

NEW CENTURY TRS HOLDINGS INC
Form POS AM
October 14, 2004
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As filed with the Securities and Exchange Commission on October 14, 2004

Registration No. 333-109727

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

POST-EFFECTIVE AMENDMENT NO. 3 TO FORM S-3

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

NEW CENTURY FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State of other jurisdiction of

incorporation or organization)

56-2451763
(I.R.S. Employer Identification No.)

NEW CENTURY TRS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of other jurisdiction of

incorporation or organization)

33-0683629
(I.R.S. Employer Identification No.)

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18400 Von Karman Avenue, Suite 1000

Irvine, California 92612

(949) 440-7030

(Address, including zip code, and telephone number, including area code, of registrants principal executive offices)

Brad A. Morrice

Vice Chairman, President and Chief Operating Officer

New Century Financial Corporation

18400 Von Karman, Suite 1000

Irvine, California 92612

(949) 440-7030

Copies to:

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San Francisco, California 94111

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale to the public:

From time to time after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

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If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, or the Securities Act, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

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Title of each class of shares to be registered	Amount to be registered	Proposed maximum offering price	Amount of registration fee
3.50% Convertible Senior Notes Due 2008 of New Century TRS Holdings, Inc.	N/A(1)	N/A(1)	N/A(1)
New Century Financial Corporation common stock, par value \$0.01 per share(2)	7,418,754(3)	\$426,207,417(4)	\$54,001(4)

- (1) A registration fee of \$19,092 was paid in connection with the Registration Statement (333-109727) on Form S-3 of New Century TRS Holdings, Inc. (formerly known as New Century Financial Corporation), a Delaware corporation (New Century TRS), as filed with the Securities and Exchange Commission on October 15, 2003.
- (2) In connection with the merger of a wholly-owned subsidiary of New Century Financial Corporation, a Maryland corporation (formerly known as New Century REIT, Inc.) (New Century Financial), with and into New Century TRS, the then-outstanding shares of New Century TRS common stock were cancelled and converted into the right to receive shares of New Century Financial common stock on a one-for-one basis. As a result of the merger, the 3.50% convertible senior notes due 2008 of New Century TRS, which were convertible into shares of New Century TRS common stock prior to the merger, became convertible into shares of New Century Financial common stock. No consideration was received by New Century Financial from holders of the notes in connection with the merger.
- (3) Represents the maximum number of shares of New Century Financial common stock issuable upon conversion of the notes held by the selling securityholders named in the prospectus contained herein and any supplements thereto. Pursuant to Rule 416 under the Securities Act, such number of shares of New Century Financial common stock registered hereby shall include an indeterminate number of shares of New Century Financial common stock that may be issued in connection with a stock split, stock dividend, recapitalization or similar event or other adjustment in the number of shares of New Century Financial common stock issuable or provided in the indenture governing the notes.
- (4) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act, based on the market value of New Century Financial common stock being registered, as established by the average of the high and low prices of New Century Financial common stock as reported on the New York Stock Exchange on October 11, 2004, which was \$57.45.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

This Registration Statement on Form S-3 and Post-Effective Amendment No. 3 to the Original Registration Statement (as defined below) is being filed under the Securities Act of 1933, as amended (the Securities Act), jointly by New Century Financial Corporation, a Maryland corporation (New Century Financial), and New Century TRS Holdings, Inc., a Delaware corporation (New Century TRS), respectively.

On October 15, 2003, New Century TRS initially filed Registration Statement (333-109727) on Form S-3 (the Original Registration Statement) with the Securities and Exchange Commission, registering the \$210,000,000 principal amount of 3.50% convertible senior notes issued by New Century TRS (the notes), and the shares of common stock of New Century TRS (New Century TRS common stock) issuable upon conversion of the notes.

On October 1, 2004, New Century TRS became a wholly-owned subsidiary of New Century Financial through the merger of a wholly-owned subsidiary of New Century Financial with and into New Century TRS, and each then-outstanding share of New Century TRS common stock was converted into one share of common stock of New Century Financial (New Century Financial common stock). As a result of the merger, the notes became convertible into shares of New Century Financial common stock. Also in connection with the merger, New Century Financial, New Century TRS and the trustee under the indenture governing the notes entered into a supplemental indenture whereby New Century Financial agreed to, among other things, issue New Century Financial common stock upon conversion of the notes.

This joint registration statement registers the New Century Financial common stock issuable upon conversion of the notes and the resale of New Century Financial common stock by selling securityholders from time to time. This registration statement also is a post-effective amendment to the Original Registration Statement with respect to the notes which revises the Original Registration Statement to reflect the completion of the merger and the right to receive New Century Financial common stock upon conversion of the notes. In addition, because the notes are no longer convertible into New Century TRS common stock, New Century TRS hereby removes and withdraws from registration all shares of New Century TRS common stock registered pursuant to the Original Registration Statement.

