

ORIGEN FINANCIAL INC

Form 424B3

March 15, 2005

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

**Prospectus Supplement No. 8  
(to Prospectus dated May 5, 2004)**

This Prospectus Supplement No. 8 supplements and amends the Prospectus dated May 5, 2004 (the Prospectus ) relating to the sale from time to time of up to 16,000,000 shares of our common stock by certain selling stockholders.

On March 14, 2005, we filed with the Securities and Exchange Commission the attached Current Report on Form 8-K. The attached information supplements and supersedes, in part, the information contained in the Prospectus.

This Prospectus Supplement No. 8 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. 8 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. 8 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 8 is March 14, 2005.

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

**FORM 8-K**  
**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**Date of Report: March 14, 2005**  
(Date of earliest event reported)

**ORIGEN FINANCIAL, INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State of incorporation)

**Commission File No. 000-50721**

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

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

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

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

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

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**ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

On March 14, 2005, Origen Financial, Inc. issued a press release reporting its financial results for the year ended December 31, 2004. 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 14, 2005

Origen Financial, Inc.

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

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W. Anderson Geater, Jr.,  
Chief Financial Officer

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**ORIGEN FINANCIAL, INC.  
EXHIBIT INDEX**

| <b><u>Exhibit No.</u></b> | <b><u>Description</u></b>                   | <b><u>Furnished Herewith</u></b> |
|---------------------------|---|----------------------------------|
| 99.1                      | Text of Press Release, dated March 14, 2005 | X                                |

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**Exhibit 99.1**

**FOR IMMEDIATE RELEASE**

**Contact: W. Anderson Geater  
866.4 ORIGEN**

**Origen Financial Announces Fourth Quarter and Full Year Results and Declares Dividend Payment**

SOUTHFIELD, MI. (March 14, 2005) Origen Financial, Inc. (NASDAQ: ORGN), a real estate investment trust that originates and services manufactured home loans, today announced a net loss of \$5.8 million, or \$0.23 per share on a fully-diluted basis, for its fourth quarter ended December 31, 2004, compared with net income of \$2.0 million for the period October 8, 2003 through December 31, 2003, ( the period ended 2003 ). Origen s net loss for the full year of 2004 was \$1.8 million, or \$0.08 per share on a fully-diluted basis, compared with a net loss for the full year 2003 of \$22.0 million for Origen and its predecessor. Origen also declared a dividend payment for the fourth quarter of 2004 to be paid to holders of Origen s common stock of record on March 24, 2005. The aggregate amount of the dividend, which will be paid on or about March 31, 2005, will be approximately \$1.0 million, or \$0.04 per share outstanding on the record date.

Although dividends paid through the third quarter of 2004 exceed our estimated REIT taxable net income for the full year of 2004, our board has decided to distribute a dividend for the fourth quarter, said Ronald A. Klein, Origen s CEO. We believe that our fourth quarter loss is not indicative of on-going results of operations, as we made significant charges to income relating to loans originated by our predecessor before our current origination platform was implemented in 2002. We expect that dividend distributions for the first three quarters of 2005 will closely reflect our book net income. It is our expectation to distribute a dividend of at least \$0.06 per share for the first quarter of 2005.

**Financial Highlights**

Total revenue for the fourth quarter 2004 increased 40% to \$15.0 million from \$10.7 million for the period ended 2003. For the full year 2004, total revenue was \$54.8 million as compared to \$34.4 million for the full year 2003, an increase of 59%. Origen s interest income for the fourth quarter 2004 was \$12.7 million, as compared to \$7.8 million for the period ended 2003, an increase of 62%. Interest income for the full year 2004 was \$43.6 million versus \$24.2 million for 2003, an increase of 80%. Such increases between the periods were primarily due to the increased size of the owned loan

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portfolio. Interest expense for the fourth quarter 2004 was \$5.0 million versus \$2.4 million for the period ended 2003. For the full year 2004 interest expense totaled \$15.0 million versus \$13.8 million for 2003, an increase of only 9%, despite the fact that average borrowings were 42% greater for the full year of 2004 versus year 2003. Average interest rates were substantially lower in 2004 as compared to 2003.

The provision for general loan losses for the fourth quarter 2004 totaled \$2.1 million as compared to \$0.8 million for the period ended 2003. The bulk of the increase was attributable to pre-2002 loans. Likewise, a \$3.1 million provision in fourth quarter 2004 for loan recourse liability was entirely related to pre-2002 loans. For the full year of 2004 the provision for general loan losses was \$7.1 million versus \$5.5 million for the full year 2003, an increase of 29%. The fourth quarter 2004 loan recourse loss provision of \$3.1 million represented the total provision for the full year 2004 as compared to no provision in year 2003.

