ORIGEN FINANCIAL INC
Form 10-K
March 27, 2009

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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, 2008

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:
None

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, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company 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, 2008, the aggregate market value of the registrant s stock held by non-affiliates was approximately $25,390,555 (computed by reference to the closing sales price of the registrant s common stock as of June 30, 2008 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 15, 2009, there were 25,926,149 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 2009 Annual Meeting of Stockholders or filed as an amendment to this form 10-K 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. Since our inception and until early 2008, we were a national manufactured housing lender and loan servicer. We and our predecessors originated more than $3.0 billion of manufactured housing loans from 1996 through March 31, 2008, including $44.8 million in 2008. We additionally processed $185.5 million in loans originated under third-party origination agreements in 2008, and $388.3 million since inception of the third party lending program in 2003.

In March 2008, because of the lack of a reliable source for a loan warehouse facility and the uncertainty of the availability of an exit in the securitization market, we ceased originating loans for our own account and sold our portfolio of unsecuritized loans at a substantial loss. The proceeds from the loan sale were used to pay off our existing loan warehouse facility, which was not renewed.

We completed, in April 2008, a secured financing transaction with a related party and used the proceeds, combined with other funds, to pay off the outstanding balance of a supplemental advance credit facility which would have expired in June 2008.

At our annual stockholders meeting on June 25, 2008, our stockholders approved an Asset Disposition and Management Plan. Pursuant to this plan, we executed a number of transactions and took several actions, as follow.

On July 1, 2008, we completed a transaction for the sale of our loan servicing platform assets and ceased all loan servicing operations. As of the sale date, our loan servicing portfolio consisted of over 37,000 loans with approximately $1.6 billion in loan principal outstanding.

On July 31, 2008 we completed the sale of certain assets of our loan origination and insurance business and used the proceeds to reduce our related party debt.

We voluntarily delisted our common stock from the NASDAQ Global Market in December 2008 and also deregistered the stock under the Securities Exchange Act of 1934.

The corporate shell of Origen Servicing, Inc. was sold in January 2009. Formerly, this entity, our wholly-owned subsidiary, housed our loan servicing operations. Proceeds from this sale were used to reduce our related party debt.

As a direct result of the foregoing actions, we have reduced our workforce by 89% since December 31, 2007.

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. In the second quarter of 2004, we completed the initial public offering of our common stock. Until early 2008, most of our operations were conducted through Origen Financial L.L.C., our wholly-owned subsidiary. We conducted 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. After the sale of our servicing and origination assets as described above, our business essentially consists of actively managing our residual interests in our securitized loan portfolios.

Our executive office is located at 27777 Franklin Road, Suite 1700, Southfield, Michigan 48034 and our telephone number is (248) 746-7000. As of December 31, 2008, we employed 27 people.

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Our website address is www.origenfinancial.com and we make available, free of charge, as soon as reasonably practicable after we file such reports with the Securities and Exchange Commission, 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 a result of the deregistering of our common stock we are not required to file such reports with respect to the period beginning on the effective date of the deregistration of our common stock.

Developments Based on Current Adverse Market Conditions

Recent and current conditions in the credit markets have adversely impacted our business and financial condition. During 2007 and throughout 2008, the credit markets that we normally depended on for warehouse lending for originations and for securitization of our originated and purchased loans, as well as the whole loan market for acquisition of loans we originated, deteriorated to the point that access to such markets was effectively shut down. This situation began with problems in the sub-prime loan market and subsequently had the same effect on lenders and investors in asset classes other than sub-prime mortgages, such as our manufactured housing loans.

Despite actions by the Federal Reserve Bank and the U.S. Treasury to lower interest rates and increase liquidity, uncertainty among lenders and investors continued to reduce liquidity, drive up the cost of lending and drive down the value of assets in these markets. The specific effects were that banks and other lenders reported large losses, demanded that borrowers reduce the credit exposure to these assets resulting in margin calls or reductions in borrowing availability, and caused massive sales of underlying assets that collateralize the loans. The consequence of these sales has been further downward pressure on market values of the underlying assets, such as our manufactured housing loans, despite the continued high intrinsic quality of our loans in terms of borrower creditworthiness and low rates of delinquencies, defaults and repossessions.

Our business model depended on the availability of credit, both for the funding of newly originated loans and for the periodic securitization of pools of loans that have been originated and funded by short-term borrowings from warehouse lenders. The securitization process permitted us to sell bonds secured by the loans we originated. The proceeds from the bond sales were used to pay off the warehouse lenders and reestablish the availability of funding for newly originated loans.

When warehouse funding is not available, or is available only on terms that do not permit us to profit from loan origination, our origination of loans for our own account could only be continued at a loss. Since there was no market for securitization at rates of interest and leverage levels acceptable to us, our only alternative for satisfying our obligations under our warehouse line was to sell the manufactured housing loans to a purchaser. Since purchasers were unwilling to pay at least the full amount advanced to borrowers plus all related fees and costs, sales of loans were not profitable for us.

We believe that the sales of our assets and the reductions in our workforce described above were necessitated by and are a result of the market conditions described above. We do not believe that the actions reflect on the quality of our continuing business operations which is to actively manage our residual interests in our securitized loan portfolio, or the credit performance or long-term realizable value of our securitized loan portfolio, which in our opinion continues to remain very high as evidenced by recent and current delinquency levels and defaults.

Management of Securitization Residuals

We historically securitized a substantial portion of our owned manufactured housing loans. In the past, after accumulating manufactured housing loans, we used 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 were transferred to a bankruptcy remote trust that then issued bonds collateralized by those manufactured housing loans. By securitizing loans in this way, we eliminated the credit risk on our manufactured housing loans up to the amount of bonds sold to investors. Likewise, the form of securitization was 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 enabled us to fund our business at competitive rates without asset-backed bond investors relying on our corporate credit-worthiness. The most recent securitization we have completed was October 2007. As described earlier, under Recent Developments, we did not believe that current market conditions were favorable to securitization of our loans.

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We actively manage our residual interests in our securitized loan portfolio by monitoring and analyzing cash flow, delinquencies and recoveries.

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 all members of the Audit Committee of our Board of Directors qualify as an audit committee financial expert as such term is defined under Item 401 of Regulation S-K. Each Audit Committee member is 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, we maintain a Confidential and Anonymous Ethics Complaint Hotline maintained with an independent third party so that employees may confidentially report infractions against our 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 our 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 .

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 have access to adequate capital to meet our existing debt obligations.

As of March 25, 2009, we owed approximately $28 million on a note to a related party. The note, in the original amount of $46 million, is a three-year secured note due on April 18, 2011, and is extendible for a one year period. Should the proceeds from our residual interests in our securitized loan portfolios be adversely affected by current and future economic conditions, such proceeds, in conjunction with proceeds from our other assets, might not be sufficient to pay off the note by its due date.

Our business may not be profitable in the future.

We had net losses of $35.4 million during the twelve months ended December 31, 2008, net losses of approximately $31.8 million during the twelve months ended December 31, 2007, a net profit of approximately $7.0 million during the twelve months ended December 31, 2006 and 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. While we have dramatically reduced the operating costs of the business through the cessation of all loan origination and loan servicing activities, should current and future economic conditions have an adverse effect on the borrowers associated with our securitized loans, the cash flows from our residual interests in these loans could be severely impacted. Such cash flows are our primary source of capital to fund the costs of operations and to produce profits.

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 certain members of our senior management team. In general, we have entered into employment agreements or consulting agreements with these individuals. There is no guarantee that these individuals will renew such agreements, which currently expire during 2009, prior to the completion of the execution of our Asset Disposition and Management Plan. The loss of services of one or more key individuals may harm our ability to maximize the value of our residual interests in our securitized loans.

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 hold 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, including current market conditions, is currently limited and may become even more constrained. No assurances can be given that the fair market value of any of our assets will not further decrease in the future.

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. These securitization structures and the possible resulting mismatch between income recognition and receipt of cash flow may cause us to require capital to meet our REIT distribution requirements, which capital may not be available to us on acceptable terms, if at all.

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

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, which may result in lower returns to our

stockholders. None of the distributions in 2008 and 2007 represented a return of capital. Return of capital amounted to 5.5% of distributions in 2006.

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 primarily on the performance of our manufactured housing loans 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.

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 may use hedging transactions, including interest rate swaps, 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.

If the prepayment rates for our manufactured housing loans are lower than expected, return of cash to our shareholders may take longer than expected,effectively lowering the internal rate of return..

Prepayments of our manufactured housing loans, whether due to refinancing, repayments, repossessions or foreclosures, lower than management s estimates could slow the timing of future cash flows. Prepayments can result from a variety of factors, many of which are beyond our control, including changes in interest rates and general economic conditions.

The securitization trusts through which we hold residual interests in securitized loans may not realize the expected recovery rate on the resale of a manufactured house upon its repossession or foreclosure.

Proposed state and federal regulations regarding bankruptcies could adversely impact recovery rates on the resale of our manufactured houses taken back through repossession or foreclosure. The Housing Affordability and Stability Plan proposed by the U.S. Treasury Department seeks to reduce substantially the number of housing foreclosures through loan modifications, primarily by extending existing so called cram-down provisions on debt to include mortgages on primary residences. This extension would allow a bankruptcy judge the option of forgiving some of the debt thereby the amount receivable in the event of a subsequent foreclosure.

Continued falling prices for new and existing housing sales may also adversely impact recovery rates as repossessed and foreclosed properties compete for buyers with newly built houses and sales of existing houses in a falling market.

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

In the ordinary course of our business, we have acquired 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. We have taken precautions to guarantee the safety of

all of our customers confidential information. We also periodically review all of our data security policies and procedures in an effort to avoid data breaches. However, there can be no guarantee that we will not be subject to future claims arising from data breaches.

Our inability to finance the purchase of our securitized loans on or after the respective call dates for each securitization may result in the partial or total loss of our overcollateralization amount.

When the aggregate unpaid principal balance of the loans in each of our securitizations, including 2004-A through 2007-B, reaches 20% of the aggregate beginning principal balance on the date the securitization was established, the Servicer has the right to redeem the outstanding notes by forwarding an amount equal to the unpaid principal balance of the loans to the Trustee. If the Servicer elects to redeem the notes, then Origen would receive its overcollateralization amount in full on the redemption date (less fees and expenses). However, if the Servicer elects not to redeem the notes, then the Trustee is obligated to auction the collateral to the highest bidder, so long as the bid is high enough to pay in full the outstanding notes plus any associated fees and expenses of the Trust. Origen is permitted to participate in the auction, but must have the ability to purchase the loans either through internally generated cash or through a financing. To the extent Origen does not have the requisite cash on hand or is unable to obtain financing to participate in the auction, the overcollateralization amount may be eliminated if the Trustee sold the collateral to a bidder whose bid was equal to the outstanding notes plus fees. Any winning bid higher than the outstanding notes, but less than the outstanding collateral balance would result in a partial loss of our overcollateralization amount.

We no longer service the loans we have originated.

In July 2008, we sold certain of the assets of our loan servicing platform, including the servicing rights to loans we originated and in which we continue to own residual interests. Accordingly, we no longer have any direct control over the results of the servicing of our loans. Should the successor servicer not perform in a manner consistent with our servicing standards our cash flows from our residual interests could be negatively impacted.

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. Moreover, especially during periods of economic slowdown or recession, decreased real estate values may reduce the incentives that borrowers have to meet their payment obligations. Consequently, the manufactured housing loans we have originated, securitized and in which we have a residual or retained ownership interest 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. We bear the risk of delinquency and default on securitized loans in which we have a residual or retained ownership interest. We also reacquire the risks of delinquency and default for loans that we are obligated to repurchase. Repurchase obligations are typically triggered in sales or securitizations if the loan materially violates our representations or warranties.

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

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 manufactured 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.

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Our business may be significantly harmed by a slowdown in the economy of California where we have conducted a significant amount of business.

In the past, we had no geographic concentration limits on our ability to originate or purchase loans. For the year ended December 31, 2008, approximately 53% by principal balance and 38% by number of loans of the loans we originated were in California. As of December 31, 2008, approximately 41% of our loans receivable by principal balance was in California. Further decline in the economy or the residential real estate market in California or in any other state in which we have a high concentration of loans could further 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 that have been securitized and in which we hold a residual or retained ownership interest.

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.

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 Internal Revenue 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 us to continually monitor our 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.

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 or from interests in securitizations using a real estate mortgage investment conduits, or REMIC structure may be treated as excess inclusion income, 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. A REIT must also pay federal tax, at the highest corporate marginal tax rate, on any excess inclusion income allocated to disqualified organizations (e.g., governmental agencies and tax exempt organizations not subject to the tax on unrelated business 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 future 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.

The market price of our common stock has significantly declined and may continue to do so.

We have been affected by the current volatility in the stock market. In December 2008, we voluntarily delisted our stock from the NASDAQ Global Market, although our common stock is currently traded on the over-the-counter market. In December 2008 we also voluntarily deregistered our common stock under the Securities Exchange Act of 1934. Accordingly, we will cease filing reports with the Securities and Exchange Commission effective following the filing of the 2008 Form 10-K. We cannot predict the effect, if any, of future sales of shares of our common stock or the availability of shares for future sales, or the market price 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 our operations, investments, financing, growth, debt capitalization, REIT qualifications and distributions, are determined by our Board of Directors. 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.

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

7.50% 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 7.50% 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.

The 7.50% 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 7.50% 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 25,000 square feet of leased space at 27777 Franklin Road, Suite 1700 and Suite 1640, Southfield, Michigan 48034. The lease, which terminates on August 31, 2011, provides for monthly rent of approximately $47,000. Certain of our officers and directors own interests in the company from which we lease our executive offices.

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.

PART II

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

Market Information

From May 5, 2004 through December 29, 2008 (when we voluntarily delisted our common stock) our common stock was listed on the Nasdaq Global Market (Nasdaq) under the symbol ORGN. Since December 29, 2008, our common stock has been quoted on the Pink Sheets Electronic Quotation Service under the symbol ORGN PK.

On March 16, 2009 the closing sales price of our common stock was $0.50 per share and the common stock was held by approximately 44 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 and for the period beginning December 29, 2008, the Pink Sheets. 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, 2007		
First quarter	$7.35	$5.45
Second quarter	$7.40	$6.50
Third quarter	$7.22	$5.64
Fourth quarter	$6.16	$3.78
Fiscal Year Ended December 31, 2008		
First quarter	$4.29	$0.80
Second quarter	$2.78	$0.95
Third quarter	$1.95	$0.24
Fourth quarter	$1.36	$0.55

The following table presents the distributions per common share that were paid with respect to each quarter for 2007 and 2008.

	Distribution per share
Fiscal Year Ended December 31, 2007	
First quarter	$0.060
Second quarter	$0.080
Third quarter	$0.090
Fourth quarter	
Fiscal Year Ended December 31, 2008	
First quarter	
Second quarter	
Third quarter	$0.046
Fourth quarter	

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

Equity Compensation Plan Information

The following table reflects information about the securities authorized for issuance under our equity compensation plans as of December 31, 2008.

	(a)	(b)	(c)
	Number of securities to be	Weighted-average	Number of securities remaining available for future issuance under

Plan Category	issued upon exercise of outstanding options, warrants and rights	exercise price of outstanding options, warrants and rights	equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	135,500	$ 10.00	373,302
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	135,500	$ 10.00	373,302

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Stockholder Return Performance Presentation

Set forth below is a line graph comparing the yearly percentage change in the cumulative total stockholder return on our common stock against the cumulative total return of a broad market index composed of all issuers listed on the Nasdaq National Market (NASDAQ) and the SNL Finance REITs Index for the period beginning on May 5, 2004 (the date of our initial public offering) and ending on December 31, 2008. This line graph assumes a $100 investment on May 5, 2004, a reinvestment of dividends and actual decrease of the market value of our common stock relative to an initial investment of $100. The comparisons in this table are required by the applicable SEC regulations and are not intended to forecast or be indicative of possible future performance of our common stock.

Index	05/05/04	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
Origen Financial, Inc.	100.00	97.60	95.84	93.62	57.12	8.67
NASDAQ Composite	100.00	111.15	112.67	123.40	135.51	80.57
SNL Finance REIT Index	100.00	127.38	101.92	129.10	80.29	43.06

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ITEM 6. SELECTED FINANCIAL DATA

	Origen Financial, Inc.				
	Year Ended December 31, 2008	**Year Ended December 31, 2007**	**Year Ended December 31, 2006**	**Year Ended December 31, 2005**	**Year Ended December 31, 2004**
	(dollars in thousands, except for per-share data)				
Operating Statement Data:					
Interest income on loans	$ 90,827	$ 91,267	$ 73,635	$ 59,391	$ 42,479
Loss on sale of loans	(22,377)				
Servicing and other revenues	(353)	3,635	1,632	14,651	11,184
Total revenue	68,097	94,902	75,267	74,042	53,663
Interest expense	60,732	59,740	43,456	28,468	15,020
Provisions for loan loss and recourse liability	17,745	8,739	7,069	13,633	10,210
Goodwill impairment		32,277			
Other operating expenses	34,015	34,495	24,620	34,600	31,399
Total expenses	112,492	135,251	75,145	76,701	56,629
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principle	(44,395)	(40,349)	122	(2,659)	(2,966)
Provision for income taxes(1)	61	47			
Income (loss) from continuing operations	(44,456)	(40,396)	122	(2,659)	(2,966)
Income from discontinued operations, net of tax	9,092	8,629	6,803		
Cumulative effect of change in accounting principle			46		
Net income (loss)	$ (35,364)	$ (31,767)	$ 6,971	$ (2,659)	$ (2,966)
Earnings (loss) on continuing operations per share Diluted	$ (1.73)	$ (1.60)	$ 0.01	$ (0.11)	$ (0.14)
Earning on discontinued operations per share Diluted	$ 0.35	$ 0.34	$ 0.27	$ 0.00	$ 0.00
Earning (loss) per share Diluted	$ (1.38)	$ (1.26)	$ 0.28	$ (0.11)	$ (0.14)
Distributions paid per share	$ 0.05	$ 0.27	$ 0.09	$ 0.22	$ 0.35
Balance Sheet Data:					
Loans receivable, net of allowance for losses	$ 911,947	$ 1,193,916	$ 950,226	$ 768,410	$ 563,268
Servicing rights		2,146	2,508	3,103	4,097

Goodwill			32,277	32,277	32,277
Cash and other assets	53,586	88,139	88,056	89,213	82,905
Total assets	$ 965,533	$ 1,284,201	$ 1,073,067	$ 893,003	$ 682,547
Total debt	$ 804,471	$ 1,089,968	$ 842,300	$ 669,708	$ 455,914
Other liabilities	$ 82,867	$ 45,848	$ 26,303	$ 23,344	$ 23,167
Stockholders Equity	$ 78,195	$ 148,385	$ 204,464	$ 199,951	$ 203,466
Other Information					
Cash Flow Data: (provided by/(used in)) From operating activities	$ 169,840	$ 23,056	$ 16,286	$ 18,167	$ 8,606
From investing activities	$ 124,400	$ (253,997)	$ (193,265)	$ (229,183)	$ (245,125)
From financing activities	$ (290,913)	$ 239,166	$ 171,238	$ 210,030	$ 238,886

(1) 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.