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The Information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission becomes effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 14, 2004

PRELIMINARY PROSPECTUS

NEW CENTURY TRS HOLDINGS, INC.

\$210,000,000

3.50% Convertible Senior Notes Due 2008

NEW CENTURY FINANCIAL CORPORATION

Up to 7,418,754 Shares of

Common Stock Into Which the Notes May Be Converted

In connection with the plan to restructure the operations of New Century Financial Corporation, or New Century Financial, in order to allow it to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes, on October 1, 2004, New Century TRS Holdings, Inc., or New Century TRS, became a wholly-owned subsidiary of New Century Financial through a merger transaction in which each outstanding share of New Century TRS common stock was converted into the right to receive one share of New Century Financial common stock. In connection with the merger, the 3.50% Convertible Senior Notes due July 3, 2008 issued by New Century TRS became convertible into shares of New Century Financial common stock.

This prospectus relates to the New Century TRS notes and the shares of New Century Financial common stock into which the notes may be converted. The notes are convertible at any time prior to maturity into shares of New Century Financial common stock at a conversion price of approximately \$34.80 per share (subject to certain adjustments). This is equivalent to a conversion rate of approximately 28.7366 shares per \$1,000 principal amount of the notes. Upon conversion, New Century TRS will have the right to deliver cash in lieu of shares of New Century Financial common stock or to deliver a combination of cash and shares of New Century Financial common stock. The notes are the general

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unsecured obligations of New Century TRS, ranking on a parity in right of payment with all of New Century TRS's existing and future unsecured senior indebtedness and its other general unsecured obligations, and senior in right of payment to all its future subordinated indebtedness.

The interest rate on the notes is an annual rate of 3.50% of the principal amount. Interest on the notes is payable in cash on January 3 and July 3 of each year until maturity. At maturity, on July 3, 2008, New Century TRS will have the right to redeem the notes at their principal amount.

You may require New Century TRS to repurchase all or a portion of your notes, subject to specified exceptions, upon the occurrence of a fundamental change as described herein under "Description of Notes-Repurchase of Notes at a Holder's Option Upon a Fundamental Change."

The notes are not listed on any national securities exchange or quoted on any over-the-counter market. New Century Financial's common stock is quoted on the New York Stock Exchange, or NYSE, under the symbol "NEW." The last reported bid price of New Century Financial common stock on October 13, 2004 was \$57.35 per share.

Investing in the notes or New Century Financial common stock involves risks.

See "Risk Factors" beginning on page 9.

Neither New Century TRS nor New Century Financial will receive any proceeds from the sale of the notes or the shares of New Century Financial common stock into which the notes may be converted by any selling securityholders. The notes and New Century Financial common stock may be offered in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. In addition, the shares of New Century Financial common stock may be offered from time to time through ordinary brokerage transactions on the NYSE. The selling securityholders may be deemed to be "underwriters" as defined in the Securities Act of 1933, as amended, or the Securities Act. If the selling securityholders use any broker-dealers, any commission paid to broker-dealers and, if broker-dealers purchase any notes or shares of New Century Financial common stock as principals, any profits received by such broker-dealers on the resale of the notes or shares of New Century Financial common stock, may be deemed to be underwriting discounts or commissions under the Securities Act.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 13, 2004

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SUMMARY

This summary contains basic information about us and this prospectus. Because it is a summary, it does not contain all of the information that you should consider before investing. You should read this entire prospectus carefully, including the section titled "Risk Factors" and our financial statements and the notes thereto, which are incorporated into this prospectus by reference, before making an investment in the notes or New Century Financial common stock. As used in this prospectus, except where the context otherwise requires or as otherwise indicated, "New Century Financial," "company," "we," "our," and "us" refer to New Century Financial Corporation and our subsidiaries, including New Century TRS.

New Century Financial Corporation

Our Business

We are the nation's second largest subprime mortgage finance company in terms of loan volume. We originate, purchase, retain, sell and service primarily first mortgage products to borrowers nationwide. We focus on lending to individuals whose borrowing needs are generally not fulfilled by traditional financial institutions because they do not satisfy the credit, documentation or other underwriting standards prescribed by conventional mortgage lenders and loan buyers, such as Fannie Mae and Freddie Mac. We originate and purchase loans on the basis of the borrower's ability to repay the mortgage loan, the borrower's historical pattern of debt repayment and the amount of equity in the borrower's property, as measured by the borrower's loan-to-value ratio, or LTV. We have been originating and purchasing subprime loans since 1996 and believe we have developed a comprehensive and sophisticated process of credit evaluation and risk-based pricing that allows us to effectively manage the potentially higher risks associated with this segment of the mortgage industry.

