

ORIGEN FINANCIAL INC

Form 424B3

August 05, 2004

Table of Contents

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

**Prospectus Supplement No. 2
(to Prospectus dated May 5, 2004)**

This Prospectus Supplement No. 2 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 August 4, 2004, 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. 2 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. 2 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. 2 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 2 is August 5, 2004.

Table of Contents

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

FORM 8-K

CURRENT REPORT

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

Date of Report: August 3, 2004

(Date of earliest event reported)

ORIGEN FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Organization)

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)

TABLE OF CONTENTS

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

SIGNATURES

EXHIBIT INDEX

Table of Contents

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 3, 2004, Origen Financial, Inc. issued a press release reporting earnings and other financial results for the fiscal quarter ended June 30, 2004. A copy of the press release is attached as Exhibit 99.1.

The information in this Current Report shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Table of Contents

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: August 4, 2004

Origen Financial, Inc.

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

-3-

Table of Contents

**ORIGEN FINANCIAL, INC.
EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>	<u>Furnished Herewith</u>
99.1	Text of Press Release, dated August 3, 2004	X

Table of Contents

Exhibit 99.1

FOR IMMEDIATE RELEASE

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

Origen Financial Announces Second Quarter Results

SOUTHFIELD, MI. (August 3, 2004) Origen Financial, Inc. (Origen) (NASDAQ: ORGN), a real estate investment trust that originates and services manufactured home loans, today announced net income of \$1.7 million, or \$0.08 per share on a fully-diluted basis, for its second quarter ended June 30, 2004, compared with a net loss of \$6.5 million by Origen s predecessor for the second quarter of 2003.

Financial Highlights

Total revenue for the second quarter 2004 increased 68% to \$13.3 million versus \$7.9 million for the second quarter of 2003. For the second quarter 2004, Origen s interest income was \$10.3 million, as compared to \$5.5 million for the second quarter of 2003, an increase of 87%. This increase was primarily attributable to an increase in the owned loan portfolio size from second quarter 2003 to second quarter 2004. Interest expense for the second quarter 2004 was \$3.3 million as compared to \$4.5 million for the second quarter 2003, despite the fact that average borrowings were greater during the second quarter 2003. The decrease of 27% was attributable to substantially lower average interest rates on borrowings period to period.

Non-interest income totaled \$3.0 million for the second quarter 2004 as compared to \$2.4 million for the second quarter 2003, an increase of 25%. Such increased income consisted primarily of fees from loan servicing activities.

Non-interest expenses, which include operating expenses and general and administrative expenses, were \$6.8 million for the second quarter 2004, compared to \$7.4 million for the second quarter of 2003, a decrease of 8%. Such decrease was primarily attributable to a reduction in professional fees between the periods compared.

We are pleased with our second quarter results, said Ronald A. Klein, Origen s Chief Executive Officer. While industry shipments are down 5% for the year, our origination volume was up significantly at 43% ahead of second quarter 2003 and 37% ahead of first quarter 2004. The credit quality of our loan originations continues to be strong, and our loans continue to perform well. In fact, we began receiving cash flow from our 2004-A securitization a month ahead of schedule, reflecting our higher credit quality. However, we continue to experience higher than originally anticipated delinquencies on our pre-2002 loan originations due to the poorer credit quality of those loans.

Table of Contents

Highlights for the Quarter

Net loan portfolio (owned portfolio) increased 24% to \$455.8 million at June 30, 2004 from \$368.5 million at June 30, 2003.

Loan production for second quarter 2004 increased by 43% to \$60.4 million compared to second quarter 2003 production of \$42.3 million.

On May 6, 2004, Origen completed an initial public offering of 8,000,000 shares of common stock at \$8.00 per share, for a total offering of \$64 million.

Origen announced on June 4, 2004, a first quarter dividend payment of \$656,000, or \$0.04 per share outstanding at the record date of March 16, 2004. The dividend was paid on June 8, 2004.

On June 9, 2004, underwriters for Origen's initial public offering purchased an additional 625,900 shares of common stock at the initial offering price of \$8.00 per share pursuant to an over-allotment option granted to the underwriters in connection with the offering. The resulting gross proceeds were approximately \$5 million.

Origen was named National Lender of the Year by the Manufactured Housing Institute.

Affordable Residential Communities (ARC) selected Origen as loan originator and servicer.