Non-interest income for the fourth quarter 2004 totaled \$2.3 million as compared to \$2.8 million for the period ended 2003, a decrease of 18%, attributable to a reduction in servicing fees relating to pre-2002 loans. For the full year 2004, non-interest income was \$11.2 million as compared to \$10.2 million for 2003, an increase of 10%. Fees from loan servicing activities were the primary source of non-interest income.

For the full year 2004, non-interest expenses decreased to \$31.3 million from \$37.0 million in 2003, a decrease of 15%. Non-interest expenses were \$10.5 million for the fourth quarter 2004, up 91% compared to \$5.5 million for the period ended 2003. The significant increase between the 2003 period and fourth quarter 2004 includes a provision for costs associated with an 8% reduction in the Company's authorized work force, public company related costs, professional fees, personnel costs, and other timing-related items recognized in the 2004 quarter.

The manufactured housing industry continued to experience difficulty in 2004, stated Mr. Klein. However, despite another decline in annual shipments we increased our originations by 33% in 2004, increasing production from \$188 million to \$250 million, with fourth quarter 2004 originations up 20% year over year. For the past few months industry shipments of new houses have been up compared to the year earlier period. While we are encouraged by the trend, we believe 2005 will be another challenging year for the industry. Nevertheless, we expect to continue to grow market share, and our 2005 originations through February are 25% ahead of 2004.

**Portfolio Performance**

Loans 60+ days delinquent were 1.9% of the owned loan portfolio at December 31, 2004 compared to 2.5% at December 31, 2003. The allowance for general loan losses increased to \$5.3 million at December 31, 2004 from \$3.6 million at December 31, 2003. Origen charged off net loan losses of \$5.4 million to the general loan loss reserve in 2004 and \$4.7 million for year 2003. For year 2004, \$5.3 million was charged against the loan recourse reserve compared to \$4.6 million for the year 2003. Additionally, Origen added \$3.1 million to the provision for loan recourse reserve in the fourth quarter 2004 in recognition of continued poor performance of loans in a pool sold with recourse by our predecessor in year 2000. Origen continues to experience better loan performance for loans originated in 2002 and later.

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Mr. Klein stated, Clearly we are disappointed with the charge to earnings due to our pre-2002 loans. These legacy loans have had an outsized impact on our performance. We do not service most of these loans but we do retain recourse liability. At year-end 2004, the pre-2002 loans represented 19% of our owned loans and accounted for 76% of our 2004 loan losses. As we have previously stated, the quality and structure of loans originated beginning in 2002 are measurably different, which has led to ongoing performance improvement in our owned loan portfolio. Our year-end 2004 delinquencies were substantially lower than year-end 2003 both in terms of percentages and dollars. Furthermore, the fourth quarter 2004 delinquency rate was lower than the third quarter 2004 delinquency rate. This was a year-long trend. We continue to see strong performance in our portfolio as delinquencies at the end of February 2005 were lower than delinquencies at the end of December 2004. This strong performance, coupled with continuing improving recoveries on our repossessions, should lead to better execution of our loan securitization transactions as the year progresses.

## **Earnings Call and Webcast**

A conference call and webcast are scheduled for March 15, 2004, at 11:00 a.m. EST to discuss fourth quarter and full year 2004 earnings. Registration for the conference call and webcast can be made through Origen's website at [www.origenfinancial.com](http://www.origenfinancial.com). The toll-free call-in number for Q&A is 800-289-00496. A listen only call-in number, 800-289-0504, is also available. A replay will be available following the call through March 19, 2005, and can be accessed by dialing 719-457-0820 or 888-203-1112. The confirmation code for the replay is 6269413. The replay will also be available on Origen's website.

## **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**

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 home lender and servicer. It offers a complete line of home only products and land home conforming and non-conforming products. Origen also provides servicing for manufactured home only and land home loans. For more information about Origen, visit [www.origenfinancial.com](http://www.origenfinancial.com).

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**ORIGEN FINANCIAL, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
*(Dollars in thousands, except for share data)*

**ASSETS**

|                       | <i>(Unaudited)</i> | <b>December</b>   |
|-----------------------|--------------------|-------------------|
|                       | <b>31,</b>         | <b>31,</b>        |
|                       | <b>2004</b>        | <b>2003</b>       |
| <b>Assets</b>         |                    |                   |
| Cash and Equivalents  | \$ 9,293           | \$ 6,926          |
| Restricted Cash       | 9,222              | 6,017             |
| Investment Securities | 37,622             |                   |
| Loans Receivable      | 564,931            | 368,509           |
| Premises & Equipment  | 2,336              | 2,476             |
| Goodwill              | 32,277             | 32,277            |
| Other Assets          | 28,529             | 28,337            |
| <b>Total Assets</b>   | <b>\$ 684,210</b>  | <b>\$ 444,542</b> |