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 related notes. The notes to the financial statements provide information about us, as well as the basis for presentation used in this Form 10-K.

Overview

In October 2003, we began operations upon the acquisition of 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. Through March 2008 our business was to originate, purchase and service manufactured housing loans.

In March 2008, because of the lack of a reliable source for a loan warehouse facility and the unavailability of a profitable exit in the securitization market, we ceased originating loans for our own account and sold our portfolio of unsecuritized loans at a substantial loss. On July 1, 2008, we completed a transaction for the sale of our loan servicing platform assets and ceased all loan servicing operations. In July 2008, we completed the sale of certain assets of our loan origination and insurance business. In December 2008, we voluntarily delisted our common stock from the NASDAQ Global Market and deregistered the stock under the Securities Exchange Act of 1934. After the sale of the servicing and origination assets as described above, our business essentially consists of actively managing our residual interests in our securitized loan portfolios.

Developments Based on Current Adverse Market Conditions

Recent and current conditions in the credit markets have adversely impacted our business and financial condition. During 2007 and throughout 2008, the credit markets that we normally depended on for warehouse lending for originations and for securitization of our originated and purchased loans, as well as the whole loan market for acquisition of loans we originate, deteriorated. This situation began with problems in the sub-prime loan market and subsequently had the same effect on lenders and investors in asset classes other than sub-prime mortgages, such as our manufactured housing loans.

Despite actions by the Federal Reserve Bank and the U.S. Treasury to lower interest rates and increase liquidity, uncertainty among lenders and investors continued to reduce liquidity, drive up the cost of lending and drive down the value of assets in these markets. The specific effects were that banks and other lenders reported large losses, demanded that borrowers reduce the credit exposure to these assets resulting in margin calls or reductions in borrowing availability, and caused massive sales of underlying assets that collateralize the loans. The consequence of these sales has been further downward pressure on market values of the underlying assets, such as our manufactured housing loans, despite the continued high intrinsic quality of our loans in terms of borrower creditworthiness and low rates of delinquencies, defaults and repossessions.

Our business model depended on the availability of credit, both for the funding of newly originated loans and for the periodic securitization of pools of loans that have been originated and funded by short-term borrowings from warehouse lenders. The securitization process permitted us to sell bonds secured by the loans we originated. The proceeds from the bond sales were used to pay off the warehouse lenders and reestablish the availability of funding for newly originated loans.

When warehouse funding is not available, or is available only on terms that do not permit us to profit from loan origination, our origination of loans for our own account could only be continued at a loss. Since there is no market for securitization at rates of interest and leverage levels acceptable to us, our only alternative for satisfying our obligations under our warehouse line was to sell the manufactured housing loans to a purchaser. Since purchasers

were unwilling to pay at least the full amount advanced to borrowers plus all related fees and costs, sales of loans were not profitable for us.

As a direct result of these market conditions and because of the lack of a reliable on-going source of loan warehouse financing and other forms of borrowings, we initiated a series of actions to change our business model.

In February 2008, to satisfy our warehouse lender, we sold an asset-backed bond for $22.5 million, in order to fully pay off $19.6 million of repurchase agreements secured by this bond and three others that we continue to hold. Sale of this bond resulted in our recording an asset impairment charge of $9.2 million in 2007.

We ceased originating loans for our own account during March 2008. On March 14, 2008 we sold our portfolio of approximately $174.6 million in aggregate principle balance of unsecuritized loans with a carrying value of $175.7 million for approximately $155.0 million. The proceeds from the loan sale were used to pay off our existing loan warehouse facility of $146.4 million. The warehouse facility expired on March 14, 2008 and was not renewed.

On April 8, 2008, we completed a $46.0 million secured financing transaction with a related party and used the proceeds, combined with other funds, to pay off the $46.7 million outstanding balance of a supplemental advance credit facility which would have expired in June 2008. The facility was terminated on April 8, 2008.

At our annual stockholders meeting on June 25, 2008, our stockholders approved an Asset Disposition and Management Plan. Pursuant to this plan, we executed a number of transactions and took several actions, as follows.

On July 1, 2008, we completed a transaction for the sale of substantially all of the assets of Origen Servicing, Inc, our loan servicing platform, and ceased all loan servicing operations. As of the sale date, our loan servicing portfolio consisted of over 37,000 loans with approximately $1.6 billion in loan principal outstanding. Net proceeds from the sale were approximately $37.0 million. The proceeds were used to reduce related party debt by approximately $28.0 million.

On July 31, 2008 we completed the sale of certain assets of our loan origination and insurance business and used the proceeds of approximately $1.0 million to further reduce our related party debt.

We voluntarily delisted our common stock from the NASDAQ Global Market in December 2008 and also deregistered the stock under the Securities Exchange Act of 1934.

The corporate shell of Origen Servicing, Inc. was sold in January 2009. Formerly, this entity, our wholly-owned subsidiary, housed our loan servicing operations. The proceeds of $175,000 from this sale were used to reduce our related party debt.

As a direct result of the foregoing actions, we have reduced our workforce by 89% since December 31, 2007. We have dramatically reduced the operating and overhead costs associated with on-going operations and will continue to reduce costs where feasible, to include additional reductions in workforce beginning the second quarter of 2009. After the sale of our servicing and origination assets as described above, our business essentially consists of actively managing our residual interests in our securitized loan portfolios.

Going Concern

Our audited financial statements for the fiscal year ended December 31, 2008, were prepared under the assumption that we will continue our operations as a going concern. Continued operations depend on our ability to meet our existing debt obligations. Based on the projected cash flows from our assets, existing liquidity and the dramatic reduction of on-going costs of operations, we believe we will be able to meet such obligations in a timely manner.

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, 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.

Securitizations Structured as Financings

We engaged in securitizations of our manufactured housing loan receivables. We structured all loan securitizations occurring since 2003 as financings for accounting purposes under Statement of Financial Accounting Standards No. 140 (SFAS 140), Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities a replacement of FASB Statement No. 125. 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, typically bonds. Income from the loan interest spread received on the securitized loans is recorded into income as earned. Through June 30, 2008, income from servicing fees received on the securitized loans was recorded into income as earned. Subsequent to the sale of our servicing rights, such fees were paid to the successor servicer and recorded by us as an operating expense. Deferred debt issuance costs and discount related to the bonds are amortized on a level yield basis over the estimated life of the bonds.

Investments

Except for debt securities acquired with evidence of deterioration of credit quality since origination, which are accounted for as described below, we follow the provisions of Statement of Financial Accounting Standards No. 115 (SFAS 115), Accounting For Certain Investments in Debt and Equity Securities, in reporting our investments. The investments are classified as either available-for-sale or held-to-maturity. Investments classified as available-for sale are carried at fair value. Unrealized gains and losses related to these investments are included in accumulated other comprehensive income. Investments classified as held-to-maturity are carried on our balance sheet at amortized cost. All investments are regularly measured for impairment. Management uses its judgment to determine whether an investment has sustained an other-than-temporary decline in value. If management determines that an investment has sustained an other-than-temporary decline in its value, the investment is written down to its fair value by a charge to earnings, and we establish a new cost basis for the investment. If a security that is available for sale sustains an other-than-temporary impairment, the identified impairment is reclassified from accumulated other comprehensive income to earnings, thereby establishing a new cost basis. Our evaluation of an other-than-temporary decline is dependent on the specific facts and circumstances. Factors that we consider in determining whether an other-than-temporary decline in value has occurred include: the estimated fair value of the investment in relation to its cost basis; the financial condition of the related entity; and the intent and ability to retain the investment for a sufficient period of time to allow for recovery in the fair value of the investment.

Loans Receivable

Loans receivable consist of manufactured housing loans under contracts collateralized by the borrowers manufactured houses and in some instances, related land. Generally, 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. Periodically, we have identified loans we expect to sell prior to maturity. When loans are identified to be sold, they are reclassified as held for sale and reported at the lower of cost or market. Included in a loan s cost are unearned deferred fees and cost and the allowance for loan losses relating to the loans held for sale. The fair value of loans classified as held for sale is based on market prices. If market prices are not readily available, fair value is based on discounted cash flow models, which considers expected prepayment factors and the degree of credit risk associated with the loans and the estimated effects of changes in market interest rates relative to the loans interest rates. We do not amortize basis adjustments, including deferred loan origination costs, fees and discounts and premiums on loans held for sale. Interest on loans is credited to income when earned. Loans held for investment include accrued interest and are presented net of deferred loan origination fees and costs and an

allowance for estimated loan losses. All of our loans receivable were classified as held for investment at December 31, 2008 and 2007.

Allowance for Loan Losses

Determining an allowance for loan losses involves a significant degree of estimation and judgment. The process of estimating the allowance for loan 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 loan 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 approximately $47,000 at December 31, 2008. The allowance for loan losses is developed at the portfolio level and the amount of the allowance is determined by establishing a calculated range of probable 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 loan losses. Accordingly, the determination of an amount within 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.

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) 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 $22.9 million and $3.3 million, respectively, at December 31, 2008 and $25.6 million and $3.5 million, respectively, at December 31, 2007, 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. 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, primarily interest rate swaps, in order to mitigate interest rate risk or the variability of cash flows to be paid, 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 Instruments 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 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.

We also 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.

Share-Based Compensation

In connection with our formation, we adopted an equity incentive plan. We follow the provisions of Statement of Financial Accounting Standards No. 123 revised (SFAS 123(R)), Share-Based Payment, which we adopted on January 1, 2006, using the modified-prospective transition method, in order to account for our equity incentive plan. In connection with the adoption of SFAS 123(R), we recorded a cumulative effect of a change in accounting principle in the amount of $46,000 to reflect the change in accounting for forfeitures. Results for prior periods have not been restated. SFAS 123(R) 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.

Goodwill Impairment

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.

In accordance with SFAS 142, Goodwill and Other Intangible Assets, we test goodwill for impairment on an annual basis in the fourth quarter, or more frequently if we believe indicators of impairment exist. For purposes of testing goodwill impairment, we have determined that with respect to our recorded goodwill, we are a single reporting unit. The performance of the impairment test involves a two-step process. The first step of the impairment test involves comparing our fair value with our aggregate carrying value, including goodwill. The initial and ongoing estimate of our fair value is based on assumptions and projections prepared by us. If our carrying amount

exceeds our fair value, we perform the second step of the goodwill impairment test in order to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the goodwill with the carrying value of that goodwill.

Based on conditions as of December 31, 2007, in accordance with SFAS 142, the Company determined that its recorded goodwill was fully impaired. The impairment was due to current market and economic conditions which had resulted in a further and extended decline in the quoted market price of the Company s equity securities below tangible book value. As a result, the Company recorded a non-cash goodwill impairment charge of $32.3 million during the year ended December 31, 2007.

Income Taxes

We have 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 us to qualify as a REIT, at least ninety-five percent (95%) of our 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 our control. In addition, frequent changes occur in the area of REIT taxation, which requires us to continually monitor our tax status.

We continuously monitor our compliance with the requirements for qualification as a REIT, and we believe that we met such requirements for the taxable year ended December 31, 2008 and prior relevant years. However, there is no assurance that the Internal Revenue Service will not decide differently.

As a REIT, we generally will not be subject to U.S. federal income taxes at the corporate level on the ordinary taxable income we distribute to our stockholders as dividends. If we fail to qualify as a REIT in any taxable year, our taxable income will be subject to U.S. federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if we qualify as a REIT, we may be subject to certain state and local income taxes and to U.S. federal income and excise taxes on our 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. An income tax allocation is required to be estimated on our taxable income generated by our taxable REIT subsidiaries. Deferred tax components arise based upon temporary differences between the book and tax basis of items such as the allowance for loan losses, accumulated depreciation, share-based compensation and goodwill.

Financial Condition

December 31, 2008 Compared to December 31, 2007

At December 31, 2008 and 2007 we held loans representing approximately $937.1 million and $1,196.0 million of principal balances, respectively. Net loans outstanding constituted approximately 94% and 93% of our total assets at December 31, 2008 and 2007, respectively.

In March 2008 we completed the sale of approximately $174.6 million in aggregate principal balance of unsecuritized loans with a carrying value of approximately $175.7 million for approximately $155.0 million.

New loan originations for the year ended December 31, 2008, decreased $299.8 million or 87.0% to $44.8 million compared to $344.6 million for the year ended December 31, 2007. In March 2008, because of the absence of a profitable exit in the securitization market and reduced pricing in the whole loan market, we ceased originating loans for our own account. We processed $185.5 million and $111.6 million in loans originated under third-party origination agreements for the years ended December 31, 2008 and 2007, respectively.

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

	2008	2007
Manufactured housing loans held for investment, securitized	$ 934,369	$ 1,051,015
Manufactured housing loans held for investment, unsecuritized	2,696	144,926
Accrued interest receivable	5,452	5,608
Deferred loan origination costs	3,186	5,612
Disount on originated loans (1)	(18,753)	
Discount on purchased loans	(2,564)	(4,450)
Allowance for purchased loans	(1,662)	(913)
Allowance for loan losses	(10,777)	(7,882)
	$ 911,947	$ 1.193,916

(1) Represents the fair market value of servicing rights sold in July 2008 which are related to loans held-for-investment. The discount is accreted into interest income over the life of the loans on a level yield method.

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):

	2008	2007
Number of loans receivable	19,788	24,416
Average loan balance	$ 47	$ 49
Weighted average loan coupon	9.44%	9.45%
Weighted average initial term	20 years	20 years

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):

	2008			2007		
Days delinquent	No. of Loans	Principal Balance	% of Portfolio	No. of Loans	Principal Balance	% of Portfolio
31 60	231	$ 10,197	1.1%	268	$ 9,451	0.8%
61 90	73	3,385	0.4%	84	3,496	0.3%
Greater than 90	170	8,500	0.9%	170	7,484	0.6%

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 increased $2.8 million, or 37.9% to $8.1 million compared to $5.8 million. Non-performing loans as a percentage of average outstanding principal balance were 0.8% for the year ended December 31, 2008 compared to 0.7% for the year ended December 31, 2007.

At December 31, 2008 we held 199 repossessed houses owned by us compared to 202 houses at December 31, 2007, a decrease of 3 houses, or 1.5%. The book value of these houses, including repossession expenses, based on the lower of cost or market value, was approximately $4.5 million at December 31, 2008 compared to $5.0 million at December 31, 2007, a decrease of $0.5 million, or 10.0%. This decrease is primarily the result of a decrease in the average outstanding principal balance of loans receivable offset by lower anticipated recovery rates in the future thus reducing the market value.

The allowance for loan losses increased $2.9 million, or 36.7% to $10.8 million at December 31, 2008 from $7.9 million at December 31, 2007 despite a 21.7% decrease in the gross loans receivable balance, net of loans accounted for under SOP 03-3. The allowance for loan losses as a percentage of gross loans receivable, net of loans accounted for under SOP 03-3, was approximately 1.2% at December 31, 2008 compared to approximately 0.7% at December 31, 2007. Net charge-offs were $14.5 million, or 1.4% of the average outstanding loans receivable balance, and $9.3 million, or 0.9% of the average outstanding loans receivable balance, for the years ended December 31, 2008 and 2007, respectively. The increase in the loan loss allowance and net charge-offs was primarily due to the fact that during the year ended December 31, 2008, we ceased the origination of loans for our own account. and sold the vast majority of the loans we had originated since September 2007. As a result, the bulk of our remaining loans are moving towards their expected peak loss years. Additionally, as a result of deteriorating economic conditions

beginning in 2007 and continuing throughout 2008 and into 2009, housing values have plunged and unemployment rates have increased dramatically. Inevitably, this has increased defaults and reduced recoveries, directly impacting our allowance for loan losses. As such, we have seen an increase in the provision for loan losses and we expect to continue to see increases in the future.

Through our wholly-owned subsidiary, Origen Servicing, Inc., we provided loan servicing for manufactured housing loans that we and our predecessors originated or purchased, and for loans originated by third parties. As of June 30, 2008, just prior to the sale of our loan servicing platform and the cessation of all our loan servicing operations, we serviced approximately $1.6 billion of loans, including approximately $606.0 million of loans serviced for others, as compared to approximately $1.8 billion of loans, including approximately $599.1 million of loans serviced for others, as of December 31, 2007. Prior to the sale of our loan servicing platform, as part of our contractual services, certain of our servicing contracts required 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 were reimbursed by the trust in the event such delinquent principal and interest payments remained 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 were required to advance certain expenses such as taxes, insurance costs and costs related to the foreclosure or repossession process as necessary. Such expenditures were reported to the appropriate trustee for reimbursement. At December 31, 2008, we had no servicing advances outstanding compared to $6.3 million at December 31, 2007**.**

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. We performed our annual impairment test of goodwill on December 31, 2007, based on conditions as of December 31, 2007, in accordance with SFAS 142, and determined that our recorded goodwill was fully impaired. The impairment was due to poor market and economic conditions in 2007 which resulted in an extended decline in the quoted market price of our equity securities below tangible book value.

