxable net income is determined without regard to the deduction for dividends paid and by excluding net capital gains. We are also required to pay federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gains) each year. In addition, to the extent such income is not subject to corporate tax, we are required to pay a 4% nondeductible excise tax on the amount, if any, by which certain distributions we pay with respect to any calendar year are less than the sum of 85% of our ordinary income for that calendar year, 95% of our capital gain net income for the calendar year and any amount of our income that was not distributed in prior years.

We intend to distribute to our stockholders at least 90% of our REIT taxable net income each year in order to comply with the distribution requirements of the Internal Revenue Code and to avoid federal income tax and the nondeductible excise tax. Differences in timing between the receipt of income and the payment of expenses in arriving at REIT taxable net income and the effect of required debt amortization payments could require us to borrow funds on a short-term basis, access the capital markets or liquidate investments to meet the distribution requirements that are necessary to achieve the federal income tax benefits associated with qualifying as a REIT even if our management believes that it is not in our best interest to do so. We cannot assure our stockholders that any such borrowing or capital market financing will be available to us or, if available to us, will be on terms that are favorable to us. Borrowings incurred to pay distributions will reduce the amount of cash available for operations. Any inability to borrow such funds or access the capital markets, if necessary, could jeopardize our REIT status and have a material adverse effect on our financial condition.

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We may suffer adverse tax consequences and be unable to attract capital if we fail to qualify as a REIT.

Since our taxable period ended December 31, 2003, we have been organized and operated, and intend to continue to operate, so as to qualify for taxation as a REIT under the Internal Revenue Code. Although we believe that we have been and will continue to be organized and have operated and will continue to operate so as to qualify for taxation as a REIT, we cannot assure stockholders that we have been or will continue to be organized or operated in a manner to so qualify or remain so qualified. Qualification as a REIT involves the satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex Code provisions for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. In addition, frequent changes may occur in the area of REIT taxation, which require the Company continually to monitor its tax status.

If we fail to qualify as a REIT in any taxable year, we would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable net income at regular corporate rates. Moreover, unless entitled to relief under certain statutory provisions, (generally requiring reasonable cause for any REIT testing violations), we also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. This treatment would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability to us for the years involved. In addition, distributions to stockholders would no longer be required to be made. Even if we qualify for and maintain our REIT status, we will be subject to certain federal, state and local taxes on our property and certain of our operations.

Our use of taxable REIT subsidiaries will cause income from our servicing and insurance activities to be subject to corporate level tax and may cause us to restrict our business activities.

To preserve our qualification as a REIT, we conduct all of our servicing and insurance activities through one or more taxable REIT subsidiaries. A taxable REIT subsidiary is subject to federal income tax, and state and local income tax where applicable, as a regular C corporation. Accordingly, net income from activities conducted by our taxable REIT subsidiaries is subject to corporate level tax. In addition, under the Internal Revenue Code, no more than 20% of the total value of the assets of a REIT may be represented by securities of one or more taxable REIT subsidiaries. This limitation may cause us to restrict the use of certain securitization transactions and limit the growth of our taxable REIT subsidiaries with the potential for decreased revenue.

Our ability to sell and securitize our loans is limited due to various federal income tax rules applicable to REITs.

Under the Internal Revenue Code, a REIT is subject to a 100% tax on its net income derived from prohibited transactions. The phrase prohibited transactions refers to the sales of inventory or assets held primarily for sale to customers in the ordinary course of a taxpayer s business. A taxpayer who engages in such sales is typically referred to as a dealer. If the Internal Revenue Service does not respect the legal structure of certain of our third party loan origination programs (see Business Loan Origination, Acquisition and Underwriting Third-Party Originations), we may be subject to the prohibited transactions tax on any net income derived from these origination programs.

The Internal Revenue Service has taken the position that if a REIT securitizes loans using a real estate mortgage investment conduit (REMIC) structure, then such activity will cause the REIT to be treated as a dealer, with the result that the 100% tax would apply to the net income generated from such activity. If we securitize loans using a REMIC, we intend to do so through one or more taxable REIT subsidiaries, which will not be subject to such 100% tax, but will be taxable at regular corporate federal income tax rates. We also may securitize mortgage assets through the issuance of non-REMIC securities, whereby we retain an equity interest in the mortgage-backed assets used as collateral in the securitization transaction. The issuance of any such instruments could result, however, in a portion of our assets being classified as a taxable mortgage pool, which would be treated as a separate corporation for U.S. federal income tax purposes, which in turn could adversely affect the treatment of our stockholders for federal income tax purposes or jeopardize our status as a REIT.

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Special rules apply to a REIT, however, including a qualified REIT subsidiary that is classified as a taxable mortgage pool. In this event, neither the REIT nor the qualified REIT subsidiary will be subject to the corporate tax generally applicable to taxable mortgage pools. As described below, however, the REIT s stockholders may have to report excess inclusion income.

A portion of our income from assets held directly by or through a qualified REIT subsidiary that is classified as a taxable mortgage pool may represent phantom taxable income.

A portion of our income from a qualified REIT subsidiary that would otherwise be classified as a taxable mortgage pool may be treated as excess inclusion income, which would be subject to the distribution requirements that apply to us and could therefore adversely affect our liquidity. Generally, a stockholder s share of excess inclusion income would not be allowed to be offset by any operating losses otherwise available to the stockholder. Tax exempt entities that own shares in a REIT must treat their allocable share of excess inclusion income as unrelated business taxable income. Any portion of a REIT dividend paid to foreign stockholders that is allocable to excess inclusion income will not be eligible for exemption from the 30% withholding tax (or reduced treaty rate) on dividend income.

We may pay distributions that are in excess of our current and accumulated earnings and profits, which may cause our stockholders to incur adverse federal income tax consequences.

We may pay quarterly distributions to our stockholders in excess of 100% of our estimated REIT taxable net income. Distributions in excess of our current and accumulated earnings and profits are not treated as a dividend and generally will not be taxable to a taxable U.S. stockholder under current U.S. federal income tax law to the extent those distributions do not exceed the stockholder s adjusted tax basis in his or her common stock. Instead, any such distribution generally will constitute a return of capital, which will reduce the stockholder s adjusted basis and could result in the recognition of increased gain or decreased loss to the stockholder upon a sale of the stockholder s stock.

Other Risks

We operate in a highly regulated industry and failure to comply with applicable laws and regulations at the federal, state or local level could negatively affect our business.

Currently, we originate both chattel, or home-only, loans and loans collateralized by both the manufactured house and real property, or land-home loans, in 45 states. We also currently conduct servicing operations in 47 states. Most states where we operate require that we comply with a complex set of laws and regulations. These laws, which include installment sales laws, consumer lending laws, mortgage lending laws and mortgage servicing laws, differ from state to state, making uniform operations difficult. Most states periodically conduct examinations of our contracts and loans for compliance with state laws. In addition to state laws regulating our business, our consumer lending and servicing activities are subject to numerous federal laws and the rules and regulations promulgated there-under.

These federal and state laws and regulations and other laws and regulations affecting our business, including zoning, density and development requirements and building and environmental rules and regulations, create a complex framework in which we originate and service manufactured housing loans. Moreover, because these laws and regulations are constantly changing, it is difficult to comprehensively identify, accurately interpret, properly program our technology systems and effectively train our personnel with respect to all of these laws and regulations, thereby potentially increasing our exposure to the risks of noncompliance with these laws and regulations. As a result, we have not always been, and may not always be, in compliance with these requirements, including licensing requirements.

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Our failure to comply with these laws and regulations can lead to:

- defaults under contracts we have with third parties, which could cause those contracts to be terminated or renegotiated on less favorable terms;
- civil fines and penalties and criminal liability;
- loss of licenses, exemptions or other approved status, which could in turn require us temporarily or permanently to cease our affected operations;
- demands for indemnification, loan repurchases or modification of our loans;
- class action lawsuits; and
- administrative enforcement actions.

The increasing number of federal, state and local anti-predatory lending laws may restrict our ability to originate or increase our risk of liability with respect to certain manufactured housing loans and could increase our cost of doing business.

In recent years, several federal, state and local laws, rules and regulations have been adopted, or are under consideration, that are intended to eliminate so-called predatory lending practices. These laws, rules and regulations impose certain restrictions on loans on which certain points and fees or the annual percentage rate, or APR, exceeds specified thresholds. Some of these restrictions expose a lender to risks of litigation and regulatory sanction no matter how carefully a loan is underwritten. In addition, an increasing number of these laws, rules and regulations seek to impose liability for violations on purchasers of loans, regardless of whether a purchaser knew of or participated in the violation. It is against our policy to engage in predatory lending practices and we have generally avoided originating loans that exceed the APR or points and fees thresholds of these laws, rules and regulations. These laws, rules and regulations may prevent us from making certain loans and may cause us to reduce the APR or the points and fees on loans that we do make. In addition, the difficulty of managing the risks presented by these laws, rules and regulations may decrease the availability of warehouse financing and the overall demand for our loans in the secondary market, making it difficult to fund, sell or securitize our loans. If nothing else, the growing number of these laws, rules and regulations will increase our cost of doing business as we are required to develop systems and procedures to ensure that we do not violate any aspect of these new requirements.

We may be subject to fines, judgments or other penalties based upon the conduct of third parties with whom we do business.

The majority of our business consists of purchasing from retailers retail installment sales contracts for the sale of a manufactured house. These contracts are subject to the Federal Trade Commission s Holder Rule, which makes us subject generally to the same claims and defenses that a consumer might have against the retailer that sold the consumer his or her manufactured house up to the value of the payments made by the consumer. Increasingly federal and state agencies, as well as private plaintiffs, have sought to impose third-party or assignee liability on purchasers or originators of loans even where the Holder Rule and similar laws do not specifically apply. We attempt to mitigate our risk for this liability by ending our relationships with retailers whose practices we believe may put us at risk and limiting our retailer network to retailers that have the ability to indemnify us against these types of claims. Although we routinely seek indemnification from retailers in these situations, there is no assurance that we will not be liable for these types of claims or that the retailer will indemnify us if we are held liable.

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Common stock eligible for future sale may have adverse effects on our share price.

We cannot predict the effect, if any, of future sales of shares of our common stock (including shares of common stock issuable upon the exercise of currently outstanding options, and non-vested shares issued under our 2003 Equity Incentive Plan), or the availability of shares for future sales, or the market price of our common stock. Sales of substantial amounts of common stock, or the perception that these sales could occur, may adversely affect prevailing market prices for our common stock. We also may issue from time to time additional shares of common stock and we may grant registration rights in connection with these issuances. Sales of substantial amounts of shares of common stock or the perception that these sales could occur may adversely affect the prevailing market price for our common stock. In addition, the sale of these shares could impair our ability to raise capital through a sale of additional equity securities.

Market interest rates may affect the value of our securities.

One of the factors that investors may consider in deciding whether to buy or sell our securities is our distribution rate as a percentage of our share price, relative to market interest rates. If market interest rates increase, prospective investors may desire a higher distribution or interest rate on our securities or seek securities paying higher distributions or interest. It is likely that the public valuation of our common stock will be based primarily on the earnings that we derive from the difference between the interest earned on our loans less net credit losses and the interest paid on borrowed funds. As a result, interest rate fluctuations and capital market conditions can affect the market value of our common stock.

Our rights and the rights of our stockholders to take action against our directors are limited, which could limit stockholders recourse in the event of certain actions.

Our certificate of incorporation limits the liability of our directors for money damages for breach of a fiduciary duty as a director, except under limited circumstances. As a result, we and our stockholders may have more limited rights against our directors than might otherwise exist. Our bylaws require us to indemnify each director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service to us. In addition, we may be obligated to fund the defense costs incurred by our directors and officers.

Our board of directors may change our investment and operational policies and practices without a vote of our stockholders, which limits stockholder control of our policies and practices.

Our major policies, including our policies and practices with respect to investments, financing, growth, debt capitalization, REIT qualification and distributions, are determined by our Board of Directors. Although we have no present intention to do so, our board of directors may amend or revise these and other policies from time to time without a vote of our stockholders. Accordingly, our stockholders will have limited control over changes in our policies. Our organizational documents do not limit the amount of indebtedness that we may incur. Although we intend to maintain a balance between our total outstanding indebtedness and the value of our assets, we could alter this balance at any time. If we become highly leveraged, then the resulting increase in debt service could adversely affect our ability to make payments on our outstanding indebtedness and harm our financial condition.

Certain provisions of Delaware law and our governing documents may make it difficult for a third-party to acquire us.

9.25% Ownership Limit. In order to qualify and maintain our qualification as a REIT, not more than 50% of the outstanding shares of our capital stock may be owned, directly or indirectly, by five or fewer individuals. Thus, ownership of more than 9.25% of our outstanding shares of common stock by any single stockholder has been restricted, with certain exceptions, for the purpose of maintaining our qualification as a REIT under the Internal Revenue Code.

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The 9.25% ownership limit, as well as our ability to issue additional shares of common stock or shares of other stock (which may have rights and preferences over the common stock), may discourage a change of control of the Company and may also: (1) deter tender offers for the common stock, which offers may be advantageous to stockholders; and (2) limit the opportunity for stockholders to receive a premium for their common stock that might otherwise exist if an investor were attempting to assemble a block of common stock in excess of 9.25% of the outstanding shares of the Company or otherwise effect a change of control of the Company.

Preferred Stock. Our charter authorizes the Board of Directors to issue up to 10,000,000 shares of preferred stock and to establish the preferences and rights (including the right to vote and the right to convert into shares of common stock) of any shares issued. The power to issue preferred stock could have the effect of delaying or preventing a change in control of the Company even if a change in control were in the stockholders interest.

Section 203. Section 203 of the Delaware General Corporation Law is applicable to certain types of corporate takeovers. Subject to specified exceptions listed in this statute, Section 203 of the Delaware General Corporation Law provides that a corporation may not engage in any business combination with any interested stockholder for a three-year period following the date that the stockholder becomes an interested stockholder. Although these provisions do not apply in certain circumstances, the provisions of this section could discourage offers from third parties to acquire us and increase the difficulty of successfully completing this type of offer.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our executive offices are located in approximately 20,000 square feet of leased space at 27777 Franklin Road, Suite 1700, Southfield, Michigan 48034. The lease, which terminates on March 31, 2008, provides for monthly rent of approximately $35,000. Certain of our affiliates own interests in the company from which we lease our executive offices. Under the terms of a renewal option, if no event of default exists and no default existed within a period of one year prior to notification of our intent to renew, we have the right to extend the initial term of the lease for two three-year terms. The base rent for the option terms will be calculated at 95% of the then prevailing market rates for comparable renewal space, but in any event not less than the base rate payable at the end of the current term of the lease.

We also lease office space for our offices in other locations. We currently have a lease expiring in August 2008 for approximately 6,800 square feet of office space in Glen Allen, Virginia with a current monthly rent of approximately $10,000; a lease expiring in October 2007 for approximately 3,750 square feet of office space in Duluth, Georgia with a current monthly rent of approximately $5,000; and a lease expiring in February 2012 for approximately 42,000 square feet of office space in Fort Worth, Texas with a current monthly rent of approximately $36,000.

ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings arising in the ordinary course of business. All such proceedings, taken together, are not expected to have a material adverse impact on our results of operations or financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

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PART II

ITEM 5. MARKET FOR THE COMPANY S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock has been listed on the Nasdaq National Market (Nasdaq) since May 5, 2004 under the symbol ORGN. On March 1, 2006, the closing sales price of the common stock was $6.82 and the common stock was held by approximately 77 holders of record. The following table presents the per share high and low prices of our common stock for the periods indicated as reported by the Nasdaq National Market. The stock prices reflect inter-dealer prices, do not include retail mark-ups, mark-downs or commissions and may not necessarily represent actual transactions.

	High	Low
Fiscal Year Ended December 31, 2004		
Period from May 5, 2004 through June 30, 2004	$8.33	$7.50
Third quarter	$8.15	$6.96
Fourth quarter	$7.80	$6.67
Fiscal Year Ended December 31, 2005		
First quarter	$8.75	$6.65
Second quarter	$7.64	$6.58
Third quarter	$8.24	$6.69
Fourth quarter	$7.66	$6.37

The following table presents the distributions per share that were paid with respect to each quarter for 2004 and 2005.

	Distribution per share
Fiscal Year Ended December 31, 2004	
First quarter	$ 0.04
Second quarter	$ 0.06
Third quarter	$ 0.25
Fourth quarter	$ 0.04*
Fiscal Year Ended December 31, 2005	
First quarter	$ 0.06
Second quarter	$ 0.06
Third quarter	$ 0.06
Fourth quarter	$

* Paid on March 31, 2005

In order to qualify for the tax benefits accorded to REITs under the Internal Revenue Code, we must, and we intend to, make distributions to our stockholders each year in an amount at least equal to (i) 90% of our REIT taxable net income (before the deduction for dividends paid and not including any net capital gain), plus (ii) 90% of the excess of our net income from foreclosure property over the tax imposed on such income by the Internal Revenue Code, minus (iii) any excess non-cash income. Differences in timing between the receipt of income and the payment of expenses and the effect of required debt amortization payments could require us to borrow funds on a short-term basis, access the capital markets or liquidate investments to meet this distribution requirement.

The actual amount and timing of distributions will be at the discretion of our Board of Directors and will depend upon our actual results of operations.

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To the extent not inconsistent with maintaining our REIT status, we may maintain accumulated earnings of our taxable REIT subsidiaries in those subsidiaries.

In the future, our Board of Directors may elect to adopt a dividend reinvestment plan.

Equity Compensation Plan Information

The following table reflects information about the securities authorized for issuance under the Company s equity compensation plans as of December 31, 2005.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of Outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	255,500	$ 10.00	670,188
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
TOTAL	255,500	$ 10.00	670,188

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ITEM 6. SELECTED FINANCIAL DATA

	Origen Financial, Inc.			Origen Financial L.L.C (4)		BFSC (4)
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003 (1)	Period from January 1 through October 7, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
	(In thousands, except for per share data)					
Operating Statement Data:						
Interest income on loans	$ 59,391	$ 42,479	$ 7,339	$ 16,398	$ 9,963	$ 9,493
Gain on sale and securitization of loans				28	2,719	5,186
Servicing and other revenues	14,651	11,184	2,880	7,329	7,703	14,994
Total revenue	74,042	53,663	10,219	23,755	20,385	29,673
Interest expense	28,468	15,020	2,408	11,418	5,935	7,875
Provisions for loan loss, recourse liability and write down of residual interests	13,633	10,210	768	9,849	18,176	18,118
Distribution of preferred interest				1,662		
Other operating expenses	34,600	31,399	5,546	24,754	25,461	22,129
Total expenses	76,701	56,629	8,722	47,683	49,572	48,122
Income (loss) before income taxes	(2,659)	(2,966)	1,497	(23,928)	(29,187)	(18,449)
Provision (benefit) for income taxes(2)						1,245
Net income (Loss)	$ (2,659)	$ (2,966)	$ 1,497	$ (23,928)	$ (29,187)	$ (19,694)
Earning (loss) per share Diluted(3)	$ (0.11)	$ (0.14)	$ 0.10	$	$	$ (7.63)
Distributions paid per share	$ 0.22	$ 0.35	0.098			
Balance Sheet Data:						
	$ 768,410	$ 563,268	$ 368,040	$ 279,300	$ 173,764	$ 126,591

Loans receivable, net of allowance for losses						
Servicing rights	3,103	4,097	5,131	5,892	7,327	6,855
Retained interests in loan securitizations		724	749	785	5,833	
Goodwill	32,277	32,277	32,277	18,332	18,332	
Cash and other assets	89,213	82,181	37,876	22,894	22,492	33,646
Total assets	$ 893,003	$ 682,547	$ 444,073	$ 327,203	$ 227,748	$ 167,092
Total debt	669,708	455,914	277,441	273,186	196,031	122,999
Preferred interest in subsidiary				45,617		
Other liabilities	23,344	23,167	24,312	22,345	21,413	53,335
Members /Stockholders Equity/Capital	199,951	203,466	142,320	(13,945)	10,304	(9,242)
Other Information						
Cash Flow Data: (provided by/(used in))						
From operating activities	$ 18,167	$ 8,606	$ (8,841)	$ (7,642)	$ 115,251	$ 142,807
From investing activities	(229,183)	(245,125)	(85,665)	(112,547)	(188,277)	(195,200)
From financing activities	210,030	238,886	100,254	121,110	73,032	49,312
Selected Ratios						
Return on average assets	(0.33)%	(0.52)%	1.43%	(8.52)%	(18.79)%	(15.68)%
Return on average equity	(1.29)%	(1.56)%	4.21%	(1352.96)%	(91.29)%	(165.30)%
Average equity to average assets	25.63%	33.03%	33.91%	0.63%	20.58%	4.22%

(1) Origen Financial, Inc. began operations on October 8, 2003 as a REIT with Origen Financial L.L.C. as a wholly-owned subsidiary.

(2) As a REIT, Origen Financial, Inc. is not required to pay federal corporate income taxes on

its net income that is currently distributed to its stockholders. As a limited liability company, Origen Financial L.L.C. does not incur income taxes. BFSC (defined in note (4) below) was taxed as a regular C corporation during the periods indicated.

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(3) As a limited liability company, Origen Financial L.L.C. did not report earnings per share.

(4) Bingham Financial Services Corporation (BFSC) and Origen Financial L.L.C. are our predecessors for accounting purposes. However, we believe that their businesses, financial statements and results of operations are quantitatively different from ours. Their results of operations reflect capital constraints and corporate and business strategies, including commercial mortgage loan origination and servicing, which are different than ours. We also have elected to be taxed as a REIT. Accordingly, we believe the historical financial results of Origen Financial L.L.C. and Bingham Financial Services Corporation are not indicative of our future performance.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes thereto.

Management s discussion and analysis of financial condition and results of operations and liquidity and capital resources contained within this Form 10-K is more clearly understood when read in conjunction with our historical financial statements and the historical financial statements of our predecessor, Origen Financial L.L.C., as well as the related notes. The notes to the financial statements provide information about us and Origen Financial L.L.C., as well as the basis for presentation used in this Form 10-K.

The historical financial statements of Origen Financial L.L.C., our predecessor company, represent combined financial condition and results of operations. We believe that the business, financial statements and results of operations of Origen Financial L.L.C. are quantitatively different from ours. Origen Financial L.L.C. s results of operations reflect capital constraints and corporate and business strategies which are different than ours. We also have elected to be taxed as a REIT. Accordingly, we believe the historical financial results of our predecessor company, Origen Financial L.L.C., are not indicative of our future performance.

