

ORIGEN FINANCIAL INC

Form DEF 14A

May 11, 2007

**Table of Contents**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934 (AMENDMENT NO. )**

Filed by the registrant    
Filed by a party other than the registrant    
Check the appropriate box:

- Preliminary proxy statement.  Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).
- Definitive proxy statement.
- Definitive additional materials.
- Soliciting material pursuant to Rule 14a-12

**ORIGEN FINANCIAL, INC.**

*(Name of Registrant as specified in its charter)*

*(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)*

Payment of filing fee (Check the appropriate box):

- No fee required.
- \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date filed:

---

**TABLE OF CONTENTS**

ORIGEN FINANCIAL, INC.

ORIGEN FINANCIAL, INC.

TIME AND PLACE OF MEETING

VOTING RIGHTS AND PRINCIPAL HOLDERS OF VOTING SECURITIES

INCORPORATION BY REFERENCE

ANNUAL REPORT

STOCKHOLDERS PROPOSALS

ELECTION OF DIRECTORS

MANAGEMENT

EXECUTIVE AND DIRECTOR COMPENSATION

SUMMARY COMPENSATION TABLE

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

REPORT OF THE AUDIT COMMITTEE

INFORMATION ABOUT OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

GENERAL INFORMATION

---

**Table of Contents**

**ORIGEN FINANCIAL, INC.  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On June 26, 2007**

To the Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders of Origen Financial, Inc. ( Origen ) will be held at the Birmingham Community House, 380 South Bates, Birmingham, Michigan 48009, on Tuesday, June 26, 2007, at 10:00 a.m., local time, for the following purposes:

(1) To elect six directors to serve until the Annual Meeting of Stockholders to be held in 2008 or until their successors shall have been duly elected and qualified; and

(2) To transact such other business as may properly come before the meeting.

A proxy statement containing information relevant to the Annual Meeting appears on the following pages.

Only holders of common stock of record at the close of business on May 4, 2007, are entitled to notice of and to vote at the meeting or any adjournments.

If you do not plan to attend the meeting and you wish to vote in accordance with the Board of Directors recommendations, it is not necessary to specify your choices; merely sign, date, and return the enclosed Proxy Card. If you attend the meeting, you may withdraw your Proxy and vote your own shares.

By Order of the Board of Directors

W. ANDERSON GEATER, JR.

*Secretary*

Dated: May 11, 2007

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. HOWEVER, TO ENSURE YOUR REPRESENTATION AT THE MEETING, YOU ARE ENCOURAGED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN THE POSTAGE-PAID ENVELOPE ENCLOSED FOR THAT PURPOSE.

---

**Table of Contents**

**ORIGEN FINANCIAL, INC.  
PROXY STATEMENT  
ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On June 26, 2007  
PROXIES AND SOLICITATIONS**

This proxy statement is furnished to stockholders in connection with the solicitation of proxies by the Board of Directors (the Board) of Origen Financial, Inc. (Origen) to be used at the Annual Meeting of Stockholders (the Annual Meeting) and at any adjournments. If a valid proxy is received in time for the Annual Meeting and it has not been revoked in accordance with the instructions set forth herein, the shares represented by the proxy will be voted in accordance with the specifications, if any, contained in such executed proxy. If no instructions are given, proxies will be voted: (a) FOR election of the six nominees for the Board; and (b) at the discretion of Ronald A. Klein and W. Anderson Geater, Jr., the Board's designated representatives for the Annual Meeting, with respect to such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. A proxy executed in the enclosed form may be revoked by the person signing it at any time before it is exercised. Proxies may be revoked by filing with Origen's Secretary, any time prior to the time set for commencement of the Annual Meeting, a written notice of revocation bearing a later date than the proxy, or by attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy).

In addition to the use of mails, proxies may be solicited by personal interview, telephone and telegram, by directors, officers and employees of Origen. Arrangements may also be made with brokerage houses or other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of shares of Origen's common stock held of record by such persons, and Origen may reimburse such persons for reasonable out-of-pocket expenses incurred in forwarding material. Origen anticipates that fees and expenses for the foregoing parties will not exceed \$1,000. Origen will bear the costs of all proxy solicitation.

Origen's executive offices are located at 27777 Franklin Road, Suite 1700, Southfield, Michigan 48034. The approximate date of mailing of this proxy statement and the enclosed proxy materials to Origen's stockholders is May 11, 2007.

**TIME AND PLACE OF MEETING**

The Annual Meeting will be held at the Birmingham Community House, 380 South Bates, Birmingham, Michigan 48009, on Tuesday, June 26, 2007, at 10:00 a.m., local time.

**VOTING RIGHTS AND  
PRINCIPAL HOLDERS OF VOTING SECURITIES**

Only stockholders of record at the close of business on May 4, 2007 are entitled to notice of and to vote at the Annual Meeting or at any adjournments. As of that date, Origen had 25,864,901 shares of common stock issued, outstanding and entitled to vote held by approximately 71 holders of record. Shares cannot be voted at the Annual Meeting unless the holder is present in person or represented by proxy. Each share of common stock outstanding on the record date entitles the holder thereof to one vote upon each matter to be voted upon at the Annual Meeting.