Bonds outstanding, relating to securitized financings utilizing asset-backed structures, totaled $775.1 million and $884.7 million at December 31, 2008 and 2007, respectively. These bonds relate to seven securitized transactions: Origen 2004-A, issued in February 2004, Origen 2004-B, issued in September 2004, Origen 2005-A, issued in May 2005, Origen 2005-B, issued in December 2005, Origen 2006-A, issued in August 2006, Origen 2007-A, issued in May 2007 and Origen 2007-B, issued in October 2007. Bonds outstanding for each securitized transaction were as follows at December 31 (in thousands):

		Original Issuance	2008	2007
Origen 2004	A	$ 200,000	$ 83,514	$ 95,753
Origen 2004	B	169,000	80,747	96,290
Origen 2005	A	165,300	92,937	108,318
Origen 2005	B	156,187	103,164	118,464
Origen 2006	A	200,646	147,201	169,398
Origen 2007	A	184,389	153,723	171,588
Origen 2007	B	126,700	113,834	124,839
		$ 1,202,222	$ 775,120	$ 884,650

We previously had a warehouse financing facility with Citigroup. We used the Citigroup facility to fund loans we originated or purchased until such time as they could be included in one of our securitization transactions. The facility was terminated in March 2008 when we ceased originating loans for our own portfolio. At December 31, 2007 total borrowings under the warehouse financing facility were $173.1 million.

Stockholders equity was $78.2 million and $148.4 million at December 31, 2008 and 2007, respectively. We had net losses of $35.4 million, and non-cash other comprehensive losses of $37.3 million and declared and paid

distributions of $1.2 million during the year ended December 31, 2008. We also had increases to stockholders equity of $2.8 million related to the vesting of 516,791 shares of stock previously issued to certain employees and directors under our equity incentive plan and $0.9 million related to a five year stock purchase warrant connected with the $46 million related party debt entered into in April 2008.

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Results of Operations for the Years Ended December 31, 2008 and December 31, 2007

On July 1, 2008, we completed the sale of our servicing platform assets to Green Tree Servicing LLC (Green Tree), a leading servicer of manufactured housing loans and other residential and consumer loans for $37.0 million. On July 31, 2008, we completed the sale of our third party origination and insurance platform assets to a newly formed venture, the managing member of which is a wholly owned affiliate of Manage America, a nationally recognized provider of services to the manufactured housing industry for $1.0 million. In accordance with SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144), we are reporting our servicing platform and insurance platform operations in the consolidated financial statements and related notes as discontinued operations for all periods presented.

Loan originations decreased $299.8 million, or 87.0% to $44.8 million from $344.6 million. We additionally processed $185.5 million and $111.6 million in loans originated under third-party origination agreements during the years ended December 31, 2008 and 2007, respectively. Chattel loans comprised approximately 93% and 87% of loans originated during the years ended December 31, 2008 and 2007, respectively. The other 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 $2.0 million, from $87.1 million to $89.1 million, or 2.3% despite a decrease of approximately $67 million or 6.2% in average outstanding principal balance of loans receivable from $1,078 million to $1,011 million. The weighted average net interest rate on the loans receivable portfolio increased to 8.81% from 8.08%. This increase was a result of the sale of our servicing operation assets to Green Tree Servicing LLC (Green Tree) on July 1, 2008. Prior to the sale, we serviced the loans in our loan portfolio and reported interest income on our loan portfolio net of servicing fee expense of approximately 1.25%. For the six months ended December 31, 2008 (after the sale of the servicing assets), interest income is recorded at the coupon rate of the loan and servicing fee expense is recorded in non-interest expense. Service fee expense paid to Green Tree was approximately $6.4 million for the six months ended December 31, 2008, following the sale of the servicing assets.

Interest income on other interest earning assets decreased from $2.6 million to $1.9 million. The decrease was primarily the result of a decrease in the average balance of interest earning assets other than manufactured housing loans from $63.4 million to $37.0 million. In February 2008 we sold an investment security with a net book value of approximately $22.4 million. The investment security was pledged as collateral on a repurchase agreement with Citigroup and the repurchase agreement was not renewed.

Interest expense increased $0.9 million, or 1.5%, to $60.7 million from $59.8 million. The majority of our interest expense relates to interest on our loan funding facilities. Average debt outstanding decreased $73.0 million to $908.2 million compared to $981.2 million, or 7.5%. The decrease in average debt outstanding is directly attributable to the fact that we ceased origination of loans for our own portfolio in March 2008 and terminated our warehouse funding facility. The average interest rate on total debt outstanding increased from 6.1% to 6.7%.

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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):

	2008			2007		
	Average Balance	**Interest**	**Yield/ Rate**	**Average Balance**	**Interest**	**Yield/ Rate**
Interest earning assets:						
Manufactured housing loans (1)	$ 1,011,440	$ 89,072	8.81%	$ 1,078,174	$ 87,114	8.08%
Investment securities	12,666	1,582	12.49%	41,228	3,804	9.23%
Other interest earning assets	24,299	349	1.44%	22,212	1,209	5.44%
Total	$ 1,048,405	$ 91,003	8.68%	$ 1,141,614	$ 92,127	8.07%
Interest bearing liabilities:						
Loan funding facilities(2)	$ 875,698	$ 55,368	6.32%	$ 955,807	$ 57,899	6.06%
Repurchase agreements	2,497	129	5.17%	20,811	1,270	6.10%
Other interest bearing liabilities (3)	30,048	5,235	17.42%	4,562	589	12.91%
Total	$ 908,243	$ 60,732	6.69%	$ 981,180	$ 59,758	6.09%
Net interest income and interest rate spread		$ 30,271	1.99%		$ 32,369	1.98%
Net yield on average interest earning assets (4)			2.89%			2.84%

(1) Net of loan servicing fees for the six months ended June 30, 2008 and year ended December 31, 2007.

(2) Includes facility fees.

(3) Includes non-use fees and the amortization of the fair value of the related stock purchase

warrant.

(4) Amount is calculated as net interest income divided by total average interest earning assets.

The following table sets forth the changes in the components of net interest income for the year ended December 31, 2008 compared to the year ended December 31, 2007 (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	$ (5,392)	$ 7,350	$ 1,958
Investment securities	(2,635)	413	(2,222)
Other interest earning assets	114	(974)	(860)
Total interest income	$ (7,913)	$ 6,789	$ (1,124)
Interest bearing liabilities:			
Loan funding facilities	$ (4,853)	$ 2,322	$ (2,531)
Repurchase agreements	(1,118)	(23)	(1,141)
Other interest bearing liabilities	3,290	1,356	4,646
Total interest expense	$ (2,681)	$ 3,655	$ 974
Decrease in net interest income			$ (2,098)

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 level of the allowance is based principally on the outstanding balance of the contracts held on our balance sheet, current loan delinquencies and historical trends. The provision for loan losses increased 103.4% to $17.7 million from $8.7 million. In March 2008 we ceased the origination of loans for our own account. Additionally, during the first two quarters of 2008, we sold the vast majority of the loans we had originated since September 2007. As a result, the bulk of our remaining loans are moving towards their expected peak loss years. Also, we have experienced a steady decline in recovery rates upon liquidation of repossessed houses over the last 12 months. As such, we have seen an increase in the charge offs and provision for loan losses and we expect to continue to see increases in the future as the bulk of the portfolio ages through its expected peak loss years. Net charge-offs were $17.7 million, an increase of $9.1 million or 105.8% compared to $8.6 million. As a percentage of average outstanding principal balance total net charge-offs, increased to 1.8% compared to 1.0%.

An impairment of $0.7 million in the carrying value of a previously purchased loan pool was recognized during the year ended December 31, 2008, as a result of changes in projected cash flows. No such impairment was recorded during the year ended December 31, 2007.

Non-interest income decreased $26.3 million to a loss of $22.7 million from income of $3.6 million. This decrease was attributable to a $22.4 million loss on the sale of loans, a loss of $3.8 million related to the termination of two interest rate swaps previously accounted for as cash flow hedges, mark-to-market adjustments on interest rate swaps that do not receive hedge accounting treatment and a decrease of $0.4 million in third party origination income.

Total non-interest expense for the year ended December 31, 2008, was $33.3 million compared to $66.8 million for the year ended December 31, 2007 which included a non-cash goodwill impairment charge of $32.3 million and an investment impairment charge of $9.2 million. Following is a discussion of the decrease of $33.5 million, or 50.2%.

Personnel expenses increased approximately $2.0 million, or 11.8%, to $18.9 million compared to $16.9 million. The increase is primarily the result of $4.8 million of change in control payments due to certain executive officers and a $1.3 million increase in stock and deferred compensation costs which were both triggered by the sale of our servicing platform assets to Green Tree, and other severance costs of approximately $2.5 million. The increase was offset by a decrease of $6.7 million in salaries, bonuses, payroll taxes and other personnel expenses which were $7.1 million compared to $13.8 million. We have reduced the number of full time employees by approximately 89% during the year ended December 31, 2008 as we continue rightsizing the company to efficiently and effectively continue operations and preserve shareholder value.

Loan origination and servicing expenses increased approximately $5.9 million to $7.3 million from $1.4 million. The increase is primarily the result of servicing fees we now pay to Green Tree as our third party servicer which were $6.4 million for the year ended December 31, 2008. Upon sale of our servicing platform assets to Green Tree on July 1, 2008, Green Tree was appointed as a successor servicer to our securitized and unsecuritized owned loan portfolio.

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. We performed our annual impairment test of goodwill on December 31, 2007, in accordance with SFAS 142, and determined that our recorded goodwill was fully impaired. The impairment was due to poor market and economic conditions in 2007 which resulted in an extended decline in the quoted market price of the Company s equity securities below tangible book value.

In December 2007, we transferred an investment with a $31.8 million carrying value from investments held-to-maturity to investments available-for-sale. At the time of this transfer we recognized an other-than-temporary impairment of $9.2 million in order to record the investment at fair value upon completion of the transfer. In February 2008 the investment was sold and no gain or loss was recorded on the transaction. In 2008 we had no other investments classified as available-for-sale and no other-than-temporary impairment was recognized.

We are licensed as a loan originator and servicer of manufactured housing loans in all states in which we conducted 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 both of the years ended December 31, 2008 and 2007, we incurred state taxes of $0.3 million.

Other operating expenses, which consist of occupancy and equipment, professional fees, travel and entertainment and miscellaneous expenses decreased $0.2 million, or 3.0%, from $6.7 million to $6.5 million. Professional fees increased by $0.5 million, or 26.3% from $1.9 million to $2.4 million. Occupancy and equipment, office expense and telephone expense decreased by $0.2 million, or 25.0% from $0.8 million to $0.6 million. Travel and entertainment expense decreased $1.4 million, or 82.4%, from $1.7 million to $0.3 million. Miscellaneous expenses increased by $0.8 million, or 57.1% from $1.4 million to $2.2 million.

Income tax expenses for the years ended December 31, 2008 and 2007 were approximately $61,000 and $47,000, respectively.

Results of Operations for the Years Ended December 31, 2007 and December 31, 2006

Loan originations increased $61.9 million, or 21.9% to $344.6 million from $282.7 million for the years ended December 31, 2007 and 2006, respectively. We additionally processed $111.6 million and $49.6 million in loans originated under third-party origination agreements during the years ended December 31, 2007 and 2006, respectively. Chattel loans comprised approximately 87% and 91% of loans originated during the years ended December 31, 2007 and 2006, respectively. The other 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 $17.4 million, from $69.7 million to $87.1 million, or 25.0%. This increase in interest income resulted primarily from an increase in the average outstanding balance of manufactured housing loan receivables of $226.4 million from $851.8 million to $1,078.2 million, or 26.6%. The increase in the average receivable balance was partially offset by a decrease in the average yield on the portfolio from 8.2% to 8.1%. 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 $4.6 million to $5.0 million. The increase was primarily the result of an increase in the average balance of interest earning assets other than manufactured housing loans and investment securities from $16.6 million to $22.2 million.

Interest expense increased $16.3 million, or 37.5%, to $59.8 million from $43.5 million. The majority of our interest expense relates to interest on our loan funding facilities. Average debt outstanding increased $228.8 million to $981.2 million compared to $752.4 million, or 30.4%. The average interest rate on total debt outstanding increased from 5.8% to 6.1%.

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):

	2007			2006		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Interest earning assets:						
Manufactured housing loans (1)	$ 1,078,174	$ 87,114	8.08%	$ 851,758	$ 69,702	8.18%
Investment securities	41,228	3,804	9.23%	41,291	3,750	9.08%
Other interest earning assets	22,212	1,209	5.44%	16,609	843	5.08%
Total	$ 1,141,614	$ 92,127	8.07%	$ 909,658	$ 74,295	8.17%
Interest bearing liabilities:						
Loan funding facilities(2)	$ 955,807	$ 57,899	6.06%	$ 728,331	$ 42,058	5.77%
Repurchase agreements	20,811	1,270	6.10%	23,582	1,398	5.93%
Other interest bearing liabilities (3)	4,562	589	12.91%	447	42	9.40%
Total	$ 981,180	$ 59,758	6.09%	$ 752,360	$ 43,498	5.78%
Net interest income and interest rate spread		$ 32,369	1.98%		$ 30,797	2.39%
Net yield on average interest earning assets (4)			2.84%			3.39%

(1) Net of loan servicing fees.

(2) Includes facility fees.

(3) Includes non-use fees and the amortization of the fair value of the related stock purchase warrant.

(4) Amount is calculated as net interest income divided by total average interest earning assets.

The following table sets forth the changes in the components of net interest income for the year ended December 31, 2007 compared to the year ended December 31, 2006 (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	$ 18,528	$ (1,116)	$ 17,412
Investment securities	(6)	60	54
Other interest earning assets	284	82	366
Total interest income	$ 18,806	$ (974)	$ 17,832
Interest bearing liabilities:			
Loan funding facilities	$ 13,136	$ 2,705	$ 15,841
Repurchase agreements	(164)	36	(128)
Other interest bearing liabilities	387	160	547
Total interest expense	$ 13,359	$ 2,901	$ 16,260
Increase in net interest income			$ 1,572

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 level of the allowance is based principally on the outstanding balance of the contracts held on our balance sheet, current loan delinquencies and historical trends. The provision for loan losses increased 22.5% to $8.7 million from $7.1 million. The provision for loan losses for the year ended December 31, 2006 was reduced by approximately $1.6 million as a result of a reduction in the portion of the allowance for loan losses initially established for estimated losses related to the effects of Hurricane Katrina and Hurricane Rita. No such reduction was recorded during the year ended December 31, 2007. Net charge-offs were $9.3 million, or 0.9% of the average outstanding loans receivable balance, and $8.6 million, or 1.0% of the average outstanding loans receivable balance, for the years ended December 31, 2007 and 2006, respectively.

An impairment of $0.5 million in the carrying value of a previously purchased loan pool was recognized during the year ended December 31, 2006, as a result of changes in projected cash flows. No such impairment was recorded during the year ended December 31, 2007.

Non-interest income for the year ended December 31, 2007 totaled $22.0 million as compared to $17.8 million for 2006, an increase of $4.2 million, or 23.6%. The primary components of non-interest income are fees and other income from loan servicing and insurance operations. The increase in non-interest income is primarily due to the increase in the average serviced loan portfolio on which servicing fees are collected from $1.6 billion to $1.7 billion, as well as an increase of $0.6 million in third-party origination income and an increase of $0.2 million in insurance commissions.

Total non-interest expense for the year ended December 31, 2007, including a non-cash goodwill impairment charge of $32.3 million and an investment impairment charge of $9.2 million, was $77.4 million as compared to $34.1 million for 2006. Following is a discussion of the increase of $43.3 million, or 127.0%.

Personnel expenses increased approximately $0.6 million, or 2.5%, to $24.4 million compared to $23.8 million. The increase is primarily the result of a $0.6 million increase in salaries and bonuses.

Loan origination and servicing expenses increased approximately $0.4 million, or 25.0%, to $2.0 million compared to $1.6 million. The increase is primarily attributable to increases in repossession expenses.

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. We performed our annual impairment test of goodwill on December 31, 2007, in accordance with SFAS 142, and determined that our recorded goodwill was fully impaired. The impairment was due to current market and economic conditions which have resulted in a further and extended decline in the quoted market price of the Company s equity securities below tangible book value. As a result, we recorded a non-cash goodwill impairment charge of $32.3 million during the year ended December 31, 2007. No impairment was recorded during the year ended December 31, 2006.

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In December 2007, we transferred an investment with a $31.8 million carrying value from investments held-to-maturity to investments available-for-sale. At the time of this transfer we recognized an other-than-temporary impairment of $9.2 million in order to record the investment at fair value upon completion of the transfer.

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 both of the years ended December 31, 2007 and 2006, we incurred state taxes of $0.3 million.

Other operating expenses, which consist of occupancy and equipment, professional fees, travel and entertainment and miscellaneous expenses increased $0.9 million, or 10.8%, from $8.3 million to $9.2 million. Professional fees increased by $0.4 million, or 25.0% from $1.6 million to $2.0 million. Occupancy and equipment, office expense and telephone expense was $5.0 million during both 2007 and 2006. Travel and entertainment expense increased $0.5 million, or 35.7%, from $1.4 million to $1.9 million. Miscellaneous expenses were $0.3 million during both of the years ended December 31, 2007 and 2006.

Income tax expenses for the years ended December 31, 2007 and 2006 were approximately $60,000 and $24,000, respectively.

Liquidity and Capital Resources

During the third and fourth quarters of 2007 and through all of 2008, the capital markets encountered unprecedented disruption as a result of difficulties in the sub-prime mortgage market. While we were not participants in that market, we nonetheless were negatively affected by the unsettled market conditions. Spreads widened across all spectrums of the asset-backed securities market and providers of warehouse lending facilities and other forms of operating capital severely tightened conditions and applied significantly more conservative market value determinations on the collateral underlying existing loan programs. The sale of our portfolio of unsecuritized loans during the first quarter of 2008, the issuance of $46.0 million of senior secured promissory notes during April 2008 and the sale of our servicing platform assets and certain of our loan origination and insurance business assets during July 2008, has temporarily enhanced our liquidity position. However, market conditions have had a severe adverse effect on our liquidity and capital resources.