Overview

In October 2003, we began operations upon the completion of a private placement of $150 million of our common stock to certain institutional and accredited investors. In February, 2004, we completed another private placement of $10 million of our common stock to one institutional investor. In connection with and as a condition to the October 2003 private placement, we acquired all of the equity interests of Origen Financial L.L.C. We also took steps to qualify Origen Financial, Inc. as a REIT. In the second quarter of 2004, we completed the initial public offering of our common stock. Currently, most of our operations are conducted through Origen Financial L.L.C., our wholly-owned subsidiary. We conduct the rest of our business operations through our other wholly-owned subsidiaries, including taxable REIT subsidiaries, to take advantage of certain business opportunities and ensure that we comply with the federal income tax rules applicable to REITs.

The results of our operations for the year ended December 31, 2005, were materially impacted by the damage inflicted by Hurricane Katrina and Hurricane Rita on broad regions of Louisiana and Mississippi and to a lesser extent in Alabama and Texas. The recognition of the estimated financial impact from the effects of the hurricanes resulted in charges against earnings of approximately $4.7 million comprised of a $3.5 million addition to the allowance for credit losses, a $428,000 impairment of a previously purchased loan pool and a $724,000 write down of our residual interest in our 2002-A securitization. Homes of many of our borrowers were destroyed or damaged. Jobs were lost due to the destruction of businesses or the dislocation of the workforce. We will incur losses arising from defaults by borrowers who have lost or will lose their employment. In addition, we will incur losses due to shortfalls in insurance coverage primarily relating to flood damage to homes that were not in flood zones and had no flood insurance. In estimating these losses, management used all available data and its judgment based on last year s hurricane damage experience. While extreme effort and thought was exercised by management in the preparation of those estimates, such estimates are inherently imprecise given the difficulty of gathering comprehensive data as a result of the inability to contact displaced borrowers, the difficulty in accessing some portions of the affected area and the uncertainty of the insurance coverage issues centered on the determination of wind versus water damage. We will continue to gather and interpret data from the affected areas and compare such information to our estimates. Amounts will be refined as deemed appropriate. Observed trends in the performance of the identified loans through December 31, 2005 and continuing through February 28, 2006, have been consistent with management s initial expectations, however, there can be no assurance that the loss provisions will prove to be adequate.

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Despite difficult industry conditions, we experienced a 10.3% increase in loan origination volume in 2005 as compared to 2004. Although total shipments of manufactured houses increased approximately 12% in 2005 as compared to 2004, approximately 14% and 23% of the total shipments in 2005 and 2004, respectively, were for the Federal Emergency Management Agency (FEMA). As a result, there was an approximately 1% decrease in non-FEMA related manufactured housing shipments in 2005 as compared to 2004. FEMA shipments produce no financing opportunities for lenders such as Origen. Furthermore our portfolio performance, as measured by delinquencies, continued to improve as loans 60 or more days delinquent decreased from 1.8% of the loan portfolio at December 31, 2004 to 1.3% at December 31, 2005. Additionally, we have experienced improvements in recovery rates on the re-marketing of repossessed or foreclosed assets. The execution of our securitizations has continued to improve, as we have seen overcollateralization levels in our securitizations fall from 18.0% for our 2004-A securitization to 11.0% for our 2005-B securitization. However, rising interest rates, the flattening yield curve and competition have prevented us from raising rates and as a result we have seen decreases in our interest rate margin.

In the past we have distributed amounts in excess of our REIT taxable income. Return of capital represented 77.8% and 46.9% of distributions in 2005 and 2004, respectively. In the future, management intends to pay out at least 90% of our REIT taxable income, but not more than 100% of our REIT taxable income. Amounts distributed through the third quarter of 2005, relating to our 2005 tax year, were sufficient to satisfy this policy. As a result, we did not and will not make a distribution related to the fourth quarter of 2005. We believe that it is more efficient to retain the capital for use in operations as opposed to returning capital and increasing our need to borrow funds for operations.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. On an on-going basis, we evaluate these estimates, including those related to reserves for credit losses, recourse liabilities, servicing rights and retained interests in loans sold and securitized. Estimates are based on historical experience, information received from third parties and on various other assumptions that are believed to be reasonable under the circumstances, which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under conditions different from our assumptions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

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Transfers of Financial Assets: We engage in securitizations of our manufactured housing loan receivables. Securitizations may take the form of a loan sale or a financing. We structured all loan securitizations occurring prior to 2003 as loan sales and all loan securitizations in 2004 and later as financings for accounting purposes. In the future, we intend to structure and account for our securitizations as financings. When a loan securitization is structured as a financing, the financed asset remains on our books along with the recorded liability that evidences the financing. Income from both the loan interest spread and the servicing fees received on the securitized loans are recorded into income as earned. An appropriate allowance for credit losses is maintained on the loans. When a loan securitization is structured as a loan sale, such as our pre-2003 transactions, any gains and losses are recognized in the consolidated statements of operations when control of the transferred financial asset is relinquished by the seller. In accordance with Statement of Financial Accounting Standards No. 140 Accounting For Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, certain assets and income are recorded based upon the difference between all principal and interest received from the loans sold and the following factors (i) all principal and interest required to be passed through to the asset-backed bond investors, (ii) all excess contractual servicing fees, (iii) other recurring fees and (iv) an estimate of losses on loans. At the time of the sale these amounts are estimated based upon a declining principal balance of the underlying loans, adjusted by an estimated prepayment and loss rate, and such amounts are capitalized using a discount rate that market participants would use for similar financial instruments. These capitalized assets are recorded as retained interests in loans sold and securitized and capitalized servicing rights. We assess the carrying value of any retained interests for impairment on a monthly basis. Any subsequent changes in fair value of the retained interests are recognized in the consolidated statements of operations. The use of different pricing models or assumptions could produce different financial results. There can be no assurance that our estimates used to determine the value of retained interests and the servicing asset valuations will remain appropriate for the life of the securitization.

Loans Receivable: Loans receivable consist of manufactured housing loans under contracts collateralized by the borrowers manufactured houses and in some instances, related land. All loans receivable are classified as held for investment and are carried at amortized cost, except for loans purchased with evidence of deterioration of credit quality since origination, which are described below. Interest on loans is credited to income when earned. Loans receivable include accrued interest and are presented net of deferred loan origination costs and an allowance for estimated loan losses.

Allowance for Credit Losses: Determining an appropriate allowance for credit losses involves a significant degree of estimation and judgment. The process of estimating the allowance for credit losses may result in either a specific amount representing the impairment estimate or a range of possible amounts. Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, provides guidance on accounting for credit losses associated with pools of loans and requires the accrual of a loss when it is probable that an asset has been impaired and the amount of the loss can be reasonably estimated. Our loan portfolio is comprised of manufactured housing loans with an average loan balance of less than $50,000. The allowance for credit losses is developed at the portfolio level and the amount of the allowance is determined by applying a probability weighting to a calculated range of losses. A lower range of probable losses is calculated by applying historical loss rate factors to the loan portfolio on a stratified basis using current portfolio performance and delinquency levels (0-30 days, 31-60 days, 61-90 days and greater than 90 days delinquent). An upper range of probable losses is calculated by the extrapolation of probable loan impairment based on the correlation of historical losses by vintage year of origination. Financial Accounting Standards Board Interpretation No. 14, Reasonable Estimation of the Amount of a Loss an interpretation of FASB Statement No. 5, states that a creditor should recognize the amount that is the best estimate within the estimated range of credit losses. Accordingly, our application of probability weighting to the calculated range of losses is in recognition of the fact that historical charge-off experience, without adjustment, may not be representative of current impairment of the current portfolio of loans because of changed circumstances. Such changes may relate to changes in the age of loans in the portfolio, changes in the creditor s underwriting standards, changes in economic conditions affecting borrowers in a geographic region, or changes in the business climate in a particular industry.

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Loan Pools and Debt Securities Acquired with Evidence of Deterioration of Credit Quality: We account for loan pools and debt securities acquired with evidence of deterioration of credit quality at the time of acquisition in accordance with the provisions of the American Institute of Certified Public Accountants (AICPA) Practice Bulletin 6 (PB 6), Amortization of Discounts on Certain Acquired Loans, as well as the AICPA s Statement of Position 03-3 (SOP 03-3), Accounting for Certain Loans or Debt Securities Acquired in a Transfer . The carrying values of such purchased loan pools and debt securities were approximately $35.1 million and $8.6 million, respectively, at December 31, 2005 and $40.1 million and $2.8 million, respectively, at December 31, 2004, and are included in loans receivable and investments held to maturity, respectively, in the consolidated balance sheet.

We adopted the provisions of SOP 03-3 in January 2005 and apply those provisions to loan pools and debt securities acquired after December 31, 2004. The provisions of SOP 03-3 that relate to decreases in expected cash flows amend PB 6 for consistent treatment and apply prospectively to receivables acquired before January 1, 2005. Purchased loans and debt instruments acquired before January 1, 2005 will continue to be accounted for under PB 6, as amended, for provisions related to decreases in expected cash flows.

Under the provisions of SOP 03-3, each static pool of loans and debt securities is statistically modeled to determine its projected cash flows. We consider historical cash collections for loan pools and debt securities with similar characteristics as well as expected prepayments and estimate the amount and timing of undiscounted expected principal, interest and other cash flows for each pool of loans and debt security. An internal rate of return is calculated for each static pool of receivables based on the projected cash flows and applied to the balance of the static pool. The resulting revenue recognized is based on the internal rate of return applied to the remaining balance of each static pool of accounts. Each static pool is analyzed at least quarterly to assess the actual performance compared to the expected performance. To the extent there are differences in actual performance versus expected performance, the internal rate of return is adjusted prospectively to reflect the revised estimate of cash flows over the remaining life of the static pool. Beginning January 2005, if revised cash flow estimates are less than the original estimates, SOP 03-3 requires that the internal rate of return remain unchanged and an immediate impairment be recognized. For loans acquired with evidence of deterioration of credit quality, if cash flow estimates increase subsequent to recording an impairment, SOP 03-3 requires reversal of the previously recognized impairment before any increases to the internal rate of return are made. For any remaining increases in estimated future cash flows for loan pools or debt securities acquired with evidence of deterioration of credit quality, we adjust the amount of accretable yield recognized on a prospective basis over the remaining life of the loan pool or debt security.

Application of the interest method of accounting requires the use of estimates to calculate a projected internal rate of return for each pool. These estimates are based on historical cash collections. If future cash collections are materially different in amount or timing than projected cash collections, earnings could be affected, either positively or negatively. Higher collection amounts or cash collections that occur sooner than projected cash collections will have a favorable impact on yields and revenues. Lower collection amounts or cash collections that occur later than projected cash collections will have an unfavorable impact and result in an immediate impairment being recognized.

Derivative Financial Instruments: We have periodically used derivative instruments, including forward sales of U.S. Treasury securities, U.S. Treasury rate locks and forward interest rate swaps to mitigate interest rate risk related to our loans receivable and anticipated securitizations. We follow the provisions of Statement of Financial Accounting Standards No. 133 (SFAS 133), Accounting for Derivative Investments and Hedging Activities (as amended by Statement of Financial Accounting Standards No. 149). All derivatives are recorded on the balance sheet at fair value. On the date a derivative contract is entered into, we designate the derivative as a hedge of either a forecasted transaction or the variability of cash flow to be paid (cash flow hedge). Changes in the fair value of a derivative that is qualified, designated and highly effective as a cash flow hedge are recorded in other comprehensive income until earnings are affected by the forecasted transaction or the variability of cash flow and are then reported in current earnings. Any ineffectiveness is recorded in current earnings.

We formally document all relationships between hedging instruments and hedged items, as well as the risk-management objectives and strategy for undertaking the hedge transaction. This process includes linking cash flow hedges to specific forecasted transactions or variability of cash flow.

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We also formally assess, both at the hedge s inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, we discontinue hedge accounting prospectively, in accordance with SFAS 133.

Derivative financial instruments that do not qualify for hedge accounting are carried at fair value and changes in fair value are recognized currently in earnings.

Stock Options: In connection with our formation, we adopted a stock option plan. We have elected to measure compensation cost using the intrinsic value method in accordance with APB Opinion No. 25 Accounting for Stock Issued to Employees. Effective January 1, 2006, we will begin measuring compensation cost under the provisions of Statement of Financial Accounting Standards No. 123 revised (SFAS 123R), Share-Based Payment that addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise s equity instruments or that may be settled by the issuance of such equity instruments. Under this pronouncement, all forms of share-based payments to employees, including employee stock options, are treated the same as other forms of compensation by recognizing the related cost in the income statement. The expense of the award would generally be measured at fair value at the grant date. The fair value of each option granted would be determined using a binomial option-pricing model based on assumptions related to annualized dividend yield, stock price volatility, risk free rate of return and expected average term. We plan to adopt the new rules reflected in SFAS 123R using the modified-prospective method. We have determined that the impact of the adoption of SFAS 123R will not have a material effect on our financial position or results of operations.

Goodwill Impairment: The provisions of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, require that recorded goodwill be tested for impairment on an annual basis. The initial and on-going estimate of our fair value is based on our assumptions and projections. Once determined, the amount is compared to our net book value to determine if a write-down in the recorded value of the goodwill is necessary.

Real Estate Investment Trust: As a real estate investment trust, we generally will not be subject to corporate level federal income taxes if we meet minimum distribution, income, asset and shareholder tests. However, some of our subsidiaries may be subject to federal and state taxes. An income tax allocation is required to be estimated on our taxable income arising from our taxable REIT subsidiaries. A deferred tax component could arise based upon the differences in GAAP versus tax income for items such as the allowance for loan losses, depreciation, stock based compensation and goodwill amortization. No deferred tax assets or liabilities are recorded at December 31, 2005 and 2004 due to taxable losses for the REIT taxable subsidiaries.

Financial Condition

December 31, 2005 Compared to December 31, 2004

At December 31, 2005 and 2004 we held loans representing approximately $781.7 million and $573.0 million of principal balances, respectively. Net loans outstanding constituted over 86% and 83% of our total assets at December 31, 2005 and 2004, respectively. Approximately $365.0 million of the loans on our balance sheet at December 31, 2005 were included in our May 2005 and December 2005 public securitizations, and will continue to be carried on our balance sheet as both securitization transactions were structured as financings. To the extent loans on our balance sheet are eligible on an individual basis and not already included in our securitized pools, we plan to securitize such loans and issue asset-backed bonds through periodic transactions in the asset-backed securitization market. The timing of any securitization will depend on prevailing market conditions and the availability of sufficient total loan balances to constitute an efficient transaction.

New loan originations for the year ended December 31, 2005 increased 10.3% to $268.0 million compared to $243.0 million for the year ended December 31, 2004. We additionally processed $32.0 million and $9.9 million in loans originated under third-party origination agreements for the years ended December 31, 2005 and 2004, respectively. The increase was primarily due to increased market share resulting from our focus on customer service and the use of technology to deliver our products and services.

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In connection with our estimate of the effect of the impact of Hurricane Katrina and Hurricane Rita we identified approximately 865 loans with a total outstanding principal balance of approximately $30.9 million in areas affected by the hurricanes. During the year ended December 31, 2005, based on our analysis of the effects of the hurricanes, we included an additional $3.5 million in the provision for credit losses, recognized an impairment of $0.4 million in the carrying value of a previously purchased loan pool and recorded a $0.7 million write-off of our residual interest in the 2002-A securitization.

The carrying amount of loans receivable consisted of the following at December 31 (in thousands):

		2005	2004
Manufactured housing loans	securitized	$ 695,701	$ 401,995
Manufactured housing loans	unsecuritized	85,949	170,978
Accrued interest receivable		4,078	3,285
Deferred fees		(2,100)	(3,100)
Discount on purchased loans		(4,773)	(4,575)
Allowance for purchased loans		(428)	
Allowance for loan loss		(10,017)	(5,315)
		$ 768,410	$ 563,268

The following table sets forth the average individual loan balance, weighted average loan yield, and weighted average initial term at December 31 (dollars in thousands):

	2005	2004
Number of loans receivable	17,277	13,358
Average loan balance	$ 45	$ 43
Weighted average loan coupon (a)	9.56%	9.86%
Weighted average initial term	20 years	20 years

(a) The weighted average loan coupon includes an imbedded servicing fee rate resulting from securitization or sale of the loan, but accounted for as a financing.

Delinquency statistics for the loan receivable portfolio at December 31 are as follows (dollars in thousands):

	2005			2004		
Days delinquent	No. of Loans	Principal Balance	% of Portfolio	No. of Loans	Principal Balance	% of Portfolio
31-60	215	$8,182	1.0%	146	$5,253	0.9%
61-90	68	2,561	0.3%	80	3,014	0.5%
Greater than 90	192	7,480	1.0%	195	7,637	1.3%

We define non-performing loans as those loans that are 90 or more days delinquent in contractual principal payments. The average balance of non-performing loans was $6.9 million for the year ended December 31, 2005 compared to $6.8 million for the year ended December 31, 2004, an increase of $0.1 million, or 1.4%. Non-performing loans as a percentage of average outstanding principal balance were 1.1% for the year ended December 31, 2005 compared to 1.6% for the year ended December 31, 2004.

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The improvement in our asset quality statistics for the year ended December 31, 2005 compared to the year ended December 31, 2004 reflects our continued emphasis on the credit quality of our borrowers and the improved underwriting and origination practices we have put into place. Continued improvement in delinquency statistics and recovery rates are expected to result in lower levels of non-performing assets and net charge-offs. However, due to the limited time that has elapsed since Hurricane Katrina and Hurricane Rita we have not seen the full effects of the hurricanes on charge-offs or delinquencies. In the short-term, it is likely that charge-offs and delinquencies will increase as a result of the hurricanes, however, in the long-term, lower levels of non-performing assets and net charge-offs should have a positive effect on earnings through decreases in the provision for credit losses and servicing expenses as well as increases in net interest income.

At December 31, 2005 we held 162 repossessed houses owned by us compared to 177 houses at December 31, 2004, a decrease of 15 houses, or 8.5%. The book value of these houses, including repossession expenses, based on the lower of cost or market value, was approximately $3.5 million at December 31, 2005 compared to $3.4 million at December 31, 2004, an increase of $0.1 million, or 2.9%.

The allowance for credit losses increased $4.7 million, or 88.7%, to $10.0 million at December 31, 2005 from $5.3 million at December 31, 2004. The allowance includes approximately $3.4 million of estimated losses related to the effects of Hurricane Katrina and Hurricane Rita. Excluding the impact of the hurricanes, the allowance for credit losses increased $1.2 million. Despite the 40.6% increase in the gross loans receivable balance, net of loans accounted for under SOP 03-3, the allowance for credit losses excluding the provision for the hurricanes increased just 24.5% due to improvement in delinquency rates at December 31, 2005. Loans delinquent over 60 days decreased $0.7 million or 6.5% from $10.7 million at December 31, 2004 to $10.0 million at December 31, 2005. The allowance for credit losses as a percentage of gross loans receivable, net of loans accounted for under SOP 03-3, was approximately 1.35% at December 31, 2005 compared to approximately 1.00% at December 31, 2004. Excluding the provision related to the hurricanes, the allowance for credit losses as a percentage of gross loans receivable, net of loans accounted for under SOP 03-3, was approximately 0.89% at December 31, 2005. Net charge-offs were $10.0 million for the year ended December 31, 2005 compared to $10.5 million for the year ended December 31, 2004.

Changes to our underwriting practices, processes, credit scoring models, systems and servicing techniques in 2002 have resulted in demonstrably superior performance by loans originated in and subsequent to 2002 as compared to loans originated by our predecessors prior to 2002. The pre-2002 loans, despite representing a diminishing percentage of our owned loan portfolio, have had a disproportionate impact on our financial performance.

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The following tables indicate the impact of such legacy loans:

Loan Pool Unpaid Principle Balance (dollars in thousands) [1]

	2001 and prior	2002 and subsequent
At December 31, 2005		
Dollars	$ 56,622	$732,033
Percentage of total	7.2%	92.8%
At December 31, 2004		
Dollars	$ 115,346	$514,027
Percentage of total	18.3%	81.7%
At December 31, 2003		
Dollars	$ 150,015	$312,289
Percentage of total	32.4%	67.6%

Static Pool Performance (dollars in thousands) [1]

	2001 and prior	2002 and subsequent
2005		
Dollars defaulted	$ 8,752	$12,272
Net recovery percentage	39.9%	49.4%
Net losses	$ 6,707	$ 5,312
2004		
Dollars defaulted	$ 11,848	$ 8,940
Net recovery percentage	37.8%	49.2%
Net losses	$ 12,242	$ 4,004
2003		
Dollars defaulted	$ 10,109	$ 3,230
Net recovery percentage	34.0%	48.1%
Net losses	$ 6,833	$ 893

While representing less than 8% of the owned loan portfolio at December 31, 2005, the pre-2002 loans accounted for almost 42% of the defaults during 2005. Additionally, recovery rates were substantially lower for the pre-2002 loans leading to higher losses as compared to loans from 2002 and subsequent. Management believes that as these loans become a smaller percentage of the owned loan portfolio, the negative impact on earnings will diminish.

Through our wholly-owned subsidiary, Origen Servicing, Inc., we provide loan servicing for manufactured housing loans that we and our predecessors have originated or purchased, and for loans originated by third parties. As of December 31, 2005 we serviced approximately $1.51 billion of loans, consisting of approximately $731.3 million of loans serviced for others. Included in the loans serviced for others are $150.3 million of loans that we or our predecessors originated and subsequently sold in two pre-2003 securitization transactions. As part of our contractual services, certain of our servicing contracts require us to advance uncollected principal and interest payments at a prescribed cut-off date each month to an appointed trustee on behalf of the investors in the loans. We are reimbursed by the trust in the event such delinquent principal and interest payments remain uncollected during the next reporting period. Also, as part of the servicing function, in order to protect the value of the housing asset underlying the loan,

we are required to advance certain expenses such as taxes, insurance costs and costs related to the foreclosure or repossession process as necessary. Such expenditures are reported to the appropriate trustee for reimbursement. At December 31, 2005, we had servicing advances outstanding of approximately $9.0 million compared to $9.1 million at December 31, 2004, a decrease of 1.1%.

[1] Includes owned portfolio, repossessed inventory and loans sold with recourse.

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As a result of the acquisition of Origen Financial L.L.C., our predecessor company, on October 8, 2003, which was accounted for as a purchase, we recorded the net assets acquired at fair value, which resulted in recording goodwill of $32.3 million. No impairment of goodwill was recorded during the year ended December 31, 2005.