Recent Developments

The REIT conversion

On April 5, 2004, the board of directors of New Century TRS, formerly known as New Century Financial Corporation, approved a plan to change its capital structure to enable it to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes. The decision to convert to a REIT was based on several factors, including the potential for increased stockholder return, tax efficiency and ability to achieve growth objectives. On April 19, 2004, the board of directors of New Century TRS approved certain legal and financial matters related to the proposed REIT conversion.

On April 12, 2004, New Century TRS formed New Century Financial Corporation, a Maryland corporation formerly known as New Century REIT, Inc. On September 15, 2004, the stockholders of New Century TRS approved and adopted the merger agreement which implemented the restructuring of New Century Financial in order for it to qualify as a REIT.

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Pursuant to the merger agreement, (i) a wholly-owned subsidiary of New Century Financial merged with and into New Century TRS, with New Century TRS as the surviving corporation, (ii) each outstanding share of common stock of New Century TRS was converted into the right to receive one share of New Century Financial common stock, (iii) New Century TRS became a wholly-owned subsidiary of New Century Financial and (iv) New Century REIT, Inc. changed its name to New Century Financial Corporation. The merger was consummated and became effective on October 1, 2004.

As part of the REIT conversion transactions, on October 6, 2004, New Century Financial consummated a public offering of 13,500,000 shares of its common stock at \$58.00 per share, for gross proceeds of approximately \$783.0 million. New Century Financial granted the underwriters an option, exercisable for 30 days, to purchase up to 2,025,000 additional shares of its common stock to cover over-allotments, if any.

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Concurrent with closing of the public offering, New Century Financial sold 636,885 shares of its common stock in a private placement transaction to Friedman, Billings, Ramsey Group, Inc. for gross proceeds of approximately \$35.0 million. New Century Financial agreed to register for resale shares purchased by Friedman, Billings, Ramsey Group, Inc. in the private placement. The registration rights agreement requires that New Century Financial file a registration statement 180 days after the closing of the private placement but no later than 210 days after such date.

We intend to use the net proceeds of the public offering and the concurrent private placement for general working capital purposes, substantially all of which will be used to build a portfolio of self-originated mortgage loans and, if necessary to maintain our REIT status, to purchase mortgage-related assets from third parties.

Effect of the merger and related transactions on the notes

The notes became convertible into shares of common stock of New Century TRS on March 17, 2004 under the terms of the indenture governing the notes. As a result of the merger, the notes became convertible into shares of New Century Financial common stock at the same conversion rate as in effect on the date of the merger, subject to further adjustments upon the occurrence of certain events. On September 30, 2004, New Century Financial, New Century TRS and the trustee under the indenture entered into a supplemental indenture pursuant to which New Century Financial will be obligated to issue its common stock upon conversion of the notes and New Century TRS will remain responsible for all other obligations under the indenture.

Changes in our business as a result of the merger

Now that the merger and the related public offering have been completed, we expect that a significant source of our revenue will be interest income generated from our portfolio of mortgage loans held by New Century Financial's taxable REIT subsidiaries (including New Century TRS) and, over time, a growing portion by New Century Financial and its qualified REIT subsidiaries. We also expect to generate revenue from the sale of loans, servicing income and loan origination fees, all of which we initially expect to be generated by New Century Financial's taxable REIT subsidiaries (including New Century TRS). We expect the primary components of our expenses to be interest expense on our warehouse lines and other borrowings and our securitizations, general and administrative expenses, and payroll and related expenses arising from our origination and servicing businesses.

We intend to continue to sell loans through New Century Financial's taxable REIT subsidiaries (including New Century TRS) and generate gain on sale income, origination fees and servicing income through those subsidiaries. Subject to the limitations imposed by applicable REIT tax rules, we expect to retain some or all of the after-tax earnings of the taxable REIT subsidiaries in such subsidiaries, enabling us to increase our capital and provide for future growth.

As a result of the merger and the related transactions, we expect that we will make certain changes to our business operations, some of which are described below:

Loan origination, acquisition and servicing. We will continue to originate, underwrite, process, fund and service a majority of loans through one or more of New Century TRS's taxable REIT subsidiaries, including New Century Mortgage Corporation, our indirect subsidiary, in accordance with our existing policies, procedures and underwriting guidelines. In addition, we expect to be able to

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originate mortgage loans in a majority of states through us or one or more of our qualified REIT subsidiaries, including New Century Credit Corporation, or New Century Credit. Over time, we expect that we and/or one or more of our qualified REIT subsidiaries will become authorized to originate mortgage loans in the remaining states in which we or they are not currently authorized.