After the sale of our servicing and loan origination and insurance business assets, our business essentially consists of actively managing our residual interests in our securitized loan portfolios. Therefore, our ongoing capital needs are primarily limited to meeting our existing debt obligations and to fund the operating costs of our remaining operations. At December 31, 2008 we had approximately $14.2 million in available cash and cash equivalents. As a REIT, we are 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. Given that we have ceased originating loans for our own account, our business has become much less capital intensive, and we believe that cash provided from operations will be sufficient to fund our ongoing business.

Cash provided by operating activities during the year ended December 31, 2008, totaled $169.8 million versus $23.1 million for the year ended December 31, 2007. Cash provided by investing activities was $124.4 million for the year ended December 31, 2008 versus cash used in investing activities of $254.0 million for the year ended December 31, 2007. Cash used to originate and purchase loans decreased 87.7%, or $323.0 million, to $45.3 million for the year ended December 31, 2008 compared to $368.3 million for the year ended December 31, 2007. Principal collections on loans totaled $94.7 million for the year ended December 31, 2008 as compared to $104.2 million for the year ended December 31, 2007, a decrease of $9.5 million, or 9.1%. The decrease in collections is primarily related to the decrease in the principal balance outstanding of the loan portfolio, which was $937.1 million for the year ended December 31, 2008 compared to $1.2 billion at December 31, 2007, a direct result of the sale of approximately $174.6 million in principal balance of unsecuritized manufactured home loans and the decision in March 2008 to cease originating loans for our own account.

The primary sources of cash during the year ended December 31, 2008 were $1.0 million from the sale of certain assets of our loan origination and insurance business, the sale of an asset-backed bond for $22.5 million, the sale of loans for $162.3 million and the issuance of $46.0 million of senior secured promissory notes to a related party. We used $19.6 million from the asset-backed bond sale to fully pay off all of our obligations under repurchase agreements. We used $203.9 million from loan sales and the issuance of senior secured promissory notes to pay off the outstanding balances on our warehouse and supplemental advance credit facilities.

An additional source of cash was $37.0 million from the sale of certain of our servicing platform assets to Green Tree on July 1, 2008. The purchase price paid by Green Tree was calculated as follows: (i) 2.04% of the unpaid principal balance of the principal amount of loans for which we act as servicer or sub-servicer as of the closing date; (ii) 84.2% of the aggregate amount of the unreimbursed servicing advances; (iii) 75.0 % of the aggregate amount of unearned unreimbursed force-placed insurance premiums; and (iv) $1.00 for the goodwill associated with our role as a servicing party, including software applications, know-how and policies and procedures. Proceeds from the sale were used in part to repay in its entirety the $15.0 million loan from the William M. Davidson Trust u/a/d 12/13/04, originally incurred in September 2007, and to pay down approximately $13.0 million in principal amount of our $46.0 million Note from the William M. Davidson Trust u/a/d 12/13/04.

Our audited financial statements as of and for the year ended December 31, 2008 were prepared under the assumption that we will continue our operations as a going concern. Included in our Annual Report on Form 10-K for the year ended December 31, 2007, our registered independent accountants expressed substantial doubt about our ability to continue as a going concern. Continued operations depend on our ability to meet our existing debt obligations. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we cannot continue as a viable entity, our stockholders may lose some or all of their investment in the company. Based on the proceeds from the sale of the servicing platform and certain of the origination and insurance asset, and our expected cash flows from operations, we believe we will be able to meet our existing debt obligations in a timely manner.

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, 2008 (in thousands):

	Total	Less than 1 year	1 3 years	4 5 years	Thereafter
Notes payable 2004-A securitization (1)	$ 83,514	$ 11,767	$ 19,079	$ 14,524	$ 38,144
Notes payable 2004-B securitization (2)	80,747	12,676	19,698	12,177	36,196
Notes payable 2005-A securitization (3)	92,937	13,274	21,311	15,220	43,132
Notes payable 2005-B securitization (4)	103,164	17,413	22,626	17,057	46,068
Notes payable 2006-A securitization (5)	147,201	24,066	34,395	24,057	64,683
Notes payable 2007-A securitization (6)	153,723	21,129	36,743	29,352	66,499
Notes payable 2007-B securitization (7)	113,834	15,007	26,666	18,093	54,068
Notes payable related party (8)	29,351		29,351		
Operating leases	1,685	644	1,041		
Total contractual obligations	$ 806,156	$ 115,976	$ 210,910	$ 130,480	$ 348,790

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) Origen Financial L.L.C. through a special purpose entity, Origen Manufactured Housing Contract Trust 2006-A, is the issuer of the notes payable under the 2006-A securitization.

(6) Origen Financial L.L.C. through a special purpose entity, Origen Manufactured Housing Contract Trust 2007-A, is the issuer of the notes payable under the 2007-A securitization.

(7) Origen Financial L.L.C. through a special purpose entity, Origen Manufactured Housing Contract Trust 2007-B, is the issuer of the notes payable under the 2007-B securitization.

(8) Origen Financial L.L.C. is the borrower under the agreement with the William M. Davidson Trust u/a/d 12/13/04.

We need cash to pay interest expense on our securitized bonds and related party debt. We expect the total interest expense to be in excess of $43.9 million during the twelve months ending December 31, 2009.

Our short-term liquidity and capital requirements consist primarily of funds necessary to continue the active management of our residual interests in our securitized loan portfolios. We believe our existing liquidity and cash flow from operations will meet our liquidity requirement through 2009.

Our long-term liquidity and capital requirements consist primarily of funds necessary to continue the active management of our residual interests in our securitized loan portfolios. We expect to meet our long-term liquidity requirements through cash generated from operations, but we may require external sources of capital, which may include sales of assets, debt securities, convertible debt securities or third-party borrowings. 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. As has recently been demonstrated, general market conditions can change rapidly, and accordingly the level of access to liquidity and the cost of such liquidity can be negatively impacted in ways disproportionate to the credit performance of an entity s underlying asset portfolio or the quality of its operations.

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 borrowers, 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. Any sustained period of increased delinquencies, repossessions, foreclosures, losses or increased costs would adversely affect our financial condition, results of operations and liquidity. We bear the risk of delinquency and default on securitized loans in which we have a residual or retained ownership interest. We also reacquire the risks of delinquency and default for loans that we are obligated to repurchase. Repurchase obligations are typically triggered in sales or securitizations if the loan materially violates our representations or warranties.

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 risk that the inability to raise additional capital to meet our existing debt obligations could threaten our ability to continue as a going concern;
- the performance of our manufactured housing loans;
- our ability to borrow at favorable rates and terms;
- conditions in the asset-backed securities market generally and the manufactured housing asset-backed securities market specifically, including rating agencies views on the manufactured housing industry;
- 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 thirty-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 $414.8 million and $656.5 million at December 31, 2008 and 2007, respectively. If LIBOR increased or decreased by 1.0% during the years ended December 31, 2008 and 2007, we believe our interest expense would have increased or decreased by approximately $5.8 million and $5.2 million, respectively, based on the $487.2 million and $518.0 million average balance outstanding under our variable rate debt facilities for the years ended December 31, 2008 and 2007, respectively. As a result of our hedging activity, the increase or decrease in interest expense would have been offset by $4.4 million and $3.3 million during the years ended December 31, 2008 and 2007, respectively. We had no variable rate interest earning assets outstanding during the years ended December 31, 2008 or 2007.The following table shows the contractual maturity dates of our assets and liabilities at December 31, 2008. 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).

			Expected Maturity		
	0 to 3 months	**4 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Assets					
Cash and equivalents	$ 14,118	$	$	$	$ 14,118
Restricted cash	12,927				12,927
Investments				9,739	9,739
Loans receivable, net	24,862	109,754	451,017	326,314	911,947
Furniture, fixtures and equipment, net	32	100	269		401
Repossessed houses	2,272	2,271			4,543
Other assets	2,312	1,271	3,301	4,974	11,858
Total assets	$ 56,523	$ 113,396	$ 454,587	$ 341,027	$ 965,533
Liabilities and Stockholders Equity					
Securitization financing	$ 31,391	$ 83,942	$ 310,996	$ 348,791	$ 775,120
Notes payable related party			29,351		29,351
Derivative liabilities				57,887	57,887
Other liabilities	22,252	395	1,832	501	24,980
Total liabilities	53,643	84,337	342,179	407,179	887,338
Preferred stock				125	125
Common stock				259	259
Additional paid-in-capital				225,542	225,542
Accumulated other comprehensive loss	5	(19)	(1,655)	(55,659)	(57,328)
Distributions in excess of earnings				(90,403)	(90,403)

Total stockholders equity	5	(19)	(1,655)	79,864	78,195
Total liabilities and stockholders equity	$ 53,648	$ 84,318	$ 340,524	$ 487,043	$ 965,533
Interest sensitivity gap	$ 2,875	$ 29,078	$ 114,063	$ (146,016)	
Cumulative interest sensitivity gap	$ 2,875	$ 31,953	$ 146,016	$	
Cumulative interest sensitivity gap to total assets	.30%	3.31%	15.12%		

We believe the negative effect of a rise in interest rates on our loans receivable is reduced by our hedging strategies, which fix our cost of funds associated with the loans over the lives of such loans.

Our hedging strategies use derivative financial instruments, such as interest rate swap contracts, to mitigate interest rate risk and variability in cash flows on our securitizations and anticipated securitizations. It is not our policy to use derivatives to speculate on interest rates. These derivative instruments are intended to provide income

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and cash flow to offset potential increased interest expense and potential variability in cash flows under certain interest rate environments.

We held six separate open derivative positions at December 31, 2008. All six of these positions were interest rate swaps. Three of the positions are interest rate swaps related to our 2006-A, 2007-A and 2007-B securitizations. These interest rate swaps lock in the base LIBOR interest rate on the outstanding balances of the 2006-A, 2007-A and 2007-B variable rate notes at 5.48%, 5.12% and 5.23%, respectively, for the life of the notes. At December 31, 2008, the outstanding notional balances on these interest rate swaps was $149.1 million, $154.9 million and $114.4 million on the 2006-A, 2007-A and 2007-B interest rate swaps, respectively.

At December 31, 2008 we held three interest rate swaps which were not accounted for as hedges. Under the agreements, at December 31, 2008, we paid one month LIBOR and received fixed rates of 5.48%, 5.12% and 5.23% on outstanding notional balances of $2.3 million, $3.7 million and $4.1 million, respectively.

The following table shows our financial instruments that are sensitive to changes in interest rates and are categorized by contractual maturity at December 31, 2008 (dollars in thousands):

	Interest Rate Sensitivity						
	2009	**2010**	**2011**	**2012**	**2013**	**There-after**	**Total**
Interest sensitive assets							
Interest bearing deposits	$ 23,027	$	$	$	$	$	$ 23,027
Average interest rate	1.44%						1.44%
Investments						9,763	9,763
Average interest rate						9.23%	9.23%
Loans receivable, net	142,902	128,840	113,782	100,154	88,007	338,262	911,947
Average interest rate	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%
Derivative asset						326	326
Average interest rate						5.26%	5.26%
Total interest sensitive assets	$ 165,929	$ 128,840	$ 113,782	$ 100,154	$ 88,007	$ 348,351	$ 945,063
Interest sensitive liabilities							
Securitization financing	$ 115,332	$ 97,294	$ 83,223	$ 71,034	$ 59,445	$ 348,792	$ 775,120
Average interest rate	6.33%	6.33%	6.33%	6.33%	6.33%	6.33%	6.33%
Notes payable related party				29,351			29,351
Average interest rate				17.42%			17.42%
						57,887	57,887

Derivative liability							
Average interest rate						5.28%	5.28%
Total interest sensitive liabilities	$ 115,332	$ 97,294	$ 83,223	$ 100,385	$ 59,445	$ 406,679	$ 862,358

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Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Origen Financial, Inc.

We have audited the accompanying consolidated balance sheets of Origen Financial, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders equity, and cash flows for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of the Company s 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. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Origen Financial, Inc. and subsidiaries as of December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

/S/ GRANT THORNTON LLP
Southfield, Michigan
March 26, 2009

Origen Financial, Inc.
Consolidated Balance Sheets
(In thousands, except share data)
As of December 31, 2008 and 2007

	2008	2007
ASSETS		
Assets		
Cash and cash equivalents	$ 14,118	$ 10,791
Restricted cash	12,927	16,290
Investments	9,739	32,393
Loans receivable, net of allowance for losses of $10,777 and $7,882, respectively	911,947	1,193,916
Servicing advances		6,298
Servicing rights		2,146
Furniture, fixtures and equipment, net	401	2,974
Repossessed houses	4,543	4,981
Other assets	11,858	14,412
Total assets	$ 965,533	$ 1,284,201
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Warehouse financing	$	$ 173,072
Securitization financing	775,120	884,650
Repurchase agreements		17,653
Notes payable related party	29,351	14,593
Derivative liabilities	57,887	20,443
Other liabilities	24,980	25,405
Total liabilities	887,338	1,135,816
Stockholders Equity		
Preferred stock, $.01 par value, 10,000,000 shares authorized; 125 shares issued and outstanding at December 31, 2008 and December 31, 2007; $1,000 per share liquidation preference	125	125
Common stock, $.01 par value, 125,000,000 shares authorized; 25,926,149 and 26,015,275 shares issued and outstanding at December 31, 2008 and December 31, 2007, respectively	259	260
Additional paid-in-capital	225,542	221,842
Accumulated other comprehensive loss	(57,328)	(20,012)
Distributions in excess of earnings	(90,403)	(53,830)
Total stockholders equity	78,195	148,385
Total liabilities and stockholders equity	$ 965,533	$ 1,284,201

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Origen Financial, Inc.
Consolidated Statements of Operations
For the Years Ended December 31, 2008, 2007 and 2006
(In thousands, except share data)

	2008	2007	2006
Interest Income			
Total interest income	$ 90,827	$ 91,267	$ 73,635
Total interest expense	60,732	59,740	43,456
Net interest income before loan losses and impairment	30,095	31,527	30,179
Provision for loan losses	17,745	8,739	7,069
Impairment of purchased loan pool	749		485
Net interest income after loan losses and impairment	11,601	22,788	22,625
Non-interest Income			
Servicing income	1,366	2,502	34
Origination income	1,520	1,968	1,413
Loss on loan sales	(22,377)		
Other	(3,239)	(835)	185
Total non-interest income (loss)	(22,730)	3,635	1,632
Non-interest Expenses			
Personnel	18,936	16,888	16,886
Loan origination and servicing	7,336	1,437	952
Goodwill impairment		32,277	
Investment impairment	32	9,179	114
State business taxes	475	270	234
Other operating	6,487	6,721	5,949
Total non-interest expense	33,266	66,772	24,135
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principle	(44,395)	(40,349)	122
Income tax expense	61	47	
Income (loss) from continuing operations	(44,456)	(40,396)	122
Income from discontinued operations, net of tax	9,092	8,629	6,803
Cumulative effect of change in accounting principle			46
NET INCOME (LOSS)	$ (35,364)	$ (31,767)	$ 6,971
Weighted average common shares outstanding, basic	25,689,639	25,316,278	25,125,472
Weighted average common shares outstanding, diluted	25,689,639	25,316,278	25,181,654
Basic earnings (loss) per common share before cumulative effect of change in accounting principle:			

Income (loss) from continuing operations	$	(1.73)	$	(1.60)	$	0.01
Income from discontinued operations	$	.35	$	.34	$	0.27
Net income (loss)	$	(1.38)	$	(1.26)	$	0.28
Diluted earnings (loss) per common share before cumulative effect of change in accounting principle:						
Income (loss) from continuing operations	$	(1.73)	$	(1.60)	$	0.01
Income from discontinued operations	$	.35	$	.34	$	0.27
Net income (loss)	$	(1.38)	$	(1.26)	$	0.28
Basic earnings (loss) per common share:						
Income (loss) from continuing operations	$	(1.73)	$	(1.60)	$	0.01
Income from discontinued operations	$	.35	$	.34	$	0.27
Net income (loss)	$	(1.38)	$	(1.26)	$	0.28
Diluted earnings (loss) per common share:						
Income (loss) from continuing operations	$	(1.73)	$	(1.60)	$	0.01
Income from discontinued operations	$	.35	$	.34	$	0.27
Net income (loss)	$	(1.38)	$	(1.26)	$	0.28

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Origen Financial, Inc.
Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2008, 2007 and 2006
(In thousands)

	2008	2007	2006
Net income (loss)	$ (35,364)	$ (31,767)	$ 6,971
Other comprehensive income (loss):			
Net unrealized gain (loss) on interest rate swaps designated as cash flow hedges	(41,421)	(19,072)	(1,587)
Reclassification adjustment for net realized (gains) losses included in net income (loss)	4,105	(315)	55
Total other comprehensive income (loss)	(37,316)	(19,387)	(1,532)
Comprehensive income (loss)	$ (72,680)	$ (51,154)	$ 5,439

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Origen Financial, Inc.
Consolidated Statements of Changes in Stockholders Equity
For the Years Ended December 31, 2008, 2007 and 2006
(In thousands, except share data)

	Preferred Stock	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions In Excess of Earnings	Total Equity
Balance January 1, 2006	$ 125	$ 255	$ 218,366	$ 907	$ (19,702)	$ 199,951
Issuance of non-vested stock		5	(5)			
Retirement of non-vested stock		(1)	(287)			(288)
Share-based compensation expense			1,731			1,731
Net income					6,971	6,971
Other comprehensive loss				(1,532)		(1,532)
Cumulative effect of change in accounting principle			(46)			(46)
Cash distribution paid ($0.09 per common share)					(2,323)	(2,323)
Balance December 31, 2006	$ 125	$ 259	$ 219,759	$ (625)	$ (15,054)	$ 204,464
Issuance of non-vested stock		2	(2)			
Retirement of non-vested stock		(1)	(360)			(361)
Other common stock issuances, net			261			261
Issuance of common stock purchase warrants			587			587
Share-based compensation expense			1,597			1,597
Net loss					(31,767)	(31,767)
Other comprehensive loss				(19,387)		(19,387)
Cash distribution paid ($0.27 per common share)					(7,009)	(7,009)
Balance December 31, 2007	$ 125	$ 260	$ 221,842	$ (20,012)	$ (53,830)	$ 148,385
		(1)	(122)			(123)