If your shares are held in street name, your brokerage firm, under certain circumstances, may vote your shares for you if you do not return your proxy. Brokerage firms have authority under the rules of the Nasdaq Stock Market (Nasdaq) to vote customers' unvoted shares on routine matters. If you do not give a proxy to your brokerage firm to vote your shares, your brokerage firm may either vote your shares on routine matters or leave your shares unvoted. The election of directors is considered a routine matter. Shares held by brokers as to which voting instructions have not been received from the beneficial owners with respect to non-routine matters are referred to as broker non-votes. We encourage you to provide voting instructions to your brokerage firm by returning your completed proxy. This ensures your shares will be voted at the meeting according to your instructions. You should receive directions from your brokerage firm about how to submit your proxy to them at the time you receive this proxy statement.

**Table of Contents**

The presence, in person or by proxy, of outstanding shares of common stock representing a majority of the total votes entitled to be cast is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Shares that reflect abstentions or broker non-votes will be counted for purposes of determining whether a quorum is present for the transaction of business at the Annual Meeting.

Directors will be elected by a plurality of all votes cast at the Annual Meeting. Accordingly, abstentions and broker non-votes will have no effect on the results of the vote.

If there is not a quorum at the Annual Meeting, the chairman of the Annual Meeting may adjourn the Annual Meeting until such time as there is a quorum. The Annual Meeting may be reconvened without notice to the stockholders, other than an announcement at the prior adjournment of the Annual Meeting, within 30 days after the original meeting date, and a quorum must be present at such reconvened Annual Meeting.

Information concerning principal holders of our common stock is discussed under Security Ownership of Certain Beneficial Owners and Management.

**INCORPORATION BY REFERENCE**

To the extent this proxy statement will be specifically incorporated by reference into any filing by Origen under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (the Exchange Act), the sections of this proxy statement entitled Report of the Audit Committee and Compensation Committee Report shall not be deemed to be so incorporated unless specifically otherwise provided in any such filing.

**ANNUAL REPORT**

**Stockholders are concurrently being furnished with a copy of Origen's 2006 Annual Report, which contains its audited financial statements as of December 31, 2006. In addition, Origen will provide copies of its Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the Securities and Exchange Commission, to each person solicited by this proxy statement without charge, upon written request to Origen Financial, Inc., Attn: W. Anderson Geater, Jr., 27777 Franklin Road, Suite 1700, Southfield, Michigan 48034.**

**STOCKHOLDERS PROPOSALS**

Any and all stockholder proposals for inclusion in the proxy materials for Origen's next Annual Meeting of stockholders must comply with the rules and regulations promulgated under the Exchange Act and must be received by Origen, addressed to its Secretary, at its offices at 27777 Franklin Road, Suite 1700, Southfield, Michigan 48034, not later than January 11, 2008, provided, however, that if the next Annual Meeting is held more than 30 days before or after June 26, 2008, the deadline for stockholder proposals will be a reasonable time before we begin to print and mail our proxy materials for the next Annual Meeting.

**ELECTION OF DIRECTORS**

The first matter to be considered at the Annual Meeting will be the election of six directors. It is proposed that these positions be filled by persons nominated to the Board by the Nominating and Governance Committee of the Board. Each director shall be elected by a plurality of the votes cast at the Annual Meeting. Therefore, if a quorum is present, abstentions and broker non-votes will have no effect on the election of directors. Proxies will be tabulated by Origen's transfer agent. The Inspector of Elections appointed at the Annual Meeting will then combine the proxy votes with the votes cast at the Annual Meeting. Each director elected at the Annual Meeting will serve for a term commencing on the date of the Annual Meeting and continuing until the Annual Meeting of Stockholders to be held in 2008 or until his successor is duly elected and qualified. In the absence of directions to the contrary, proxies will be voted in favor of the election of the nominees listed below.

**Table of Contents**

If any of the nominees named below are unavailable to serve for any reason, then a valid proxy may be voted for the election of such other persons as the person or persons voting the proxy may deem advisable in accordance with their best judgment. Management has no present knowledge that any of the persons named will be unavailable to serve. In any event, the enclosed proxy can be voted for only the six nominees named in this proxy statement or their substitutes.

THE BOARD RECOMMENDS A VOTE FOR EACH OF THE NOMINEES NAMED BELOW. PROXIES SOLICITED BY THE BOARD WILL BE VOTED FOR THE NOMINEES UNLESS INSTRUCTIONS TO WITHHOLD OR TO THE CONTRARY ARE GIVEN.

The following list identifies each incumbent director and nominee for election to the Board at the Annual Meeting and describes each person's principal occupation for the past five years. Each of the directors has served continuously from the date of his election or appointment to the present time.

<b>Name</b>	<b>Age</b>	<b>Office</b>
Paul A. Halpern	54	Chairman of the Board
Ronald A. Klein	49	Chief Executive Officer and Director
Richard H. Rogel	58	Director
Gary A. Shiffman	52	Director
Michael J. Wechsler	67	Director
Robert S. Sher	68	Director

*Paul A. Halpern* has been the Chairman of the Board since August 2003. He is the Chairman of the Nominating and Governance Committee, a member of the Audit Committee and an alternate member of the Executive Committee. Mr. Halpern served as acting Chairman of the Audit Committee from the third quarter of 2006, when the previous Chairman became ill, until April 2007, when a new permanent Chairman was appointed by the Board. Mr. Halpern was a manager of Origen Financial L.L.C. (Origen's primary operating subsidiary) from January 2002 until December 2003. Mr. Halpern is currently the manager of Woodward Holding, LLC, a stockholder of Origen. Since April 2007, Mr. Halpern has served as President of Guardian Energy Management Corp., an oil and gas exploration and production company, which is a subsidiary of Guardian Industries Corp., a glass manufacturing corporation. He served as Vice President of Operations of Guardian Energy Management Corp. from 1990 to April 2007. In addition, Mr. Halpern has served as Associate Tax Counsel of Guardian Industries Corp. since 1988. From 1979 through 1988, Mr. Halpern was employed in various capacities by both McDermott Incorporated and McDermott International, Inc., with his last position as Tax Director for McDermott Incorporated. Before joining McDermott, Mr. Halpern worked in the tax department of the public accounting firm of Alexander Grant & Company.