Loan sales. Prior to the merger, New Century TRS sold most of its loans through whole loan sales or securitizations through NC Capital Corporation, our indirect subsidiary. We now intend to conduct

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non-real estate mortgage investment conduit (REMIC) collateralized mortgage obligation (CMO) securitization activities in one of our qualified REIT subsidiaries, such as New Century Mortgage Securities LLC, or NCMS. Non-REMIC CMOs are treated as debt for both generally accepted accounting principles and tax purposes, thereby resulting in no gain-on-sale, or GOS, being recognized for either generally accepted accounting principles or income tax purposes. The non-GOS treatment for both generally accepted accounting principles and tax purposes creates portfolio generally accepted accounting principles earnings with matching tax treatment. In connection with our conversion to a REIT, we will purchase loans from New Century TRS or one or more of its taxable REIT subsidiaries in arm's-length transactions at fair market value in order to enable us to meet the asset and income tests applicable to REITs. We will determine fair market value based on prevailing market prices for similar whole loan sale and securitization transactions executed with unaffiliated third parties.

Short-term financing. In connection with our conversion to a REIT, we and our qualified REIT subsidiaries intend to obtain short-term financing commitments to originate loans. To the extent retained by us, these loans will be financed through longer-term securitizations. We expect that New Century TRS will make these financings available to us in connection with the REIT conversion.

Long-term financing. We expect to continue financing our loan portfolio for the long-term through securitizations. If we or one of our qualified REIT subsidiaries were to securitize mortgage assets on a regular basis (other than through the issuance of non-real estate mortgage investment conduit collateralized mortgage obligation securitizations), there is a substantial risk that the securities could be dealer property and that all of the profits from such sales would be subject to tax at the rate of 100% as income from prohibited transactions. We expect to securitize such mortgage assets through the issuance of non-real estate mortgage investment conduit collateralized mortgage obligation securitizations, whereby we retain the equity interests in the mortgage-backed assets used as collateral in the securitization transaction.

Hedging. We currently use various derivative financial instruments to attempt to mitigate interest rate risks. When interest rates change, we expect the gain or loss on derivatives to be offset by a related but inverse change in the value of the assets that we hold or the amount of future interest payments on the related liabilities. We expect to continue this hedging strategy; however, REIT qualification tests will limit the amount of income we can receive from financial derivatives in New Century Financial. As a result, we may be required to conduct some hedging activities through one or more of New Century Financial's taxable REIT subsidiaries (including New Century TRS), which will subject the related hedging income to corporate income tax and, in some circumstances, may impair our ability to mitigate interest rate risk.

Our Corporate Information

New Century Financial was formed as a Maryland corporation in April 2004. New Century Financial's common stock has been listed on the NYSE under the symbol **NEW** since October 1, 2004. New Century TRS was formed as a Delaware corporation in 1995. Prior to October 1, 2004, New Century TRS's common stock was quoted on The Nasdaq National Market under the symbol **NCEN**; those shares are no longer listed on any national securities exchange or quoted on any over-the-counter market. Our principal executive offices are located at 18400 Von Karman Avenue, Suite 1000, Irvine, California 92612, our telephone number at that location is (949) 440-7030 and our Internet website is www.ncen.com. The contents of our website are not part of this prospectus.

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Terms of the Notes

Issuer	New Century TRS Holdings, Inc.
Seller	One or more of the selling securityholders. See Selling Securityholders. Neither we nor New Century TRS are selling any of the securities.
Securities Offered	<p>\$210,000,000 principal amount of 3.50% Convertible Senior Notes due July 3, 2008 issued by New Century TRS.</p> <p>Shares of common stock of New Century Financial into which the notes may be converted.</p>
Issue Price	100% of the principal amount.
Maturity Date	July 3, 2008.
Interest	3.50% per year on the principal amount at maturity, payable semiannually in arrears on January 3 and July 3 of each year, beginning on January 3, 2004, calculated semiannually on the basis of a 360-day year comprised of twelve 30-day months.
Ranking	The notes are general unsecured obligations of New Century TRS, ranking on a parity in right of payment with all of its existing and future unsecured senior indebtedness, and senior in right of payment with all its future subordinated indebtedness. The notes are effectively subordinated to the claims of all creditors of New Century TRS's subsidiaries. See Description of Notes Ranking.
Conversion Rights	<p>Holders may convert the notes prior to stated maturity, in multiples of \$1,000 principal amount, at any time at the option of the holder under the following circumstances:</p> <ul style="list-style-type: none"> (i) if the closing sale price of New Century Financial common stock for at least 20 trading days in the 30 trading day period ending on the last day of the preceding calendar quarter is greater than or equal to 110% of the conversion price per share of common stock, after which the notes will remain convertible until maturity; (ii) during the 5 consecutive trading day period after any 10 consecutive trading day period in which the price of the notes for each day of such period was less than 105% of the conversion value (as described herein) and the conversion value for each day of such period was less than 90% of the principal amount per note, which we refer to as the note price conditions ; (iii) if the notes are rated subsequent to their issuance, during any period in which the credit rating initially assigned to the notes by either Moody's Investors Service, Inc. or Standard & Poor's Rating Services is downgraded by two or

more rating levels or cease to be rated, provided that we have no obligation to have the notes rated; or

- (iv) upon the occurrence of specified corporate transactions described in this prospectus under Description of Notes Conversion of Notes.