Retirement of non-vested stock						
Issuance of common stock purchase warrants			858			858
Share-based compensation expense			2,964			2,964
Net loss					(35,364)	(35,364)
Other comprehensive loss				(37,316)		(37,316)
Cash distribution paid ($0.05 per common share)					(1,209)	(1,209)
Balance December 31, 2008	$ 125	$ 259	$ 225,542	$ (57,328)	$ (90,403)	$ 78,195

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Origen Financial, Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2008, 2007 and 2006
(In thousands)

	2008	2007	2006
Cash Flows From Operating Activities			
Net income (loss)	$ (35,364)	$ (31,767)	$ 6,971
Adjustments to reconcile net income (loss) to cash used in operating activities:			
Provision for loan losses	17,745	8,739	7,069
Goodwill impairment		32,277	
Investment impairment	32	9,179	114
Impairment of purchased loan pool	749		485
Impairment of servicing rights			69
Depreciation and amortization	5,755	5,445	5,499
Compensation expense recognized under share-based compensation plans	2,963	1,597	1,731
Cumulative effect of change in accounting principle			(46)
Proceeds from sale of loans	162,336		1,049
Losses on sale of loans held for sale	22,377		
Gain on sale of servicing rights	(6,523)		
Gain on sale of third party origination platform	(551)		
Decrease in servicing assets	1,079	1,443	1,234
Increase (decrease) in other assets	(3,483)	(5,736)	(7,697)
Increase (decrease) in accounts payable and other liabilities	2,725	1,879	(192)
Net cash provided by operating activities	169,840	23,056	16,286
Cash Flows From Investing Activities			
(Increase) decrease in restricted cash	3,363	(878)	(1,777)
Proceeds from sale of investments	22,400		
Proceeds from sale of servicing operation assets	37,047		
Proceeds from sale of origination and insurance operation assets	1,000		
Origination and purchase of loans	(45,266)	(368,337)	(288,366)
Principal collections on loans	94,684	104,242	86,568
Proceeds from sale of repossessed houses	10,763	11,586	11,297
Capital expenditures	409	(610)	(987)
Net cash provided by (used in) investing activities	124,400	(253,997)	(193,265)
Cash Flows From Financing Activities			
Net proceeds from issuance of common stock		261	
Retirement of common stock	(123)	(361)	(288)
Dividends paid	(1,208)	(7,009)	(2,323)
Proceeds upon termination of hedging transaction		281	1,418
Payment upon termination of hedging transaction	(4,198)	(1,921)	
Proceeds from securitization financing		311,089	200,646
Repayment of securitization financing	(109,659)	(111,612)	(94,297)
Proceeds from advances under repurchase agreements	1,888	759	
Repayment of advances under repurchase agreements	(19,541)	(6,688)	

Proceeds from warehouse financing	30,800	361,228	273,558
Repayment of warehouse financing	(203,872)	(319,676)	(207,449)
Proceeds from notes payable related party	46,000	15,000	
Repayment of notes payable related party	(31,000)		
Change in notes payable servicing advances, net		(2,185)	(27)
Net cash provided by (used in) financing activities	(290,913)	239,166	171,238
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,327	8,225	(5,741)
Cash and cash equivalents, beginning of period	10,791	2,566	8,307
Cash and cash equivalents, end of period	$ 14,118	$ 10,791	$ 2,566
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 59,583	$ 57,873	$ 42,565
Cash paid for income taxes	$ 100	$ 10	$
Non cash financing activities:			
Non-vested stock issued as unearned compensation	$	$ 1,037	$ 2,905
Loans transferred to repossessed assets	$ 23,699	$ 19,367	$ 18,598

Origen Financial, Inc.
Notes to Consolidated Financial Statements

Note 1 Organization and Summary of Significant Accounting Policies

Company Formation and Nature of Operations

Origen Financial, Inc., a Delaware corporation (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 real estate investment trust (REIT) commencing with its taxable year ended December 31, 2003.

Through March 2008 the Company s business was to originate, purchase and service manufactured housing loans. The Company s manufactured housing loans are amortizing loans that range in amounts from $10,000 to $250,000 and have terms of seven to thirty years and are located throughout the United States. The Company generally securitized or placed the manufactured housing loans it originated with institutional investors and retained the right to service the loans on behalf of those investors.

In March 2008, because of the lack of a reliable source for a loan warehouse facility and the unavailability of a profitable exit in the securitization market, the Company ceased originating loans for its own account and sold its portfolio of unsecuritized loans at a substantial loss. The proceeds from the loan sale were used to pay off its existing loan warehouse line of credit, which was not renewed.

In April 2008, the Company completed a secured financing transaction with a related party and used the proceeds, combined with other funds, to pay off the outstanding balance of a supplemental advance credit facility which would have expired in June 2008.

At the Company s annual stockholders meeting on June 25, 2008, the Company s stockholders approved an Asset Disposition and Management Plan. Pursuant to this plan, the company executed a number of transactions and took several actions, as follow.

On June 30, 2008, the company completed a transaction for the sale of its loan servicing platform assets and ceased all loan servicing operations.

In July 2008, the Company completed the sale of certain assets of its loan origination and insurance business and used the proceeds to reduce its related party debt.

In December 2008, the company voluntarily delisted its common stock from the NASDAQ Global Market and deregistered the stock under the Securities Exchange Act of 1934.

Currently, most of the Company s activities are conducted through Origen Financial L.L.C., which is a wholly owned subsidiary. After the sale of the servicing and origination assets as described above, the Company s business essentially consists of actively managing its residual interests in its securitized loan portfolios.

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 intercompany amounts have been eliminated. Certain amounts from prior periods have been reclassified in order to reflect the servicing platform and insurance business assets as discontinued operations. (See Note 22 Discontinued Operations for further discussions.)

Origen Financial, Inc.
Notes to Consolidated Financial Statements

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 the allowance for loan losses, deferral of certain direct loan origination costs, amortization of yield adjustments to net interest income and the valuation of 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 securitized loans that are held in trust. The restricted cash represents principal and interest payments on manufactured housing loans that will be remitted to securitized trusts for distribution to bond holders. Cash balances may be in excess of amounts insured by the Federal Deposit Insurance Corporation.

Investments

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 investments are classified as either available-for-sale or held-to-maturity. Investments classified as available-for sale are carried at fair value. Unrealized gains and losses related to these investments are included in accumulated other comprehensive income. Investments classified as held-to-maturity are carried on the Company s balance sheet at amortized cost. All investments are regularly measured for impairment. Management uses its judgment to determine whether an investment has sustained an other-than-temporary decline in value. If management determines that an investment has sustained an other-than-temporary decline in its value, the investment is written down to its fair value by a charge to earnings, and we establish a new cost basis for the investment. If a security that is available for sale sustains an other-than-temporary impairment, the identified impairment is reclassified from accumulated other comprehensive income to earnings, thereby establishing a new cost basis. Our evaluation of an other-than-temporary decline is dependent on the specific facts and circumstances. Factors that we consider in determining whether an other-than-temporary decline in value has occurred include: the estimated fair value of the investment in relation to its cost basis; the financial condition of the related entity; and the intent and ability to retain the investment for a sufficient period of time to allow for recovery in the fair value of the investment.

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) 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 $20.3 million and $3.4 million, respectively, at December 31, 2008 and $25.6 million and $3.5 million, respectively, at December 31, 2007, and are included in loans receivable and investments held to maturity, respectively, in the consolidated balance sheets.

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

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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.

Loans Receivable

Loans receivable consist of manufactured housing loans under contracts collateralized by the borrowers manufactured houses and in some instances, related land. Generally, 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 above, under Loan Pools and Debt Securities Acquired with Evidence of Deterioration of Credit Quality. Periodically, the Company identifies loans that it expects to sell prior to maturity. When loans are identified to be sold, they are reclassified as held for sale and reported at the lower of cost or market. Included in a loan s cost are unearned deferred fees and costs and the allowance for loan losses relating to the loans held for sale. The fair value of loans classified as held for sale is based on market prices. If market prices are not readily available, fair value is based on discounted cash flow models, which consider expected prepayment factors and the degree of credit risk associated with the loans and the estimated effects of changes in market interest rates relative to the loans interest rates. The Company does not amortize basis adjustments, including deferred loan origination costs, fees and discounts and premiums on loans held for sale. Interest on loans is credited to income when earned. Loans held for investment include accrued interest and are presented net of deferred loan origination fees and costs and an allowance for estimated loan losses. All of the Company s loans receivable were classified as held for investment at December 31, 2008 and 2007.

Allowance for Loan Losses

The allowance for possible loan 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 approximately $47,000 at December 31, 2008. The allowance for loan losses is developed at a portfolio level and the amount of the allowance is determined by establishing a calculated range of probable 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 loan 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 loan losses represents an unallocated allowance. There are no elements of the allowance allocated to specific individual loans or to impaired loans.

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Servicing Rights

On July 1, 2008, the Company completed the sale of its servicing platform assets to Green Tree and ceased servicing loans. Prior to that the Company adopted the provisions of SFAS 156, Accounting for Servicing of Financial Assets An Amendment of FASB Statement No. 140, on January 1, 2007. As a result of the adoption of SFAS 156, the Company characterized servicing rights relating to all existing manufactured housing loans as a single class of servicing rights and did not elect to apply fair value accounting to these 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 were reviewed on a monthly basis and changed based on actual and expected performance.

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

The carrying amount of loan servicing rights were assessed for impairment by comparison to fair value and a valuation allowance was established through a charge to earnings in the event the carrying amount exceeded the fair value. Fair value was estimated based on the present value of expected future cash flows.

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

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.

Goodwill

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, the Company recorded the net assets acquired at fair value, which resulted in recording goodwill of $32.3 million.

In accordance with SFAS 142, Goodwill and Other Intangible Assets, the Company tests goodwill for impairment on an annual basis in the forth quarter, or more frequently if the Company believes indicators of impairment exist. For purposes of testing goodwill impairment, the Company has determined that with respect to its recorded goodwill, the Company is a single reporting unit. The performance of the impairment test involves a two-step process. The first step of the impairment test involves comparing the fair value of the Company with its aggregate carrying value, including goodwill. The initial and ongoing estimate of the fair value of the Company is based on assumptions and projections prepared by the Company. If the carrying amount of the Company exceeds its fair value, the Company performs the second step of the goodwill impairment test in order to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the goodwill with the carrying value of that goodwill.

Based on conditions as of December 31, 2007, in accordance with SFAS 142, the Company determined that its recorded goodwill was fully impaired. The impairment was due to current market and economic conditions which

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had resulted in a further and extended decline in the quoted market price of the Company s equity securities below tangible book value. As a result, the Company recorded a non-cash goodwill impairment charge of $32.3 million during the year ended December 31, 2007.

Other Assets

Other assets are comprised of prepaid expenses, deferred financing costs 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.

Derivative Financial Instruments

The Company has periodically used derivative instruments, primarily interest rate swaps, in order to mitigate interest rate risk or the variability of cash flows to be paid, related to the Company s loans receivable and anticipated securitizations. The Company follows 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, 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 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 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.

Securitizations Structured as Financings

The Company engaged in securitizations of its manufactured housing loan receivables. The Company structured all loan securitizations occurring since 2003 as financings for accounting purposes under Statement of Financial Accounting Standards No. 140 (SFAS 140), Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities a replacement of FASB Statement No. 125. When a loan securitization is structured as a financing, the financed asset remains on the Company s books along with the recorded liability that evidences the financing, typically bonds. Income from both the loan interest spread and the servicing fees received on the securitized loans are recorded into income as earned. An allowance for credit losses is maintained on the loans. Deferred debt issuance costs and discount related to the bonds are amortized on a level yield basis over the estimated life of the bonds.

Servicing Income Revenue Recognition

On July 1, 2008, the Company completed the sale of its servicing platform assets to Green Tree and ceased servicing loans. Up until that point loans serviced required regular monthly payments from borrowers. Income on loan servicing was generally recorded as payments were collected and were based on a percentage of the principal balance of the respective loans. Loan servicing expenses were charged to operations when incurred. The contractual servicing fee was recorded as a component of interest income on the consolidated statements of operation for loans owned by the Company, and it was recorded as servicing fee income on the consolidated statements of operations for loans serviced for others.

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Share-Based Compensation

In connection with the formation of the Company, the Company adopted an equity incentive plan. The Company follows the provisions of Statement of Financial Accounting Standards No. 123 revised (SFAS 123(R)), Share-Based Payment, which the Company adopted on January 1, 2006, using the modified-prospective transition method, in order to account for our equity incentive plan and stock option plan.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expenses were approximately $25,000, $130,000 and $189,000 for the years ended December 31, 2008, 2007 and 2006, respectively.

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.

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. An income tax allocation is required to be estimated on the Company s taxable income generated by its taxable REIT subsidiaries. Deferred tax components arise based upon temporary differences between the book and tax basis of items such as the allowance for loan losses, accumulated depreciation, share-based compensation and goodwill.

Uncertainty in Income Taxes

The Company adopted the provisions of FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109, on January 1, 2007. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and in various state and local jurisdictions. With few exceptions, the Company and its subsidiaries are no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2005. It is the Company s policy to include any accrued interest or penalties related to unrecognized tax benefits in income tax expense. No liability for unrecognized tax benefits as of January 1, 2007 was recorded as a result of the implementation of FIN 48. Additionally, the Company did not record any accrued interest or penalties relating to unrecognized tax benefits as of January 1, 2007. There was no liability for unrecognized tax benefits at December 31, 2008 and no interest or penalties were recorded during the year ended December 31, 2008. As of December 31, 2008, there are no positions for which the Company believes that the total amounts of unrecognized tax benefits will significantly increase or decrease during 2009.

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Fair Value of Financial Instruments

Fair values of financial instruments are based upon estimates at the balance sheet date of the price that would be received in an orderly transaction between market participants. The Company uses quoted market prices and observable inputs when available. However, these inputs are often not available in the markets for many of the Company s assets. In these cases management typically performs discounted cash flow analysis using its best estimates of key assumptions such as credit losses, prepayment speeds and discount rates based on both historical experience and its interpretation of how comparable market data in more active markets should be utilized. These estimates are subjective in nature and involve uncertainties and significant judgment in the interpretation of current market data. Therefore, the fair values presented may differ from amounts the Company could realize or settle currently.

Recent Accounting Pronouncements

Disclosures about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS 161, Disclosures about Derivative Instruments and Hedging Activities, (SFAS 161). This statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS 133, Accounting for Derivative Investments and Hedging Activities, (SFAS 133) and its related interpretations, and how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. SFAS 161 is effective for years and interim periods beginning after November 15, 2008. At this time, the Company does not expect the adoption of SFAS 161 to have a material impact on its financial position or results of operations.

The Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162), which identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of non-governmental entities that are presented in conformity with US GAAP. SFAS 162 is effective sixty days following the SEC s approval of The Public Company Accounting Oversight Board s related amendments to remove the GAAP hierarchy from auditing standards. At this time, the Company does not expect the adoption of SFAS 162 to have a material impact on its financial position or results of operations.

Determining the Fair value of a Financial Asset With No Active Market

In October 2008, the FASB issued Staff Position No. FAS 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active (FSP 157-3). The FSP does not change the definition of fair value and principles of measurement. It clarifies the application of SFAS No. 157 to financial asset valuation when the market for the asset is not active. In such a market, an entity can use its internal assumptions about future cash flows and risk-adjusted discount rates. However, regardless of the valuation technique, an entity must include appropriate risk adjustments that market participants would make for non-performance and liquidity risks. FSP 157-3 is effective upon issuance. The Company does not expect the adoption of FSP 157-3 to have a material impact on its financial position or results of operations.

Reclassifications

Certain amounts for prior periods have been reclassified to conform with current financial statement presentation.

Note 2 Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share incorporates the potential dilutive effect of common stock equivalents outstanding on an average basis during the period. Potential dilutive common shares primarily consist of

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employee stock options, non-vested common stock awards, stock purchase warrants and convertible notes. The following table presents a reconciliation of basic and diluted earnings per share for the years ended December 31, 2008, 2007 and 2006 (in thousands, except share and per share data):

	2008	2007	2006
Numerator:			
Income (loss) from continuing operations	$ (44,456)	$ (40,396)	$ 122
Discontinued operations	9,092	8,629	6,803
Cumulative effect of change in accounting principle			46
Net income (loss)	(35,364)	(31,767)	6,971
Preferred stock dividends	(16)	(16)	(16)
Income (loss) available to common shareholders, basic	$ (35,380)	$ (31,783)	$ 6,955
Income (loss) available to common shareholders, diluted	$ (35,380)	$ (31,783)	$ 6,955
Denominator:			
Weighted average basic common shares outstanding	25,689,639	25,316,278	25,125,472
Effect of dilutive securities: Incremental shares non-vested stock awards			56,182
Weighted average diluted common shares outstanding	25,689,639	25,316,278	25,181,654
Income per common share basic:			
Income (loss) from continuing operations	$ (1.73)	$ (1.60)	$ 0.01
Discontinued operations	.35	.34	0.27
Net income (loss) for common stockholders per share	$ (1.38)	$ (1.26)	$ 0.28
Income per common share diluted:			
Income (loss) from continuing operations	$ (1.73)	$ (1.60)	$ 0.01
Discontinued operations	.35	.34	0.27
Net income (loss) for common stockholders per share	$ (1.38)	$ (1.26)	$ 0.28

Had the Company recognized net income for the years ended December 31, 2008 and 2007, incremental shares attributable to non-vested common stock awards would have increased diluted shares by 0 and 63,941, respectively, and incremental shares attributable to stock purchase warrants would have been 1,903,825 and 5,879 for the years ended December 31, 2008 and 2007, respectively. There were no stock purchase warrants outstanding during the year ended December 31, 2006.

Antidilutive outstanding common stock options that were excluded from the computation of diluted earnings per share for the year ended December 31, 2008, 2007 and 2006, were 183,157, 228,294 and 249,492, respectively. The common stock options are considered antidilutive if assumed proceeds per share exceed the average market price of the Company s common stock during the relevant periods. Assumed proceeds include proceeds from the exercise of the common stock options, as well as unearned compensation related to the common stock options.