In the past, our predecessor companies sold loans with recourse. We regularly evaluate the recourse liability for adequacy by taking into consideration factors such as changes in outstanding principal balance of the portfolios of loans sold with recourse; trends in actual and forecasted portfolio performance, including delinquency and charge-off rates; and current economic conditions that may affect a borrower s ability to pay. If actual results differ from our estimates, we may be required to adjust our liability accordingly. In July 2005, we negotiated a buy-out of our recourse obligation with Vanderbilt Mortgage and Finance, Inc. (Vanderbilt). At the time of the buy-out the remaining principal balance and recourse liability related to the loans sold to Vanderbilt was approximately $40.7 million and $4.5 million, respectively. As a result of the buyout, we no longer will 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 was based on net present value, and the then current dollars paid out to satisfy the recourse requirement. The buy-out, which eliminated all loan recourse with Vanderbilt, was consummated on July 26, 2005, and resulted in a charge against earnings of approximately $0.8 million. The provision for recourse liability was approximately $218,000 for the year ended December 31, 2005. At December 31, 2005, the reserve for loan recourse liability was $0.3 million as compared to $6.6 million at December 31, 2004, a decrease of 95.5%. The remaining principal balance of loans sold with recourse at December 31, 2005 was $4.6 million versus $51.5 million at December 31, 2004, a decrease of 91.1%.

Bonds outstanding, relating to securitized financings utilizing asset-backed structures, totaled $578.5 million and $328.4 million at December 31, 2005 and 2004, respectively. These bonds relate to four securitized transactions: Origen 2005-A, issued in May 2005, Origen 2005-B, issued in December 2005, Origen 2004-A, issued in February 2004 and Origen 2004-B, issued in September 2004. Bonds outstanding for each securitized transaction were as follows at December 31 (in thousands):

	Original Issuance	2005	2004
Origen 2004-A	$ 200,000	$ 138,257	$ 167,887
Origen 2004-B	169,000	136,229	160,501
Origen 2005-A	165,300	150,471	
Origen 2005-B	156,187	153,546	
		$ 578,503	$ 328,388

At December 31, 2005 our total borrowings under our short-term securitization arrangement with Citigroup Global Markets Realty Corporation (Citigroup) were $65.4 million compared to $107.4 million at December 31, 2004. We use the Citigroup facility to fund loans we originate or purchase until such time as they can be included in one of our securitization transactions. We used the proceeds of our May and December 2005 public securitizations to reduce borrowings outstanding on the Citigroup facility.

We currently have a revolving credit facility with JPMorgan Chase Bank, N.A. Under the terms of the facility we can borrow up to $5.0 million for the purpose of funding required principal and interest advances on manufactured housing loans that are serviced for outside investors. Borrowings under the facility are repaid upon our collection of monthly payments made by borrowers on such manufactured housing loans. The outstanding balance on the facility was $2.2 million at December 31, 2005. At December 31, 2004 we had no outstanding balance on the facility. The expiration date of the facility is December 31, 2006.

Stockholders equity was $200.0 million and $203.4 million at December 31, 2005 and 2004, respectively. We incurred losses of $2.7 million and declared and paid distributions of $5.6 million during the year ended December 31, 2005.

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Results of Operations for the Years Ended December 31, 2005 and December 31, 2004

Loan originations increased $25.0 million, or 10.3% to $268.0 million from $243.0 million for the years ended December 31, 2005 and 2004, respectively. We additionally processed $32.0 million and $9.9 million in loans originated under third party origination agreements during the years ended December 31, 2005 and 2004, respectively. Chattel loans comprised approximately 97% of loans originated in both 2005 and 2004. The balance of loans originated, in each year, were land-home loans, which represent manufactured housing loans that are additionally collateralized by real estate.

Interest income on loans increased $15.3 million, from $39.9 million to $55.2 million, or 38.3%. This increase in interest income resulted primarily from an increase in the average outstanding balance of manufactured housing loan receivables of $202.5 million from $464.6 million to $667.1 million, or 43.6%. The increase in the average receivable balance was partially offset by a decrease in the average yield on the portfolio from 8.6% to 8.3%. The decrease in the yield on the portfolio was due to competitive conditions resulting in lower interest rates on new originations and a continuing positive change in the credit quality of the loan portfolio. Generally, higher credit quality loans will carry a lower interest rate.

Interest income on other interest earning assets increased from $2.6 million to $4.2 million. The increase was primarily the result of an increase of $1.4 million in interest income on asset-back security investments, which are collateralized by manufactured housing loans. Investments in such securities amounted to $41.9 million and $37.6 million at December 31, 2005 and 2004, respectively.

Interest expense increased $13.5 million, or 90.0%, to $28.5 million from $15.0 million. The majority of our interest expense relates to interest on our loan funding facilities. Average debt outstanding on our loan funding facilities increased $204.9 million to $567.5 million compared to $362.6 million, or 56.5%. The average interest rate on total debt outstanding increased from 4.1% to 5.0%. The higher average interest rate for the year ended December 31, 2005 was primarily due to increases in the base LIBOR rate.

The following table presents information relative to the average balances and interest rates of our interest earning assets and interest bearing liabilities for the years ended December 31 (dollars in thousands):

	2005			2004		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Interest earning assets:						
Manufactured housing loans	$ 667,089	$ 55,164	8.27%	$ 464,578	$ 39,862	8.58%
Investment securities	40,442	3,761	9.30%	28,109	2,397	8.53%
Other	34,884	466	1.34%	18,855	220	1.17%
Total	$ 742,415	$ 59,391	8.00%	$ 511,542	$ 42,479	8.30%
Interest bearing liabilities:						
Loan funding facilities	$ 544,002	$ 27,465	5.05%	$ 344,502	$ 14,582	4.23%
Repurchase agreements	22,793	950	4.17%	17,573	399	2.27%
Notes payable servicing advance	710	53	7.46%	553	39	7.05%
Total	$ 567,505	$ 28,468	5.02%	$ 362,628	$ 15,020	4.14%
Net interest income and interest rate spread		$ 30,923	2.98%		$ 27,459	4.16%
Net yield on average interest earning assets			4.17%			5.37%

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The following table sets forth the changes in the components of net interest income for the year ended December 31, 2005 compared to the year ended December 31, 2004 (in thousands). The changes in net interest income between periods have been reflected as attributable to either volume or rate changes. For the purposes of this table, changes that are not solely due to volume or rate changes are allocated to rate.

	Volume	Rate	Total
Interest earning assets:			
Manufactured housing loans	$ 17,376	$ (2,074)	$ 15,302
Investment securities	1,052	312	1,364
Other	187	59	246
Total interest income	$ 18,615	$ (1,703)	$ 16,912
Interest bearing liabilities:			
Loan funding facilities	$ 8,444	$ 4,439	$ 12,883
Repurchase agreements	119	432	551
Notes payable servicing advances	11	3	14
Total interest expense	$ 8,574	$ 4,874	$ 13,448
Increase in net interest income			$ 3,464

Monthly provisions are made to the allowance for general loan losses in order to maintain a level that is adequate to absorb inherent losses in the manufactured housing loan portfolio. The provision for credit losses increased 78.9% to $12.7 million from $7.1 million. The provision includes approximately $3.5 million related to the effects of Hurricane Katrina and Hurricane Rita. Net charge-offs were $10.0 million for the year ended December 31, 2005 compared to $10.5 million for the year ended December 31, 2004. As a percentage of average outstanding principal balance total net charge-offs decreased to 1.5% compared to 2.3%. We expect net charge-offs, excluding hurricane losses, as a percentage of average outstanding principal balance to continue to decrease in the future due to the fact that the owned portfolio of loans at December 31, 2005 has a larger concentration of loans originated in the years 2002 through 2005 than was the case for the owned portfolio at December 31, 2004. We expect this to be partially offset by increased charge-offs resulting from Hurricane Katrina and Hurricane Rita.

An impairment of $0.4 million in the carrying value of a previously purchased loan pool was recognized during 2005 as a result of the hurricanes.

Non-interest income for year ended December 31, 2005 totaled $14.7 million as compared to $11.2 million for year 2004, an increase of 31.3%. The primary components of non-interest income are fees and other income from loan servicing and insurance operations. Loan servicing fees comprised approximately 94% of non-interest income in 2005 and approximately 83% in 2004, reflecting the overall increase in the serviced loan portfolio. The average serviced loan portfolio on which servicing fees are collected increased approximately 10.2%, from $1.37 billion to $1.51 billion.

Total non-interest expense for the year ended December 31, 2005 was $35.1 million as compared to $34.6 million for 2004. Following is a discussion of the increase of $0.5 million, or 1.4%.

Personnel expenses increased approximately $0.7 million, or 3.2%, to $22.6 million compared to $21.9 million. The increase is primarily the result of a $0.4 million increase in stock compensation expense related to restricted stock granted to certain directors, officers and employees from $2.1 million for the year ended December 31, 2004 to $2.5 million for the year ended December 31, 2005, and an increase of $0.2 million in salaries and commissions from $14.5 million for the year ended December 31, 2004 to $14.7 million for the year ended December 31, 2005. The increase in salaries was primarily due to staffing needs resulting from our efforts to comply with Sarbanes Oxley requirements and the increase in commissions was due the increase in loan origination volume.

Loan origination and servicing expenses increased $0.2 million, or 14.3% from $1.4 million to $1.6 million. The increase is directly related to an increase in loan originations from $243.0 million to $268.0 million, and an increase in the servicing portfolio from $1.37 billion to $1.51 billion for the years ended December 31, 2005 and 2004, respectively. The increase was primarily due to increased market share resulting from our focus on customer service and the use of technology to deliver our products and services.

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The provision for recourse liability decreased $2.9 million, or 93.5% from $3.1 million to $0.2 million as a result of our buy-out of our recourse obligation with Vanderbilt. As a result of the buyout, we no longer will 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 was based on net present value, and the then current dollars paid out to satisfy the recourse requirement.

Write-down of residual interest increased $0.7 million due to the write-off of our residual interest in the 2002-A securitization as a result of the effects of Hurricane Katrina and Hurricane Rita.

Securitized loan transactions completed during years 2002 and 2001 were structured as loan sales for accounting purposes. As a result, our predecessor companies recorded an asset representing their residual interests in the loans at the time of sale, based on the discounted values of the projected cash flows over the expected life of the loans sold. During the year ended December 31, 2005, we wrote-off our remaining $0.7 million residual interest in the 2002-A securitization as a result of the effects of Hurricane Katrina and Hurricane Rita. Since 2002, neither we nor our predecessor has structured a securitization transaction in a manner requiring gain on sale treatment, nor is it our intention to do so in the future. As of December 31, 2005 we had no retained interests in loan securitizations remaining on our consolidated balance sheet.

We incurred a loss of $0.8 million as a result of our buy-out of our recourse obligation with Vanderbilt.

As a national loan originator and servicer of manufactured housing loans, we are required to be licensed in all states in which we conduct business. Accordingly, we are subject to taxation by the states in which we conduct business. Depending on the individual state, taxes may be based on proportioned revenue, net income, capital base or asset base. During the year ended December 31, 2005 we incurred state taxes of $369,000 as compared to $312,000 during the year ended December 31, 2004.

Other operating expenses, which consist of occupancy and equipment, professional fees, travel and entertainment and miscellaneous expenses increased $1.1 million, or 14.1%, from $7.8 million to $8.9 million. This increase is primarily the result of a $1.0 million, or 111.1% increase in professional fees from $0.9 million to $1.9 million. The increase in professional fees is primarily due to Sarbanes Oxley compliance related costs. Occupancy and equipment, office expense and telephone expense increased a total of $0.1 million, or 2.2%, from $4.4 million to $4.5 million. Travel and entertainment expense was $1.4 million during both 2005 and 2004. Miscellaneous expenses were $1.1 million during both 2005 and 2004.

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Results of Operations for the Years Ended December 31, 2004 and December 31, 2003 (pro forma of Origen Financial Inc.)

The following schedule is a presentation of the results of operations for the twelve months ended December 31, 2004, of Origen Financial, Inc. and a pro forma presentation of the combined results of operations, for the year 2003, of Origen Financial L.L.C. (January 1, 2003 through October 7, 2003) and Origen Financial, Inc. (October 8, 2003 through December 31, 2003). The historical results of Origen Financial L.L.C. for 2003 have been combined with those of Origen Financial, Inc. because we feel this comparison is the most meaningful since the operations were substantially the same for all of 2003 and there was no significant difference between the cost basis of Origen Financial L.L.C. s assets and their respective fair values at October 8, 2003.

	2004	2003
	(in thousands)	
Interest Income		
Total interest income	$ 42,479	$ 23,737
Total interest expense	15,020	13,826
Net interest income before loan losses	27,459	9,911
Provision for credit losses and impairment	7,053	5,533
Net interest income after loan losses	20,406	4,378
Non-interest income	11,184	10,237
Non-interest Expenses		
Personnel	21,947	20,206
Loan origination and servicing	1,354	1,199
Provision for recourse liability	3,132	
Write down of residual interest	25	5,084
State business taxes	312	121
Other operating	7,786	10,436
Total non-interest expense	34,556	37,046
Net loss	$ (2,966)	$ (22,431)

Loan originations increased $54.9 million, or 29.1% from $188.4 million to $243.0 million. For the year 2004, chattel loans comprised approximately 97% of loans originated compared to approximately 95% for year 2003. The balance of loans originated, in each year, were land-home loans, which represent manufactured housing loans that are additionally collateralized by real estate.

Interest income on loans increased by $16.2 million, from $23.7 million to $39.9 million, or 68.4%. This increase in interest income resulted primarily from an increase in the average outstanding balance of manufactured housing loan receivables of $214.4 million from $250.2 million to $464.6 million, or 85.7%. The increase in the average receivable balance was partially offset by a decrease in the average yield on the portfolio from 9.5% to 8.6%. The decrease in the yield on the portfolio was a result of our continued efforts to originate higher credit quality, shorter term loans. Generally, higher credit quality, shorter term loans carry a lower interest rate.

Interest income on other interest earning assets increased from $0.03 million to $2.6 million. The increase was primarily the result of purchases during 2004 of asset-backed securities, which are collateralized by manufactured housing loans. Investments in such securities amounted to $37.6 million at December 31, 2004. Other interest earning assets in 2003 consisted primarily of restricted cash in the form of servicing related escrow accounts.

Interest expense increased to $15.0 million from $13.8 million, or 8.7%. Average interest-bearing liabilities increased from $237.6 million to $362.6 million. However the interest rate on interest bearing liabilities decreased

from 5.8% to 4.1%. In the absence of other capital sources prior to the $150.0 million private placement of our common stock in October 2003, it was necessary to rely on high cost, short-term borrowed funds. The historically low rates on loan funding facilities accessed during 2003 were partially offset by the continued use of high cost borrowings to fund shortfalls in cash from operations through October 7, 2003. Our capital position improved in 2004 as a result of our private placement and initial public offering of common stock in May 2004 and our February 2004 and September 2004 securitizations.

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The following table presents information relative to the average balances and interest rates of our interest earning assets and interest bearing liabilities for the years ended December 31 (dollars in thousands):

	2004			2003		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Interest earning assets:						
Manufactured housing loans	$ 464,578	$ 39,862	8.58%	$ 250,193	$ 23,707	9.48%
Investment securities	28,109	2,397	8.53%			
Other	18,855	220	1.17%	3,449	30	0.87%
Total	$ 511,542	$ 42,479	8.30%	$ 253,642	$ 23,737	9.36%
Interest bearing liabilities:						
Loan funding facilities	$ 344,502	$ 14,582	4.23%	$ 236,245	$ 13,770	5.83%
Repurchase agreements	17,573	399	2.27%			
Notes payable servicing advances	553	39	7.05%	1,333	56	4.20%
Total	$ 362,628	$ 15,020	4.14%	$ 237,578	$ 13,826	5.82%
Net interest income and interest rate spread		$ 27,459	4.16%		$ 9,911	3.54%
Net yield on average interest earning assets			5.37%			3.91%

The following table sets forth the changes in the components of net interest income for the year ended December 31, 2004 compared to the year ended December 31, 2003 (in thousands). The changes in net interest income between periods have been reflected as attributable to either volume or rate changes. For the purposes of this table, changes that are not solely due to volume or rate changes are allocated to rate.

	Volume	Rate	Total
Interest earning assets:			
Manufactured housing loans	$ 20,314	$ (4,159)	$ 16,155
Investment securities	2,397		2,397
Other	134	56	190
Total interest income	$ 22,845	$ (2,230)	$ 18,742
Interest bearing liabilities:			
Loan funding facilities	$ 6,310	$ (5,498)	$ 812
Repurchase agreements	399		399
Notes payable servicing advances	(33)	16	(17)
Total interest expense	$ 6,676	$ (5,482)	$ 1,194
Increase in net interest income			$ 17,548

Monthly provisions are made to the allowance for general loan losses in order to maintain a level that is adequate to absorb inherent losses in the manufactured housing loan portfolio. The provision for credit losses increased $1.6 million, or 29.0%, from $5.5 million to $7.1 million. The increase is primarily related to the increase in the outstanding principal balance of the loan portfolio through new loan originations offset by charge-offs. However, our provision for mortgage loan losses has not increased at the same rate as our mortgage loan portfolio due to the improved credit quality and reduced charge-offs of our new originations. Delinquency rates on more recent vintage year loans have shown consistent improvement. At December 31, 2004, 81.7% of our owned loan portfolio was originated after December 31, 2001, compared with 67.6% at December 31, 2003. This is significant because in 2002 we introduced a significantly improved internally developed credit-scoring model, TNG, and implemented new underwriting procedures around this model, both of which greatly improved the quality of our loan originations.

Non-interest income for year 2004 totaled $11.2 million as compared to $10.2 million for year 2003, an increase of 9.8%. The primary components of non-interest income are fees and other income from loan servicing and insurance operations. Loan servicing fees comprised approximately 83% of non-interest income in 2004 and approximately 74% in 2003, reflecting the overall increase in the serviced loan portfolio. Servicing fees were negatively impacted, however, during 2004 due to a subordination to bond investors of the payment of our servicing fees from our 2002-A securitization transaction. In March 2004, due to greater than originally anticipated losses in the 2002-A loan pool, the over-collateralization of the 2002-A bonds fell below the contractual requirement, which triggered the subordination of our servicing fee. The negative impact of this subordination of servicing fees for 2004 was a reduction in servicing fee income of approximately $500,000.

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Total non-interest expense for 2004 was $34.6 million as compared to $37.0 million for 2003. Following is a discussion of the decrease of $2.4 million, or 6.5%.

Total personnel expenses increased $1.7 million or 8.4% from $20.2 million to $21.9 million. Salaries and commissions increased 12.4%, from $12.9 million to $14.5 million as a result of the increase during 2004 in the average number of full time employee equivalents from 252 to 265, the cost of a December 2004 reduction in force of approximately 8% of our authorized positions, and increased commissions due to increased sales. The expenses incurred in relation to the reduction in force consisted primarily of severance payments and employee relocation costs. As a consequence of the reduction in force, it was necessary to require several employees to relocate in response to changed responsibilities. The cost of the reduction in force and related relocations was approximately $500,000. The most significant increase in personnel expense in 2004 resulted from stock compensation expenses incurred under our Equity Incentive Plan. This non-cash expense increased from $0.1 million in 2003 to $2.1 million in 2004. The plan did not go into effect until the last quarter of 2003, following our October 2003 $150.0 million private placement of common stock. The number of shares of common stock granted under the Equity Incentive Plan increased from 182,500 to 589,500. The cost of the stock grants is being amortized over the related service periods. The increase in salaries and stock compensation expense was partially offset by a decrease in total bonus expense of $1.6 million. Of the $1.5 million of bonus expense in 2004, $300,000 related to quarterly incentive payments, primarily to non-management personnel. For 2003, approximately $1.0 million of the total bonus expense of $3.1 million related to such non-annual payments.

Loan origination and servicing expenses increased $0.2 million, or 16.7% to $1.4 million from $1.2 million for the years ended December 31, 2004 and 2003, respectively. The increase was directly related to the increase in loan originations to $243.0 million from $188.4 million and an increase in the servicing portfolio to $1.37 billion from $1.29 billion for the years ended December 31, 2004 and 2003, respectively. The increase in these costs was partially mitigated by the consolidation of the majority of our origination operations in Southfield, Michigan and the consolidation and streamlining of much of our repossession operations in our Fort Worth, Texas offices in 2004.

In the fourth quarter 2004, $3.1 million was added, through a charge against earnings, to the provision for losses on loans sold with recourse. No additional provision for loan recourse losses was made in year 2003. The primary reason for the increase to the provision for losses related to a pool of loans sold, with full recourse, by our predecessor in 2000. During the fourth quarter of 2004, this pool of loans experienced actual losses in excess of those estimated previously, largely due, in our estimation, to the difficult economy in Michigan during 2004 and the effect of the hurricanes of 2004. The loans in the pool included a significant amount of Michigan originations and the difficult Michigan economy caused an increase in late stage delinquencies. The increased loss provision was based on an increase in the estimated cumulative life-time losses on the remaining loans in the pool and the resulting impact on the calculated present value of expected future obligations. The original pool balance was $114.4 million. The pool balance at December 31, 2004 is $45.1 million.

Securitized loan transactions completed during years 2002 and 2001 were structured as loan sales for accounting purposes. As a result, our predecessor companies recorded an asset representing residual interests in the loans at the time of sale, based on the discounted values of the projected cash flows over the expected life of the loans sold. Due to deterioration (beginning in 2002 and accelerating in 2003) in the credit performance of these sold loans as compared to the initially projected performance, it was necessary to adjust the carrying value of these residual interests by $25,000 in 2004 compared to a write down of $5.0 million in 2003. The remaining residual balance at December 31, 2004 was approximately $724,000.

As a national loan originator and servicer of manufactured housing loans, we are required to be licensed in all states in which we conduct business. Accordingly, we are subject to taxation by the states in which we conduct business. Depending on the individual state, taxes may be based on proportioned revenue, net income, capital base or asset base. In 2004 we incurred state taxes of $312,000 as compared to $121,000 in 2003.

Other operating expenses, which consist of occupancy and equipment, professional fees, travel and entertainment and miscellaneous expenses decreased by approximately $3.1 million, or 2.8%, from $7.8 million to $10.9 million. This decrease was primarily the result of a decrease of $2.6 million in other operating expenses, the details of which are discussed below.

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Occupancy and equipment, office expense and telephone expense decreased by a total of approximately $0.3 million, or 6.3%, from $4.7 million to $4.4 primarily as a result of consolidating a significant amount of our loan origination functions to Southfield, Michigan in April 2003.