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We refer to the number of shares of New Century Financial common stock into which each note is convertible as the conversion rate. The conversion rate is subject to adjustment under certain circumstances and has been equitably adjusted to account for the effects of New Century TRS three-for-two stock split effected through a stock dividend paid on July 11, 2003.

Upon a conversion of a note following satisfaction of the conditions in paragraph (ii) above, New Century TRS will deliver, at its election, a number of shares of New Century Financial common stock equal to the lesser of (a) the conversion rate of the note, or (b) the quotient obtained by dividing the principal amount of such note by the closing price of New Century Financial common stock on the trading day immediately before the date of conversion, subject to New Century TRS right to pay cash in lieu of issuing shares of New Century Financial common stock or to deliver a combination of New Century Financial common stock and cash.

Upon a conversion of a note following satisfaction of the conditions in paragraphs (i), (iii) or (iv) above, New Century TRS will deliver, at its election, either a number of shares of New Century Financial common stock equal to the conversion rate of the note, cash in lieu of issuing shares or a combination of New Century Financial common stock and cash in an amount equal to the conversion rate of the note.

The notes became convertible into shares of New Century TRS common stock on March 17, 2004 pursuant to paragraph (i) above. As a result of the merger, the notes became convertible into shares of New Century Financial common stock and will remain convertible until maturity. The notes are currently convertible prior to maturity at a rate of 28.7366 shares of New Century Financial common stock per \$1,000 principal amount of the notes (equivalent to a conversion price of approximately \$34.80 per share), subject to New Century TRS right to pay cash in lieu of issuing shares of New Century Financial common stock or to deliver a combination of cash and shares of New Century Financial common stock.

Sinking Fund

None.

Optional Redemption

The notes are not subject to redemption at New Century TRS option prior to maturity.

Repurchase of Notes at Your Option Upon a Fundamental Change

Upon the occurrence of a fundamental change, as described in this prospectus, holders of the notes will have the right to require New Century TRS to repurchase for cash all or a portion of the notes at a price equal to 100% of their principal amount plus accrued and unpaid interest (including additional amounts). See Description of Notes Repurchase of Notes at a Holder's Option Upon a Fundamental Change.

Use of Proceeds

Neither New Century Financial nor New Century TRS will receive any proceeds from the sale of the notes or the shares of New Century Financial common stock offered by this prospectus.

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Trading

The notes issued in the initial private offering are eligible for trading on Nasdaq's screen-based automated trading system known as PORTAL, Private Offerings, Resale and Trading through Automated Linkages. However, notes sold under this prospectus will not be eligible for trading in the PORTAL market. The notes are not currently listed and neither we nor New Century TRS intend to list the notes on any national securities exchange or have them quoted on any over-the-counter market. We can give no assurance as to the liquidity of or trading market for the notes. The common stock of New Century Financial is traded on the NYSE under the symbol NEW.

Risk Factors

Investment in the New Century TRS notes or New Century Financial common stock involves significant risks. You should carefully consider the information under Risk Factors and all other information included in this prospectus or incorporated herein by reference before investing in the New Century TRS notes or New Century Financial common stock.

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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. You can generally identify forward-looking statements as statements containing the words believe, expect, will, anticipate, intend, estimate, project, plan, assume, or other similar expressions, although not all forward-looking statements contain these identifying words. Statements regarding the following subjects contained or incorporated by reference in this prospectus are forward-looking by their nature:

our business strategy;

our understanding of our competition;

market trends;

projected sources and uses of funds from operations;

potential liability with respect to legal proceedings; and

potential effects of proposed legislation and regulatory action.