Antidilutive outstanding convertible debt shares that were excluded from the computation of diluted earnings per share for the years ended December 31, 2008 and 2007 were 286,728 and 245,991, respectively. There was no convertible debt outstanding during the year ended December 31, 2006. The convertible debt shares are considered antidilutive for any period where interest expense per common share obtainable on conversion exceeds basic earnings per share.

Note 3 Investments

The Company follows the provisions of SFAS 115 and SOP 03-3 in reporting its investments. The investments are carried on the Company s balance sheet at $9.7 million and $32.4 million at December 31, 2008 and 2007, respectively.

At December 31, 2008 the Company s investments accounted for under the provisions of SFAS 115 and classified as held-to-maturity were carried on the Company s balance sheet at an amortized cost of $6.3 million. This investment consisted of one asset backed security with a principal amount of $6.8 million. The investment is collateralized by manufactured housing loans and has a contractual maturity date of December 28, 2033. As prescribed by the provisions of SFAS 115, as of December 31, 2008 the Company had both the intent and ability to hold the investment to maturity. The investment 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 investment is regularly measured for impairment through the use of a discounted cash

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flow analysis based on the historical performance of the underlying loans that collateralize the investment. The cash flow analysis evaluates voluntary prepayment speeds, default assumptions, loss severity and discount rates. 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 investment 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 relating to investments classified as held-to-maturity during the year ended December 31, 2008.

At December 31, 2007 the Company s investments accounted for under the provisions of SFAS 115 and classified as held-to-maturity were carried on the Company s balance sheet at an amortized cost of $37.9 million. These investments consisted of two asset backed securities with principal amounts of $32.0 and $6.8 million. The investments were collateralized by manufactured housing loans and had contractual maturity dates of July 28, 2033 and December 28, 2033, respectively. During the year ended December 31, 2007 the Company financed these two asset backed securities through 30 day repurchase agreements with Citigroup. In February 2008 these repurchase agreements were not renewed and, to satisfy Citigroup, the Company sold the $32.0 million in principal balance asset-backed security. As a result, the Company reevaluated its classification of that asset-backed security at December 31, 2007 and determined that it no longer qualified as held-to-maturity. The Company transferred the security, which had a carrying value of $31.8 million at December 31, 2007 from held-to-maturity to available-for-sale as of December 31, 2007. In connection with this transfer, the Company realized an other-than-temporary impairment of $9.2 million in order to record this investment at fair value as of December 31, 2007. As there was no available quoted market price for the investment, the Company based the December 31, 2007 fair value on the subsequent sale price of the investment. The carrying value of investment classified as available-for-sale as of December 31, 2007 was $22.6 million.

The following table shows the Corporation s gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2008 and 2007 (in thousands):

	2008					
	Less than 12 Months		12 Months or Greater		Total	
Description	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Asset backed security						
Total	$	$	$	$	$	$

	2007					
	Less than 12 Months		12 Months or Greater		Total	
Description	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Asset backed security	22,603	9,200			22,603	9,200
Total	$ 22,603	$ 9,200	$	$	$ 22,603	$ 9,200

Debt securities acquired with evidence of deterioration of credit quality since origination are accounted for under the provisions of SOP 03-3. The carrying value of the debt securities accounted for under the provisions of SOP 03-3 was approximately $3.4 million and $3.5 million at December 31, 2008 and 2007, respectively. See Note 5 Loans and Debt Securities Acquired with Evidence of Deterioration of Credit Quality for further discussion related to the

Company s debt securities accounted for under the provisions of SOP 03-3.

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Note 4 Loans Receivable

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

	2008	2007
Manufactured housing loans securitized	$ 934,369	$ 1,051,015
Manufactured housing loans unsecuritized	2,696	144,926
Accrued interest receivable	5,452	5,608
Deferred loan origination costs	3,186	5,612
Discount on originated loans (1)	(18,753)	
Discount on purchased loans	(2,564)	(4,450)
Allowance for purchased loans	(1,662)	(913)
Allowance for loan losses	(10,777)	(7,882)
	$ 911,947	$ 1,193,916

(1) Represents the fair market value of servicing rights sold in July 2008 which are related to loans held-for-investment. The discount is accreted into interest income over the life of the loans on a level yield method.

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):

	2008	2007
Number of loans receivable	19,788	24,416
Average loan balance	$ 47	$ 49
Weighted average loan yield	9.44%	9.45%
Weighted average initial term	20 years	20 years

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

	2008		2007	
	Principal	Percent	Principal	Percent
California	$ 379,728	40.5%	$ 493,862	41.3%
Texas	76,189	8.1%	92,665	7.7%
New York	45,364	4.9%	56,376	4.7%
Florida	31,883	3.4%	41,749	3.5%
Michigan	30,275	3.2%	39,498	3.3%
Other	373,626	39.9%	471,791	39.5%

Total	$ 937,065	100.0%	$ 1,195,941	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):

	2008		**2007**	
Original Term In Years	**Number of Loans**	**Principal Balance**	**Number of Loans**	**Principal Balance**
5 or less	13	$ 164	28	$ 637
6-10	1,500	24,476	1,972	36,993
11-12	175	4,024	231	5,624
13-15	4,988	140,040	6,260	187,623
16-20	10,508	592,869	12,826	750,423
21-25	1,108	60,354	1,275	70,526
26-30	1,496	115,138	1,824	144,115
Total	19,788	$ 937,065	24,416	$ 1,195,941

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

	2008			2007		
Days Delinquent	**No. of Loans**	**Principal Balance**	**% of Portfolio**	**No. of Loans**	**Principal Balance**	**% of Portfolio**
31-60	231	$10,197	1.1%	268	$9,451	0.8%
61-90	73	3,385	0.4%	84	3,496	0.3%
Greater than 90	170	8,500	0.9%	170	7,484	0.6%

The Company defines non-performing loans as those loans that are greater than 90 days delinquent in contractual principal payments. The average balance of non-performing loans was $8.1 million and $5.8 million for the years ended December 31, 2008 and 2007, respectively.

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 SOP 03-3.

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 (in thousands):

	2008	2007
Outstanding balance	$23,711	$29,383
Carrying amount, net of allowance of $1,662 and $913, respectively	20,270	25,563

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 years ended December 31 were as follows (in thousands):

	2008	2007
Beginning balance	$ 14,627	$ 16,731
Accretion	(1,959)	(2,343)
Additions due to purchases during the period		
Reclassifications from non-accretable yield	(1,179)	239
Disposals	(163)	
Ending balance	$ 11,326	$ 14,627

During the years ended December 31, 2008, 2007 and 2006, the Company increased the allowance by charges to the income statement of approximately $749,000, $0 and $485,000, respectively. No allowances were reversed during the years ended December 31, 2008, 2007 or 2006.

During the years ended December 31, 2008 and 2007, there were no loans acquired for which it was probable at acquisition that all contractually required payments would not be collected.

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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 (in thousands):

	2008	2007
Outstanding balance	$8,612	$8,616
Carrying amount, net	3,400	3,524

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 years ended December 31 were as follows (in thousands):

	2008	2007
Beginning balance	$ 8,879	$ 9,500
Accretion	(619)	(638)
Additions due to purchases during the period		
Reclassifications from non-accretable yield	(706)	17
Disposals		
Ending balance	$ 7,554	$ 8,879

During the year ended December 31, 2008, the company recognized an other-than-temporary impairment of $32,000. During the year ended December 31, 2007 the Company did not recognize an other-than-temporary impairment. During the year ended December 31, 2006, the Company recognized an other-than-temporary impairment of $114,000.

During the years ended December 31, 2008 and 2007, there were no debt securities acquired for which it was probable at acquisition that all contractually required payments would not be collected.

Note 6 Allowance for Loan Losses

The allowance for loan losses and related additions and deductions to the allowance for the years ended December 31 were as follows (in thousands):

	2008	2007	2006
Balance at beginning of period	$ 7,882	$ 8,456	$ 10,017
Provision for loan losses	17,745	8,739	7,069
Allocation for loan sale	(313)		
Gross charge-offs	(26,576)	(21,093)	(17,685)
Recoveries	12,039	11,780	9,055
Balance at end of period	$ 10,777	$ 7,882	$ 8,456

Note 7 Servicing Rights

Changes in servicing rights for the years ended December 31 were as follows (in thousands):

	2008	2007	2006
Beginning balance of servicing rights	$ 2,146	$ 2,508	$ 3,103
Servicing rights retained upon sale of loans			14

Loan portfolio repurchased			(108)
Impairment			(69)
Amortization	(155)	(362)	(432)
Sale of servicing rights	(1,991)		
Balance of servicing rights at end of period	$	$ 2,146	$ 2,508

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On April 30, 2008 the Company entered into an agreement for the sale of its servicing platform assets to Green Tree. The transaction was approved by the Company s stockholders as part of an Asset Disposition and Management Plan at the Company s annual meeting of stockholders held on June 25, 2008. On July 1, 2008, the Company completed the sale of its servicing platform assets to Green Tree.

Note 8 Furniture, Fixtures and Equipment

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

	2008	2007
Furniture and fixtures	$ 517	$ 2,273
Leasehold improvements	204	903
Computer equipment	349	1,490
Capitalized software	119	1,890
	1,189	6,556
Accumulated depreciation	(788)	(3,582)
	$ 401	$ 2,974

Depreciation expense was approximately $704,000, $1,149,000 and $1,032,000 for the years ended December 31, 2008, 2007 and 2006, respectively. Depreciation expense for the year ended December 31, 2008 has decreased significantly as a result of the sale of the majority of the Company s servicing platform s furniture fixtures and equipment to Green Tree on July 1, 2008.

Note 9 Derivatives

In connection with the Company s strategy to mitigate interest rate risk and variability in cash flows on its securitizations and anticipated securitizations the Company uses derivative financial instruments such as interest rate swap contracts. It is not the Company s policy to use derivatives to speculate on interest rates. These derivative instruments are intended to provide income and cash flow to offset potential increased interest expense and potential variability in cash flows under certain interest rate environments. In accordance with SFAS 133 the derivative financial instruments are reported on the consolidated balance sheet at their fair value.

The Company documents the relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions, at the inception of the hedging transaction. This process includes linking derivatives to specific liabilities on the consolidated balance sheet. The Company also assesses, both at the inception of the hedge and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting changes in cash flows of the 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, the Company discontinues hedge accounting.

When hedge accounting is discontinued because the Company determines that the derivative no longer qualifies as a hedge, the derivative will continue to be recorded on the consolidated balance sheet at its fair value. Any change in the fair value of a derivative no longer qualifying as a hedge is recognized in current period earnings. For terminated cash flow hedges or cash flow hedges that no longer qualify as highly effective, the effective position previously recorded in accumulated other comprehensive income is recorded in earnings when the hedged item affects earnings.

Cash Flow Hedge Instruments

The Company evaluates the effectiveness of derivative financial instruments designated as cash flow hedge instruments against the interest payments related to securitizations or anticipated securitization in order to ensure that there remains a high correlation in the hedge relationship and that the hedge relationship remains highly effective. To hedge the effect of interest rate changes on cash flows or the overall variability in cash flows, which affect the interest payments related to its securitization financing being hedged, the Company uses derivatives designated as cash flow

hedges under SFAS 133. Once the hedge relationship is established, for those derivative instruments designated as qualifying cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income during the current period, and reclassified into earnings as

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part of interest expense in the periods during which the hedged transaction affects earnings pursuant to SFAS 133. The ineffective portion of the derivative instrument is recognized in earnings in the current period and is included in interest expense for derivatives hedging future interest payments related to recognized liabilities and other non-interest income for derivatives hedging future interest payments related to forecasted liabilities. No component of the derivative instrument s gain or loss has been excluded from the assessment of hedge effectiveness. During the years ended December 31, 2008, 2007 and 2006 the Company recognized net ineffectiveness in interest expense of $221,000, $0, and $0, respectively and a net loss of $0, $15,000 and $1,000, respectively, in other non-interest income due to the ineffective portion of these hedges.

In March 2008, the Company determined that its previously forecasted 2008-A securitization transaction would no longer occur. At the time of this determination, two interest rate swap contracts previously accounted for as cash flow hedges related to the Company s forecasted 2008-A securitization no longer qualified as hedges and the interest rate swap contracts were terminated. As a result, $4.2 million in losses previously recorded in accumulated other comprehensive income were reclassified into earnings and were included in other non-interest income during the year ended December 31, 2008. There were no such items during the years ended December 2007 and 2006.

For the years ended December 31, 2008, 2007 and 2006, the Company reclassified net gains of approximately $92,000 and $315,000 and net losses of $55,000, respectively, attributable to previously terminated cash flow hedges, which have been recorded as a decrease or increase in interest expense. Net unrealized losses of approximately $57.3 million and $20.0 million related to cash flow hedges were included in accumulated other comprehensive income as of December 31, 2008 and 2007, respectively. The Company expects to reclassify net gains of approximately $14,000 from accumulated other comprehensive income into earnings during the next twelve months. The remaining amounts in accumulated other comprehensive income are expected to be reclassified into earnings by April 2018. As of December 31, 2008 and 2007 the fair value of the Company s derivatives accounted for as cash flow hedges approximated an asset of $326,000 and $89,000, respectively, and is included in other assets in the consolidated balance sheet and a liability of $57.9 million and $20.4 million, respectively, and is included in other liabilities in the consolidated balance sheet.

Derivatives Not Designated as Hedge Instruments

As of December 31, 2008, the Company had three open interest rate swap contracts which were not designated as hedges. These interest rate swap contracts were entered into in connection with other interest rate swap contracts which are accounted for as cash flow hedges for the purpose of hedging the variability in expected cash flows from the variable-rate debt related to the Company s 2006-A, 2007-A and 2007-B securitizations. Change in the fair values of the interest rate swap contracts not designated and documented as hedges are recorded through earnings each period and are included in other non-interest income. During the years ended December 31, 2008, 2007 and 2006, the Company recognized net gains of approximately $236,000, $65,000 and $24,000, respectively, related to changes in the fair values of these contracts. The fair value of these contracts at December 31, 2008 and 2007 was approximately $326,000 and $89,000, respectively, and is included in other assets in the consolidated balance sheet.

Note 10 Loan Securitizations

Periodically the Company securitized manufactured housing loans. The Company recorded each transaction based on its legal structure. Under the legal structure of the current securitizations, the Company exchanged manufactured housing loans it originated and purchased with a trust for cash. The trust then issued ownership interests to investors in asset-backed bonds secured by the loans.

The Company structured all loan securitizations occurring since 2003 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. The Company records interest income on securitized loans and interest expense on the bonds issued in the securitizations over the life of the securitizations. Deferred debt issuance costs and discount related to the bonds are amortized on a level yield basis over the estimated life of the bonds.

On May 2, 2007, the Company completed a securitized financing transaction of approximately $200.4 million in principal balance of manufactured housing loans, which was funded by issuing bonds of approximately $184.4

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million. Approximately $182.4 million of the proceeds was used to reduce the aggregate balances of notes outstanding under the Company s short-term securitization facility.

On October 16, 2007, the Company completed a securitized financing transaction of approximately $140.0 million in principal balance of manufactured housing loans, which was funded by issuing bonds of approximately $126.7 million. Approximately $122.4 million of the proceeds was used to reduce the aggregate balances of notes outstanding under the Company s short-term securitization facility.

Note 11 Debt

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

	2008	2007
Warehouse financing	$	$ 173,072
Securitization financing	775,120	884,650
Repurchase agreements		17,653
Notes payable related party	29,351	14,593
	$ 804,471	$ 1,089,968

Warehouse Financing Citigroup

The Company, through its operating subsidiary Origen Financial L.L.C., previously had 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 August 2007, the Company pledged loans as collateral and in turn was advanced funds. The facility had a maximum advance amount of $200 million at an annual interest rate equal to LIBOR plus a spread. Additionally, the facility included a $55 million supplemental advance amount collateralized by the Company s residual interests in its 2004-A, 2004-B, 2005-A, 2005-B, 2006-A, 2007-A and 2007-B securitizations. This facility was paid off in full and terminated in April 2008.

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 $83.5 million and $95.8 million at December 31, 2008 and 2007, 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 $80.8 million and $96.3 million at December 31, 2008 and 2007, 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

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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 $92.9 million and $108.3 million at December 31, 2008 and 2007, respectively.

Securitization Financing 2005-B Securitization

On 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 $103.2 million and $118.5 million at December 31, 2008 and 2007, respectively.

Securitization Financing 2006-A Securitization

On August 25, 2006, the Company completed a securitization of approximately $224.2 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 $200.6 million in notes payable. The notes are stratified into two different classes. The Class A-1 notes pay interest at one month LIBOR plus 15 basis points and have a contractual maturity date of November 15, 2018. The Class A-2 notes pay interest based on a rate established by the auction agent at each rate determination date and have a contractual maturity date of October 2037. Additional credit enhancement was provided through the issuance of a financial guaranty insurance policy by Ambac Assurance Corporation. The outstanding balance on the 2006-A securitization notes was approximately $147.2 million and $169.4 at December 31, 2008 and 2007, respectively.

Securitization Financing 2007-A Securitization

On May 2, 2007, the Company completed a securitization of approximately $200.4 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 $184.4 million in notes payable. The notes are stratified into two different classes. The Class A-1 notes pay interest at one month LIBOR plus 19 basis points and have a contractual maturity date of April 2037. The Class A-2 notes pay interest based on a rate established by the auction agent at each rate determination date and have a contractual maturity date of April 2037. Additional credit enhancement was provided through the issuance of a financial guaranty insurance policy by Ambac Assurance Corporation. The outstanding balance on the 2007-A securitization notes was approximately $153.7 million and $171.6 at December 31, 2008 and 2007, respectively.

Securitization Financing 2007-B Securitization

On October 16, 2007, the Company completed a securitization of approximately $140.0 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 $126.7 million of a single AAA rated floating rate class of asset-backed notes to a single qualified institutional buyer pursuant to Rule 144A under the Securities Act of 1933. The notes pay interest at one month LIBOR plus 120 basis points and have a contractual maturity date of September 2037. Additional credit enhancement was provided by a guaranty from Ambac Assurance Corporation. The outstanding balance on the 2007-B securitization notes was approximately $113.8 million and $124.8 at December 31, 2008 and 2007, respectively.