*Ronald A. Klein* has served as a director and the Chief Executive Officer since August 2003. He is a member of the Executive Committee. Mr. Klein joined Origen Financial L.L.C.'s predecessor in February 1999 and currently serves as Origen Financial L.L.C.'s sole manager and its Chief Executive Officer. From 1999 until Origen's formation, Mr. Klein served as a director and as Chief Executive Officer and President of Bingham Financial Services Corporation, a predecessor of Origen. In addition, he has served as the Managing Director of Equity Growth L.L.C., a private real estate investment company since 1994. From 1990 to 1994, Mr. Klein served as Executive Vice President of Alaron Inc., an international distributor of consumer electronics. Prior to joining Alaron Inc., Mr. Klein was a member of the Chicago Board Options Exchange since 1985. Mr. Klein has also served as the Managing Director of a financial derivatives trading firm and, before 1985, he was in the private practice of law.

*Richard H. Rogel* has been a director and a member of the Audit Committee, Compensation Committee and the Executive Committee since August 2003. Mr. Rogel served as a director of CoolSavings, Inc., a publicly-traded online direct marketing and media company, from 1996 to 2005, serving as its Chairman of the Board from July 2001 to December 2005 and as the Chairman of its audit committee from 1998 to 2005. In 1982, Mr. Rogel founded Preferred Provider Organization of Michigan, Inc., a preferred provider organization, and served as its Chairman from its inception until it was sold in 1997. Mr. Rogel is



**Table of Contents**

the President of the University of Michigan Alumni Association, chairs the University of Michigan's Business School Development Advisory Board and serves on other boards of the University.

*Gary A. Shiffman* has been a director since August 2003. He served on the Compensation Committee from February 2007 to April 2007. Mr. Shiffman was a manager of Origen Financial L.L.C. from its formation in 2001 until December 2003. Mr. Shiffman has served as Chief Executive Officer and as a director of Sun Communities, Inc., a publicly-traded owner and operator of manufactured housing communities, since 1998. He has served as Chairman of the Board and President of Sun Communities, Inc. since March 2000.

*Michael J. Wechsler* has been a director and has served as a member of the Compensation Committee and the Nominating and Governance Committee and an alternate member of the Executive Committee since August 2003. He has been the Chairman of the Compensation Committee since April 2007. He served as a member of the Audit Committee from April 2006 to April 2007. Since April 2007, Mr. Wechsler has served as Managing Director of the Centerline Financial Group division of Centerline Capital Group, a subsidiary of Centerline Holding Company. Formerly known as CharterMac, Centerline Holding Company is a publicly-traded real estate financial services company. From October 2003 until April 2007, Mr. Wechsler served as Executive Vice President Credit of CharterMac. Mr. Wechsler served as Chief Operating Officer of the Related Companies, L.P. from 1987 until 1997 and as Chief Credit Officer of Related from 1997 until 2003. The Related Companies, L.P. is a major developer of multifamily affordable housing nationwide, one of the largest owners of multi-family dwellings in the country and a leading syndicator of residential real estate financed with Low Income Housing Tax Credits in the United States. Prior to joining the Related Companies, L.P., he held various positions in the Real Estate Division of Chemical Bank for over 20 years. His last position was as Senior Vice President and Managing Director, with overall responsibility for the Real Estate Division's administration and lending activities in twenty-five states and New York City.

*Robert S. Sher* has been a director since April 2007, when he was appointed by the Board to fill a vacancy. Since his appointment he has served as the Chairman of the Audit Committee and a member of each of the Compensation Committee and the Nominating and Governance Committee. Since 2004, Mr. Sher, a certified public accountant, has been the President and principal of Robert S. Sher & Associates, a real estate and business consulting firm. Since 2004, Mr. Sher has served on the boards of directors and the audit committees of the general partners of Uniprop Manufactured Housing Communities Income Fund and Uniprop Manufactured Housing Communities Income Fund II, each of which is a publicly-traded limited partnership that owns and operates manufactured housing communities. From 1970 to 2004, Mr. Sher served as the Chief Financial Officer of Schostak Brothers & Co., Inc., a full-service real estate company located in southeast Michigan providing management, development, leasing, office, industrial and marketing services. During his tenure with Schostak Brothers, Mr. Sher also served as Vice Chairman of the Board and Executive Vice President. Prior to Schostak Brothers, Mr. Sher practiced public accountancy with an accounting firm for six years and was a partner when he left the firm. He served as a member of the AICPA Life Insurance Trust from 1999 to 2002 and as its Chairman from 2002 to 2005. He is currently the Treasurer of the AICPA Foundation. Mr. Sher is also a member of the Michigan State Board of Accountancy, which is responsible for the certification and licensure of certified public accountants in Michigan. He also serves on the boards, the finance committees and the audit committees of various charitable and community organizations.

To the best of Origen's knowledge, there are no material proceedings to which any nominee is a party, or has a material interest, adverse to Origen. To the best of Origen's knowledge, there have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions that are material to the evaluation of the ability or integrity of any nominee during the past five years.