**LIABILITIES AND STOCKHOLDERS EQUITY**

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

|  | <b>Twelve Months Ended</b>       |                                     |                                |               |
|--|----------------------------------|-------------------------------------|--------------------------------|---------------|
|  | <b>December,<br/>31<br/>2004</b> | <b>December,<br/>31<br/>2003(A)</b> | <b>Increase<br/>(Decrease)</b> |               |
|  |                                  |                                     | <b>\$</b>                      | <b>%</b>      |
| <b>Interest Income</b>                                   |                                  |                                     |                                |               |
| Total Interest Income                                    | \$ 43,598                        | \$ 24,175                           | \$ 19,423                      | 80.3%         |
| Total Interest Expense                                   | 15,020                           | 13,826                              | 1,194                          | 8.6%          |
| <b>Net Interest Income Before Losses</b>                 | <b>28,578</b>                    | <b>10,349</b>                       | <b>18,229</b>                  | <b>176.1%</b> |
| Provision for Loan and Recourse Losses                   | 10,185                           | 5,533                               | 4,652                          | 84.1%         |
| Net Interest Income After Losses                         | 18,393                           | 4,816                               | 13,577                         | -281.9%       |
| Non-interest Income                                      | 11,184                           | 10,237                              | 947                            | 9.3%          |
| Non-interest Expenses:                                   |                                  |                                     |                                |               |
| Total Personnel  | 21,947                           | 20,206                              | 1,741                          | 8.6%          |
| Total Loan Origination & Servicing                       | 1,279                            | 1,168                               | 111                            | 9.5%          |
| State Taxes  | 312                              | 121                                 | 191                            | 157.9%        |
| Total Other Operating                                    | 7,811                            | 15,520                              | (7,709)                        | -49.7%        |
| Total Non-interest Expenses                              | 31,349                           | 37,015                              | (5,666)                        | -15.3%        |
| <b>Net Income (Loss)</b>                                 | <b>\$ (1,772)</b>                | <b>\$ (21,962)</b>                  | <b>\$ 20,190</b>               | <b>91.9%</b>  |
| Common Shares Outstanding                                | 25,228,150                       |                                     |                                |               |
| Weighted Average Common Shares Outstanding, Basic        | 21,439,029                       |                                     |                                |               |
| Weighted Average Common Shares Outstanding, Diluted      | 21,602,532                       |                                     |                                |               |
| Earnings Per Share on Basic Average Shares Outstanding   | \$ (0.08)                        |                                     |                                |               |
| Earnings Per Share on Diluted Average Shares Outstanding | \$ (0.08)                        |                                     |                                |               |

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(A) Includes results of predecessor company for the period January 1, 2003 through October 7, 2003.

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

|  | Quarter<br>Ended     | Period October<br>8<br>Through | Increase<br>(Decrease) |        |
|--|----------------------|--------------------------------|------------------------|--------|
|  | December, 31<br>2004 | December, 31<br>2003           | \$                     | %      |
| <b>Interest Income</b>                                   |                      |                                |                        |        |
| Total Interest Income                                    | \$ 12,720            | \$ 7,832                       | \$ 4,888               | 62.4%  |
| Total Interest Expense                                   | 4,982                | 2,408                          | 2,574                  | 106.9% |
| <b>Net Interest Income Before Losses</b>                 |                      |                                |                        |        |
| Provision for Loan and Recourse Losses                   | 7,738                | 5,424                          | 2,314                  | 42.7%  |
|  | 5,263                | 768                            | 4,495                  | 585.3% |
| Net Interest Income After Losses                         | 2,475                | 4,656                          | (2,181)                | 46.8%  |
| Non-interest Income                                      | 2,313                | 2,825                          | (512)                  | -18.1% |
| Adjustment in Value of Retained Interests in Loans Sold  | (25)                 |                                | 25                     | N/A    |
| Non-interest Expenses:                                   |                      |                                |                        |        |
| Total Personnel  | 7,424                | 3,863                          | 3,561                  | 92.2%  |
| Total Loan Origination & Servicing                       | 346                  | 228                            | 118                    | 51.8%  |
| State Taxes  | 135                  | 103                            | 32                     | 31.1%  |
| Total Other Operating                                    | 2,619                | 1,321                          | 1,298                  | 98.3%  |
| Total Non-interest Expenses                              | 10,526               | 5,515                          | 5,011                  | 90.9%  |
| <b>Net Income (Loss)</b>                                 | \$ (5,763)           | \$ 1,966                       | \$ (7,729)             | 393.1% |
| Common Shares Outstanding                                | 25,228,150           | 15,060,000                     |                        |        |
| Weighted Average Common Shares Outstanding, Basic        | 24,726,729           | 15,060,000                     |                        |        |
| Weighted Average Common Shares Outstanding, Diluted      | 25,028,922           | 15,171,364                     |                        |        |
| Earnings Per Share on Basic Average Shares Outstanding   | \$ (0.23)            | \$ 0.13                        |                        |        |
| Earnings Per Share on Diluted Average Shares Outstanding | \$(0.23)             | \$ 0.13                        |                        |        |