Repurchase Agreements Citigroup

The Company had previously entered into four repurchase agreements with Citigroup. Three of the repurchase agreements were for the purpose of financing the purchase of investments in three asset backed securities with

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principal balances of $32.0 million, $3.1 million and $3.7 million respectively. The fourth repurchase agreement was for the purpose of financing a portion of 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 sold 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. In February 2008 these repurchase agreements were not renewed.

Notes Payable Related Party

In September 2007, the Company, through its primary operating subsidiary Origen Financial L.L.C., previously had a $15 million secured financing arrangement (the $15 Million Loan) with the William M. Davidson Trust u/a/d 12/13/04 (the Lender), an affiliate of one of the Company s principal stockholders. The $15 Million Loan included a $10 million senior secured promissory note (the Note) and a $5 million senior secured convertible promissory note (the Convertible Note). The Note and the Convertible Note were each one-year secured notes bearing interest at 8% per year and were secured by a portion of the Company s rights to receive servicing fees on its loan servicing portfolio. The Note, which had an original principal amount of $10 million, and the Convertible Note, which had an original principal amount of $5 million, were each due on September 11, 2008. The term of the Note and the Convertible Note could be extended up to 120 days with the payment of additional fees. The Convertible Note could be converted at the option of the Lender into shares of the Company s common stock at a conversion price of $6.237 per share. In connection with the $15 Million Loan, the Company issued a stock purchase warrant to the Lender. The stock purchase warrant was a five-year warrant to purchase 500,000 shares of the Company s common stock at an exercise price of $6.16 per share.

On April 8, 2008, the $15 Million Loan was amended and the Company entered into a $46 million secured financing arrangement (the $46 Million Note) with the Lender. The Lender is an affiliate of William M. Davidson. As of July 1, 2008, Mr. Davidson was the sole member of Woodward Holding, LLC. Paul A. Halpern, the Chairman of Origen s Board of Directors, is the sole manager of Woodward Holding, LLC and is employed by Guardian Industries Corp. and its affiliates, of which Mr. Davidson is the principal. On July 11, 2008, Mr. Davidson sold 60% of the membership interests of Woodward Holding, LLC to Mr. Halpern and the remaining 40% of the membership interests to Jonathan S. Aaron. On November 13, 2008, Mr. Aaron was appointed to fill a newly-created position on the Company s board of directors for a term of office expiring at the annual meeting of the Company s stockholders to be held in 2009. The $46 Million Note is a three-year secured note bearing interest at 14.5% per year. The $46 Million Note is due on April 8, 2011, but at the Company s option, its maturity may be extended for one year if the Company pays an extension fee equal to 2% of the then-outstanding principal balance. The $46 Million Note is pre-payable, provided that if it is paid off entirely in connection with a refinancing of the entire remaining principal owing under the note, the Company must pay a prepayment fee equal to 1.5% of the then-outstanding principal balance. The Company also issued a five-year stock purchase warrant (the Warrant) to purchase 2,600,000 shares of the Company s common stock at an exercise price of $1.22 per share, which was the closing consolidated bid price for Origen common stock on April 7, 2008. The Company has granted the Lender certain registration rights with respect to the common stock issuable upon the exercise of the Warrant and other unregistered shares that may be owned by the Lender and its affiliates. The amendment to the $15 Million Loan also terminated the previous conversion rights on the Convertible Note and terminated the 500,000 warrants to purchase the Company s common stock The $46 million Note had an aggregate outstanding balance of $29.4 million at December 31, 2008, net of the unamortized discount related to the fair value of the stock purchase warrant.

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

	2008		2007	
	Average Balance	Average Rate	Average Balance	Average Rate
Warehouse financing Citigroup (1)	$ 43,213	6.2%	$170,002	7.2%
Securitization financing 2004-A securitization	89,441	5.9%	104,871	5.7%
Securitization financing 2004-B securitization	88,924	6.0%	106,089	5.7%
Securitization financing 2005-A securitization	101,053	5.5%	118,918	5.4%
Securitization financing 2005-B securitization	111,560	5.9%	128,903	5.8%
Securitization financing 2006-A securitization	158,762	6.8%	181,267	6.0%
Securitization financing 2007-A securitization	163,240	6.5%	119,196	5.9%
Securitization financing 2007-B securitization	119,506	7.1%	26,561	6.9%
Repurchase agreements Citigroup	2,498	5.2%	20,811	6.1%
Notes payable related party (2)	30,048	17.4%	4,433	12.9%
Notes payable servicing advances (3)			129	14.0%

(1) Included facility fees. This facility was paid off in full and terminated in April 2008.

(2) Includes the amortization of the fair value of the related stock purchase warrants.

(3) Includes non-use fees. This facility was paid off in full and terminated in September 2007.

At December 31, 2008, the total of maturities and amortization of debt during the next five years and thereafter are approximately as follows: 2009 $115.3 million; 2010 $97.3 million; 2011 $112.6 million; 2012 $71.0 million; 2013 $59.4 million and $348.8 million thereafter.

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 $1.00 for each dollar contributed by each eligible participant in the plan up to the first 1% of each eligible participant s annual compensation and $0.50 for each dollar contributed by each eligible participant in the plan up to the next 5% of each eligible participant s annual compensation. The Company s related expense was

approximately $219,000, $350,000 and $333,000, respectively for the years ended December 31, 2008, 2007 and 2006.

Note 13 Share-Based Compensation Plan

The Company s equity incentive plan has approximately 1.8 million shares of common stock reserved for issuance as either stock options or non-vested stock grants. As of December 31, 2008, approximately 373,302 shares of common stock remained available for issuance, as either stock options or non-vested stock grants, under the plan. The compensation cost that has been charged against income for those plans was $3.0 million, $1.6 million and $1.7 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Stock Options

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 vested over a two-year period, have 10-year contractual terms and a 5-year expected option term. The Company does not pay dividends or make distributions on unexercised options. As of December 31, 2008 there was no unrecognized compensation cost related to stock options granted under the equity incentive plan.

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There were no stock options granted during the years ended December 31, 2008, 2007 or 2006. No stock options were exercised during the years ended December 31, 2008, 2007 or 2006. The following table summarizes the activity relating to the Company s stock options for the year ended December 31, 2008:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Options outstanding at January 1, 2008	202,000	$ 10.00	6.0
Granted			
Exercised			
Forfeited	(66,500)	$ 10.00	5.4
Options outstanding at December 31, 2008	135,500	$ 10.00	4.9
Options exercisable at December 31, 2008	135,500	$ 10.00	4.9

Non-Vested Stock Awards

The Company grants non-vested stock awards to certain directors, officers and employees under the equity incentive plan. The grantees of the non-vested stock awards are entitled to receive all dividends and other distributions paid with respect to the common shares of the Company underlying such non-vested stock awards at the time such dividends or distributions are paid to holders of common shares.

The Company recognizes compensation expense for outstanding non-vested stock awards over their vesting periods for an amount equal to the fair value of the non-vested stock awards at grant date. As of December 31, 2008 there was no unrecognized compensation cost related to non-vested stock awards granted under the equity incentive plan. On July 1, 2008 as a result of the sale of the Company s servicing platform assets to Green Tree, all non-vested stock awards granted under the equity incentive plan vested and total unrecognized compensation expense was recognized at that time.

The following table summarizes the activity relating to the Company s non-vested stock awards for the twelve months ended December 31, 2008:

	Number of Non-Vested Stock Awards	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2008	605,917	$ 6.45
Granted		
Vested	(592,080)	$ 6.44
Forfeited	(13,837)	$ 6.59
Non-vested at December 31, 2008		$

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 October 8, 2003, the Company completed a private placement of $150.0 million of our common stock to certain institutional and accredited investors.

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.

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In September 2005, the Securities and Exchange Commission declared effective the Company s 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 the Company may sell under the registration statement from time to time, the Company has 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. Sales under the agreement commenced on June 5, 2007. There were no sales under this agreement during the year ended December 31, 2008. The Company sold 50,063 shares of common stock under the sales agreement with Brinson Patrick Securities Corporation during the year ended December 31, 2007, at the price of the Company s common stock prevailing at the time of each sale. The Company received proceeds, net of commissions, of $296,000 during the year ended December 31, 2007, as a result of these sales. There were no sales under this agreement during the year ended December 31, 2006.

In conjunction with the $15 million secured financing arrangement (See Note 11), the Company originally issued a stock purchase warrant to the Lender. On April 8, 2008, the $15 Million Loan was amended and the Company entered into a $46 million dollar secured financing arrangement (See Note 11). Additionally, 500,000 warrants to purchase Origen common stock were terminated. These warrants were originally issued by Origen to the Lender on September 11, 2007 in connection with the $15 Million Loan, were exercisable at Lender s option until September 11, 2012 and had an exercise price of $6.16 per share.

In connection with the $46 Million Note (See Note 11), the Company issued a stock purchase warrant to the Lender (as defined in Note 11). The stock purchase warrant is a five-year warrant to purchase 2,600,000 shares of the Company s common stock at an exercise price of $1.22 per share. The warrant expires on April 8, 2013. As of April 08, 2008, the warrants are valued at $858,000 using a Cox, Ross and Rubinstein lattice based pricing model. This amount has been recorded as an increase in additional paid-in-capital and as a discount on notes payable in the Company s consolidated balance sheet. The amortization of the discount will be recorded as an increase in interest expense over the life of the notes payable. Interest expense of $209,000 was recorded during the year ended December 31, 2008 as a result of the amortization of the fair value of the stock purchase warrant.

Data pertaining to the Company s grants of non-vested shares awarded to certain directors, officers and employees under the Company s equity incentive plan for the years ended December 31, 2008, 2007 and 2006 are as follows:

Grant Date	Shares Granted	Grant Date Fair Value per share
May 8, 2007	46,500	$ 7.06
August 29, 2007	110,500	$ 6.41
June 15, 2006	215,000	$ 6.15
July 14, 2006	175,000	$ 6.16
December 28, 2006	80,000	$ 6.31

There were stock award share forfeitures of 13,837, 5,567 and 8,501 during the years ended December 31, 2008, 2007 and 2006, respectively. There were 516,791, 207,359 and 222,669 stock award shares vested during the years ended December 31, 2008, 2007 and 2006, respectively. In connection with the Company s sale of its servicing platform assets, the vesting of all outstanding non-vested stock awards vested on July 1, 2008 and the compensation expense related to these awards was $3.0 million for the year ended December 31, 2008. Prior to the sale of the Company s servicing platform assets to Green Tree, compensation expense related to these stock awards was recognized over their estimated service period. Compensation cost recognized for the non-vested stock awards was approximately $1.6 million and $1.7 million for the years ended December 31, 2007 and 2006, respectively.

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Data pertaining to the Company s distributions declared and paid to common stockholders during the years ended December 31, 2008, 2007 and 2006 are as follows:

Declaration Date	Record Date	Date Paid	Distribution per Share	Total Distribution (thousands)
September 11, 2008	September 22, 2008	September 30, 2008	$0.05	$1,193
March 1, 2007	March 26, 2007	April 2, 2007	$0.04	$1,035
May 3, 2007	May 18, 2007	May 31, 2007	$0.06	$1,552
July 31, 2007	August 16, 2007	August 31, 2007	$0.08	$2,070
October 22, 2007	November 19, 2007	November 31, 2007	$0.09	$2,341
April 27, 2006	May 19, 2006	May 31, 2006	$0.03	$ 761
August 7, 2006	August 18, 2006	August 31, 2006	$0.03	$ 773
November 2, 2006	November 13, 2006	November 30, 2006	$0.03	$ 773

Note 15 Income Taxes

The Company s provision for income taxes was $61,000, $60,000 and $24,000 for the years ended December 31, 2008, 2007 and 2006 respectively related to current income taxes.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 are as follows (in thousands):

	2008	2007
Deferred tax assets:		
Amortization of intangibles	$	$ 3,788
Net operating loss carryforwards	4,768	1,370
Other	279	461
Gross deferred tax assets	5,047	5,619
Less: valuation allowance	(5,020)	(5,245)
	27	374
Deferred tax liabilities		
Amortization of intangibles	27	371
Other		3
	27	374
Net deferred tax asset	$	$

The Company recognizes all of its deferred tax assets if it believes that it is more likely than not, given all available evidence, that all of the benefits of the net operating loss carryforwards and other deferred tax assets will be realized. The Company recorded a valuation allowance of $5.0 million and $5.2 million as December 31, 2008 and 2007, respectively, associated with the amortization of intangibles and net operating loss carryforwards for which management believes, based on the available evidence, is more likely than not that the Company will not realize the

benefit. Management believes that, based on the available evidence, it is more likely than not that the Company will realize the benefit from its remaining deferred tax assets. As of December 31, 2008 the taxable REIT subsidiaries total net operating loss carryforwards were approximately $14.1 million. As a result of the sale of the stock of Origen Servicing, Inc, on January 14, 2009 (Note 22) net operating loss carryforward available decreased by $13.5 million.

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 ended December 31 (dollars in thousands):

	2008		**2007**		**2006**	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Ordinary income	$ 1,193	100.0%	$ 6,997	100.0%	$ 2,182	94.5%
Return of capital		0.0%		0.0%	127	5.5%
	$ 1,193	100.0%	$ 6,997	100.0%	$ 2,309	100.0%

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A portion of the Company s 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 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, 2008, approximately 42.7% of distributions paid represented excess inclusion income.

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, repossessions, 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, repossessions, foreclosures, losses or increased costs would adversely affect the Company s financial condition, results of operations and liquidity. The Company bears the risk of delinquency and default on securitized loans in which it has a residual or retained ownership interest. The Company also reacquires the risks of delinquency and default for loans that it is obligated to repurchase. Repurchase obligations are typically triggered in sales or securitizations if the loan materially violates the Company s representations or warranties.

The availability of sufficient sources of capital to allow the Company to continue its operations is dependent on numerous factors, many of which are outside its control. Relatively small amounts of capital are required for the Company s ongoing operations and cash generated from operations should be adequate to fund the continued operations.

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. 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.

The Company, through its primary operating subsidiary Origen Financial L.L.C., currently has a $46 million secured financing arrangement with the William M. Davidson Trust u/a/d 12/13/04. The $46 million Note is a three-year secured note bearing interest at 14.5% per year and is due on April 8, 2011. The $46 million Note is secured by all of the Company s assets. The $46 million Note had a gross outstanding balance of $30.0 million at December 31, 2008.

Continued operations depend on the Company s ability to meet its existing debt obligations. Based on the intrinsic value of the Company s assets and discussions the Company has had with third parties about possible strategic alternatives, the Company believes it will be able to raise any additional funds it needs on a timely basis, but such funds may not be available or may not be available on reasonable terms.

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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 under agreements classified as operating leases with non-cancellable terms at December 31, 2008 were as follows (in thousands):

2009	$ 644
2010	639
2011	402
Thereafter	
Total	$ 1,685

For the years ended December 31, 2008, 2007 and 2006, rental and operating lease expense amounted to approximately $1.0 million, $1.4 million and $1.3 million, respectively. The Company did not pay any contingent rental expense and received $0.1 million and $0.1 million in sublease income during the years ended December 31, 2008 and 2007, respectively. The Company did not pay any contingent rental expense nor receive any sublease income during the year ended December 31, 2006.

Note 18 Fair Value Measurements

Effective January 1, 2008, the Company adopted SFAS 157, Fair Value Measurements (SFAS 157), which provides a framework for measuring fair value under GAAP. The Company also adopted SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159) on January 1, 2008. SFAS 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The Company has not elected to apply the fair value option for any financial instruments.

SFAS 157 defines fair value as the exchange price that would be received for an asset paid or to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted market prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value on a recurring basis are summarized below (dollars in thousands):

	December 31, 2008			
	Fair Value Measurement Using			Assets/ Liabilities at
	Level 1	Level 2	Level 3	Fair Value
Assets				
Derivative assets	$	$ 326	$	$ 326

Total assets	$	$ 326	$	$ 326
Liabilities				
Derivative liabilities	$	$ 57,887	$	$ 57,887
Total liabilities	$	$ 57,887	$	$ 57,887

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The Company did not have any assets or liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

Certain of the Company s assets are measured at fair value on a non-recurring basis. As of December 31, 2008, investments held-to-maturity were carried at amortized cost of $9.7 million. These investments are periodically measured for impairment based on level 3 fair value measurements based on the historical performance of the underlying loans that collateralize the investment using a discounted cash flow analysis. The cash flow analysis evaluates voluntary prepayment speeds, default assumptions, loss severity and discount rates.

The following table shows the carrying amount and estimated fair values of the Company s financial instruments which are not recorded at fair value at December 31 (in thousands):

	2008		2007		2006	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets						
Cash and cash equivalents (1)	$ 14,118	$ 14,118	$ 10,791	$ 10,791	$ 2,566	$ 2,566
Restricted cash (1)	12,927	12,927	16,290	16,290	15,412	15,412
Investments (2)	9,739	5,804	32,393	33,148	41,538	41,538
Loans receivable (3)	911,947	886,088	1,193,916	1,144,039	950,226	990,237
Servicing rights (4)			2,146	2,846	2,508	2,508
Liabilities						
Warehouse financing (5)			173,072	173,072	131,520	131,520
Securitization financing (6)	775,120	687,743	884,650	874,107	685,013	675,483
Repurchase agreements (5)			17,653	17,653	23,582	23,582
Note payables related party (5)	29,351	29,351	14,593	14,593		
Note payables servicing advances (5)					2,185	2,185
Accounts payable and accrued expenses (7)	82,773	82,773	45,843	45,843	26,303	26,303

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

(2)

The fair value of the Company s investments is based on market prices. The fair value of investments classified as held-to-maturity and investments accounted for under the provisions of SOP 03-3 is based on the discounted value of the remaining principal and interest cash flows.

(3) The fair value of the Company s loans receivable is based on the discounted value of the remaining principal and interest cash flows.

(4) The fair value of the Company s servicing rights is based on internal evaluation based on the discounted value of remaining servicing rights cash flows.