**Board of Directors and Committees**

The Board met nine times during 2006 and took various actions pursuant to resolutions adopted by unanimous written consent. In 2006, all incumbent directors other than Mr. Rogel attended at least 75% of the meetings of the Board and each committee on which they served, in the aggregate. Directors are encouraged but not required to attend the annual meetings of stockholders. All members of the Board then serving attended the 2006 annual meeting of stockholders.



**Table of Contents**

Several important functions of the Board may be performed by committees that are comprised of members of the Board. Origen's Bylaws authorize the formation of these committees and grant the Board the authority to prescribe the functions of each committee and the standards for membership of each committee. In addition, the Board appoints the members of each committee. The Board has four standing committees: an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and an Executive Committee. You may find copies of the charters of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee, as well as Origen's Code of Business Conduct and Ethics and Financial Code of Ethics for Senior Financial Officers under the Investors' section of its website at [www.origenfinancial.com](http://www.origenfinancial.com).

The Audit Committee operates pursuant to a written charter that was approved by the Board in January 2004. The Audit Committee, among other functions, (1) oversees the accounting and financial reporting processes and compliance with legal and regulatory requirements on behalf of Origen's Board of Directors and reports the results of its activities to the Board, (2) has the sole authority to appoint, retain, terminate and determine the compensation of Origen's independent accountants, (3) reviews with Origen's independent accountants the scope and results of the audit engagement, (4) reviews the integrity, adequacy and effectiveness of Origen's internal controls and financial disclosure process, including the direct supervision of Origen's Internal Audit Department, (5) approves professional services provided by Origen's independent accountants, and (6) reviews the independence of Origen's independent accountants. The current members of the Audit Committee are Messrs. Sher (Chairman), Rogel and Halpern, all of whom are independent as that term is defined in the rules of the SEC and applicable Nasdaq Stock Market rules. Origen's Board has also determined that each of Messrs. Sher, Rogel and Halpern qualifies as an audit committee financial expert, as defined by applicable SEC regulations. The Audit Committee held ten formal meetings and several informal meetings during the fiscal year ended December 31, 2006.

The Compensation Committee operates pursuant to a written charter that was approved by the Board in March 2004. The Compensation Committee, among other functions, (1) reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the performance of the Chief Executive Officer in light of such goals and objectives, and determines and approves the compensation of the Chief Executive Officer based on these evaluations, (2) approves the compensation of Origen's other executive officers, and (3) oversees Origen's incentive compensation plans and equity-based plans. The current members of the Compensation Committee are Messrs. Wechsler (Chairman), Rogel and Sher, all of whom are independent directors under applicable Nasdaq Stock Market rules. The Compensation Committee held nine formal meetings during the fiscal year ended December 31, 2006 and took various actions pursuant to resolutions adopted by unanimous written consent. See Executive and Director Compensation Compensation Discussion and Analysis for a description of the Compensation Committee's processes and procedures for considering and determining executive and director compensation.

The Nominating and Governance Committee operates pursuant to a written charter that was approved by the Board in March 2004. The Nominating and Governance Committee, among other functions, is responsible for (1) developing and monitoring our corporate governance principles; (2) assisting the Board in identifying individuals qualified to become members of the Board and members of its various committees, consistent with criteria approved by the Board; (3) selecting the director nominees for each annual meeting of stockholders and the committee nominees; and (4) overseeing the evaluation of the Board and management. The current members of the Nominating and Governance Committee are Messrs. Halpern (Chairman), Wechsler and Sher, all of whom are independent under applicable Nasdaq Stock Market rules. The Nominating and Governance Committee held one formal meeting during the fiscal year ended December 31, 2006 and took various actions pursuant to resolutions adopted by unanimous written consent.

The Executive Committee was established to exercise certain enumerated powers and duties of the Board between regular Board meetings. The Executive Committee has the authority to approve the following actions: (1) the acquisition and sale of loans and loan portfolios; (2) financing transactions; and (3) the securitization of loans and loan portfolios. The current members of the Executive Committee are Messrs. Rogel and Klein. Messrs. Wechsler and Halpern serve as alternate members in the case of an absence of one of the regular Executive Committee members.

**Compensation Committee Interlocks and Insider Participation in Compensation Decisions**

The members of the Compensation Committee are currently Messrs. Wechsler (Chairman), Rogel



**Table of Contents**

and Sher. During 2006 the members of the Compensation Committee were James A. Williams (Chairman) and Messrs. Wechsler and Rogel. During 2006 and currently, none of our executive officers served as a director or member of a compensation committee (or other committee serving an equivalent function) of any other entity, whose executive officers served as a director or member of our Compensation Committee, none of our employees serve on the Compensation Committee and all of the Compensation Committee's members are independent directors.

**Communications with the Board**

If you wish to communicate with any of the directors of the Board or the Board as a group, you may do so by writing to them at [Name(s) of Director(s)/Board of Directors of Origen Financial, Inc.], 27777 Franklin Road, Suite 1700, Southfield, MI 48034.

If you wish to contact the Audit Committee to report complaints or concerns regarding accounting, internal accounting controls or auditing matters, you may do so by writing to the Chairman of the Audit Committee of Origen Financial, Inc., 27777 Franklin Road, Suite 1700, Southfield, MI 48034. You are welcome to make any such report anonymously but Origen prefers that you identify yourself so that Origen may contact you for additional information if necessary or appropriate.

If you wish to communicate with our non-management directors as a group, you may do so by writing to Non-Management Directors of Origen Financial, Inc., 27777 Franklin Road, Suite 1700, Southfield, MI 48034.