Professional fees decreased $1.8 million, or 66.7%, from $2.7 million to $0.9 million. The primary reasons for the decrease related to a reduction in the use of outside professionals and consultants that were used prior to October 2003 as we attempted to raise capital, undertook certain licensing efforts, pursued several information technology initiatives and incurred various other legal expenses.

Travel and entertainment and miscellaneous expenses decreased approximately $0.5 million from $3.0 million to $2.5 million. The decrease was primarily the result of $1.7 million in costs associated with minority interests in 2003, offset by an increase of approximately $1.1 million in director and officer liability insurance related to our formation as a REIT in October 2003 and our becoming a publicly traded company following our initial public offering in May 2004.

Liquidity and Capital Resources

We require capital to fund our loan originations, acquire manufactured housing loans originated by third parties and expand our loan servicing operations. At December 31, 2005 we had approximately $8.3 million in available cash and cash equivalents. As a REIT, we will be required to distribute at least 90% of our REIT taxable income (as defined in the Internal Revenue Code) to our stockholders on an annual basis. Therefore, as a general matter, it is unlikely we will have any substantial cash balances that could be used to meet our liquidity needs. Instead, these needs must be met from cash provided from operations and external sources of capital. Historically, we have satisfied our liquidity needs through cash generated from operations, sales of our common and preferred stock, borrowings on our credit facilities and securitizations.

Cash provided by operating activities during the year ended December 31, 2005, totaled $18.2 million versus cash used in operating activities of $8.6 million for the year ended December 31, 2004. Cash used in investing activities was $229.2 million in the year ended December 31, 2005 versus $245.1 million for the year ended December 31, 2004. Cash used to originate and purchase loans increased 13.7%, or $37.0 million, to $306.8 million for the year ended December 31, 2005 compared to $269.8 million for the year ended December 31, 2004. The increased origination volume is a result of increased market share resulting from our focus on customer service and the use of technology to deliver our products and services. Principal collections on loans totaled $75.6 million for the year ended December 31, 2005 as compared to $54.2 million for the year ended December 31, 2004, an increase of $21.4 million, or 39.5%. The increase in collections is primarily related to the increase in the average outstanding loan portfolio balance, which was $667.1 million for the year ended December 31, 2005 compared to $464.6 million for the year ended December 31, 2004, in addition to improved credit quality and decreased delinquency as a percentage of outstanding loan receivable balance.

The primary source of cash during the year ended December 31, 2005 was approximately $320.6 million in net proceeds from two securitized financing transactions, one completed in May 2005 and the other completed in December 2005. Proceeds from the securitizations were used primarily to pay down the aggregate balances of the notes outstanding under our loan funding facility with Citigroup.

On May 12, 2005, we completed our 2005-A securitized financing transaction for approximately $190.0 million in principle balance of manufactured housing loans, which was funded by issuing bonds of approximately $165.3 million. Net proceeds from the transaction totaled approximately $165.3 million, of which approximately $156.2 million was used to reduce the aggregate balances of notes outstanding under our Citigroup warehouse financing.

On December 15, 2005, we completed our 2005-B securitized financing transaction for approximately $175.0 million in principle balance of manufactured housing loans, which was funded by issuing bonds of approximately $156.2 million. Net proceeds from the transaction totaled approximately $155.3 million, of which approximately $148.4 million was used to reduce the aggregate balances of notes outstanding under our Citigroup warehouse financing.

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Continued access to the securitization market is very important to our business. The proceeds from successful securitization transactions generally are applied to paying down our other short-term credit facilities giving us renewed borrowing capacity to fund new loan originations. Numerous factors affect our ability to complete a successful securitization, including factors beyond our control. These include general market interest rate levels, the shape of the yield curve and spreads between rates on U.S. Treasury obligations and securitized bonds, all of which affect investors demand for securitized debt. In the event these factors are unfavorable our ability to successfully complete securitization transactions is impeded and our liquidity and capital resources are affected negatively. There can be no assurance that current favorable conditions will continue or that unfavorable conditions will not return.

We currently have a short term securitization facility used for warehouse financing with Citigroup. Under the terms of the agreement, originally entered into in March 2003 and amended periodically, most recently in April 2005, we pledge loans as collateral and in turn we are advanced funds. The facility has a maximum advance amount of $200 million, an advance rate equal to approximately 85% of the unpaid principal balance of the pool of loans pledged and an annual interest rate equal to LIBOR plus a spread. Additionally, the facility includes a $15 million supplemental advance amount that is collateralized by our residual interests in the 2004-A, 2004-B, 2005-A and 2005-B securitizations. The facility matures on March 23, 2006. The outstanding balance on the facility was approximately $65.4 million and $107.4 million at December 31, 2005 and 2004, respectively. It is anticipated that the facility will be renewed with terms no less favorable than the current terms.

We currently have four separate repurchase agreements with Citigroup. Three of the repurchase agreements are for the purpose of financing the purchase of investments in three asset backed securities with principal balances of $32.0 million, $3.1 million and $3.7 million respectively. The fourth repurchase agreement is for the purpose of financing our residual interest in the 2004-B securitization with a principal balance of $4.0 million. Under the terms of the agreements we sell our interest in the securities and residual interests with an agreement to repurchase them at a predetermined future date at the principal amount sold plus an interest component. The securities are financed at an amount equal to 75% of their current market value as determined by Citigroup. Typically the repurchase agreements are rolled over for 30 day periods when they expire. The annual interest rates on the agreements are equal to LIBOR plus a spread. The repurchase agreements had outstanding principal balances of approximately $16.8 million, $1.7 million, $2.1 million and $3.0 million at December 31, 2005, and $18.4 million, $1.8 million, $0 and $0, at December 31, 2004.

We currently have a revolving credit facility with JPMorgan Chase Bank, N.A. Under the terms of the facility we can borrow up to $5.0 million to fund required principal and interest advances on manufactured housing loans that we service for outside investors. Borrowings under the facility are repaid when we collect monthly payments made by borrowers under such manufactured housing loans. The bank s prime interest rate is payable on the outstanding balance. To secure the loan, we have granted JPMorgan Chase a security interest in substantially all our assets excluding securitized assets. The expiration date of the facility is December 31, 2006. The outstanding balance on the facility was approximately $2.2 million at December 31, 2005. There was no outstanding balance at December 31, 2004.

In September 2005, the Securities and Exchange Commission declared effective our shelf registration statement on Form S-3 for the proposed offering, from time to time, of up to $200 million of our common stock, preferred stock and debt securities. In addition to such debt securities, preferred stock and other common stock we may sell under the registration statement from time to time, we have registered for sale 1,540,000 shares of our common stock pursuant to a sales agreement that we have entered into with Brinson Patrick Securities Corporation. It is anticipated that these shares of common stock will be sold at the price of our common stock prevailing at the time of sale.

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In addition to borrowings under our credit facilities and issuances of securitized notes, we have fixed contractual obligations under various lease agreements. Our contractual obligations were comprised of the following as of December 31, 2005 (in thousands):

	Total	Less than 1 year	1 - 3 years	4 - 5 years	Thereafter
Notes payable Citigroup (1)	$ 65,411	$ 49,058	$ 16,353	$	$
Notes payable 2004-A securitization (2)	138,257	18,147	32,203	24,588	63,319
Notes payable 2004-B securitization (3)	136,229	17,881	31,731	24,227	62,390
Notes payable 2005-A securitization (4)	150,471	19,750	35,048	26,760	68,913
Notes payable 2005-B securitization (5)	153,546	20,154	35,764	27,307	70,321
Repurchase agreement (6)	23,582	23,582			
Operating leases	4,321	1,090	1,729	951	551
Total Contractual Obligations	$ 671,817	$ 149,662	$ 152,828	$ 103,833	$ 265,494

(1) Origen Financial L.L.C. and Origen Securitization Company, LLC, one of our special purpose entity subsidiaries, are borrowers under the short-term securitization facility with Citigroup.

(2) Origen Financial L.L.C. through a special purpose entity, Origen Manufactured Housing Contract Trust 2004-A, is the issuer of the notes payable under the 2004-A

securitization.

(3) Origen Financial L.L.C. through a special purpose entity, Origen Manufactured Housing Contract Trust 2004-B, is the issuer of the notes payable under the 2004-B securitization.

(4) Origen Financial L.L.C. through a special purpose entity, Origen Manufactured Housing Contract Trust 2005-A, is the issuer of the notes payable under the 2005-A securitization.

(5) Origen Financial L.L.C. through a special purpose entity, Origen Manufactured Housing Contract Trust 2005-B, is the issuer of the notes payable under the 2005-B securitization.

(6) Origen Financial L.L.C. is the borrower under the

Citigroup repurchase agreement.

Our long-term liquidity and capital requirements consist primarily of funds necessary to originate and hold manufactured housing loans, acquire and hold manufactured housing loans originated by third parties and expand our loan servicing operations. We expect to meet our long-term liquidity requirements through cash generated from operations, but we will require external sources of capital, which may include sales of shares of our common stock, preferred stock, debt securities, convertible debt securities and third-party borrowings (either pursuant to our shelf registration statement on Form S-3 or otherwise). We intend to continue to access the asset-backed securities market for the long-term financing of our loans in order to match the interest rate risk between our loans and the related long-term funding source. Our ability to meet our long-term liquidity needs depends on numerous factors, many of which are outside of our control. These factors include general capital market and economic conditions, general market interest rate levels, the shape of the yield curve and spreads between rates on U.S. Treasury obligations and securitized bonds, all of which affect investors demand for equity and debt securities, including securitized debt securities.

Cash generated from operations, borrowings under our Citigroup facility, loan securitizations, borrowings against our securitized loan residuals, convertible debt, equity interests or additional debt financing arrangements (either pursuant to our shelf registration statement on Form S-3 or otherwise) will enable us to meet our liquidity needs for at least the next twelve months depending on market conditions which may affect loan origination volume, loan purchase opportunities and the availability of securitizations. If market conditions require, loan purchase opportunities become available, or favorable capital opportunities become available, we may seek additional funds through additional credit facilities or additional sales of our common or preferred stock.

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The risks associated with the manufactured housing business become more acute in any economic slowdown or recession. Periods of economic slowdown or recession may be accompanied by decreased demand for consumer credit and declining asset values. In the manufactured housing business, any material decline in collateral values increases the loan-to-value ratios of loans previously made, thereby weakening collateral coverage and increasing the size of losses in the event of default. Delinquencies, repossessions, foreclosures and losses generally increase during economic slowdowns or recessions. For our finance customers, loss of employment, increases in cost-of-living or other adverse economic conditions would impair their ability to meet their payment obligations. Higher industry inventory levels of repossessed manufactured houses may affect recovery rates and result in future impairment charges and provision for losses. In addition, in an economic slowdown or recession, servicing and litigation costs generally increase. Any sustained period of increased delinquencies, repossessions, foreclosures, losses or increased costs would adversely affect our financial condition, results of operations and liquidity.

Forward-Looking Statements

This Annual Report on Form 10-K contains various forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and we intend that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this Form 10-K that relate to prospective events or developments are deemed to be forward-looking statements. Words such as believes, forecasts, anticipates, intends, plans, expects, wi similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect our 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 Form 10-K. These risks and uncertainties may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties include:

the performance of our manufactured housing loans;

our ability to borrow at favorable rates and terms;

the supply of manufactured housing loans;

interest rate levels and changes in the yield curve (which is the curve formed by the differing Treasury rates paid on one, two, three, five, ten and 30 year term debt);

our ability to use hedging strategies to insulate our exposure to changing interest rates;

changes in, and the costs associated with complying with, federal, state and local regulations, including consumer finance and housing regulations;

applicable laws, including federal income tax laws;

general economic conditions in the markets in which we operate;

and those referenced in Item 1A, under the headings entitled Risk Factors contained in this Form 10-K and our other filings with the Securities and Exchange Commission. All forward-looking statements included in this document are based on information available to us on the date of this Form 10-K. We do not intend to update or revise any forward-looking statements that we make in this document or other documents, reports, filings or press releases, whether as a result of new information, future events or otherwise.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market prices and interest rates. Our market risk arises from interest rate risk inherent in our financial instruments. We are not currently subject to foreign currency exchange rate risk or commodity price risk.

The outstanding balance of our variable rate debt, under which we paid interest at various LIBOR rates plus a spread, totaled $91.2 million and $107.4 million at December 31, 2005 and 2004, respectively. If LIBOR increased or decreased by 1.0% during the years ended December 31, 2005 and 2004, we believe our interest expense would have increased or decreased by approximately $1.6 million and $1.6 million, respectively, based on the $155.0 million and $157.2 million average balance outstanding under our variable rate debt facilities for the years ended December 31, 2005 and 2004, respectively. We had no variable rate interest earning assets outstanding during the years ended December 31, 2005 or 2004.

The following table shows the contractual maturity dates of our assets and liabilities at December 31, 2005. For each maturity category in the table the difference between interest-earning assets and interest-bearing liabilities reflects an imbalance between re-pricing opportunities for the two sides of the balance sheet. The consequences of a negative cumulative gap at the end of one year suggests that, if interest rates were to rise, liability costs would increase more quickly than asset yields, placing negative pressure on earnings (dollars in thousands).

	Maturity				
	0 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
Assets					
Cash and equivalents	$ 8,307	$	$	$	$ 8,307
Restricted cash	13,635				13,635
Loans receivable, net	25,339	75,520	315,637	351,914	768,410
Investments				41,914	41,914
Furniture, fixtures and equipment, net	285	890	2,383		3,558
Goodwill				32,277	32,777
Other assets	10,486	7,067	4,675	2,674	24,902
Total assets	$ 58,052	$ 83,477	$ 322,695	$ 428,779	$ 893,003
Liabilities and Stockholders Equity					
Warehouse financing	$ 12,265	$ 36,794	$ 16,352	$	$ 65.411
Securitization financing	19,076	56,855	237,629	264,943	578.503
Repurchase agreements	23,582				23.582
Notes payable servicing advances	2,212				2,212
Recourse liability	15	40	137	100	292
Other liabilities	21,723	299		1,030	23,052
Total liabilities	78,873	93,988	254,118	266,073	693,052
Preferred stock				125	125
Common stock				255	255
Paid-in-capital				220,792	220,792
Accumulated other comprehensive loss	(5)	20	128	764	907
Unearned stock compensation	(594)	(815)	(1,017)		(2,426)
Distributions in excess of earnings				(19,702)	(19,702)

Total stockholders equity	(599)	(795)	(889)	202,234	199,951
Total liabilities and stockholders equity	$ 78,274	$ 93,193	$ 253,229	$ 468,307	$ 893,003
Interest sensitivity gap	$ (20,222)	$ (9,716)	$ 69,466	$ (39,528)	
Cumulative interest sensitivity gap	$ (20,222)	$ (29,938)	$ 39,528		
Cumulative interest sensitivity gap to total assets	(2.26)%	(3.35)%	4.43%		

We believe the negative effect of a rise in interest rates is reduced by the anticipated securitization of our loans receivable which fixes our cost of funds associated with the loans over the lives of such loans.

In February 2005, we entered into a forward starting interest rate swap for the purpose of locking in the designated benchmark interest rate, in this case LIBOR, on a portion of our planned 2005-A securitization transaction completed in May 2005. Under the terms of the swap we paid a fixed rate of 4.44% and received a floating rate equal to the one month LIBOR rate on a beginning notional balance of $132.9 million. The cost to terminate this hedge in May 2005 was approximately $410,000. This amount will be amortized over the expected life of the securitization transaction.

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In May 2005 and September 2005, we entered into four forward starting interest rate swaps for the purpose of locking in the designated benchmark interest rate, in this case LIBOR, on a portion of our planned 2005-B securitization transaction completed in December 2005. These hedging transactions were structured at inception to meet the criteria set forth in SFAS 133 in order to allow us to assume that no ineffectiveness exists. As a result, all changes in the fair value of the derivatives were included in other comprehensive income and began to be amortized over the expected life of the related securitization transaction upon completion of the securitization transaction. Under the terms of the swaps we paid fixed rates of 4.21%, 4.47%, 4.37% and 4.12% and received a floating rate equal to the one month LIBOR rate on beginning notional balances of $53.0 million, $47.0 million, $17.0 million and $14.0 million, respectively. As a result of the termination of the hedges during December 2005 we received approximately $2.7 million. This amount will be amortized over the expected life of the securitization transaction.

In January 2006, we entered into a forward starting interest rate swap for the purpose of locking in the designated benchmark interest rate, in this case LIBOR, on a portion of our planned securitization transaction to be completed mid-2006. We have designated the swaps as cash flow hedges for accounting purposes. Under the terms of the swap we will pay a fixed rate of 4.79% and receive a floating rate equal to the one month LIBOR rate on a beginning notional balance of $44.0 million. The first payment is scheduled for June 30, 2006. A rise in rates during the interim period would increase our borrowing cost in the securitization, but this increase would be offset by the increased value in the right to pay a lower fixed rate during the term of the securitized transaction. The hedging transaction was structured at inception to meet the criteria set forth in SFAS 133 in order to allow us to assume that no ineffectiveness exists. As a result, all changes in the fair value of the derivatives are included in other comprehensive income and such amounts will be amortized into earnings upon completion of the planned transaction. In the event that we are unable to or decline to enter into the securitization transaction or if the completion of the securitization transaction is significantly delayed, some or all of the amounts included in other comprehensive income may be immediately included in earnings, as required under SFAS 133.

The following table shows our financial instruments that are sensitive to changes in interest rates and are categorized by contractual maturity at December 31, 2005, (dollars in thousands):

	Contractual Maturity						
	2006	**2007**	**2008**	**2009**	**2010**	**There-after**	**Total**
Interest sensitive assets							
Loans receivable	$ 100,858	$ 94,878	$ 84,102	$ 73,207	$ 63,450	$ 351,915	$ 768,410
Average interest rate	9.56%	9.56%	9.56%	9.56%	9.56%	9.56%	9.56%
Interest bearing deposits	20,930						20,930
Average interest rate	1.33%						1.33%
Investments						41,914	41,914
Average interest rate						9.30%	9.30%
Total interest sensitive assets	$ 121,788	$ 94,878	$ 84,102	$ 73,207	$ 63,450	$ 393,829	$ 831,254
Interest sensitive liabilities							
Warehouse financing	$ 49,058	$ 16,353	$	$	$	$	$ 65,411

Average interest rate	5.18%	5.18%					5.18%
Securitization financing	75,932	71,429	63,317	55,115	47,768	264,942	578,503
Average interest rate	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%
Repurchase agreements	23,582						23,582
Average interest rate	4.17%						4.17%
Notes payable servicing advance	2,212						2,212
Average interest rate	7.46%						7.46%
Recourse liability	55	44	36	30	26	100	292
Average interest rate	10.93%	10.93%	10.93%	10.93%	10.93%	10.93%	10.93%
Total interest sensitive liabilities	$ 150,839	$ 87,827	$ 63,353	$ 55,145	$ 47,794	$ 265,042	$ 670,000

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America, and includes those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions involving our assets;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance, and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Our management has used the framework set forth in the report entitled Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of our internal control over financial reporting. Based on our evaluation under the framework in Internal Control Integrated Framework, our management has concluded that our internal control over financial reporting was effective as of December 31, 2005.

Our management s assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005 has been audited by our independent registered public accounting firm, Grant Thornton LLP, as stated in their report which appears herein.

Respectfully,

/s/ Ronald A. Klein

Ronald A, Klein, Chief Executive Officer

/s/ W. Anderson Geater, Jr.

W. Anderson Geater, Jr., Chief Financial Officer

March 15, 2006

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Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Origen Financial, Inc.

We have audited the accompanying consolidated balance sheets of Origen Financial, Inc. as of December 31, 2005 and 2004 and the related consolidated statements of operations, other comprehensive income (loss), changes in stockholders equity and cash flows for each of the two years ended December 31, 2005 and 2004, and for the period from October 8, 2003 to December 31, 2003. We have also audited the accompanying consolidated statements of operations, comprehensive income (loss), changes in stockholders equity and cash flows of Origen Financial L.L.C. for the period from January 1, 2003 to October 7, 2003. These consolidated financial statements for Origen Financial, Inc. and Origen Financial L.L.C. are the responsibility of the Companies management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Origen Financial, Inc. as of December 31, 2005 and 2004 and the results of its operations and its cash flows for each of the two years ended December 31, 2005 and 2004, and the period from October 8, 2003 to December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In our opinion, the financial statements referred to above for Origen Financial L.L.C. present fairly, in all material respects, the results of its operations and cash flows for the period from January 1, 2003 to October 7, 2003 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Origen Financial, Inc. and subsidiaries internal control over financial reporting as of December 31, 2005 based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 15, 2006, expressed an unqualified opinion thereon.

/s/ GRANT THORNTON LLP
Southfield, Michigan
March 15, 2006

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Origen Financial, Inc.