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

(6) The fair value of the Company s securitization financing is estimated using quoted market prices for the exact or similar securities.

(7) Due to their short maturity, accounts payable and accrued expense carrying values approximate fair value.

Note 19 Related Party Transactions

Origen Servicing, Inc., a wholly owned subsidiary of Origen Financial L.L.C., serviced approximately $32.3 million, $30.6 million, and $20.7 million in manufactured housing loans for Sun Home, Inc., an affiliate of Sun Communities, Inc. as of June 30, 2008, December 31, 2007 and 2006, respectively. Gary A. Shiffman, one of the Company s directors is the Chairman of the Board, Chief Executive Officer and President of Sun Communities. Sun Communities owns approximately 19% of the Company s outstanding stock. Mr. Shiffman beneficially owns approximately 19% 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 11% of the outstanding common stock of Sun Communities.

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With the sale of the Company s servicing platform assets, Sun Communities engaged a different entity to continue the servicing of the loans. In order to transfer the loan servicing contract to a different servicer, Sun Communities paid the Company a fee of approximately $0.3 million during the year ended December 31, 2008. Servicing fees paid by Sun Home to Origen Servicing, Inc. were approximately $0.2 million, $0.4 million and $0.3 million during the years ended December 31, 2008, 2007 and 2006, respectively.

On July 31, 2008, the Company completed the sale of certain of its third party origination and insurance platform assets for $1.0 million to Origen Financial Services, LLC (OFS, LLC), a newly formed venture, the managing member of which is a wholly owned affiliate of ManageAmerica, a nationally recognized provider of services to the manufactured housing industry. A subsidiary of Sun Communities owns 25% of the equity interests of the newly formed venture, OFS, LLC. Sun Communities appointed Mr. Shiffman, as its voting representative of the management team assigned to OFS, LLC.

Prior to the sale of certain of the Company s third party origination and insurance platform assets, the Company had agreed to fund loans that met Sun Home s underwriting guidelines and then transfer those loans to Sun Home pursuant to a commitment fee arrangement. The Company recognized no gain or loss on the transfer of these loans. The Company funded approximately $12.4 million, $13.2 million and $8.0 million in loans and transferred approximately $12.4 million, $13.3 million and $7.9 million in loans under this agreement during the three years ended December 31, 2008, 2007 and 2006, respectively. The Company recognized fee income under this agreement of approximately $230,000, $182,000 and $160,000 for the years ended December 31, 2008, 2007 and 2006.

Prior to the sale of the Company s servicing platform assets to Green Tree, Sun Home had purchased certain repossessed houses owned by the Company and located in manufactured housing communities owned by Sun Communities, subject to Sun Home s prior approval. Under this agreement, the Company sold to Sun Home approximately $0.6 million, $1.1 million and $1.2 million of repossessed houses during years ended December 31, 2008, 2007 and 2006, respectively. This program allowed the Company to further enhance recoveries on repossessed houses and allows Sun Home to retain houses for resale in its communities.

During the year ended December 31, 2006, Origen Financial L.L.C. repurchased approximately $4.2 million in loans from Sun Homes. The purchase price, which included a premium of approximately $20,000, approximated fair value. The Company did not purchase any loans from Sun Communities or its affiliates during the years ended December 31, 2008 and 2007.

The Company, through its primary operating subsidiary Origen Financial L.L.C., currently has a $46 million secured financing arrangement with the William M. Davidson Trust u/a/d 12/13/04, an affiliate of William M. Davidson, who was formerly the principal of Woodward Holding, LLC. See Note 11 Debt under the subheading Notes Payable Related Party for further discussion of this arrangement.

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, owns less than a 1% interest in the landlord entity. Mr. Davidson beneficially owns an approximate 14% interest in the landlord entity. The Company recorded rental expense for these offices of approximately $577,000, $567,000 and $465,000 for the years ended December 31, 2008, 2007 and 2006, respectively.

In November 2008 the Company entered into an agreement with Viva Beverages LLC (Viva) to sublease approximately 5,200 square feet of the Company s executive office space in Southfield, Michigan. Mr. Shiffman owns approximately 46.7% of Viva s equity interests and one of his children owns approximately 6.7% of Viva s interests. The term of the sublease runs through August 2011 and the sublease payments total approximately $48,000 in 2009, $52,000 in 2010 and $35,000 in 2011. The sublease payments are equal to the Company s lease payments under the prime lease with respect to the space that has been subleased. There were no lease payments in 2008.

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Note 20 Selected Quarterly Financial Data (UNAUDITED)

Selected unaudited quarterly financial data for 2008 is as follows (in thousands, except share data):

	Quarter Ended			
	December 31	September 30	June 30	March 31
Net interest income before loan losses	$ 8,938	$ 9,249	$ 4,511	$ 7,397
Provision for loan losses and impairment	6,877	4,978	3,361	3,278
Non interest income	618	991	517	(24,856)
Non interest expense	6,853	12,054	7,650	6,709
Net income (loss) from continuing operations before income taxes	(4,174)	(6,792)	(5,983)	(27,446)
Income tax expense (benefit)	(13)	12	29	33
Net loss from continuing operations	(4,161)	(6,804)	(6,012)	(27,479)
Net income (loss) from discontinued operations, net of taxes	(264)	5,631	1,238	2,487
Net loss	(4,425)	(1,173)	(4,774)	(24,992)
Losses from continuing operations per common share basic and diluted (1)	$ (0.16)	$ (0.26)	$ (0.24)	$ (1.08)
Earnings (losses) from discontinued operations per common share basic and diluted (1)	$ (0.01)	$ 0.22	$ 0.05	$ 0.10
Losses per common share basic and diluted (1)	$ (0.17)	$ (0.04)	$ (0.19)	$ (0.98)

Selected unaudited quarterly financial data for 2007 is as follows (in thousands, except share data):

	Quarter Ended			
	December 31	September 30	June 30	March 31
Net interest income before loan losses	$ 7,559	$ 7,849	$8,356	$7,763
Provision for loan losses	2,954	2,191	1,806	1,788
Non interest income	1,207	821	1,275	332
Non interest expense	47,661	5,986	6,537	6,588
Net income (loss) from continuing operations before income taxes	(41,849)	493	1,288	(281)
Income tax expense (benefit)	64	(17)		
Net income (loss) from continuing operations	(41,913)	510	1,288	(281)
Net income from discontinued operations, net of taxes	2,782	2,320	1,541	1,986
Net income (loss)	(39,131)	2,830	2,829	1,705
Earnings (losses) from continuing operations per common share basic and diluted (1)	$ (1.65)	$ 0.02	$ 0.05	$ (0.01)
Earnings from discontinued operations per common share basic and diluted (1)	$ 0.11	$ 0.09	$ 0.06	$ 0.08
Earnings (losses) per common share basic and diluted (1)	$ (1.54)	$ 0.11	$ 0.11	$ 0.07

(1) 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 Discontinued Operations

Discontinued operations include the operating results of the Company s servicing and insurance platforms, which meet the definition of a component of an entity, and have been accounted for under SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144). Accordingly, the Company s consolidated financial statements and related notes have been presented to reflect discontinued operations for all periods presented. On July 1, 2008, the Company completed the sale of its servicing platform assets to Green Tree for $37.0 million. The proceeds were used to repay approximately $28.0 million in related party debt. On July 31, 2008, the Company completed the sale of its third party origination and insurance platform assets to a newly formed venture, the managing member of which is a wholly owned affiliate of Manage America, a nationally recognized

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provider of services to the manufactured housing industry for an estimated $1.0 million. The proceeds were used to pay down approximately $1.0 million of related party debt.

The following summarizes the results of discontinued operations for the years ended December 31 (in thousands):

	2008	2007	2006
Revenues from discontinued operations	$ 9,934	$ 19,247	$ 16,773
Gain on sale of discontinued operations	6,523		
Income from discontinued operations before taxes	9,092	8,642	6,827
Income tax expense		13	24
Income from discontinued operations, net of income taxes	9,092	8,629	6,803

Note 22 Subsequent Events

Sale of Origen Servicing, Inc. Stock

On January 14, 2009, the Company completed the sale of all the issued and outstanding stock of Origen Servicing, Inc (Origen Servicing) to Prime RF Holdings LLC. The purchase price was $175,000 and proceeds from the sale were used to reduce the Company s related party debt. Origen Servicing was a wholly owned subsidiary of the Company that prior to the sale of substantially all of Origen Servicing s assets to Green Tree in July 2008, conducted all of the Company s servicing operations.

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ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosures Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, has determined that during the quarter ended December 31, 2008, there were no changes in our internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

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, 2008. 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 our filings is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and regulations, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, in order to allow timely decisions regarding required disclosures.

Management s Report on Internal Controls 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 Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management believes that, as of December 31, 2008, our internal control over financial reporting is effective.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this annual report.

ITEM 9B. OTHER INFORMATION

None.

PART III

The information required by Items 10-14 will be included in our proxy statement for our 2008 Annual Meeting of Shareholders or in an amendment to this Form 10-K, 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
Reports of Independent Registered Public Accounting Firm	33
Consolidated Balance Sheets as of December 31, 2008 and 2007	34
Consolidated Statements of Operations for the Years Ended December 31, 2008 and 2007 and 2006	35
Consolidated Statements of Other Comprehensive Income (Loss) for the Years Ended December 31, 2008, 2007 and 2006	36
Consolidated Statements of Changes in Stockholders Equity for the Years Ended December 31, 2008, 2007 and 2006	37
Consolidated Statements of Cash Flows for the Years Ended December 31, 2008, 2007 and 2006	38
Notes to Consolidated Financial Statements	39

(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 27, 2009

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	Chief Executive Officer and Director	March 27, 2009
Ronald A, Klein		
/s/ W. Anderson Geater, Jr.	Chief Financial Officer and Principal Accounting Officer	March 27, 2009
W. Anderson Geater, Jr.		
/s/ Paul A. Halpern	Chairman of the Board	March 27, 2009
Paul A. Halpern		
/s/ Jonathan S. Aaron	Director	March 27, 2009
Jonathan S. Aaron		
/s/ Richard H. Rogel	Director	March 27, 2009
Richard H. Rogel		
/s/ Robert S. Sher	Director	March 27, 2009
Robert S. Sher		
/s/ Gary A. Shiffman	Director	March 27, 2009
Gary A. Shiffman		
/s/ Michael J. Wechsler	Director	March 27, 2009
Michael J. Wechsler		

EXHIBIT INDEX

Exhibit Number	Description	Method of Filing
2.1	Asset Disposition and Management Plan	(1)
3.1	Second Amended and Restated Certificate of Incorporation of Origen Financial, Inc., filed October 7, 2003, and currently in effect	(2)
3.2	Certificate of Designations for Origen Financial, Inc. s Series A Cumulative Redeemable Preferred Stock	(2)
3.3	Certificate of Amendment of Second Amended and Restated Certificate of Incorporation of Origen Financial, Inc.	(1)
3.4	By-laws of Origen Financial, Inc.	(3)
3.5	Amendments to the Bylaws of Origen Financial, Inc. effective December 15, 2006	(4)
4.1	Form of Common Stock Certificate	(2)
4.2	Stock Purchase Warrant dated April 8, 2008 issued by Origen Financial, Inc. in favor of the William M. Davidson Trust u/a/d 12/13/04	(5)
4.3	Registration Rights Agreement dated April 8, 2008 between Origen Financial, Inc. and the William M. Davidson Trust u/a/d 12/13/04	(5)
10.1	2003 Equity Incentive Plan of Origen Financial, Inc.#	(2)
10.2	First Amendment to 2003 Equity Incentive Plan of Origen Financial, Inc.#	(6)
10.3	Form of Non-Qualified Stock Option Agreement#	(2)
10.4	Form of Restricted Stock Award Agreement#	(2)
10.5	Employment Agreement dated July 14, 2006 among Origen Financial, Inc., Origen Financial L.L.C. and Ronald A. Klein#	(7)
10.6	First Amendment dated July 1, 2008 to the Employment Agreement dated July 14, 2006 among Origen Financial, Inc., Origen Financial L.L.C. and Ronald A. Klein#	(1)
10.7	Employment Agreement dated December 28, 2006 among Origen Financial, Inc., Origen Financial L.L.C. and W. Anderson Geater, Jr #	(8)
10.8	First Amendment dated July 1, 2008 to the Employment Agreement dated December 28, 2006 among Origen Financial, Inc., Origen Financial L.L.C. and W. Anderson Geater, Jr. #	(1)
10.9	Employment Agreement dated December 28, 2006 among Origen Financial, Inc., Origen Financial L.L.C. and Mark Landschulz #	(8)

10.10	First Amendment dated July 1, 2008 to the Employment Agreement dated December 28, 2006 among Origen Financial, Inc., Origen Financial L.L.C. and Mark Landschulz #	(1)
10.11	Employment Agreement dated December 28, 2006 among Origen Financial, Inc., Origen Financial L.L.C. and J. Peter Scherer #	(8)
10.12	First Amendment dated July 1, 2008 to the Employment Agreement dated December 28, 2006 among Origen Financial, Inc., Origen Financial L.L.C. and J. Peter Scherer #	(1)
10.13	Employment Agreement between Origen Financial, Inc., Origen Financial L.L.C. and Benton Sergi#	(9)
10.14	Letter Agreement dated March 20, 2008 between Origen Financial, Inc. and Benton E. Sergi#	(10)
10.15	Origen Financial L.L.C. Endorsement Split-Dollar Plan dated November 14, 2003#	(2)
10.16	First Amendment to the Origen Financial, LLC Endorsement Split-Dollar Plan dated December 15, 2008#	(11)

Exhibit Number	Description	Method of Filing
10.17	Origen Financial L.L.C. Capital Accumulation Plan#	(2)
10.18	First Amendment to Origen Financial L.L.C. Capital Accumulation Plan#	(2)
10.19	Second Amendment to the Origen Financial, LLC Capital Accumulation Plan dated December 15, 2008#	(11)
10.20	Lease dated October 18, 2002 between American Center LLC and Origen Financial L.L.C.	(2)
10.21	Senior Secured Loan Agreement dated April 8, 2008 between Origen Financial L.L.C. and the William M. Davidson Trust u/a/d 12/13/04	(5)
10.22	Senior Secured Promissory Note in the original principal amount of $46,000,000 dated April 8, 2008 issued by Origen Financial L.L.C. in favor of the William M. Davidson Trust u/a/d 12/13/04	(5)
10.23	Amended and Restated Guaranty dated April 8, 2008 issued by Origen Financial, Inc., Origen Servicing, Inc. and Origen Securitization Company, LLC in favor of the William M. Davidson Trust u/a/d 12/13/04	(5)
10.24	Amended and Restated Security Agreement dated April 8, 2008 among Origen Financial L.L.C., Origen Financial, Inc., Origen Servicing, Inc., Origen Securitization Company, LLC and the William M. Davidson Trust u/a/d 12/13/04	(5)
10.25	Membership Pledge Agreement dated April 8, 2008 between Origen Securitization Company, LLC and the William M. Davidson Trust u/a/d 12/13/04	(5)
10.26	Stock and Membership Pledge Agreement dated April 8, 2008 between Origen Financial L.L.C. and the William M. Davidson Trust u/a/d 12/13/04	(5)
10.27	Membership Pledge Agreement dated April 8, 2008 between Origen Financial, Inc. and the William M. Davidson Trust u/a/d 12/13/04	(5)
10.28	Amended and Restated Senior Secured Loan Agreement dated April 8, 2008 between Origen Financial L.L.C. and the William M. Davidson Trust u/a/d 12/13/04	(5)
10.29	Amended and Restated Senior Secured Promissory Note in the original principal amount of $10,000,000 dated April 8, 2008 issued by Origen Financial L.L.C. in favor of the William M. Davidson Trust u/a/d 12/13/04	(5)
10.30	Amended and Restated Senior Secured Promissory Note in the original principal amount of $5,000,000 dated April 8, 2008 issued by Origen Financial L.L.C. in favor of the William M. Davidson Trust u/a/d 12/13/04	(5)
10.31	Asset Purchase Agreement dated April 30, 2008, by and among Origen Financial, Inc., Origen Servicing, Inc., Origen Financial, L.L.C. and Green Tree Servicing LLC	(12)

10.32	Voting Agreement, dated as of April 30, 2008, by and among GTH LLC, and the Persons set forth on Schedule I attached to the agreement	(12)
21.1	List of Origen Financial, Inc. s Subsidiaries.	(13)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(13)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(13)
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	(13)
99.1	Amended and Restated Charter of the Audit Committee of the Origen Financial, Inc. Board of Directors	(2)
99.2	Charter of the Compensation Committee of the Origen Financial, Inc. Board of Directors	(2)
99.3	Charter of the Nominating and Governance Committee of the Origen Financial, Inc. Board of Directors	(2)

Exhibit Number	Description	Method of Filing
99.4	Charter of the Executive Committee of the Origen Financial, Inc. Board of Directors	(2)
99.5	Corporate Governance Guidelines	(2)
99.6	Code of Business Conduct	(2)
99.7	Financial Code of Ethics	(2)

(1) Incorporated by reference to Origen Financial, Inc. s Current Report on Form 8-K dated July 1, 2008, as amended.

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

(3) Incorporated by reference to Origen Financial, Inc. s Annual Report on Form 10-K for the year ended December 31, 2005.

(4) Incorporated by reference to Origen Financial, Inc. s Current Report on Form 8-K dated

December 15, 2006.

(5) Incorporated by reference to Origen Financial, Inc. s Current Report on Form 8-K dated April 8, 2008.

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

(7) Incorporated by reference to Origen Financial, Inc. s Current Report on Form 8-K dated July 14, 2006

(8) Incorporated by reference to Origen Financial, Inc. s Current Report on Form 8-K dated December 28, 2006

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

2004.

(10) Incorporated by reference to Origen Financial, Inc. s Current Report on Form 8-K dated March 20, 2008.

(11) Incorporated by reference to Origen Financial, Inc. s Current Report on Form 8-K dated December 15, 2008.

(12) Incorporated by reference to Origen Financial, Inc. s Current Report on Form 8-K dated April 30, 2008.

(13) Filed herewith.

Management contract or compensatory plan or arrangement.

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