Origen recommends that all correspondence be sent via certified U.S. mail, return receipt requested. All correspondence received by Origen will be forwarded promptly to the addressee(s).

**Independence of Non-Employee Directors**

Applicable Nasdaq Stock Market rules require that a majority of the Board consist of members who are independent. There are different measures of director independence under Nasdaq Stock Market rules, under Section 16 of the Exchange Act and under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ). The Board has reviewed information about each of Origen's non-employee directors and determined that Messrs. Halpern, Rogel, Sher and Wechsler are independent directors. James A. Williams, who served on the Board from August 2003 until January 2007, was also an independent director. The independent directors meet on a regular basis in executive sessions without management participation. The executive sessions occur after each regularly scheduled meeting of the entire Board and at such other times as the independent directors deem appropriate.

**Consideration of Director Nominees**

*Board Membership Criteria*

The Board of Directors has established criteria for Board membership. These criteria include the following minimum qualifications that the Nominating and Governance Committee believes must be met by a Nominating and Governance Committee-recommended nominee for a position on the Board:

The candidate must have experience at a strategic or policymaking level in a business, government, non-profit or academic organization of high standing;

The candidate must be highly accomplished in his or her field, with superior credentials and recognition;

The candidate must be well regarded in the community and must have a long-term reputation for high ethical and moral standards;

The candidate must have sufficient time and availability to devote to Origen's affairs, particularly in light of the number of boards on which the nominee may serve; and

The candidate's principal business or occupation must not be such as to place the candidate in competition with Origen or conflict with the discharge of a director's responsibilities to

**Table of Contents**

Origen or its stockholders.

In addition to the minimum qualifications for each nominee set forth above, the Nominating and Governance Committee will recommend director candidates to the full Board for nomination, or present director candidates to the full Board for consideration, to help ensure that:

A majority of the Board of Directors shall be independent as defined by applicable Nasdaq Stock Market rules;

Each of its Audit, Compensation and Nominating and Governance Committees shall be comprised entirely of independent directors; and

At least one member of the Audit Committee shall have such experience, education and qualifications necessary to qualify as an audit committee financial expert as defined by the rules of the SEC.

*Consideration of Stockholder Nominated Directors*

The Nominating and Governance Committee's current policy is to review and consider any director candidates who have been recommended by stockholders in compliance with the procedures established from time to time by the Nominating and Governance Committee. All stockholder recommendations for director candidates must be submitted in writing to our Secretary at Origen Financial, Inc., 27777 Franklin Road, Suite 1700, Southfield, MI 48034, who will forward all recommendations to the Nominating and Governance Committee. We did not receive any stockholder recommendations for director candidates for election at the 2007 annual meeting. All stockholder recommendations for director candidates for election at the 2008 annual meeting of stockholders must be submitted to our Secretary on or before January 11, 2008 and must include the following information:

The stockholder's name, address, number of shares owned, length of period held and proof of ownership;

The name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed director candidate;

A description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications and other criteria for Board membership as approved by the Board from time to time;

A description of all arrangements or understandings between the stockholder and the proposed director candidate;

The consent of the proposed director candidate (1) to be named in the proxy statement relating to Origen's annual meeting of stockholders and (2) to serve as a director if elected at such annual meeting; and

Any other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to the rules of the SEC.

*Identifying and Evaluating Nominees*

The Nominating and Governance Committee may solicit recommendations for director nominees from any or all of the following sources: non-management directors, executive officers, third-party search firms or any other source it deems appropriate. The Nominating and Governance Committee will review and evaluate the qualifications of any proposed director candidate that it is considering or has been recommended to it by a stockholder in compliance with the Nominating and Governance Committee's procedures for that purpose, and conduct inquiries it deems appropriate into the background of these

**Table of Contents**

proposed director candidates. When nominating a sitting director for re-election, the Nominating and Governance Committee will consider the director's performance on the Board and the director's qualifications in respect to the criteria set forth above. Other than circumstances in which we are legally required by contract or otherwise to provide third parties with the ability to nominate directors, the Nominating and Governance Committee will evaluate all proposed director candidates based on the same criteria and in substantially the same manner, with no regard to the source of the initial recommendation of the proposed director candidate.

**MANAGEMENT****Executive Officers**

The persons listed below are the current executive officers of Origen. Each is annually appointed by, and serves at the pleasure of, the Board.

<b>Name</b>	<b>Age</b>	<b>Office</b>
Ronald A. Klein	49	Chief Executive Officer and Director
J. Peter Scherer	57	President and Head of Operations
W. Anderson Geater, Jr.	58	Chief Financial Officer and Secretary
Mark W. Landschulz	42	Executive Vice President, Portfolio Management
O. Douglas Burdett	57	Executive Vice President, Manager of Loan Servicing
Paul J. Galaspie	45	Senior Vice President and Chief Information Officer
David M. Rand	45	Senior Vice President, Marketing and Strategic Development
Benton E. Sergi	45	Senior Vice President, Operations
Laura Campbell	37	Senior Vice President, Human Resources

Background information for Mr. Klein is provided under Election of Directors, above.

*J. Peter Scherer* has served as Origen's President and Head of Operations since August 2003. Mr. Scherer joined Origen Financial L.L.C.'s predecessor in December 1999 and currently serves as President and Head of Operations of Origen Financial L.L.C. From 1999 until Origen's formation, Mr. Scherer served as Chief Operating Officer of Bingham Financial Services Corporation, a predecessor of Origen. From 1984 through 1998, Mr. Scherer served in various capacities at The Taubman Company, including most recently as Senior Vice President and chairman of the asset management group. From 1976 to 1980 and from 1980 to 1984, he was an attorney with American Motors Corporation and Volkswagen of America, Inc., respectively. Prior to joining American Motors Corporation, Mr. Scherer was engaged in the private practice of law.