We have audited management s assessment, included in the accompanying Management s Report on Internal Control over Financial Reporting, that Origen Financial, Inc. and subsidiaries (the Company) maintained effective internal control over financial reporting as of December 31, 2005 based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management s assessment and an opinion on the effectiveness of the Company s internal control over financial reporting based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management s assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed 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. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management s assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Origen Financial, Inc. and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of operations, comprehensive income, changes in stockholders equity, and cash flows for each of the two years ended December 31, 2005 and 2004, and for the period from October 7, 2003 to December 31, 2003, and our report dated March 15, 2006, expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP
Southfield, Michigan
March 15, 2006

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Origen Financial, Inc.
Consolidated Balance Sheets
(In thousands, except share data)
As of December 31, 2005 and 2004

	2005	2004
ASSETS		
Assets		
Cash and cash equivalents	$ 8,307	$ 9,293
Restricted cash	13,635	9,222
Investments held to maturity	41,914	37,622
Loans receivable, net of allowance for losses of $10,017 and $5,315, respectively	768,410	563,268
Furniture, fixtures and equipment, net	3,558	2,336
Goodwill	32,277	32,277
Other assets	24,902	28,529
Total assets	$ 893,003	$ 682,547
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Warehouse financing	$ 65,411	$ 107,373
Securitization financing	578,503	328,388
Repurchase agreement	23,582	20,153
Notes payable servicing advances	2,212	
Recourse liability	292	6,603
Other liabilities	23,052	16,564
Total liabilities	693,052	479,081
Stockholders Equity		
Preferred stock, $.01 par value, 10,000,000 shares authorized; 125 shares issued and outstanding at December 31, 2005 and December 31, 2004	125	125
Common stock, $.01 par value, 125,000,000 shares authorized; 25,450,726 and 25,215,400 shares issued and outstanding at December 31, 2005 and December 31, 2004, respectively	255	252
Additional paid-in-capital	220,792	219,121
Accumulated other comprehensive income (loss)	907	(1,807)
Unearned stock compensation	(2,426)	(2,790)
Distributions in excess of earnings	(19,702)	(11,435)
Total stockholders equity	199,951	203,466
Total liabilities and stockholders equity	$ 893,003	$ 682,547

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

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Origen Financial, Inc.
Consolidated Statements of Operations
(In thousands, except share data)

	Origen Financial, Inc.			Origen Financial L.L.C.
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003	Period from January 1 through October 7, 2003
Interest Income				
Total interest income	$ 59,391	$ 42,479	$ 7,339	$ 16,398
Total interest expense	28,468	15,020	2,408	11,418
Net interest income before loan losses and impairment	30,923	27,459	4,931	4,980
Provision for credit losses	12,691	7,053	768	4,765
Impairment of purchased loan pool	428			
Net interest income after loan losses and impairment	17,804	20,406	4,163	215
Non-interest income	14,651	11,184	2,880	7,357
Non-interest Expenses				
Personnel	22,550	21,947	3,862	16,344
Loan origination and servicing	1,603	1,354	258	941
Provision for recourse liability	218	3,132		
Write down of residual interest	724	25		5,084
Loss on recourse buyout	792			
State business taxes	369	312	103	18
Other operating	8,858	7,786	1,323	9,113
Total non-interest expense	35,114	34,556	5,546	31,500
NET INCOME (LOSS)	$ (2,659)	$ (2,966)	$ 1,497	$ (23,928)
Weighted average common shares outstanding	24,878,116	21,439,029	15,060,000	NA
Weighted average common shares outstanding, diluted	24,878,116	21,439,029	15,171,364	NA
Earnings (loss) per common share:				
Basic	$ (0.11)	$ (0.14)	$ 0.10	NA
Diluted	$ (0.11)	$ (0.14)	$ 0.10	NA

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

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Origen Financial, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Origen Financial, Inc.			Origen Financial L.L.C.
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003	Period from January 1 through October 7, 2003
Net income (loss)	$ (2,659)	$ (2,966)	$ 1,497	$ (23,928)
Other comprehensive income:				
Net unrealized gain (loss) on interest rate swaps	2,339	(1,874)	(20)	(321)
Reclassification adjustment for net realized (gains) losses included in net income (loss)	375	87		
Total other comprehensive income (loss)	2,714	(1,787)	(20)	(321)
Comprehensive income (loss)	$ 55	$ (4,753)	$ 1,477	$ (24,249)

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

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Origen Financial, Inc.
Consolidated Statements of Changes in Stockholders Equity
(In thousands, except share data)

	Preferred Stock	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Income (loss)	Unearned Stock Compensation	Distributions In Excess Earnings	Total Equity
Origen Financial L.L.C.							
Balance January 1, 2003	$	$	$ 39,106	$	$	$ (28,802)	$ 10,304
Net loss						(23,928)	(23,928)
Interest rate swap valuation				(321)			(321)
Balance October 7, 2003	$	$	$ 39,106	$ (321)	$	$ (52,730)	$ (13,945)
Contribution to Origen Financial, Inc.			(39,106)	321		52,730	13,945
Origen Financial, Inc.							
Balance October 8, 2003	$	$	$	$	$	$	$
Issuance of common stock, net		150	142,066				142,216
Issuance of restricted stock		2	1,223		(1,225)		
Stock award amortization					111		111
Net income						1,497	1,497
Net unrealized gain (loss) on interest rate swaps				(20)			(20)
Cash distribution declared ($0.10)						(1,484)	(1,484)
Balance December 31, 2003	$	$ 152	$ 143,289	$ (20)	$ (1,114)	$ 13	$ 142,320
Issuance of common stock, net		96	72,083				72,179
Issuance of preferred stock, net	125		(38)				87
Issuance of restricted stock		4	4,034		(4,038)		
			(247)		247		

Forfeiture of restricted stock							
Stock award amortization					2,115		2,115
Net loss						(2,966)	(2,966)
Net unrealized gain (loss) on interest rate swaps				(1,874)			(1,874)
Reclassification adjustment for net realized (gains) losses included in net loss				87			87
Cash distribution paid ($0.35)						(8,482)	(8,482)
Balance December 31, 2004	$ 125	$ 252	$ 219,121	$ (1,807)	$ (2,790)	$ (11,435)	$ 203,466
Issuance of restricted stock		3	2,188		(2,191)		
Retirement of restricted stock			(449)				(449)
Forfeiture of restricted stock			(68)		68		
Stock award amortization					2,487		2,487
Net loss						(2,659)	(2,659)
Net unrealized gain (loss) on interest rate swaps				2,339			2,339
Reclassification adjustment for net realized (gains) losses included in net loss				375			375
Cash distribution paid ($0.22)						(5,608)	(5,608)
Balance December 31, 2005	$ 125	$ 255	$ 220,792	$ 907	$ (2,426)	$ (19,702)	$ 199,951

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

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Origen Financial, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Origen Financial, Inc.			Origen Financial L.L.C.
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003	Period from January 1 through October 7, 2003
Cash Flows From Operating Activities				
Net income (loss)	$ (2,659)	$ (2,966)	$ 1,497	$ (23,928)
Adjustments to reconcile net income (loss) to cash used in operating activities:				
Provision for credit losses and recourse liability	12,909	10,185	768	4,765
Impairment of purchased loan pool	428			
Write-down of residual interest	724	25		5,084
Impairment of deferred purchase price receivable		168		
Depreciation and amortization	5,822	5,251	765	2,476
Amortization of unearned stock compensation	2,487	2,114		
Proceeds from sale of loans	761			620
Proceeds from deferred purchase price receivable	312	731	214	735
Increase in other assets	(2,576)	(4,833)	(14,025)	(3,404)
Decrease in recourse liability	(6,529)	(5,269)	(1,872)	(2,708)
Increase in accounts payable and other liabilities	6,488	3,200	3,812	8,718
Net cash provided by (used in) operating activities	18,167	8,606	(8,841)	(7,642)
Cash Flows From Investing Activities				
(Increase) decrease in restricted cash	(4,413)	(3,205)	3,636	(6,874)
Purchase of investment securities	(4,107)	(37,622)		
Origination and purchase of loans	(306,814)	(269,825)	(101,835)	(144,146)
Principal collections on loans	75,571	54,245	11,683	34,201
Proceeds from sale of repossessed houses	12,665	11,942	978	5,083
Capital expenditures	(2,085)	(660)	(127)	(811)
Net cash used in investing activities	(229,183)	(245,125)	(85,665)	(112,547)
Cash Flows From Financing Activities				
Net proceeds from issuance of preferred stock		95		

Net proceeds from issuance of common stock		72,176	141,616	
Retirement of restricted stock	(449)			
Redemption of preferred interests in Origen Securitization Company, LLC			(45,617)	
Repayment of note payable-Sun Home Services			(63,055)	
Proceeds from minority interest investment				43,955
Dividends paid	(5,608)	(9,966)		
Proceeds upon termination of hedging transaction	2,749			
Payment upon termination of hedging transaction	(410)	(1,876)		
Proceeds from securitizations	320,567	368,801		
Repayment of notes payable securitizations	(70,498)	(40,428)		
Proceeds from advances under repurchase agreements	5,243	25,676		28,915

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	Origen Financial, Inc.			Origen Financial L.L.C.
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003	Period from January 1 through October 7, 2003
Repayment of advances under repurchase agreements	(1,814)	(5,523)		(170,000)
Proceeds from warehouse financing	282,591	341,380	75,735	640,824
Repayment of warehouse financing	(324,553)	(507,412)	(11,633)	(422,584)
Change in servicing advances, net	2,212	(4,037)	3,208	
Net cash provided by financing activities	210,030	238,886	100,254	121,110
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(986)	2,367	5,748	921
Cash and cash equivalents, beginning of period	9,293	6,926	1,178	257
Cash and cash equivalents, end of period	$ 8,307	$ 9,293	$ 6,926	$ 1,178
Supplemental disclosures of cash flow information:				
Interest paid	$ 27,381	$ 13,368	$ 2,003	$ 8,312
Non cash financing activities:				
Restricted stock issued as unearned compensation	$ 2,191	$ 3,791	$ 1,225	$
Loans transferred from repossessed assets and held for sale	$ 20,233	$ 22,330	$ 2,534	$ 9,541

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

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The Company was formed on October 8, 2003 with the completion of a private placement of 15,000,000 shares of its common stock. The consolidated statements of operations and cash flows are presented for the years ending December 31, 2005 and 2004, the period from October 8, 2003 through December 31, 2003 and the period from January 1, 2003 through October 7, 2003.

The Company is a Delaware corporation which has elected to be taxed as a real estate investment trust (REIT) commencing with its taxable year ended December 31, 2003. The Company s business is to originate, purchase and service manufactured housing loans. The Company s manufactured housing loans are generally conventionally amortizing loans that generally range in amounts from $10,000 to $250,000 and have terms of seven to thirty years and are located throughout the United States. Currently, most of the Company s activities are conducted through Origen Financial L.L.C., which is a wholly-owned subsidiary. The Company conducts the rest of its business operations through one or more other subsidiaries, including taxable REIT subsidiaries, to take advantage of certain business opportunities and to ensure compliance with the federal income tax rules applicable to REITs.

The Company generally securitizes or places the manufactured housing loans it originates with institutional investors and retains the rights to service the loans on behalf of those investors.

Basis of Financial Statement Presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The accompanying consolidated financial statements include the financial position, results of operations and cash flows of the Company, its wholly-owned qualified REIT and taxable REIT subsidiaries. All significant intercompany amounts have been eliminated. Certain amounts for prior periods have been reclassified to conform with current financial statement presentation.

Revenue Recognition

Interest and origination fee revenue from loans receivable is recognized using the interest method. Certain loan origination costs on loans receivable are deferred and amortized using the interest method over the term of the related loans as a reduction of interest income on loans. The accrual of interest on loans receivable is discontinued at the time a loan is determined to be impaired. Servicing fees are recognized when earned.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, including significant estimates regarding allowances for loan losses, recourse liabilities, impairment of retained interests and goodwill. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents represent short-term highly liquid investments with original maturities of three months or less and include cash and interest bearing deposits at banks. The Company has restricted cash related to loans serviced for others that is held in trust for subsequent payment to the owners of those loans.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies, continued:

Loans Receivable

Loans receivable consist of manufactured housing loans under contracts collateralized by the borrowers manufactured houses and in some instances, related land. All loans receivable are classified as held for investment and are carried at amortized cost, except for loans purchased with evidence of deterioration of credit quality since origination, which are accounted for as described below. Interest on loans is credited to income when earned. Loans receivable include accrued interest and are presented net of deferred loan origination costs and an allowance for estimated loan losses.

Allowance for Credit Losses

The allowance for possible credit losses is maintained at a level believed adequate by management to absorb losses on loans in the Company s loan portfolio. In accordance with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, the Company provides an accrual for loan losses when it is probable that a loan asset has been impaired and the amount of such loss can be reasonably estimated. The Company s loan portfolio is comprised of homogenous manufactured housing loans with average loan balances of less than $50,000. The allowance for credit losses is developed at a portfolio level and the amount of the allowance is determined by applying a probability weighting to a calculated range of losses. A range of probable losses is calculated by applying historical loss rate factors to the loan portfolio on a stratified basis using the Company s current portfolio performance and delinquency levels (0-30 days, 31-60 days, 61-90 days and more than 90 days delinquent) and by the extrapolation of probable loan impairment based on the correlation of historical losses by vintage year of origination. Based on Financial Accounting Standards Board Interpretation No. 14, Reasonable Estimation of the Amount of a Loss an interpretation of FASB Statement No. 5, the Company then makes a determination of the best estimate within the calculated range of credit losses. Such determination may include, in addition to historical charge-off experience, the impact of changed circumstances on current impairment of the loan portfolio. The accrual of interest is discontinued when a loan becomes more than 90 days past due. Cash receipts on impaired loans are applied first to accrued interest and then to principal. Impaired loans, or portions thereof, are charged off when deemed uncollectible. The allowance for credit losses represents an unallocated allowance. There are no elements of the allowance allocated to specific individual loans or to impaired loans.

Investment Securities

Except for debt securities acquired with evidence of deterioration of credit quality since origination, which are accounted for as described below, the Company follows the provisions of Statement of Financial Accounting Standards No. 115 (SFAS 115), Accounting For Certain Investments in Debt and Equity Securities, in reporting its investments. The securities are classified as held-to-maturity and are carried on the Company s balance sheet at amortized cost. The securities are regularly measured for impairment through the use of a discounted cash flow analysis based on the historical performance of the underlying loans that collateralize the securities. If it is determined that there has been a decline in fair value below amortized cost and the decline is other-than-temporary, the cost basis of the security is written down to fair value as a new cost basis and the amount of the write-down is included in earnings.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies, continued:

Loan Pools and Debt Securities Acquired with Evidence of Deterioration of Credit Quality

The Company accounts for loan pools and debt securities acquired with evidence of deterioration of credit quality at the time of acquisition in accordance with the provisions of the American Institute of Certified Public Accountants (AICPA) Practice Bulletin 6 (PB 6), Amortization of Discounts on Certain Acquired Loans, as well as the AICPA s Statement of Position 03-3 (SOP 03-3), Accounting for Certain Loans or Debt Securities Acquired in a Transfer . The carrying values of such purchased loan pools and debt securities were approximately $35.1 million and $8.6 million, respectively, at December 31, 2005 and $40.1 million and $2.8 million, respectively, at December 31, 2004, and are included in loans receivable and investments held to maturity, respectively, in the consolidated balance sheet.

The Company adopted the provisions of SOP 03-3 in January 2005 and applies those provisions to loan pools and debt securities acquired after December 31, 2004. The provisions of SOP 03-3 that relate to decreases in expected cash flows amend PB 6 for consistent treatment and apply prospectively to receivables acquired before January 1, 2005. Purchased loans and debt instruments acquired before January 1, 2005 will continue to be accounted for under PB 6, as amended, for provisions related to decreases in expected cash flows.

Under the provisions of SOP 03-3, each static pool of loans and debt securities is statistically modeled to determine its projected cash flows. The Company considers historical cash collections for loan pools and debt securities with similar characteristics as well as expected prepayments and estimates the amount and timing of undiscounted expected principal, interest and other cash flows for each pool of loans and debt security. An internal rate of return is calculated for each static pool of receivables based on the projected cash flows and applied to the balance of the static pool. The resulting revenue recognized is based on the internal rate of return applied to the remaining balance of each static pool of accounts. Each static pool is analyzed at least quarterly to assess the actual performance compared to the expected performance. To the extent there are differences in actual performance versus expected performance, the internal rate of return is adjusted prospectively to reflect the revised estimate of cash flows over the remaining life of the static pool. Beginning January 2005, if revised cash flow estimates are less than the original estimates, SOP 03-3 requires that the internal rate of return remain unchanged and an immediate impairment be recognized. For loans acquired with evidence of deterioration of credit quality, if cash flow estimates increase subsequent to recording an impairment, SOP 03-3 requires reversal of the previously recognized impairment before any increases to the internal rate of return are made. For any remaining increases in estimated future cash flows for loan pools or debt securities acquired with evidence of deterioration of credit quality, the Company adjusts the amount of accretable yield recognized on a prospective basis over the remaining life of the loan pool or debt security.

Application of the interest method of accounting requires the use of estimates to calculate a projected internal rate of return for each pool. These estimates are based on historical cash collections. If future cash collections are materially different in amount or timing than projected cash collections, earnings could be affected, either positively or negatively. Higher collection amounts or cash collections that occur sooner than projected cash collections will have a favorable impact on yields and revenues. Lower collection amounts or cash collections that occur later than projected cash collections will have an unfavorable impact and result in an immediate impairment being recognized.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies, continued:

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost less accumulated depreciation. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	7 years
Computers	5 years
Software	3 years
Leasehold improvements	Shorter of useful life or lease term

Goodwill

The Company has recorded goodwill in connection with the acquisition of Origen Financial L.L.C. at the time of the formation transaction on October 8, 2003. The net assets acquired were recorded at fair value, which resulted in goodwill of $32.3 million. Goodwill represents the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. SFAS 142, Goodwill and Other Intangible Assets, requires the Company to test its recorded goodwill for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For purposes of testing impairment, the Company has determined that it is a single reporting unit and the goodwill was allocated accordingly. The initial and ongoing estimate of the fair value of the Company is based on assumptions and projections prepared by the Company. This amount is then compared to the net book value of the Company. If the estimated fair value is less than the carrying amount of the goodwill, then an impairment charge is recorded to reduce the asset to its estimated fair value. No impairment was recorded in 2005 or 2004.

Other Assets

Other assets are comprised of prepaid expenses, deferred financing costs, servicing rights, repossessed houses, retained interests in loan securitizations and other miscellaneous receivables. Prepaid expenses are amortized over the expected service period. Deferred financing costs are capitalized and amortized over the life of the corresponding obligation.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies, continued:

Servicing Rights

The Company recognizes the fair value of loan servicing rights purchased or on loans originated and sold, by recognizing a separate servicing asset or liability. Management is required to make complex judgments when establishing the assumptions used in determining fair values of servicing assets. The fair value of servicing assets is determined by calculating the present value of estimated future net servicing cash flows, using assumptions of prepayments, defaults, servicing costs and discount rates that the Company believes market participants would use for similar assets. These assumptions are reviewed on a monthly basis and changed based on actual and expected performance.

The Company stratifies its servicing assets based on the predominant risk characteristics of the underlying loans, which are loan type, interest rate and loan size. Servicing assets are amortized in proportion to and over the expected servicing period.

The carrying amount of loan servicing rights is assessed for impairment by comparison to fair value and a valuation allowance is established through a charge to earnings in the event the carrying amount exceeds the fair value. Fair value is estimated based on the present value of expected future cash flows and periodically by independent appraisal. There was no valuation allowance recognized at December 31, 2005 or 2004. Loan servicing rights are included in other assets in the consolidated balance sheet.

Repossessed Houses

Manufactured houses acquired through foreclosure or similar proceedings are recorded at the lesser of the related loan balance or the estimated fair value of the house. The balance of repossessed houses was approximately $3.5 million and $3.4 million as of December 31, 2005 and 2004, respectively, and is included in other assets in the consolidated balance sheet.

Retained Interests in Loan Securitizations

Retained interests are carried at estimated fair value, which is determined by discounting the projected cash flows over the expected life of the receivables sold, using the Company s current prepayment, default, loss and interest rate assumptions. Changes in the fair value of retained interests are recorded as a component of other comprehensive income unless there has been a decline in value that is other than temporary. Under current accounting rules (pursuant to Emerging Issues Task Force Consensus Number 99-20) declines in value of the Company s retained interests are considered other than temporary and recognized in earnings when the timing and/or amount of cash expected to be received has changed adversely from the previous valuation which determined the carrying value of the retained interest. When declines in value occur that are considered to be other than temporary, the amortized cost is reduced to fair value and a loss is recognized in the statement of operations. The assumptions used to determine new values are based on internal evaluations and consultations with independent advisors having significant experience in valuing such retained interests. As of December 31, 2005 and 2004 retained interests in loan securitizations amounted to $0 and approximately $724,000, respectively, and are included in other assets in the consolidated balance sheet.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies, continued:

Derivative Financial Instruments

The Company has periodically used derivative instruments, including forward sales of U.S. Treasury securities, U.S. Treasury rate locks and forward interest rate swaps to mitigate interest rate risk related to the company s loans receivable and anticipated securitizations. The Company follows the provisions of SFAS 133. All derivatives are recorded on the balance sheet at fair value. On the date a derivative contract is entered into, the Company designates the derivative as a hedge of either a forecasted transaction or the variability of cash flow to be paid (cash flow hedge). Changes in the fair value of a derivative that is qualified, designated and highly effective as a cash flow hedge are recorded in other comprehensive income until earnings are affected by the forecasted transaction or the variability of cash flow and are then reported in current earnings. Any ineffectiveness is recorded in current earnings.

The Company has formally documented all relationships between hedging instruments and hedged items, as well as the risk-management objectives and strategy for undertaking the hedge transaction. This process includes linking cash flow hedges to specific forecasted transactions or variability of cash flow.

The Company also formally assesses, both at the hedge s inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, we discontinue hedge accounting prospectively, in accordance with SFAS 133.