You should not place undue reliance on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our forward-looking statements are based on the information currently available to us and are applicable only as of the date on the cover of this prospectus or, in the case of forward-looking statements incorporated by reference, as of the date of the filing that includes the statement. New risks and uncertainties arise from time to time, and it is impossible for us to predict these matters or how they may affect us. Over time, our actual results, performance or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such difference might be significant and materially adverse to our stockholders or our noteholders. Such factors include, but are not limited to:

those identified under Risk Factors ;

those identified from time to time in our or New Century TRS s public filings with the Securities and Exchange Commission;

the negative impact of economic slowdowns or recessions;

the effect of changes in interest rates;

our limited experience managing a REIT;

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the condition of the secondary markets for our products;

our access to funding sources and our ability to renew, replace or add to our existing repurchase arrangements and existing credit facilities on terms comparable to the current terms;

the assumptions underlying our residual values and repurchase allowances;

the impact of new state or federal legislation or court decisions on our operations;

the impact of new state or federal legislation or court decisions restricting the activities of lenders or suppliers of credit in our market;

an increase in the prepayment speed or default rate of our borrowers;

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the effect of competition from finance and mortgage banking companies and from Internet-based lending companies;

our ability to adequately hedge our residual values;

the initiation of a margin call under our credit facilities;

the ability of our servicing operations to maintain high performance standards;

our ability to expand origination volume while maintaining low overhead;

our ability to attract and retain qualified employees, including, in particular, our senior executives;

our ability to adapt to and implement technological changes;

the stability of residential property values;

our ability to close our forward sale commitments;

management's ability to manage our growth and planned expansion; and

the outcome of litigation or regulatory actions pending against us.

We have no duty to, and do not intend to, update or revise the forward-looking statements in this prospectus after the date of this prospectus, even if subsequent events cause us to become aware of new risks or cause our expectations to change regarding the forward-looking matters discussed in this prospectus. We have identified some of the important factors that could cause future events to differ from our current expectations and they are described in this prospectus under the caption "Risk Factors" as well as in our or New Century TRS's most recent Annual Report on Form 10-K, as amended, all of which you should review carefully. Please consider our forward-looking statements in light of those risks as you read this prospectus.

This prospectus contains market data, industry statistics and other data that have been obtained from, or compiled from, information made available by third parties. We have not independently verified their data.

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RISK FACTORS

You should carefully consider the risks described below before making an investment decision. Our results of operations, financial condition and business prospects could be harmed by any of these risks. This prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus and in documents incorporated by reference into this prospectus. The trading price of the New Century TRS notes or the New Century Financial common stock into which the notes may be converted could decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to the New Century TRS Notes

The notes are subordinated to all of New Century TRS's secured indebtedness and effectively subordinated to indebtedness of New Century TRS's subsidiaries.

The notes are unsecured senior obligations of New Century TRS (and not New Century Financial) and will not be guaranteed by New Century Financial or any of New Century TRS's subsidiaries. Accordingly, the notes will be junior to all of New Century TRS's current and future secured indebtedness. As of June 30, 2004, New Century TRS had nine short-term warehouse and aggregation credit facilities and our asset-backed commercial paper facility providing it with approximately \$8.6 billion of committed and \$2.0 billion of uncommitted borrowing capacity that is senior to the notes.

New Century TRS's right to receive any distribution of assets of any subsidiary upon that subsidiary's liquidation, reorganization or otherwise, is subject to the prior claims of creditors of that subsidiary, except to the extent New Century TRS is also recognized as a creditor of that subsidiary. Further, several of New Century TRS's warehouse and repurchase facilities are structured such that the obligation is of New Century TRS's Delaware business trust subsidiaries, which would protect the lender's interest in the collateral in the event of a liquidation or reorganization of the issuer. As a result, the notes are effectively subordinated to the claims of such creditors.

There are no restrictive covenants in the indenture relating to New Century TRS's ability to incur future indebtedness.

Although New Century TRS is subject to restrictive covenants under instruments governing certain of its other existing indebtedness, the indenture governing the notes does not contain any financial or operating covenants or restrictions on the payment of dividends, the incurrence of indebtedness, transactions with affiliates, incurrence of liens or the issuance or repurchase of securities by us or any of our subsidiaries, including New Century TRS. New Century TRS may therefore incur additional debt, including secured indebtedness senior to the notes, or indebtedness at the subsidiary level to which the notes would be structurally subordinated.

A higher level of indebtedness increases the risk that New Century TRS may default on its debt obligations. New Century TRS cannot assure you that it will be able to generate sufficient cash flow to pay the interest on its debt or that future working capital, borrowings or equity financing will be available to pay or refinance such debt. The indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change except to the extent described under "Description of Notes—Repurchase of Notes at a Holder's Option Upon a Fundamental Change."

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Upon conversion of the notes, New Century TRS will have the right to pay cash in lieu of issuing shares of New Century Financial common stock.

New Century TRS has the right to elect to satisfy its conversion obligation to holders by issuing either New Century Financial common stock into which the notes are convertible, the cash value of the New Century Financial common stock into which the notes are convertible, or a combination thereof. Accordingly, upon conversion of a note, the holder might not receive any shares of New Century Financial common stock, or the holder might receive fewer shares of New Century Financial common stock relative to the conversion value of the note. Further, New Century TRS's liquidity may be reduced to the extent it chooses to deliver cash rather than shares of New Century Financial common stock upon conversion of notes.