**Table of Contents**

*W. Anderson Geater, Jr.* has served as Origen's Chief Financial Officer since August 2003 and as its Secretary since January 2004. Mr. Geater joined Origen Financial L.L.C.'s predecessor in April 2000 and currently serves as Chief Financial Officer of Origen Financial L.L.C. From 2000 until Origen's formation, Mr. Geater served as Chief Financial Officer and Treasurer of Bingham Financial Services Corporation, a predecessor of Origen. From April 1994 through April 2000, Mr. Geater served as Chief Financial Officer and Chief Administrative Officer of Univest Financial Services Holdings, LLC and Central Park Capital, LLC. He also served as Chief Operating Officer of First Mortgage Strategies Group, Inc. from 1991 to 1993, and as Director of Financial Services for Pannell Kerr Forster, a public accounting firm from 1990 to 1991. From 1975 to 1990, Mr. Geater served as Executive Vice President and Chief Financial Officer of Leader Federal Bank for Savings. Prior to joining Leader Federal Bank for Savings, Mr. Geater was an audit supervisor with the public accounting firm of KPMG Peat Marwick.

*Mark Landschulz* has served as Origen's Executive Vice President, Portfolio Management since August 2003. Mr. Landschulz joined Origen Financial L.L.C.'s predecessor in February 2000, and currently serves as Executive Vice President of Portfolio Management of Origen Financial, L.L.C. Prior to serving as Executive Vice President, Mr. Landschulz was the Chief Financial Officer of Origen Financial L.L.C. From 1997 to 2000, Mr. Landschulz was the founding principal of Landworks Enterprises, a private consulting practice. Prior to founding Landworks Enterprises, Mr. Landschulz served as Senior Vice President for Knutson Mortgage Corporation from April 1996 to December 1996. From February 1990 to April 1996, Mr. Landschulz served as a director and Vice President of GE Capital Mortgage. From 1988 to 1990, he served as Chief Financial Officer of a Fannie Mae approved seller/servicer, regional mortgage banking firm.

*O. Douglas Burdett* has served as Origen's Executive Vice President, Manager of Loan Servicing since August 2003. He has held the same position with Origen Financial L.L.C. since May 2002. From July 1999 to April 2002, Mr. Burdett served as Vice President, National Asset Manager of CitiFinancial Associates Housing Finance and led its manufactured housing loan servicing operation. From December 1997 to July 1999, he was employed by First Union Bank as Director and Asset Manager for The Money Store. From 1972 through 1997, Mr. Burdett was employed by GE Capital Corporation, where he led its customer service, loss mitigation and default groups in a number of business units ranging from consumer and mortgage as Vice President GE Capital Mortgage to commercial and government services as Senior Vice President GE Asset Management.

*Paul J. Galaspie* has served as Origen's Senior Vice President and Chief Information Officer since August 2003. Mr. Galaspie joined the predecessor of Origen Financial L.L.C. in March 1994, and currently serves as Senior Vice President and Chief Information Officer of Origen Financial L.L.C. Beginning in March 1994, Mr. Galaspie served in various capacities for Origen Financial L.L.C.'s predecessors, including as a Senior Programmer Analyst for Saxon Mortgage Funding Corp. Prior to March 1994, Mr. Galaspie worked for PSA, a national photographic retailer, in their marketing department as a programmer/analyst.

*David M. Rand* has served as Origen's Senior Vice President, Marketing and Strategic Development since October 2004. From August 2003 to October 2004 he served as its Senior Vice President, Sales and Marketing. Mr. Rand joined the predecessor of Origen Financial L.L.C. in June 1998, and currently serves as Senior Vice President Marketing and Business Development of Origen Financial L.L.C. Prior to joining the predecessor of Origen Financial L.L.C., he was employed by Associates First Capital Corporation as Vice President New Business/Product Development from April 1996 to June 1998, and as Director Corporate Training from November 1993 to April 1996. Prior thereto, Mr. Rand held various positions with General Electric Capital Corporation.

*Benton E. Sergi* has served as Origen's Senior Vice President, Operations since August 2003. He has held the same position with Origen Financial L.L.C. since June 2003. From April 2002 to June 2003, Mr. Sergi served as Executive Vice President, National Sales and Operations of HomePride Finance Corp, a subsidiary of Champion Enterprises, Inc. He also served as Senior Vice President of Sales and Operations of CIT Group, from 1997 to 2002, and held various positions with Key Bank USA, NA in its sales finance division from 1987 to 1997. Prior to joining Key Bank USA, NA, Mr. Sergi was employed by The Midwest Bank & Trust Company in its installment loan and credit card sales departments.

*Laura Campbell* has served as Origen's Senior Vice President, Human Resources since September 2004. From August 2003 to September 2004 she held the title of Vice President, Human Resources of Origen. Ms. Campbell



joined Origen Financial L.L.C. s predecessor in November 1999. Prior to joining Origen and its predecessors, Ms.

**Table of Contents**

Campbell served for five years as Vice President, Human Resources for DMR Financial Services, a residential and commercial mortgage lender based in Michigan.

To the best of Origen's knowledge, there are no material proceedings to which any executive officer is a party, or has a material interest, adverse to Origen. To the best of Origen's knowledge, there have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions that are material to the evaluation of the ability or integrity of any executive officer during the past five years.