Derivative financial instruments that do not qualify for hedge accounting are carried at fair value and changes in fair value are recognized currently in earnings.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies, continued:

Per Share Data

Basic earnings per share (EPS) is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS incorporates the potential dilutive effect of common stock equivalents outstanding on an average basis during the period. Dilutive common shares primarily consist of employee stock options and restricted common stock. The effects of the exercise of options, warrants, conversion of convertible securities or restricted common stock have not been included in diluted loss per share for the years ended December 31, 2005 and 2004 as their effect would have been anti-dilutive. The following table presents a reconciliation of basic and diluted EPS for the periods presented (in thousands, except earnings per share):

	Origen Financial, Inc.			Origen Financial L.L.C
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003	Period from January 1 through October 7, 2003
Numerator:				
Net income (loss)	$ (2,659)	$ (2,966)	$ 1,497	N/A
Preferred stock dividends	(16)	(16)		
Income (loss) available to common shareholders	$ (2,675)	$ (2,982)	$ 1,497	N/A
Denominator:				
Weighted average common shares for basic EPS	24,878,116	21,439,029	15,060,000	N/A
Effect of dilutive securities:				
Weighted avg. restricted stk. awards			111,364	N/A
Weighted average common shares for diluted EPS	24,878,116	21,439,029	15,171,364	N/A
Basic EPS	$ (0.11)	$ (0.14)	$ 0.10	N/A
Diluted EPS	$ (0.11)	$ (0.14)	$ 0.10	N/A

Had the Company recognized net income for the years ended December 31, 2005 and 2004, incremental shares attributable to non-vested common stock awards would have increased diluted shares by approximately 390,000 and 164,000 for the years ended December 31, 2005 and 2004, respectively.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies, continued:

Stock Options

As allowed under the provisions of SFAS No. 123, Accounting for Stock-Based Compensation, as amended, the Company has chosen to continue to recognize compensation expense using the intrinsic value-based method of valuing stock options prescribed in APB No. 25, Accounting for Stock Issued to Employees and related interpretations. Under the intrinsic value-based method, compensation cost is measured as the amount by which the quoted market price of the Company s stock at the date of grant exceeds the stock option exercise price. All options granted by the Company have been granted at a fixed price not less than the market value of the underlying common stock on the date of grant and, therefore, were not included in compensation expense as allowed by current US GAAP. The value of the restricted stock awards issued by the Company have been reflected in compensation expense.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation for the periods presented (in thousands, except per share data):

	Origen Financial, Inc.			Origen Financial L.L.C
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003	Period from January 1 through October 7, 2003
Net income (loss) available to common shareholders	$ (2,675)	$ (2,982)	$ 1,497	N/A
Stock option compensation cost	21	21	2	N/A
Pro forma net income available to common shareholders	$ (2,696)	$ (3,003)	$ 1,495	N/A
Basic income (loss) per share as reported	$ (0.11)	$ (0.14)	$ 0.10	N/A
Pro forma basic income (loss) per share	$ (0.11)	$ (0.14)	$ 0.10	N/A
Diluted income (loss) per share as reported	$ (0.11)	$ (0.14)	$ 0.10	N/A
Pro forma diluted income (loss) per share	$ (0.11)	$ (0.14)	$ 0.10	N/A

Advertising Expense

Advertising costs are expensed as incurred. Advertising expenses were approximately $270,000 and $477,000 for the years ended December 31, 2005 and 2004, respectively.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies, continued:

Recent Accounting Pronouncements

Accounting for Share-Based Payments

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payment, that addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise s equity instruments or that may be settled by the issuance of such equity instruments. Under the FASB s statement, all forms of share-based payments to employees, including employee stock options, must be treated the same as other forms of compensation by recognizing the related cost in the income statement. The expense of the award would generally be measured at fair value at the grant date. Previous accounting guidance required that the expense relating to so-called fixed plan employee stock options only be disclosed in the footnotes to the financial statements. The statement eliminates the ability to account for share-based compensation transactions using Accounting Principles Board Opinion (APB) No. 25, Accounting for Stock Issued to Employees for options granted after June 15, 2005. On April 14, 2005, the SEC announced it would permit companies to implement SFAS No. 123(R) at the beginning of their next fiscal year. The Company plans to adopt the new rules reflected in SFAS No. 123(R) using the modified-prospective method effective January 1, 2006. Management has determined that the impact of the adoption of SFAS No. 123(R) will not have a material effect on the Company s financial position or results of operations.

Accounting Changes and Error Corrections

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections a replacement of APB Opinion No. 20 and FASB Statement No. 3 . This statement replaces APB No. 20, Accounting Changes , and SFAS No. 3, Reporting Accounting Changes in Interim Financial Statements, and changes the requirements for the accounting for and reporting of a change in accounting principle. The statement applies to all voluntary changes in accounting principles. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. The statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Management believes that the impact of adoption of SFAS No. 154 will not have a material effect on the Company s financial position or results of operations.

Note 2 Company Formation

The Company was incorporated on July 31, 2003. On October 8, 2003, the Company completed a private placement of $150 million of its common stock to certain institutional and accredited investors. In connection with and as a condition to the October 2003 private placement, the Company acquired all of the equity interests of Origen Financial L.L.C. in a transaction accounted for as a purchase. As part of these transactions the Company took steps to qualify Origen Financial, Inc. as a REIT. Currently, most of the Company s activities are conducted through Origen Financial L.L.C., which is a wholly owned subsidiary. The Company conducts the rest of its business operations through one or more other subsidiaries, including taxable REIT subsidiaries, to take advantage of certain business opportunities and ensure that the Company complies with the federal income tax rules applicable to REITs.

Note 3 Investments

Except for debt securities acquired with evidence of deterioration of credit quality since origination, which are accounted for under the provisions of the American Institute of Certified Public Accountants (AICPA) Statement of Position 03-3 (SOP 03-3), Accounting for Certain Loans or Debt Securities Acquired in a Transfer, the

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Company follows the provisions of Statement of Financial Accounting Standards No. 115 (SFAS 115), Accounting For Certain Investments in Debt and Equity Securities, in reporting its investments. The Company s investments consisted of three asset backed securities with principal amounts of $32.0 million, $6.8 million and $8.6 million, respectively, at December 31, 2005, and $32.0 million, $3.1 million and $6.1 million, respectively, at December 31, 2004. The securities are collateralized by manufactured housing loans and are classified as held-to-maturity. They have contractual maturity dates of July 28, 2033, December 28, 2033 and December 28, 2033, respectively. The securities are carried on the Company s balance sheet at an amortized cost of $41.9 million and $37.6 million at December 31, 2005 and 2004, respectively, which approximates their fair value. As prescribed by the provisions of SFAS 115 the Company has both the intent and ability to hold the securities to maturity. The securities will not be sold in response to changing market conditions, changing fund sources or terms, changing availability and yields on alternative investments or other asset liability management reasons. The securities are regularly measured for impairment through the use of a discounted cash flow analysis based on the historical performance of the underlying loans that collateralize the securities. If it is determined that there has been a decline in fair value below amortized cost and the decline is other-than temporary, the cost basis of the security is written down to fair value as a new cost basis and the amount of the write-down is included in earnings. No impairment was recorded in 2005 or 2004. The carrying value of debt securities accounted for under the provisions of SOP 03-3 was approximately $8.6 million at December 31, 2005. See Note 5 Loans and Debt Securities Acquired with Evidence of Deterioration of Credit Quality for further discussion.

Note 4 Loans Receivable

The carrying amounts and fair value of loans receivable consisted of the following at December 31 (in thousands):

		2005	2004
Manufactured housing loans	securitized	$ 695,701	$ 401,995
Manufactured housing loans	unsecuritized	85,949	170,978
Accrued interest receivable		4,078	3,285
Deferred fees		(2,100)	(3,100)
Discount on purchased loans		(4,773)	(4,575)
Allowance for purchased loans		(428)	
Allowance for loan loss		(10,017)	(5,315)
		$ 768,410	$ 563,268

The following table sets forth the average per loan balance, weighted average loan yield, and weighted average initial term at December 31 (dollars in thousands):

	2005	2004
Number of loans receivable	17,277	13,358
Average loan balance	$ 45	$ 43
Weighted average loan yield	9.56%	9.86%
Weighted average initial term	20 years	20 years

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 4 Loans Receivable, continued:

The following table sets forth the concentration by state of the manufactured housing loan portfolio at December 31 (dollars in thousands):

	2005		2004	
	Principal	Percent	Principal	Percent
California	$ 225,675	28.9%	$ 137,514	24.1%
Texas	87,018	11.1%	74,381	13.0%
New York	46,501	6.0%	32,142	5.6%
Michigan	36,933	4.7%	35,372	6.2%
Alabama	29,288	3.8%	23,868	4.2%
Georgia	26,938	3.4%	22,580	4.0%
Other	329,297	42.1%	247,116	42.9%
Total	$ 781,650	100.0%	$ 572,973	100.0%

The following table sets forth the number and value of loans for various original terms for the manufactured housing loan portfolio at December 31 (dollars in thousands):

	2005		2004	
Original Term In Years	Number of Loans	Principal Balance	Number of Loans	Principal Balance
5 or less	17	$ 145	8	$ 90
6-10	1,420	28,119	1,048	20,422
11-12	181	4,382	123	2,796
13-15	4,551	135,319	3,403	97,296
16-20	8,450	454,556	6,258	314,015
21-25	1,111	51,386	1,238	56,373
26-30	1,547	107,743	1,280	81,981
Total	17,277	$ 781,650	13,358	$ 572,973

Delinquency statistics for the manufactured housing loan portfolio are as follows at December 31 (dollars in thousands):

	2005			2004		
Days Delinquent	No. of Loans	Principal Balance	% of Portfolio	No. of Loans	Principal Balance	% of Portfolio
31-60	215	$8,182	1.0%	146	$5,253	0.9%
61-90	68	2,561	0.3%	80	3,014	0.5%
Greater than 90	192	7,480	1.0%	195	7,637	1.3%

The Company defines non-performing loans as those loans that are greater than 90 days delinquent in contractual principal payments. For the years ended December 31, 2005 and 2004, the average total outstanding principal balance of non-performing loans was approximately $6.9 million and $6.8 million respectively.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 5 Loan Pools and Debt Securities Acquired with Evidence of Deterioration of Credit Quality

The Company has loan pools and debt securities that were acquired, for which there was at acquisition, evidence of deterioration of credit quality, and for which it was probable, at acquisition, that all contractually required payments would not be collected. These loan pools and debt securities are accounted for under the provisions of the American Institute of Certified Public Accountants (AICPA) Statement of Position 03-3 (SOP 03-3), Accounting for Certain Loans or Debt Securities Acquired in a Transfer.

Loan Pools Acquired with Evidence of Deterioration of Credit Quality

The carrying amount of loan pools acquired with evidence of deterioration of credit qualify was as follows at December 31, 2005 (in thousands):

	2005
Outstanding balance	$38,933
Carrying amount, net of allowance of $428	35,149

Accretable yield represents the excess of expected future cash flows over the remaining carrying value of the purchased portfolio, which is recognized as interest income on a level-yield basis over the life of the loan portfolio. Nonaccretable difference represents the difference between the remaining expected cash flows and the total contractual obligation outstanding of the purchased receivables. Changes in accretable yield for the year ended December 31, 2005 were as follows (in thousands):

	2005
Beginning balance	$ 17,674
Accretion	(3,269)
Additions due to purchases during the period	1,375
Reclassifications from non-accretable yield	364
Ending balance	$ 16,144

During the year ended December 31, 2005, the Company increased the allowance by a charge to the income statement of approximately $428,000. No allowances were reversed in 2005.

Loans acquired during the year ended December 31, 2005 for which it was probable at acquisition that all contractually required payments would not be collected are as follows (in thousands):

	2005
Contractually required payments receivable at acquisition	$ 5,129
Cash flows expected to be collected at acquisition	2,962
Basis in acquired loans at acquisition	1,586

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 5 Loan Pools and Debt Securities Acquired with Evidence of Deterioration of Credit Quality, continued:

Debt Securities Acquired with Evidence of Deterioration of Credit Quality

The carrying amount of debt securities acquired with evidence of deterioration of credit quality was as follows at December 31, 2005 (in thousands):

	2005
Outstanding balance	$8,550
Carrying amount, net	3,740

Accretable yield represents the excess of expected future cash flows over the remaining carrying value of the debt securities, which is recognized as interest income on a level-yield basis over the life of the debt securities. Nonaccretable difference represents the difference between the remaining expected cash flows and the total contractual obligation outstanding of the debt securities. Changes in accretable yield for the year ended December 31, 2005 were as follows (in thousands):

	2005
Beginning balance	$ 7,834
Accretion	(664)
Additions due to purchases during the period	3,173
Reclassifications from non-accretable yield	(14)
Ending balance	$ 10,329

Debt securities acquired during the year ended December 31, 2005 for which it was probable at acquisition that all contractually required payments would not be collected are as follows (in thousands):

	2005
Contractually required payments receivable at acquisition	$4,999
Cash flows expected to be collected at acquisition	4,129
Basis in acquired loans at acquisition	956

Note 6 Allowance for Credit Losses and Recourse Liability

The allowance for credit losses and related additions and deductions to the allowance were as follows (in thousands):

	Origen Financial, Inc.			Origen Financial L.L.C
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003	Period from January 1 through October 7, 2003
Balance at beginning of period	$ 5,315	$ 3,614	$ 3,509	$ 2,743
Provision for loan losses	12,691	7,053	768	4,765
Transfers from recourse liability	2,036	5,195	1,486	2,125

Gross charge-offs	(20,769)	(19,385)	(3,290)	(10,942)
Recoveries	10,744	8,838	1,141	4,818
Balance at end of period	$ 10,017	$ 5,315	$ 3,614	$ 3,509

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 6 Allowance for Credit Losses and Recourse Liability, continued:

The recourse liability and related additions and transfers out of the recourse liability were as follows (in thousands):

	Origen Financial, Inc.			Origen Financial L.L.C
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003	Period from January 1 through October 7, 2003
Balance at beginning of period	$ 6,603	$ 8,740	$ 10,612	$ 13,320
Termination of Vanderbilt recourse	(4,491)			
Provision for recourse liabilities	218	3,132		
Reimbursements for losses per recourse agreements	(2)	(74)	(386)	(583)
Transfers to allowance for credit losses	(2,036)	(5,195)	(1,486)	(2,125)
Balance at end of period	$ 292	$ 6,603	$ 8,740	$ 10,612

During July 2005, Origen negotiated a buy-out of its recourse obligation with Vanderbilt Mortgage and Finance, Inc. (Vanderbilt). At the time of the buy-out the remaining principal balance and recourse liability related to the loans sold to Vanderbilt was approximately $40.7 million and $4.5 million, respectively. The buy-out, which eliminated all loan recourse with Vanderbilt, was consummated on July 26, 2005, and resulted in a charge against earnings of approximately $0.8 million. The remaining principal balance of loans sold with recourse at December 31, 2005 was $4.6 million versus $51.5 million at December 31, 2004, a decrease of 91.1%.

Note 7 Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are summarized as follows at December 31 (in thousands):

	2005	2004
Furniture and fixtures	$ 1,666	$ 1,523
Leasehold improvements	763	253
Computer equipment	1,087	922
Capitalized software	1,229	544
	4,745	3,242
Less: accumulated depreciation	1,187	906
Balance at end of period	$ 3,558	$ 2,336

Depreciation expense was approximately $864,000, $804,000, $208,000 and $703,000 for the years ended December 31, 2005 and 2004 and for the periods ended December 31, 2003 and October 7, 2003, respectively.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 8 Servicing Rights

Changes in servicing rights are summarized as follows (in thousands):

	Origen Financial, Inc.			Origen Financial L.L.C.
	Year Ended December 31, 2005	Year Ended December 31, 2004	Period from October 8 through December 31, 2003	Period from January 1 through October 7, 2003
Balance at beginning of period	$ 4,097	$ 5,131	$ 5,892	$ 7,327
Loan portfolio repurchased			(494)	
Write down to market value				(434)
Amortization	(994)	(1,034)	(267)	(1,001)
Balance at end of period	$ 3,103	$ 4,097	$ 5,131	$ 5,892

The Company services the manufactured housing loans it originates and holds in its loan portfolio as well as manufactured housing loans it originated and securitized or sold with the servicing rights retained. The principal balances of manufactured housing loans serviced totaled approximately $1.6 billion, $1.4 billion, $1.3 billion and $1.2 billion at December 31, 2005, December 31, 2004, December 31, 2003 and October 7, 2003, respectively. Loan servicing rights are included in other assets in the consolidated balance sheet.

Note 9 Derivatives

During 2005 and 2004 the Company entered into six forward starting interest rate swaps for the purpose of locking in the designated benchmark interest rate on portions of forecasted securitization transactions. The Company designated the swaps as cash flow hedges for accounting purposes. A rise in rates during the period between the time that the Company entered into the swaps and the commencement of the planned securitization would increase the Company s borrowing cost in the securitization, but this increase would be offset by the increased value in the right to pay a lower fixed rate during the term of the securitized transaction. Details of the six forward starting interest rate swaps entered into by the Company during 2005 and 2004 are as follows:

In February 2005, the Company entered into a forward starting interest rate swap for the purpose of locking in the designated benchmark interest rate, in this case LIBOR, on a portion of its planned 2005-A securitization transaction completed in May 2005. Under the terms of the swap the Company paid a fixed rate of 4.44% and received a floating rate equal to the one month LIBOR rate on a beginning notional balance of $132.9 million. The cost to terminate this hedge in May 2005 was approximately $410,000. The unamortized portion of the swap approximates a liability of $361,000 at December 31, 2005. Amortization for the year ended December 31, 2005 related to the swaps was approximately $49,000. Amortization over the next twelve months is expected to be approximately $64,000.

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Origen Financial, Inc.
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Note 9 Derivatives, continued:

In May 2005 and September 2005, the Company entered into four forward starting interest rate swaps for the purpose of locking in the designated benchmark interest rate, in this case LIBOR, on a portion of its planned 2005-B securitization transaction completed in December 2005. These hedging transactions were structured at inception to meet the criteria set forth in SFAS 133 in order to allow the Company to assume that no ineffectiveness exists. As a result, all changes in the fair value of the derivatives were included in other comprehensive income and began to be amortized over the expected life of the related securitization transaction upon commencement of the planned securitization transaction. Under the terms of the swaps the Company paid fixed rates of 4.21%, 4.47%, 4.37% and 4.12% and received a floating rate equal to the one month LIBOR rate on beginning notional balances of $53.0 million, $47.0 million, $17.0 million and $14.0 million, respectively. As a result of the termination of the hedges during December 2005 the Company received approximately $2.7 million. The unamortized portion of these four swaps approximates $2.7 million at December 31, 2005. Amortization for the year ended December 31, 2005 related to these four swaps was approximately $13,000. Amortization over the next twelve months is expected to be approximately $431,000.

In August 2004, the Company entered into a forward starting interest rate swap for the purpose of locking in the designated benchmark interest rate, in this case LIBOR, on a portion of its planned 2004-A securitization transaction completed in September 2004. Under the terms of the swap the Company paid a fixed rate of 4.15% and received a floating rate equal to the one month LIBOR rate on a beginning notional balance of $170.0 million. The cost to terminate this hedge in September 2004 was approximately $1.9 million. The unamortized portion of the swap approximates $1.5 million and $1.8 million at December 31, 2005 and 2004, respectively. Amortization for the years ended December 31, 2005 and 2004, related to the swaps was approximately $338,000 and $69,000, respectively. Amortization over the next twelve months is expected to be approximately $352,000.

Additionally, in conjunction with the loan funding facility with Citigroup, the Company previously entered into six interest rate swap agreements in an effort to manage interest rate risk on its floating rate notes payable. The interest rate swaps expired on April 12, 2004. The interest rate swaps were structured to be hedges against changes in the benchmark interest rate, in this case LIBOR, of the floating rate notes. The swaps were designated as hedges for accounting purposes. The hedges were highly effective and had a minimal impact on the results of operations.

At December 31, 2005 and 2004, the Company had no open derivative positions.

Note 10 Loan Securitizations

Periodically the Company securitizes manufactured housing loans. The Company records each transaction based on its legal structure. Under the current legal structure of the securitization program, the Company exchanges manufactured housing loans it originates and purchases with a trust for cash. The trust then issues ownership interests to investors in asset-backed bonds secured by the loans.

The Company structured all loan securitizations occurring prior to 2003 as loan sales and all loan securitizations in 2004 and later as financings for accounting purposes. When securitizations are structured as financings no gain or loss is recognized, nor is any allocation made to residual interests or servicing rights. Rather, the loans securitized continue to be carried by the Company as assets, and the asset-backed bonds secured by the loans are carried as a liability. Additionally, all of the 2005 and 2004 securitizations were structured to issue classes of bonds with different estimated maturity dates and average lives in order to better meet investor demands.

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Origen Financial, Inc.
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Note 10 Loan Securitizations, continued:

On May 12, 2005, the Company completed a securitized financing transaction for approximately $190.0 million in principle balance of manufactured housing loans, which was funded by issuing bonds of approximately $165.3 million, at a duration-weighted average interest cost of 5.30%. Net proceeds from the transaction totaled approximately $165.3 million, of which approximately $156.2 million was used to reduce the aggregate balances of notes outstanding under the Company s short-term securitization facility.

On December 15, 2005, the Company completed a securitized financing transaction for approximately $175.0 million in principle balance of manufactured housing loans, which was funded by issuing bonds of approximately $156.2 million, at a duration-weighted average interest cost of 6.15%. Net proceeds from the transaction totaled approximately $155.3 million, of which approximately $148.4 million was used to reduce the aggregate balances of notes outstanding under the Company s short-term securitization facility.

On February 11, 2004, the Company completed a securitized financing transaction for approximately $238.0 million in principle balance of manufactured housing loans, which was funded by issuing bonds of approximately $200.0 million, at a duration-weighted average interest cost of 5.12%. Net proceeds from the transaction totaled approximately $199.2 million, of which approximately $176.7 million was used to reduce the aggregate balances of notes outstanding under the Company s short-term securitization facility.

On September 29, 2004, the Company completed a securitized financing transaction for approximately $200.0 million in principle balance of manufactured housing loans, which was funded by issuing bonds of approximately $169.0 million, at a duration-weighted average interest cost of 5.27%. Net proceeds from the transaction totaled approximately $168.2 million, of which approximately $143.6 million was used to reduce the aggregate balances of notes outstanding under the Company s short-term securitization facility.

The total principal balance of loans serviced by the Company and which the Company has previously securitized and accounted for as a sale was approximately $150.3 million and $176.8 million at December 31, 2005 and 2004, respectively. Delinquency statistics (including repossessed inventory) on those loans are as follows at December 31 (dollars in thousands):

	2005			2004		
Days delinquent	No. of Loans	Principal Balance	% of Portfolio	No. of Loans	Principal Balance	% of Portfolio
31-60	93	$3,605	2.4%	125	$ 4,988	2.8%
61-90	43	1,658	1.1%	57	2,149	1.2%
Greater than 90	203	8,895	5.9%	237	10,708	6.1%

Note 11 Debt

Total debt outstanding was as follows at December 31 (in thousands):

	2005	2004
Warehouse financing	$ 65,411	$ 107,373
Securitization financing	578,503	328,388
Repurchase agreements	23,582	20,153
Notes payable servicing advances	2,212	
	$ 669,708	$ 455,914

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 11 Debt, continued:

Warehouse Financing Citigroup - The Company, through its operating subsidiary Origen Financial L.L.C., currently has a short term securitization facility used for warehouse financing with Citigroup Global Markets Realty Corporation (Citigroup). Under the terms of the agreement, originally entered into in March 2003 and amended periodically, most recently in April 2005, the Company pledges loans as collateral and in turn is advanced funds. The facility has a maximum advance amount of $200 million, an advance rate equal to approximately 85% of the unpaid principal balance of the pool of loans pledged and an annual interest rate equal to LIBOR plus a spread. Additionally, the facility includes a $15 million supplemental advance amount that is collateralized by the Company s residual interests in the 2004-A, 2004-B, 2005-A and 2005-B securitizations. The facility matures on March 23, 2006. The outstanding balance on the facility was approximately $65.4 million and $107.4 million at December 31, 2005 and 2004, respectively. It is anticipated that the facility will be renewed with terms no less favorable than the current terms. At December 31, 2005 all financial covenants were met.

