Origen Financial Announces First Quarter 2008 Results

SOUTHFIELD, Mich., May 9, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Origen Financial, Inc. (Nasdaq: ORGN), a real estate investment trust that originates and services manufactured housing loans, today announced a net loss of $25.0 million, or $0.98 per share, for the quarter ended March 31, 2008, compared with net income of $1.7 million, or $0.07 per share, for the quarter ended March 31, 2007. No dividend was declared by Origen's Board of Directors for the first quarter.

Highlights for Quarter
-- Loan origination volume decreased 47 percent to $41.4 million versus a year ago.
-- Loans processed for third parties totaled $29.8 million for the quarter as compared to $22.8 million for the year ago quarter, an increase of 31 percent.
-- Total revenue increased 16 percent to $29.9 million versus $25.7 million for the prior year quarter.
-- Non-performing loans as a percent of average outstanding loan principal balances increased to 0.6 percent at March 31, 2008, from 0.5 percent a year ago.
-- Origen's loan warehouse facility with Citigroup Global Markets Realty Corporation was paid off with proceeds from the sale of un-securitized loans.

Financial Summary
-- Interest income was $24.0 million for the first quarter 2008, an increase of 15 percent, primarily due to an 18 percent increase over the same period a year ago in average interest earning assets.
-- Non-interest income, excluding a loss on the sale of loans, associated hedge costs and a lower of cost or market adjustment on loans held for sale, increased 20 percent over the prior year's first quarter to $5.9 million.
-- Interest expense for the first quarter 2008 increased by 28 percent to $16.5 million from $12.9 million from last year's first quarter as a result of increased borrowings relating to the funding of securitized loans and borrowings to meet liquidity needs.
-- The provision for credit losses was $3.0 million for the first quarter 2008 compared with $1.8 million for the same quarter 2007. The increase was primarily the result of a 20 percent growth in the loan portfolio. Loan charge-offs for the 2008 quarter, at $2.4 million, were $300,000 less than charge-offs for the year ago quarter.
-- First quarter 2008 non-interest expenses of $9.3 million were virtually unchanged from the year ago quarter, but included approximately $700,000 of extraordinary legal and professional fees.
-- A loss on the sale of un-securitized loans and the costs to terminate related hedge positions reduced non-interest income by $25.5 million, as un-securitized loans funded on our loan warehouse facility were liquidated to pay off that facility.
-- An impairment of $248,000 on a purchased loan pool was incurred, also a result of the sale of un-securitized loans.
-- A lower of cost or market adjustment to loans held for sale resulted in a charge to earnings of $395,000.
At March 31, 2008, loans more than 60 days delinquent were 1.0 percent of the owned loan portfolio compared to 0.9 percent at December 31, 2007. The increase was due solely to the sale of approximately $176 million of performing loans during the first quarter 2008.

Ronald A. Klein, Origen's Chief Executive Officer, stated, "As previously disclosed, due to worsening conditions in the credit markets and the lack of a profitable securitization exit we were forced to sell our un-securitized loan portfolio at a substantial loss and cease originating loans for our owned portfolio. This sale does not reflect on the credit performance or long term realizable value of Origen's loan portfolio as our credit performance continues to be outstanding. Our delinquent loan dollars declined from year end 2007 to first quarter end 2008. We saw a further reduction in delinquency during April. Absent the loan sale we would have been profitable for the first quarter 2008."

Mr. Klein further stated, "Subsequent to quarter end we obtained a new credit facility to pay off our supplemental advance facility and announced an agreement to sell our loan servicing rights to Green Tree Servicing LLC. We will continue to manage our $1 billion securitized loan portfolio and other assets to preserve shareholder value, as part of a plan to be presented to our shareholders at the 2008 annual meeting."

Earnings Call and Webcast

A conference call and webcast have been scheduled for May 12, 2008, at 11:00 a.m. ET to discuss first quarter results. The call may be accessed on Origen's web site at http://www.origenfinancial.com or by dialing 877-856-1956. A replay will be available through May 21, 2008 by dialing 888-203-1112, passcode 1770654. You may also access the replay on Origen’s website for 90 days after the event.

Forward-Looking Statements

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

About Origen Financial, Inc.

Origen is an internally managed and internally advised company that has elected to be taxed as a real estate investment trust. Origen is based in Southfield, Michigan, with significant operations in Fort Worth, Texas.

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

Financial Tables Follow ...
Restricted Cash 15,253 16,290
Investment Securities 9,781 32,393
Loans Receivable, Held for
  Investment 1,019,773 1,193,916
  Loans Receivable, Held for Sale 5,246 -
Servicing Advances 5,731 6,298
Servicing Rights 2,069 2,146
Furniture, Fixtures and
  Equipment, Net 3,086 2,974
Repossessed Houses 5,406 4,981
Other Assets 14,554 14,412
Total Assets $1,085,376 $1,284,201

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities
Warehouse Financing $46,470 $173,072
Securitization Financing 858,507 884,650
Repurchase Agreements 17,653 -
Note Payable-Related Party 14,739 14,593
Other Liabilities 56,270 45,848
Total Liabilities 975,986 1,135,816
Equity 109,390 148,385
Total Liabilities and Equity $1,085,376 $1,284,201

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

Three Months Ended
March 31,
2008 2007
Interest Income
  Total Interest Income $23,966 $20,824
  Total Interest Expense 16,474 12,920
Net Interest Income Before Loan Losses and
  Impairment 7,492 7,904
  Provision for Loan Losses 3,030 1,788
  Impairment of Purchased Loan Pool 248 -
Net Interest Income After Loan Losses and
  Impairment 4,214 6,116
Non-interest Income (Loss)
  Servicing Income 4,869 4,152
  Losses on Sale of Loans (21,659) -
  Other (3,117) 741
Total Non-interest Income (Loss) (19,907) 4,893
Non-interest Expenses:
  Total Personnel 5,873 6,546
  Total Loan Origination & Servicing 456 481
  State Taxes 196 70
  Total Other Operating 2,728 2,195
  Total Non-interest Expenses 9,253 9,292
Net Income (Loss) Before Income Taxes (24,946) 1,717
Income Tax Expense 46 12
Net Income (Loss) $(24,992) $1,705
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<thead>
<tr>
<th>Comparison</th>
<th>Basic</th>
<th>Diluted</th>
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<tbody>
<tr>
<td>Weighted Average Common Shares</td>
<td>25,409,874</td>
<td>25,209,207</td>
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<tr>
<td>Outstanding, Basic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Average Common Shares</td>
<td>25,409,874</td>
<td>25,291,465</td>
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<tr>
<td>Outstanding, Diluted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings Per Share on Basic Average Shares Outstanding</td>
<td>$(0.98)</td>
<td>$0.07</td>
</tr>
<tr>
<td>Earnings Per Share on Diluted Average Shares Outstanding</td>
<td>$(0.98)</td>
<td>$0.07</td>
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SOURCE Origen Financial, Inc.

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