New Century TRS is a holding company, and it may not have access to the cash flow and other assets of its subsidiaries that may be needed to make payment on the notes.

Although all of New Century TRS's business is conducted through its subsidiaries, none of its subsidiaries is obligated to make funds available to New Century TRS for payment on its indebtedness, including the notes. Accordingly, New Century TRS's ability to make payments on the notes is dependent on the earnings and the distribution of funds from its subsidiaries. New Century TRS's subsidiaries are permitted under the terms of New Century TRS's indebtedness to incur additional indebtedness that may severely restrict or prohibit the making of distributions, the payment of dividends or the making of loans by New Century TRS's subsidiaries to New Century TRS. We cannot assure you that the agreements governing the current and future indebtedness of New Century TRS's subsidiaries will permit its subsidiaries to provide New Century TRS with sufficient dividends, distributions or loans to fund payments on the notes when due.

New Century TRS may not have the funds necessary to purchase the notes upon a fundamental change or other purchase date, as required by the indenture governing the notes.

Holders may require New Century TRS to purchase their notes upon a fundamental change as described under "Description of Notes—Repurchase of Notes at a Holder's Option Upon a Fundamental Change." If New Century TRS does not have access to sufficient funds to repurchase the notes, then it would not be able to repurchase the notes. We expect that New Century TRS would require third-party financing to repay the notes in the event holders require New Century TRS to purchase their notes upon a fundamental change, but New Century TRS may not be able to obtain that financing on favorable terms or at all.

If an active trading market does not develop for the notes, holders may not be able to resell them.

We cannot assure you that an active trading market will develop or be sustained for the notes or that you will be able to sell your notes. Neither we nor New Century TRS intend to list the notes on any national securities exchange or to seek the admission of the notes for trading on the NYSE or any other national or regional securities exchange or over-the-counter market. In addition, while the notes issued in the initial private offering have been designated for trading in the PORTAL market, notes sold using this prospectus will no longer be eligible for trading in the PORTAL market.

In addition, under the registration rights agreement New Century TRS entered into in connection with its sale of the notes, New Century TRS is permitted to suspend the use of the registration statement containing this prospectus for specific periods of time for certain reasons.

Further, even if a public market for the notes develops, the notes could trade at prices that may be lower than the price at which you purchased your notes depending on many factors, including prevailing interest rates and the market for similar securities, general economic conditions and our financial condition, performance and prospects. The liquidity of, and the trading market for, the notes may be harmed by general declines or disruptions in the market for non-investment grade debt.

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The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustments for certain events, including but not limited to the issuance of stock dividends on New Century Financial common stock, the issuance of rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, extraordinary cash dividends and issuer tender or exchange offers as described under Description of Notes Conversion of Notes. The conversion rate will not be adjusted for other events, such as third party tender or exchange offers, that may harm the trading price of the notes or the New Century Financial common stock into which such notes may be convertible. The conversion rate of the notes has been equitably adjusted to account for the effects of New Century TRS's three-for-two stock split effected by a stock dividend paid on July 11, 2003. After giving effect to the stock split, the conversion rate is 28.7366 shares of common stock per \$1,000 principal amount of the notes (equivalent to a conversion price of approximately \$34.80 per share).

Hedging transactions and other transactions may harm the value of the notes.

New Century TRS used a portion of the net proceeds from the sale of the notes to purchase a call option on New Century TRS common stock from an affiliate of Bear, Stearns & Co. Inc., which is expected to reduce potential dilution from conversion of the notes. The cost of this call option was partially offset by the sale to an affiliate of Bear, Stearns & Co. Inc. of a warrant to acquire shares of New Century TRS common stock. As a consequence of the merger, the warrant and related call option are exercisable into shares of New Century Financial common stock instead of New Century TRS common stock. In connection with these hedging arrangements, Bear, Stearns & Co. Inc. and its affiliates may take positions in New Century Financial common stock in secondary market transactions and/or will enter into various derivative transactions. Such hedging arrangements could affect the price of New Century Financial common stock. Bear, Stearns & Co. Inc. and its affiliates, or any transferee of any of its positions, may modify its hedge positions from time to time prior to conversion or maturity of the notes by purchasing and selling shares of New Century Financial common stock, our other securities or other instruments they may wish to use in connection with such hedging. Such activity may adversely affect the market price of New Century Financial common stock. In addition, the existence of the notes may encourage short selling in New Century Financial common stock by market participants because the conversion of the notes could depress the price of New Century Financial common stock.

The notes may not be rated by one or more rating agencies or may receive a lower rating than anticipated.

One or more rating agencies may rate the notes. If one or more rating agencies assign the notes a rating lower than expected by investors, or do not rate the notes, the market price of the notes and New Century Financial common stock would be harmed.