Portfolio Performance

Loans 60+ days delinquent were 1.96% of the owned portfolio at June 30, 2004, compared to 2.34% at June 30, 2003. The allowance for general loan losses increased to \$4.5 million at June 30, 2004 from \$2.9 million at June 30, 2003. Origen charged off \$1.2 million to the general loan loss reserve and \$1.1 million against the loan recourse reserve for the second quarter 2004. Additionally, Origen made a \$1.5 million provision for general loan losses during the quarter. Origen continues to experience lower delinquencies for loans originated in 2002 and later, as compared to loans originated in 2000 and 2001.

Table of Contents

Recent Developments

On July 22, 2004 Origen declared a dividend of \$0.06 per common share payable to holders of record as of August 2, 2004.

In May 2004, Chase Home Finance-Manufactured Housing (Chase) announced they were exiting the manufactured housing lending business. As Chase funded out their pipeline through the end of June, Origen s volume was negatively impacted. Origen did receive a large increase in loan applications, as many loan sources moved to find a replacement lender for Chase.

Origen hired 10 former Chase associates, the majority of whom started work with Origen on July 6, 2004. Klein said, "While this will impact G&A expense in the short term, as our new associates bring their loan sources on line, we believe their hiring will lead to increased loan originations for the balance of this year. We are thrilled to welcome our newest associates to Origen. They bring with them great skill, professionalism, business relationships and integrity that fits the Origen culture and will mesh well with our existing high quality team. Their decision to join Origen s team further validates our position as a leader in the manufactured housing industry ."

About Origen

Origen is an internally managed and internally advised company that has elected to be taxed as a REIT. 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.

This press release contains forward-looking statements within the meaning of the federal securities laws. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond Origen s control and could materially affect actual results, performance or achievements. Registration statements relating to Origen s securities have been filed with and declared effective by the Securities and Exchange Commission. This press release does not and will not constitute an offer to sell or the solicitation of an offer to buy Origen s securities. For more information about Origen, visit www.origenfinancial.com.

Table of Contents

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

ASSETS		(Unaudited)	
	June 30, 2004	December 31, 2003	
Assets			
Cash and Equivalents	\$ 14,540	\$ 6,926	
Restricted Cash	6,531	6,017	
Investment Securities	34,658		
Loans Receivable	455,816	368,509	
Premises & Equipment	2,268	2,476	
Goodwill	32,277	32,277	
Other Assets	27,043	28,337	
Total Assets	\$573,133	\$444,542	
LIABILITIES AND STOCKHOLDERS EQUITY			
Liabilities			
Warehouse Financing	\$152,543	\$	
Securitization Financing	183,406	273,404	
Note Payable		4,037	
Loan Recourse Liability	5,678	8,740	
Other Liabilities	13,859	15,572	
Total Liabilities	355,486	301,753	
Equity			
Common Stock	251	152	
Preferred Stock	125		
Additional Paid-in Capital	218,714	143,289	
Deferred Compensation Restricted Stock	(3,561)	(1,114)	
Other Comprehensive Income		(20)	
Retained Earnings	2,118	482	
Total Equity	217,647	142,789	

Total Liabilities and Equity	\$573,133	\$444,542
-------------------------------------	------------------	------------------

Table of Contents

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

	Quarter Ended June, 30 2004	Quarter Ended June, 30 2003
	<hr/>	<hr/>
Interest Income		
Total Interest Income	\$ 10,294	\$ 5,501
Total Interest Expense	3,296	4,509
	<hr/>	<hr/>
Net Interest Income Before Losses	6,998	992
Provision for Loan and Recourse Losses	1,531	1,214
	<hr/>	<hr/>
Net Interest Income After Losses	5,467	(222)
Non-interest Income	3,014	2,409
Adjustment in Value of Retained Interests in Loans Sold		(1,280)
Non-interest Expenses:		
Total Personnel	4,915	4,812
Total Loan Origination & Servicing	246	298
State Taxes	73	5
Total Other Operating	1,578	2,324
	<hr/>	<hr/>
Total Non-interest Expenses	6,812	7,439
	<hr/>	<hr/>
Net Income (Loss)	\$ 1,669	\$ (6,532)
	<hr/>	<hr/>
Common Shares Outstanding	25,118,400	N/A
	<hr/>	<hr/>
Weighted Average Common Shares Outstanding, Diluted	20,891,669	N/A
	<hr/>	<hr/>
Earnings Per Share on Basic and Diluted Average Shares Outstanding	\$ 0.08	N/A
	<hr/>	<hr/>