**EXECUTIVE AND DIRECTOR COMPENSATION****Compensation Discussion and Analysis**

Origen's executive compensation program has been developed by and is administered by the Compensation Committee of the Board of Directors. The objective of such compensation program is to attract, retain and motivate qualified executives and to align the financial interests of such executives with those of Origen and its shareholders. The program is designed to achieve a targeted level of overall compensation for each executive and is structured around a number of elements, including base salary, cash bonus and equity compensation, each designed to serve a specific purpose, with the overall goal of providing a balanced approach towards the achievement of both near-term and long-term financial and operational goals.

While the Compensation Committee is currently considering retaining the services of a professional compensation consultant, to-date the Compensation Committee has not retained such services. Committee members have gathered and analyzed compensation data from similar companies in similar industries and have formulated the anticipated cost of and the expected degree of difficulty in replacing Origen's executives with individuals of comparable experience and skill. Given that Origen's operations are currently focused in the manufactured housing sector through its loan origination and loan servicing activities, and given that there are very few companies solely devoted to this sector, comparative compensation data is difficult to obtain. However, the skills needed by our executives are much the same as those needed by executives serving in other lending and loan servicing companies, particularly those involved in the financing and servicing of loans on residences. Accordingly, the Compensation Committee has drawn on observations of compensation data from companies involved in mortgage banking. Observations of such data indicate a compensation composition ranging from 30% to 60% salary, 30% to 45% targeted bonus opportunity and equity compensation of 10% to 50% of overall compensation. Within these ranges, the Compensation Committee has selected individual allocations and overall compensation targets that are believed to be consistent with the goals of our compensation program and that reflect the skill and experience of the individual executives. Following is a summary and description of the key elements of the executive compensation program.

**Base Salaries.** It is desirable to provide our executives with a level of assured cash compensation consistent with their professional status, experience and abilities. For the top level of executive management, currently considered to be the Chief Executive Officer, the Chief Financial Officer, the President and Head of Operations, and the Executive Vice President of Portfolio Management, base salaries are intended to represent less than 50% of total compensation. The remaining executives (hereinafter referred to as "senior management"), are generally expected to have 50% to 75% of total compensation comprised of base salaries.

**Bonuses.** Cash bonuses are awarded based upon corporate and personal performance objectives. The primary purpose of the cash bonus element of our compensation program is to reward executives for the achievement of such performance objectives on an annual basis. At the executive management and senior management levels, corporate financial performance is the primary objective, with adjustments made for personal performance in the discretion of the Compensation Committee. Currently, the Compensation Committee has chosen not to include changes in Origen's stock price as a performance objective. Origen's stock is very thinly traded and includes a significant amount of insider ownership. Key corporate financial objectives include net income, as determined by accounting principles generally accepted in the United States of America, measurements of loan performance, such as delinquency statistics, foreclosure/repossession rates and recoveries, and various metrics associated with our asset-backed securitization program. For executive management, bonuses are expected to comprise between 25% to 50%

**Table of Contents**

of total compensation, and senior management bonuses are expected to comprise between 15% to 35% of total compensation. While corporate financial performance is the primary consideration in determining executive management and senior management bonuses, we have in the past used other considerations, including personal objectives relevant to each individual's area of responsibility, and we may determine to utilize such considerations, as well as any additional goals and/or objectives deemed appropriate, in the future.

**Equity Compensation.** The primary form of equity compensation awarded to-date has been in the form of grants of restricted stock. A modest amount of stock options were awarded coincidental with our formation in October 2003, but the Compensation Committee has chosen not to make subsequent stock option awards. Equity compensation, similar to bonuses, is also intended to reward executives for the achievement of performance objectives, but such objectives are longer term in nature. A significant purpose for equity compensation is to retain valuable executives and senior managers and provide incentives for contributing to the overall success of Origen in order to benefit individually from any improvement in the price of the stock over the long term. Since the grants of restricted stock vest over periods ranging from three to five years, this method of compensation serves this longer-term purpose.

Although the named executive officers' salaries are set by the terms of each named executive officer's employment agreement (discussed below under "Material Information Relating to the Summary Compensation Table and Grants of Plan Based Awards - Employment Agreements"), the Compensation Committee reviews the compensation program on an annual basis and modifies it as necessary. The Chief Executive Officer makes compensation recommendations to the Compensation Committee, which the Compensation Committee considers in making compensation decisions. In addition, the Chief Executive Officer reviews the compensation program periodically and recommends changes to the Compensation Committee. The Compensation Committee believes that the Chief Executive Officer's role in the compensation program is appropriate and critical because of the Chief Executive Officer's interaction and evaluation of the performance of those individuals subject to the compensation program.

Origen does not require its executives to own a certain number of shares of Origen's stock.

Set forth below is information regarding compensation earned by or paid or awarded to the following named executive officers of Origen during the year ended December 31, 2006: (i) Ronald A. Klein, our Chief Executive Officer; (ii) W. Anderson Geater, Jr., our Chief Financial Officer; (iii) J. Peter Scherer, our President and Head of Operations; (iv) Mark W. Landschulz, our Executive Vice President of Portfolio Management; and (v) Benton E. Sergi, our Senior Vice President of Operations (the named executive officers). Messrs Scherer, Landschulz and Sergi are the three most highly compensated executive officers other than our Chief Executive Officer and Chief Financial Officer. The identification of such named executive officers is determined based on their total compensation for the year ended December 31, 2006, as reported below in the Summary Compensation Table.