Securitization Financing 2004-A Securitization - On February 11, 2004, the Company completed a securitization of approximately $238.0 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $200.0 million in notes payable. The notes are stratified into six different classes and pay interest at a duration-weighted average rate of approximately 5.12%. The notes have a contractual maturity date of October 2013 with respect to the Class A-1 notes; August 2017, with respect to the Class A-2 notes; December 2020, with respect to the Class A-3 notes; and January 2035, with respect to the Class A-4, Class M-1 and Class M-2 notes. The outstanding balance on the 2004-A securitization notes was approximately $138.3 million and $167.9 million at December 31, 2005 and 2004, respectively.

Securitization Financing 2004-B Securitization On September 29, 2004, the Company completed a securitization of approximately $200.0 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $169.0 million in notes payable. The notes are stratified into seven different classes and pay interest at a duration-weighted average rate of approximately 5.27%. The notes have a contractual maturity date of June 2013 with respect to the Class A-1 notes; December 2017, with respect to the Class A-2 notes; August 2021, with respect to the Class A-3 notes; and November 2035, with respect to the Class A-4, Class M-1, Class M-2 and Class B-1 notes. The outstanding balance on the 2004-B securitization notes was approximately $136.2 million and $141.8 million at December 31, 2005 and 2004, respectively.

Securitization Financing 2005-A Securitization - On May 12, 2005, the Company completed a securitization of approximately $190.0 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $165.3 million in notes payable. The notes are stratified into seven different classes and pay interest at a duration-weighted average rate of approximately 5.30%. The notes have a contractual maturity date of July 2013 with respect to the Class A-1 notes; May 2018, with respect to the Class A-2 notes; October 2021, with respect to the Class A-3 notes; and June 2036, with respect to the Class A-4, Class M-1, Class M-2 and Class B notes. The outstanding balance on the 2005-A securitization notes was approximately $150.5 million at December 31, 2005.

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Origen Financial, Inc.
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Note 11 Debt, continued:

Securitization Financing 2005-B Securitization December 15, 2005, the Company completed a securitization of approximately $175.0 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $156.2 million in notes payable. The notes are stratified into eight different classes and pay interest at a duration-weighted average rate of approximately 6.15%. The notes have a contractual maturity date of February 2014 with respect to the Class A-1 notes; December 2018, with respect to the Class A-2 notes; May 2022, with respect to the Class A-3 notes; and January 2037, with respect to the Class A-4, Class M-1, Class M-2 , Class B-1 and B-2 notes. The outstanding balance on the 2005-B securitization notes was approximately $153.5 million at December 31, 2005.

Repurchase Agreements Citigroup - The Company has entered into four repurchase agreements with Citigroup. Three of the repurchase agreements are for the purpose of financing the purchase of investments in three asset backed securities with principal balances of $32.0 million, $3.1 million and $3.7 million respectively. The fourth repurchase agreement is for the purpose of financing the Company s residual interest in the 2004-B securitization with a principal balance of $4.0 million. Under the terms of the agreements the Company sells its interest in the securities with an agreement to repurchase them at a predetermined future date at the principal amount sold plus an interest component. The securities are financed at an amount equal to 75% of their current market value as determined by Citigroup. Typically the repurchase agreements are rolled over for 30 day periods when they expire. The annual interest rates on the agreements are equal to LIBOR plus a spread. The repurchase agreements had outstanding principal balances of approximately $16.8 million, $1.7 million, $2.1 million and $3.0 million, respectively, at December 31, 2005, and $18.4 million, $1.8 million, $0 and $0, respectively, at December 31, 2004.

Notes Payable Servicing Advances JPMorgan Chase Bank, N.A. The Company currently has a revolving credit facility with JPMorgan Chase Bank, N.A. Under the terms of the facility the Company can borrow up to $5.0 million for the purpose of funding required principal and interest advances on manufactured housing loans that are serviced for outside investors. Borrowings under the facility are repaid upon the collection by the Company of monthly payments made by borrowers under such manufactured housing loans. The bank s prime interest rate is payable on the outstanding balance. To secure the loan, the Company has granted JPMorgan Chase a security interest in substantially all its assets excluding securitized assets. The expiration date of the facility is December 31, 2006. The outstanding balance on the facility was approximately $2.2 million at December 31, 2005. There was no outstanding balance at December 31, 2004. At December 31, 2005 all financial covenants were met.

The average balance and average interest rate of outstanding debt was as follows at December 31 (dollars in thousands):

	2005		2004	
	Average Balance	Average Rate	Average Balance	Average Rate
Warehouse financing Citigroup	$139,539	5.2%	$139,115	3.9%
Securitization financing 2004-A securitization	154,295	4.9%	163,088	4.4%
Securitization financing 2004-B securitization	149,499	5.1%	42,299	4.8%
Securitization financing 2005-A securitization	101,441	5.1%		
Securitization financing 2005-B securitization	7,228	5.5%		
Repurchase agreements Citigroup	22,793	4.2%	17,573	2.3%
Note payable servicing advances JPMorgan Chase, N.A.	710	7.5%	553	7.0%

At December 31, 2005, the total of maturities and amortization of debt during the next five years are approximately as follows: 2006 $150.8 million; 2007 $87.8 million; 2008 - $63.3 million; 2009 $55.1 million; 2010 $47.8 million and $264.9 million thereafter.

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Note 12 Employee Benefits

The Company maintains a 401(k) plan covering substantially all employees who meet certain minimum requirements. Participating employees can make salary contributions to the plan up to Internal Revenue Code limits. The Company matches up to $0.50 for each dollar contributed by each eligible participant in the plan up to 6% of each eligible participant s pay. The Company s related expense was approximately $151,000, $162,000 and $150,000, respectively for the years ended December 31, 2005, 2004 and 2003.

The Company is primarily self-insured for health care costs, however, it maintains a stop-loss coverage of $85,000 per individual. Amounts for claims filed and estimates for claims incurred but not reported were approximately $121,000 and $92,000 at December 31, 2005 and 2004, respectively.

Note 13 Equity Incentive Plan

The Company s equity incentive plan has approximately 1.7 million shares of common stock reserved for issuance as either stock options or stock grants. Under the plan, the exercise price of the options will not be less than the fair market value of the common stock on the date of grant. The date on which the options are first exercisable is determined by the Compensation Committee of the Board of Directors as the administrator of the Company s equity incentive plan, and options that have been issued to date generally vest over a two-year period. As of December 31, 2005, 255,500 options were outstanding under the plan at an exercise price of $10.00.

Data pertaining to the Company s stock options are as follows:

	2005	2004	2003
Options outstanding, beginning of period	267,500	95,000	
Options granted		198,000	95,000
Option price		$ 10.00	$ 10.00
Options exercised			
Option price			
Options forfeited	12,000	25,500	
Options outstanding, December 31	255,500	267,500	95,000
Option price	$ 10.00	$ 10.00	$ 10.00

The following table summarizes additional information concerning outstanding and exercisable stock options at December 31, 2005:

Number of Options Outstanding	Remaining Contractual Life In Years	Exercise Price	Number of Options Exercisable
95,000	7.8	$ 10.00	63,333
160,500	8.1	$ 10.00	107,000
255,500			170,333

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Note 13 Equity Incentive Plan, continued:

The Company has adopted the disclosure requirements of SFAS 123. Accordingly, the fair value of each option granted in 2004 was estimated using a binomial option- pricing model based on the assumptions stated below: There were no stock option grants in 2005.

Estimated weighted average fair value per share of options granted	$ 0.40
Assumptions:	
Annualized dividend yield	12.00%
Common stock price volatility	15.00%
Weighted average risk free rate of return	4.00%
Weighted average expected option term (in years)	5.0

Note 14 Stockholders Equity

Effective January 1, 2004, the Company sold 125 shares of its Series A Cumulative Redeemable Preferred Stock directly to 125 investors at a per share price of $1,000. The transaction resulted in net proceeds to the Company of $95,000. These shares pay dividends quarterly at an annual rate of 12.5%.

On February 4, 2004, the Company completed a private placement of 1,000,000 shares of its common stock to one institutional investor. The offering provided net proceeds to the Company of approximately $9.4 million.

On May 6, 2004, the Company completed an initial public offering of 8.0 million shares of its common stock. In June 2004 the underwriters of the initial public offering purchased an additional 625,900 shares of the Company s common stock pursuant to an underwriter s over-allotment option. Net proceeds from these transactions were $72.2 million after discount and expenses, which were used primarily to pay down the aggregate balances of the notes outstanding under the Company s loan funding facility with Citigroup and to fund new loan originations.

On January 29, 2004, March 23, 2004, August 5, 2004, May 8, 2005 and October 26, 2005, the Company issued 207,000, 113,000, 111,750, 299,000 and 5,000 restricted stock awards, respectively, under its equity incentive plan to certain directors, officers and employees. The stock awards were issued at $10.00, $10.00, $7.50, $7.21 and $7.06 per share on January 29, 2004, March 23, 2004, August 5, 2004, May 8, 2005 and October 26, 2005, respectively. 8,334 and 24,750 stock awards were forfeited and 254,160 and 100,829 were fully vested during the years ended December 31, 2005 and 2004, respectively. The stock awards are being amortized over their estimated service period. Compensation cost recognized for the restricted stock awards was approximately $2.5 million, $2.1 million and $0.1 million for the years ended December 31, 2005, 2004 and 2003, respectively. Amortization over the next twelve months is expected to be approximately $1.4 million.

Data pertaining to the Company s distributions declared and paid to common stockholders during 2005 and 2004 are as follows:

Declaration Date	Record Date	Date Paid	Distribution per share	Total Distribution (thousands)
March 14, 2005	March 24, 2005	March 31, 2005	$ 0.04	$ 1,008
April 27, 2005	May 25, 2005	May 31, 2005	$ 0.06	$ 1,528
July 18, 2005	August 22, 2005	August 31, 2005	$ 0.06	$ 1,528
October 26, 2005	November 21, 2005	November 30, 2005	$ 0.06	$ 1,528
March 16, 2004	March 16, 2004	June 6, 2004	$ 0.04	$ 656
July 22, 2004	August 2, 2004	August 30, 2004	$ 0.06	$ 1,507
November 12, 2004	November 22, 2004	November 29, 2004	$ 0.25	$ 6,304

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Note 15 Income Taxes

The Company has elected to be taxed as a REIT as defined under Section 856(c)(1) of the Internal Revenue Code of 1986, as amended (the Code). In order for the Company to qualify as a REIT, at least ninety-five percent (95%) of the Company s gross income in any year must be derived from qualifying sources. In addition, a REIT must distribute at least ninety percent (90%) of its REIT taxable net income to its stockholders.

Qualification as a REIT involves the satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex Code provisions for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within the Company s control. In addition, frequent changes occur in the area of REIT taxation, which requires the Company continually to monitor its tax status.

The Company has received a legal opinion to the effect that based on various assumptions and qualifications set forth in the opinion, Origen Financial, Inc. has been organized and has operated in conformity with the requirements for qualification as a REIT under the Code for its taxable year ended December, 31, 2005. There is no assurance that the Internal Revenue Service will not decide differently from the views expressed in counsel s opinion and such opinion represents only the best judgment of counsel and is not binding on the Internal Revenue Service or the courts.

As a REIT, the Company generally will not be subject to U.S. Federal income taxes at the corporate level on the ordinary taxable income it distributes to its stockholders as dividends. If the Company fails to qualify as a REIT in any taxable year, its taxable income will be subject to U.S. Federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if the Company qualifies as a REIT, it may be subject to certain state and local income taxes and to U.S. Federal income and excise taxes on its undistributed taxable income. In addition, taxable income from non-REIT activities managed through taxable REIT subsidiaries, if any, is subject to federal and state income taxes.

For income tax purposes, distributions paid to common stockholders consist of ordinary income and return of capital. Distributions paid were taxable as follows for the years and period ended December 31 (dollars in thousands):

	2005		2004		2003	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Ordinary income	$ 1,242	22.2%	$ 4,496	53.1%	$ 1,484	100.0%
Return of capital	4,350	77.8%	3,971	46.9%		
	$ 5,592	100.0%	$ 8,467	100.0%	$ 1,484	100.0%

A portion of the Company s income from a qualified REIT subsidiaries that would otherwise be classified as a taxable mortgage pool, may be treated as excess inclusion income, which would be subject to the distribution requirements that apply to the Company and could therefore adversely affect its liquidity. Generally, a stockholder s share of excess inclusion income would not be allowed to be offset by any operating losses otherwise available to the stockholder. Tax exempt entities that own shares in a REIT must treat their allocable share of excess inclusion income as unrelated business taxable income. Any portion of a REIT dividend paid to foreign stockholders that is allocable to excess inclusion income will not be eligible for exemption from the 30% withholding tax (or reduced treaty rate) on dividend income. For the year ended December 31, 2005, approximately 22.2% of distributions paid represents excess inclusion income.

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Origen Financial, Inc.
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Note 16 Liquidity Risks and Uncertainties

The risks associated with the Company s business become more acute in any economic slowdown or recession. Periods of economic slowdown or recession may be accompanied by decreased demand for consumer credit and declining asset values. In the manufactured housing business, any material decline in collateral values increases the loan-to-value ratios of loans previously made, thereby weakening collateral coverage and increasing the size of losses in the event of default. Delinquencies, foreclosures and losses generally increase during economic slowdowns or recessions.

For the Company s finance customers, loss of employment, increases in cost-of-living or other adverse economic conditions would impair their ability to meet their payment obligations. Higher industry inventory levels of repossessed manufactured houses may affect recovery rates and result in future impairment charges and provision for losses. In addition, in an economic slowdown or recession, servicing and litigation costs generally increase. Any sustained period of increased delinquencies, foreclosures, losses or increased costs would adversely affect the Company s financial condition and results of operations.

Management believes that it will have sufficient sources of capital to allow the Company to continue its operations including loan originations in the near term; however, the Company s future cash flow requirements depend on numerous factors, many of which are outside of its control.

Cash generated from operations, borrowings under our Citigroup facility, which matures on March 23, 2006 and we anticipate will be renewed with terms no less favorable than the current terms, loan securitizations, borrowings against our securitized loan residuals, convertible debt, equity interests or additional debt financing arrangements (either pursuant to our shelf registration on Form S-3 or otherwise) will enable us to meet our liquidity needs for at least the next twelve months depending on market conditions which may affect loan origination volume, loan purchases opportunities and the availability of securitizations. If market conditions require or if loan purchase opportunities become available, we may seek additional funds through additional credit facilities or additional sales of our common or preferred stock.

The Company s ability to obtain funding from operations may be adversely impacted by, among other things, market and economic conditions in the manufactured housing financing markets generally, including decreased sales of manufactured houses. The ability to obtain funding from loan sales and securitizations may be adversely impacted by, among other things, the price and credit quality of the Company s loans, conditions in the securities markets generally (and specifically in the manufactured housing asset-backed securities market), compliance of loans with the eligibility requirements for a particular securitization and any material negative rating agency action pertaining to certificates issued in the Company s securitizations. The ability to obtain funding from sales of securities or debt financing arrangements may be adversely impacted by, among other things, market and economic conditions in the manufactured housing financing markets generally and the Company s financial condition and prospects.

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Note 17 Lease Commitments

The Company leases office facilities and equipment under leasing agreements that expire at various dates. These leases generally contain scheduled rent increases or escalation clauses and/or renewal options. Future minimum rental payments at December 31, 2005 (in thousands) were:

2006	$1,090
2007	1,060
2008	669
2009	478
2010	473
Thereafter	551

For the years ended December 31, 2005, 2004 and the periods ended December 31, 2003 and October 7, 2003, rental and operating lease expense amounted to approximately $1.1 million, $1.1 million, $0.2 million and $0.9 million, respectively.

Note 18 Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107 Disclosures About Fair Value of Financial Instruments , requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate such value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

The following table shows the carrying amount and estimated fair values of the Company s financial instruments at December 31 (in thousands):

	2005		2004	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and equivalents	$ 8,307	$ 8,307	$ 9,293	$ 9,293
Restricted cash	13,635	13,635	9,222	9,222
Loans receivable	768,410	776,272	563,268	572,672
Loan sale proceeds receivable			2,057	2,057
Servicing rights	3,103	3,310	4,097	5,023
Liabilities				
Accounts payable and accrued expenses	23,052	23,052	16,564	16,564
Recourse liability	292	292	6,603	6,603
Warehouse financing	65,411	65,411	107,373	107,373
Securitization financing	578,503	569,813	328,388	324,126
Repurchase agreements	23,582	23,582	20,153	20,153
Note payable servicing advances	2,212	2,212		

The carrying amounts for cash and cash equivalents and restricted cash are reasonable estimates of their fair value.

Fair values for the Company s loans are estimated using market prices for loans with similar interest rates, terms and borrowers credit quality as those being offered by the Company.

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Origen Financial, Inc.
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The carrying amount of accrued interest approximates its fair value. Due to their short maturity, accounts payable and accrued expense carrying values approximate fair value.

The fair value of the Company s recourse liability approximates its carrying value. The fair value is based on a discounted cash flow analysis with prepayment assumptions based on historical performance and industry standards.

The fair value of the Company s debt, other than securitization financing, is based on its carrying amount.

The fair value of the Company s securitization financing is estimated using quoted market prices.

Note 19 Related Party Transactions

Gary A. Shiffman, one of the Company s directors, is the Chairman of the Board, President and Chief Executive Officer of Sun Communities, Inc. (Sun Communities). Sun Communities owns approximately 20% of the Company s outstanding common stock. Mr. Shiffman beneficially owns approximately 20% of the Company s outstanding stock, which amount includes his deemed beneficial ownership of the stock owned by Sun Communities. Mr. Shiffman and his affiliates beneficially own approximately 12% of the outstanding common stock of Sun Communities. He is the President of Sun Home Services, Inc. (Sun Homes), of which Sun Communities is the sole beneficial owner.

Origen Servicing, Inc., a wholly owned subsidiary of Origen Financial L.L.C., serviced approximately $19.6 million and $16.0 million in manufactured housing loans for Sun Homes as of December 31, 2005 and 2004, respectively. Servicing fees paid by Sun Homes to Origen Servicing, Inc. were approximately $0.3 million, $0.2 million and $0.2 million during the years ended December 31, 2005, 2004 and 2003, respectively.

The Company has agreed to fund loans that meet Sun Homes underwriting guidelines and then transfer those loans to Sun Homes pursuant to a commitment fee arrangement. The Company recognizes no gain or loss on the transfer of these loans. The Company funded approximately $7.2 million, $4.7 million and $2.8 million in loans and transferred approximately $7.2 million, $4.8 million and $2.7 million in loans under this agreement during the three years ended December 31, 2005, 2004 and 2003, respectively.

Sun Homes has purchased certain repossessed houses owned by the Company and located in manufactured housing communities owned by Sun Homes, subject to Sun Homes prior approval. Under this agreement, the Company sold to Sun Homes approximately $2.2 million, $3.1 million and $2.4 million of repossessed houses during years ended December 31, 2005, 2004 and 2003, respectively. This program allows the Company to further enhance recoveries on repossessed houses and allows Sun Homes to retain houses for resale in its communities.

The Company leases its executive offices in Southfield, Michigan from an entity in which Mr. Shiffman and certain of his affiliates beneficially own approximately a 21% interest. Ronald A. Klein, a director and the Chief Executive Officer of the Company, beneficially owns an approximate 1% interest in the landlord entity. William M. Davidson, the sole member of Woodward Holding, LLC, which owns approximately 7% of the Company s common stock, beneficially owns an approximate 25% interest in the landlord entity. The Company recorded rental expense for these offices of approximately $408,000, $398,000 and $283,000 for the years ended December 31, 2005, 2004 and 2003, respectively.

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Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 20 Selected Quarterly Financial Data (UNAUDITED)

Selected unaudited quarterly financial data for 2005 is as follows (in thousands, except share data):

	Quarter Ended			
	December 31	September 30	June 30	March 31
Net interest income before loan losses and impairment	$7,532	$ 7,694	$7,941	$7,756
Provision for credit losses and impairment	2,319	7,125	1,645	2,030
Non interest income	4,101	3,874	3,396	3,280
Non interest expense	8,411	10,525	8,179	7,999
Net income (loss)	903	(6,082)	1,513	1,007
Earnings (loss) per share basic and diluted (2)	$ 0.04	$ (0.24)	$ 0.06	$ 0.04

Selected unaudited quarterly financial data for 2004 is as follows (in thousands, except share data):

	Quarter Ended (1)			
	December 31	September 30	June 30	March 31
Net interest income before loan losses and impairment	$ 7,481	$ 7,489	$6,738	$5,751
Provision for credit losses and impairment	2,131	1,500	1,531	1,891
Non interest income	2,314	2,976	3,014	2,880
Non interest expense	13,694	7,556	6,829	6,477
Net income (loss)	(6,030)	1,409	1,392	263
Earnings (loss) per share basic and diluted (2)	$ (0.24)	$ 0.06	$ 0.07	$ 0.02

(1) Certain reclassifications have been made to the quarterly data to conform with the annual presentation with no net effect to net income or per share amounts.

(2) Quarterly and year-to-date computations of per share amounts are made independently; therefore, the sum of per share

amounts for the quarters may not equal per share amounts for the year.

Note 21 Subsequent Events

In January 2006, the Company entered into a forward starting interest rate swap for the purpose of locking in the designated benchmark interest rate, in this case LIBOR, on a portion of a planned securitization transaction to be completed mid-2006. The Company has designated the swaps as cash flow hedges for accounting purposes. Under the terms of the swap the Company will pay a fixed rate of 4.79% and receive a floating rate equal to the one month LIBOR rate on a beginning notional balance of $44.0 million. The first payment is scheduled for June 30, 2006. A rise in rates during the interim period would increase the Company s borrowing cost in the securitization, but this increase would be offset by the increased value in the right to pay a lower fixed rate during the term of the securitized transaction. The hedging transaction was structured at inception to meet the criteria set forth in SFAS 133 in order to allow the Company to assume that no ineffectiveness exists. As a result, all changes in the fair value of the derivatives are included in other comprehensive income and such amounts will be amortized into earnings upon commencement of the planned transaction. In the event the Company is unable to or declines to enter into the securitization transaction or if the commencement of the securitization transaction is significantly delayed, some or all of the amounts included in other comprehensive income may be immediately included in earnings, as required under SFAS 133.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable

ITEM 9A. CONTROLS AND PROCEDURES

Disclosures Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have concluded that the design and operation of our disclosure controls and procedures are effective as of December 31, 2005. This conclusion is based on an evaluation conducted under the supervision and with the participation of management. Disclosure controls and procedures are those controls and procedures which ensure that information required to be disclosed in this filing is accumulated and communicated to management and is recorded, processed, summarized and reported in a timely manner and in accordance with Securities and Exchange Commission rules and regulations.

Internal Controls Over Financial Reporting

Management s Report on Internal Control Over Financial Reporting regarding the effectiveness of internal controls over financial reporting is presented on page 46. The Report of Independent Registered Accounting Firm is presented on page 48. During the quarter ended December 31, 2005, there were no changes in our internal controls over financial reporting that materially affected, or are reasonably likely to affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable

PART III

The information required by Items 10-14 will be included in our proxy statement for our 2006 Annual Meeting of Shareholders, and is incorporated by reference herein.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed herewith as part of this Form 10-K:

(1) The following financial statements are set forth in Part II, Item 8 of this report

	Page
Management s Report on Internal Control Over Financial Reporting	46
Report of Independent Registered Public Accounting Firm	47
Report of Independent Registered Public Accounting Firm	48
Consolidated Balance Sheets as of December 31, 2005 and 2004	49
Consolidated Statements of Operations for the Years Ended December 31, 2005 and 2004, the Period Ended December 31, 2003 and the Period Ended October 7, 2003	50
Consolidated Statements of Other Comprehensive Income (Loss) for the Years Ended December 31, 2005 and 2004, the Period Ended December 31, 2003 and the Period Ended October 7, 2003	51
Consolidated Statements of Changes in Stockholders Equity for the Years Ended December 31, 2005 and 2004, the Period Ended December 31, 2003 and the Period Ended October 7, 2003	52
Consolidated Statements of Cash Flows for the Years Ended December 31, 2005 and 2004, the Period Ended December 31, 2003 and the Period Ended October 7, 2003	53
Notes to Consolidated Financial Statements	55

(2) Not applicable

(3) A list of the exhibits required by Item 601 of Regulation S-K to be filed as a part of this Form 10-K is shown on the Exhibit Index filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.
Date: March 15, 2006

ORIGEN FINANCIAL, INC., a
Delaware corporation

By: /s/ Ronald A. Klein
Ronald A. Klein, Chief Executive
Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Ronald A. Klein Ronald A, Klein	Chief Executive Officer and Director	March 15, 2006
/s/ W. Anderson Geater, Jr. W. Anderson Geater, Jr.	Chief Financial Officer and Principal Accounting Officer	March 15, 2006
/s/ Paul A. Halpern Paul A. Halpern	Chairman of the Board	March 15, 2006
/s/ Richard H. Rogel Richard H. Rogel	Director	March 15, 2006
/s/ Gary A. Shiffman Gary A. Shiffman	Director	March 15, 2006
/s/ Michael J. Wechsler Michael J. Wechsler	Director	March 15, 2006
/s/ James A. Williams	Director	March 15, 2006

James A. Williams

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EXHIBIT INDEX

Exhibit Number	Description	Method of Filing
1.1	Sales Agreement dated August 29, 2005 between Origen Financial, Inc. (Origen), and Brinson Patrick Securities Corporation	(2)
3.1.1	Second Amended and Restated Certificate of Incorporation of Origen, filed October 7, 2003, and currently in effect	(1)
3.1.2	Certificate of Designations for Origen s Series A Cumulative Redeemable Preferred Stock	(1)
3.2	By-laws of Origen	(6)
4.1	Form of Common Stock Certificate	(1)
4.2	Registration Rights Agreement dated as of October 8, 2003 among Origen, Lehman Brothers Inc., on behalf of itself and as agent for the investors listed on Schedule A thereto and those persons listed on Schedule B thereto	(1)
4.3	Registration Rights Agreement dated as of February 4, 2004 between Origen and DB Structured Finance Americas, LLC	(1)
4.4	Form of Senior Indenture	(2)
4.5	Form of Subordinated Indenture	(2)
10.1	Contribution Agreement, dated October 8, 2003, among Origen and the entities set forth on Appendix I thereto	(1)
10.2	Common Stock Purchase Agreement dated October 8, 2003 between Lehman Brothers Inc. and Origen	(1)
10.3	Concurrent Private Placement Agreement dated October 8, 2003 among Origen and the Purchasers (as defined therein)	(1)
10.4	Private Placement Agreement dated February 4, 2004 between Origen and DB Structured Finance Americas, LLC	(1)
10.5	2003 Equity Incentive Plan of Origen#	(1)
10.6	First Amendment to 2003 Equity Incentive Plan of Origen#	(5)
10.7	Form of Non-Qualified Stock Option Agreement#	(1)
10.8	Form of Restricted Stock Award Agreement#	(1)
10.9		(1)

	Employment Agreement between Origen, Origen Financial L.L.C. and W. Anderson Geater#	
10.10	Employment Agreement between Origen, Origen Financial L.L.C. and Ronald A. Klein#	(1)
10.11	Employment Agreement between Origen, Origen Financial L.L.C. and Mark Landschulz#	(1)
10.12	Employment Agreement between Origen, Origen Financial L.L.C. and J. Peter Scherer#	(1)

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Exhibit Number	Description	Method of Filing
10.13	Employment Agreement between Origen, Origen Financial L.L.C. and Benton Sergi#	(4)
10.14	Origen Financial L.L.C. Endorsement Split-Dollar Plan dated November 14, 2003#	(1)
10.15	Origen Financial L.L.C. Capital Accumulation Plan#	(1)
10.16	First Amendment to Origen Financial L.L.C. Capital Accumulation Plan#	(1)
10.17	Services and Interest Rebate Agreement dated October 8, 2003 between Origen Financial L.L.C. and Sun Communities, Inc.	(1)
10.18	Credit Agreement dated July 25, 2002 between Origen Financial L.L.C. and Bank One, NA	(1)
10.19	First Amendment to Credit Agreement between Origen Financial L.L.C. and Bank One, NA dated June 27, 2003	(1)
10.20	Second Amendment to Credit Agreement between Origen Financial L.L.C. and Bank One, NA dated October 23, 2003	(1)
10.21	Third Amendment to Credit Agreement between Origen Financial L.L.C. and Bank One, NA dated December 31, 2003	(1)
10.22	Fourth Amendment to Credit Agreement effective as of December 31, 2004 between Origen Financial L.L.C. and JPMorgan Chase Bank, N.A. (as successor by merger to Bank One, NA)	(3)
10.23	Fifth Amendment to Credit Agreement effective as of December 23, 2005 between Origen Financial L.L.C. and JPMorgan Chase Bank, N.A.	(6)
10.24	Lease dated October 18, 2002 between American Center LLC and Origen Financial L.L.C.	(1)
10.25	Agency Agreement between American Modern Home Insurance Company, American Family Home Insurance Company and OF Insurance Agency, Inc. dated December 31, 2003	(1)
21.1	List of Origen s Subsidiaries.	(6)
23.1	Consent of Grant Thornton LLP	(6)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(6)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(6)
32.1		(6)

	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
99.1	Amended and Restated Charter of the Audit Committee of the Origen Board of Directors and Audit Committee of the Origen Board of Directors	(1)
99.2	Charter of the Compensation Committee of the Origen Board of Directors	(1)

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Exhibit Number	Description	Method of Filing
99.3	Charter of the Nominating and Governance Committee of the Origen Board of Directors	(1)
99.4	Charter of the Executive Committee of the Origen Board of Directors	(1)
99.5	Corporate Governance Guidelines	(1)
99.6	Code of Business Conduct	(1)
99.7	Financial Code of Ethics	(1)

(1) Incorporated by reference to Origen Financial, Inc. s Registration Statement on Form S-11 No. 33-112516, as amended.

(2) Incorporated by reference to Origen Financial, Inc. s Registration Statement on Form S-3 No. 33-127931.

(3) Incorporated by reference to Origen Financial, Inc. s Annual Report on Form 10-K for the year ended December 31, 2004.

(4) Incorporated by reference to Origen Financial, Inc. s Amendment to

Annual Report on Form 10-K/A for the year ended December 31, 2004.

(5) Incorporated by reference to Origen Financial, Inc. s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.

(6) Filed herewith.

Management contract or compensatory plan or arrangement.

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Exhibit 3.2

(Note: This Exhibit 3.2 is being filed to reflect the correction and clarification of a typographical error in Article IX of the Bylaws as previously filed.)

ORIGEN FINANCIAL, INC.
BY-LAWS
ARTICLE I STOCKHOLDERS

Section 1. Annual Meeting.

(1) An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix, which date shall be within thirteen (13) months of the last annual meeting of stockholders.

Section 2. Special Meetings.

(1) Special meetings of the stockholders, other than those required by statute, may be called at any time by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board. For purposes of these By-Laws, the term Whole Board shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. Special meetings of stockholders shall also be called by the secretary upon the written request of the holders of shares entitled to cast not less than ten percent (10%) of all the votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted on at such meeting. The secretary shall inform such stockholders of the reasonably estimated cost of preparing and mailing notice of the meeting and, upon payment to the Corporation of such costs, the secretary shall give notice to each stockholder entitled to notice of the meeting. Unless requested by the stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of the stockholders held during the preceding twelve (12) months. The Board of Directors may postpone or reschedule any previously scheduled special meeting.

Section 3. Notice of Meetings.

Notice of the place, if any, date, and time of all meetings of the stockholders, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation).

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When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. Quorum.

At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes or series is required, a majority of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting may adjourn the meeting to another place, if any, date, or time.

Section 5. Organization.

Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board or, in his or her absence, the President of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

Section 6. Conduct of Business.

The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 7. Proxies and Voting.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile

telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

Section 8. Stock List.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least 10 days prior to the meeting in the manner provided by law.

The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE II BOARD OF DIRECTORS

Section 1. Number, Election and Term of Directors.

Subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board.

Section 2. Newly Created Directorships and Vacancies.

Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than

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a quorum (and not by stockholders), and directors so chosen shall serve for a term expiring at the annual meeting of stockholders or until such director s successor shall have been duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

Section 3. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or by a majority of the Whole Board and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or by telephone or by telegraphing or telexing or by facsimile or electronic transmission of the same not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 5. Quorum.

At any meeting of the Board of Directors, a majority of the total number of the Whole Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 6. Participation in Meetings By Conference Telephone.

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 7. Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 8. Compensation of Directors.

Unless otherwise restricted by the certificate of incorporation, the Board of Directors shall have the authority to fix the compensation of the directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or paid a stated salary or paid other compensation as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed compensation for attending committee meetings.

ARTICLE III COMMITTEES

Section 1. Committees of the Board of Directors.

The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV OFFICERS

Section 1. General Provisions.

The officers of the Corporation shall include a chairman of the board, a chief executive officer, a president, a chief financial officer, a secretary and a treasurer and may include a vice chairman of the board, one or more vice presidents, a chief operating officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of

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Directors may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of stockholders, except that the chief executive officer may appoint one or more vice presidents, assistant secretaries and assistant treasurers. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. In its discretion, the Board of Directors may leave unfilled any office except that of president, treasurer and secretary. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. Vacancies.

A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 3. Chief Executive Officer.

The Board of Directors shall designate a chief executive officer. In the absence of such designation, the chairman of the board (or, if more than one, the co-chairmen of the board in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation.

Section 4. Chief Operating Officer.

The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 5. Chief Financial Officer.

The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 6. Chairman of the Board.

The Board of Directors shall designate a chairman of the board (or one or more co-chairmen of the board). The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he shall be present. If there be more than one, the co-chairmen designated by the Board of Directors will perform such duties. The chairman of the board shall perform such other duties as may be assigned to him or them by the Board of Directors.

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Section 7. President.

The president or chief executive officer, as the case may be, shall, in general, supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. Vice Presidents.

In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to him by the president or by the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president or as vice president for particular areas of responsibility.

Section 9. Secretary.

The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the trust records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the share transfer books of the Corporation; and (f) in general perform such other duties as from time to time be assigned to him by the chief executive officer, the president or by the Board of Directors.

Section 10. Treasurer.

The treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other value effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so

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require, an account of all his transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, he shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 11. Assistant Secretaries and Assistant Treasurers.

The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

Section 12. Salaries.

The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director.

Section 13. Delegation of Authority.

The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 14. Removal.

Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

Section 15. Action with Respect to Securities of Other Corporations.

Unless otherwise directed by the Board of Directors, the President or any officer of the Corporation authorized by the President shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other Corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other Corporation.

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ARTICLE V STOCK

Section 1. Certificates of Stock.

Each stockholder shall be entitled to a certificate signed by, or in the name of the Corporation by, the President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

Section 2. Transfers of Stock.

Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 4 of Article V of these By-laws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

Section 3. Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Lost, Stolen or Destroyed Certificates.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. Regulations.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI NOTICES

Section 1. Notices.

If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder s address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

Section 2. Waivers.

A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting to the timeliness of notice.

ARTICLE VII MISCELLANEOUS

Section 1. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. Reliance upon Books, Reports and Records.

Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other

person s professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Fiscal Year.

The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 5. Time Periods.

In applying any provision of these By-laws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 6. Investment Policies.

Subject to the provisions of the Certificate of Incorporation, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE VIII INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification.

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a proceeding), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an indemnitee), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2. Right to Advancement of Expenses.

In addition to the right to indemnification conferred in Section 1 of this Article VIII, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney s fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an advancement of expenses); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an undertaking), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a final adjudication) that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

Section 3. Right of Indemnitee to Bring Suit.

If a claim under Section 1 or 2 of this Article VIII is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

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Section 4. Non-Exclusivity of Rights.

The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation s Certificate of Incorporation, By-laws, agreement, vote of stockholders or directors or otherwise.

Section 5. Insurance.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 6. Indemnification of Employees and Agents of the Corporation.

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 7. Nature of Rights.

The rights conferred upon indemnitees in this Article VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee s heirs, executors and administrators. Any amendment, alteration or repeal of this Article VIII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

ARTICLE IX AMENDMENTS

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to adopt, amend and repeal these By-Laws subject to the power of the holders of capital stock of the Corporation to adopt, amend or repeal the By-Laws; provided, however, that, with respect to the power of holders of capital stock to adopt, amend and repeal By-Laws of the Corporation, notwithstanding any other provision of these By-Laws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, these By-Laws or any preferred stock, the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of these By-Laws.

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EXHIBIT 10.23

FIFTH AMENDMENT TO CREDIT AGREEMENT

THIS FIFTH AMENDMENT TO CREDIT AGREEMENT, dated as of December 23, 2005 (this Amendment), is between Origen Financial L.L.C. a Delaware limited liability company (together with its successors and assigns, the Borrower), and JPMorgan Chase Bank, N.A. (successor by merger to Bank One, NA (Main Office Chicago) (together with its successors and assigns, the Lender),.

RECITALS

A. The Borrower and the Lender are parties to a Credit Agreement dated as of July 25, 2002, as amended by a First Amendment to Credit Agreement dated June 27, 2003, a waiver letter dated August 29, 2003, a Second Amendment to Credit Agreement dated October 23, 2003, a Third Amendment to Credit Agreement dated as of December 31, 2003 and a Fourth Amendment to Credit Agreement dated as of December 31, 2004 (the Credit Agreement).

B. The Borrower desires to extend and amend the Credit Agreement as set forth herein and the Lender has no obligation to do so but is willing to do so strictly in accordance with the terms hereof.

TERMS

In consideration of the premises and of the mutual agreements herein contained, the parties agree as follows:

ARTICLE 1.

AMENDMENTS

Upon fulfillment of the conditions set forth in Article 3 hereof, the Credit Agreement shall be amended as follows:

1.1 The definition of Termination Date in Article I of the Credit Agreement is restated as follows:

Termination Date means December 31, 2006.

1.2 Section 6.1(c) is restated as follows: (c) [Intentionally Omitted] .

1.3 Notwithstanding anything in Credit Agreement to the contrary, all Loans shall be Alternate Base Rate Loans

ARTICLE 2.

REPRESENTATIONS

The Borrower represents and warrants to the Lender that:

2.1 The execution, delivery and performance of this Amendment are within its powers, have been duly authorized and are not in contravention with any law, of the terms of any articles or

certificate of organization, operating or other management agreement or other organizational documents of the Borrower, or any undertaking to which it is a party or by which it is bound.

2.2 This Amendment is the legal, valid and binding obligation of it, and, when executed by the Lender, enforceable against it in accordance with the terms hereof.

2.3 After giving effect to the amendments herein contained, the representations and warranties contained in the Credit Agreement (including without limitation Section 5.10 and all other representations in Article V of the Credit Agreement) and in the other Loan Documents are true on and as of the date hereof with the same force and effect as if made on and as of the date hereof.

2.4 No Default or Unmatured Default exists or has occurred and is continuing on the date hereof.

ARTICLE 3.

CONDITIONS OF EFFECTIVENESS

This Amendment become effective as of the date hereof when each of the following has been satisfied:

3.1 This Amendment shall be signed by the Borrower and the Lender; and

3.2 Each party to the Consent and Agreement at the end of this Amendment shall have executed such Consent and Agreement.

3.3 Each of the following shall have been delivered to the Lender and be in form and substance acceptable to the Lender: (a) resolutions of the Borrower approving this Amendment, and (b) any additional Loan Documents required by the Lender. If and when requested by the Lender, the Borrower agrees to deliver an opinion of counsel reasonably satisfactory to the Lender with respect to such matters required by the Lender.

ARTICLE 4.

MISCELLANEOUS

4.1 References in the Credit Agreement or in any other Loan Document to the Credit Agreement shall be references to the Credit Agreement as amended hereby and as further amended from time to time.

4.2 Except as expressly amended hereby, the Borrower agrees that the Credit Agreement and all other Loan Documents are ratified and confirmed and shall remain in full force and effect and that it has no set off, counterclaim, defense or other claim or dispute with respect to any of the foregoing Terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

4.3 This Amendment may be signed upon any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument. Without limiting the definition of Loan Documents, this Amendment and all other amendments to the Credit Agreement are Loan Documents

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IN WITNESS WHEREOF, the parties signing this Amendment have caused this Amendment to be executed and delivered as of the day and year first above written.

ORIGEN FINANCIAL L.L.C.

By: /s/ W. Anderson Geater, Jr.

Print Name W. Anderson Geater, Jr.
:
Title: Chief Financial Officer

JPMORGAN CHASE BANK, N.A.

By: /s/ TIMOTHY E. RETTBERG

Print Name: TIMOTHY E. RETTBERG
Title: VICE PRESIDENT

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CONSENT AND AGREEMENT

As of the date and year first above written, each of the undersigned hereby:

(a) fully consents to the terms and provisions of the above Amendment and the consummation of the transactions contemplated hereby and agrees to all terms and provisions of the above Amendment applicable to it;

(b) agrees that its Guaranty, Subordination Agreement and all other Loan Documents to which it is a party are hereby ratified and confirmed and shall remain in full force and effect, and the undersigned acknowledges that it has no setoff, counterclaim, defense or other claim or dispute with respect thereto;

(c) acknowledges that its consent and agreement hereto is a condition to the Lender s obligation under this Amendment and it is in its interest and to its financial benefit to execute this consent and agreement;

(d) the execution, delivery and performance of this Consent and Agreement is within its powers, has been duly authorized and is not in contravention with any law, of the terms of its Certificate of Incorporation, By-laws or partnership agreement, as the case may be, or any undertaking to which it is a party or by which it is bound; and

(e) this consent and Agreement is the legal, valid and binding obligation of the undersigned, enforceable against it in accordance with the terms hereof

ORIGEN FINANCIAL, INC.

By: /s/ W. Anderson Geater, Jr.

Print Name: W. Anderson Geater, Jr.
Title: Chief Financial Officer

ORIGEN SERVICING, INC.

By: /s/ W. Anderson Geater, Jr.

Print Name: W. Anderson Geater, Jr.
Title Chief Financial Officer
:

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Exhibit 21.1

SUBSIDIARIES OF ORIGEN FINANCIAL, INC.

Origen Financial L.L.C. (Delaware)
    In Texas, d/b/a Origen Manufactured Home Financial, L.L.C.
Origen Servicing, Inc. (Delaware)
Origen Manufactured Home Financial, L.L.C. (Delaware)
Origen Securitization Company, L.L.C. (Delaware)
Origen Special Purpose II, L.L.C. (Delaware)
Origen Financial of South Dakota, L.L.C. (Delaware)
Origen Credit L.L.C. (Delaware)
Origen MH Contract Company, L.L.C. (Delaware)
OF Insurance Agency, Inc. (Louisiana)
Origen Insurance Agency, L.L.C. (Virginia)
Origen Residential Securities, Inc. (Delaware)
Origen Financial of Puerto Rico, L.L.C (Delaware)
Origen CMO Residential Holding Company, L.L.C (Delaware)

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated March 15, 2006, accompanying the consolidated financial statements and management s assessment of the effectiveness of internal control over financial reporting included in the Annual Report of Origen Financial, Inc. on Form 10-K for the year ended December 31, 2005. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Origen Financial, Inc. on Form S-3 (File No. 333-127931), effective September 14, 2005, Form S-11 (File No. 333-112520), effective May 25, 2005 and on Form S-8 (File No. 333-121279), effective December 15, 2004.

/s/ GRANT THORNTON LLP

Southfield, Michigan

March 15, 2006

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Exhibit 31.1

CERTIFICATIONS

(As Adopted Under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Ronald A. Klein, certify that:

1. I have reviewed this annual report on Form 10-K of Origen Financial, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant s other certifying officer 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 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 reasonably likely to materially affect, the registrant s internal control over financial reporting; and
5. The registrant s other certifying officer 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.

Dated: March 15, 2006

/s/ Ronald A. Klein

Ronald A. Klein, Chief Executive Officer

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Exhibit 31.2

CERTIFICATIONS

(As Adopted Under Section 302 of the Sarbanes-Oxley Act of 2002)

I, W. Anderson Geater, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Origen Financial, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant s other certifying officer 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 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 reasonably likely to materially affect, the registrant s internal control over financial reporting; and
5. The registrant s other certifying officer 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.

Dated: March 15, 2006

/s/ W. Anderson Geater, Jr.

W. Anderson Geater, Jr., Chief Financial Officer

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Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

(Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report of Origen Financial, Inc.. (the Corporation) on Form 10-K for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned officers, Ronald A. Klein and W. Anderson Geater, Jr., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Corporation.

/s/ Ronald A. Klein Dated: March 15, 2006

Ronald A. Klein, Chief Executive Officer

/s/ W. Anderson Geater, Jr. Dated: March 15, 2006

W. Anderson Geater, Jr., Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Origen Financial, Inc. and will be retained by Origen Financial, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.