**Table of Contents**

**SUMMARY COMPENSATION TABLE**  
**For The Twelve Months**  
**Ended December 31, 2006**

The following table sets forth for each of the named executive officers for the year ended December 31, 2006: (i) the dollar value of base salary earned and paid during the year; (ii) the dollar value of bonuses earned during the year and paid during the first quarter of the following year; (iii) the dollar amount recognized for financial statement reporting purposes of stock awards granted during the year, computed in accordance with the Financial Accounting Standards Board's (FASB's) Statement of Financial Accounting Standards (SFAS) No. 123(R), Share Based Payment; (iv) the change in non-qualified deferred compensation earnings during the year; (v) all other compensation for the year; and, finally, (vi) the dollar value of total compensation for the year. Note that Origen does not maintain a pension plan. In addition, during the year ended December 31, 2006, there were no stock option awards granted and no awards granted under non-equity incentive plans.

Name and Principal Position	Year	Salary	Bonus	Stock Awards (2)	Change in Non- Qualified Deferred		Total
					Compensation Earnings	All Other Compensation	
Ronald A. Klein: Chief Executive Officer	2006	\$470,077	\$300,000	\$ 551,852	\$40,000	\$852	\$1,362,781
W. Anderson Geater, Jr.: Chief Financial Officer	2006	\$232,933	\$165,000	\$ 157,665	\$40,000	\$2,264	\$597,862
J. Peter Scherer: President and Head of Operations	2006	\$230,289	\$150,000	\$ 157,572	\$40,000	\$2,080	\$579,941
Mark W. Landschulz: Executive Vice President of Portfolio Management	2006	\$218,462	\$155,000	\$ 161,485	\$40,000	\$480	\$575,427
Benton E. Sergi: Senior Vice President of Operations	2006	\$202,308	\$75,000	\$ 40,809	\$22,500	\$344	\$340,961

(1) Amounts  
computed in  
accordance with  
SFAS 123(R).  
See Note 13  
Share-Based  
Compensation

Plan, included  
in Item 8 of  
Origen's Annual  
Report filed on  
Form 10-K with  
the Securities  
and Exchange  
Commission on  
March 15, 2007.

**Table of Contents****Grants of Plan-Based Awards**

The following table sets forth information regarding all plan-based awards that were made to the named executive officers during the year ended December 31, 2006. Disclosure on a separate line item is provided for each grant of an award made to a named executive officer during the year. The information supplements the dollar value disclosure of the stock awards in the Summary Compensation Table by providing additional details about such awards. None of the awards granted to the named executive officers during the year represented non-equity incentive plan awards or equity incentive-based awards subject to a performance condition or a market condition as those terms are defined by SFAS 123(R).

<b>Name and Principal Position</b>	<b>Grant Date</b>	<b>All Other Stock Awards: Number of Shares of Stock</b>	<b>Stock Awards: Grant Date Fair Value(1)</b>
Ronald A. Klein: Chief Executive Officer	June 15, 2006 July 14, 2006	25,000 175,000	\$153,750 \$1,078,000
W. Anderson Geater, Jr.: Chief Financial Officer	June 15, 2006 December 28, 2006	25,000 30,000	\$153,750 \$189,300
J. Peter Scherer: President and Head of Operations	June 15, 2006 December 28, 2006	25,000 25,000	\$153,750 \$157,750
Mark W. Landschulz: Executive Vice President of Portfolio Management	June 15, 2006 December 28, 2006	30,000 25,000	\$184,500 \$157,750
Benton E. Sergi: Senior Vice President of Operations	June 15, 2006	10,000	\$61,500

(1) The grant date fair values were as follows:  
\$6.15 per share on June 15, 2006, \$6.16 per share on July 14, 2006 and \$6.31 per share on December 28, 2006.

**Material Information Relating to the Summary Compensation Table and Grants of Plan Based Awards***General*

The stock awards granted to the above named executive officers on June 15, 2006 and July 14, 2006 vest in equal amounts on May 11, 2007, May 15, 2008, May 15, 2009, May 15, 2010 and May 15, 2011. The stock awards

granted to the above named executive officers on December 28, 2006 vest in equal amounts on October 8, 2007, 2008, 2009, 2010 and 2011. All dividends and other distributions on the shares are paid in cash to the applicable holder of the stock at rates determined by the Board of Directors from time to time.

Stock awards may be granted to the named executive officers upon approval by the Compensation Committee or, in certain instances, the full Board of Directors. With the exception of the Chief Executive Officer as described above, the named executive officers do not have a role in determining the terms of the stock awards, including the amount to be awarded.

The stock awards are granted on an annual basis, generally in the second quarter, but subsequent awards may be made throughout the remainder of the fiscal year as determined by the Compensation Committee or the Board of Directors.

**Table of Contents**

Origen's executive compensation program, including the mix of the base salary element, the bonus element and the equity compensation element, and the proportion of each to total compensation, varies based on the individual named executive officer. In the aggregate, the salaries and bonuses earned by the named executive officers in 2006 equaled 64% of their aggregate total compensation. The following table shows each named executive officer's salary and bonus in proportion to his total compensation:

<b>Name and Principal Position</b>	<b>Salary</b>	<b>Bonus</b>	<b>Total Salary and Bonus</b>	<b>Total Compensation</b>	<b>Total Salary and Bonus in Proportion to Total Compensation</b>
Ronald A. Klein: Chief Executive Officer	\$470,077	\$300,000	\$770,077	\$1,362,781	57%
W. Anderson Geater, Jr.: Chief Financial Officer	\$232,933	\$165,000	\$397,933	\$597,862	67%