Risks Related to Our Business

We are dependent on external sources of financing, and if we are unable to maintain adequate financing sources, our earnings and our financial position will suffer and jeopardize our ability to continue operations.

To qualify as a REIT under the Internal Revenue Code, we generally are required each year to distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gains). After-tax earnings generated by our taxable REIT subsidiaries and not distributed to us are not subject to these distribution requirements and may be retained by such subsidiaries to provide for future growth, subject to the limitations imposed by REIT tax rules. Immediately after this offering, a substantial

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amount of our business will be conducted through our taxable REIT subsidiaries. We cannot assure you that we will have access to funds to meet the distribution and other REIT qualification requirements. We may be required to borrow funds from one of our corporate subsidiaries or a third party on a short-term basis or liquidate investments to meet the distribution requirements that are necessary to qualify as a REIT, even if management believes that it is not in our best interests to do so. If we do not have access to the necessary funds, we may have to raise capital at inopportune times or borrow funds on unfavorable terms.

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In addition, we require substantial cash to support our operating activities and growth plans in our taxable REIT subsidiaries. Our primary sources of cash for our loan origination activities are our warehouse and aggregation credit facilities, our asset-backed commercial paper facility and the proceeds from the sales and securitizations of our loans. From time to time, we finance our residual interests in securitization transactions through the sale of net interest margin securities, or NIMS; however, we have not recently relied on NIMS financing as much as we have in prior years. As of June 30, 2004, we had nine short-term warehouse and aggregation credit facilities and our asset-backed commercial paper facility providing us with approximately \$8.6 billion of committed and \$2.0 billion of uncommitted borrowing capacity to fund loan originations and purchases pending the pooling and sale of such loans. If we cannot maintain or replace these facilities on comparable terms and conditions, we may incur substantially higher interest expense that would reduce our profitability.

During volatile times in the capital and secondary markets, access to warehouse, aggregation and residual financing as well as access to the securitization and secondary markets for the sale of our loans has been severely constricted. Subject to the limitations imposed by REIT tax rules, our taxable REIT subsidiaries are permitted to retain the after-tax income they generate. We may, at some point in the future, borrow funds from one or more of our corporate subsidiaries upon terms that are similar to those that would be required by a third-party lender, or actually obtain a third-party loan for some portion of the required financing amount and then replicate the third-party loan terms in the intercompany borrowing. However, if we are unable to maintain adequate financing or other sources of capital are not available, we would be forced to suspend or curtail our operations, which would harm our results of operations, financial condition and business prospects.

In addition, the completion of the merger will require us to obtain the consent of various parties to several of the financing agreements. Our inability to obtain the requisite consents could harm our results of operations, financial condition and business prospects and require us to seek new financing relationships. We cannot assure you that we will be able to obtain such financing relationships on terms favorable to us.

Our management has limited experience operating a REIT and we cannot assure you that our management's past experience will be sufficient to successfully manage our business as a REIT.

The requirements for qualifying as a REIT are highly technical and complex. We have never operated as a REIT and our management has limited experience in complying with the income, asset and other limitations imposed by the REIT provisions of the Internal Revenue Code. Those provisions are complex and the failure to comply with those provisions in a timely manner could prevent us from qualifying as a REIT or could force us to pay unexpected taxes and penalties. In such event, our net income would be reduced and we could incur a loss, which could harm our results of operation, financial condition and business prospects.

If we are unable to accumulate sufficient REIT qualifying assets such that the value of our investment in our taxable REIT subsidiaries is not more than 20% of the value of our total assets at the close of our first taxable quarter following the merger, we will not qualify as a REIT.

To qualify as a REIT, not more than 20% of the value of our total assets may be represented by the securities of one or more taxable REIT subsidiaries at the close of any calendar quarter. As of June 30, 2004, substantially all of our assets were REIT qualifying assets. However, for a variety of reasons, we may be unable to accumulate sufficient REIT qualifying assets such that the value of our investment in our taxable REIT subsidiaries is not more than 20% of the value of our total assets at the close of our first taxable quarter following the merger. For example:

we may not have enough capital, including net proceeds from the public offering and the concurrent private placement and borrowings under our credit facilities, to acquire REIT qualifying assets;

the value of our taxable REIT subsidiaries may be greater than our current expectations; or

there may be insufficient REIT qualifying assets available for purchase on reasonable terms.

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If the Internal Revenue Service determines that the value of our investment in New Century TRS and other taxable REIT subsidiaries is more than 20% of the value of our total assets at the close of our first taxable quarter following the merger, we could lose our REIT status. See also Tax risks related to our status as a REIT We may not qualify as a REIT if the value of our investment in our taxable REIT subsidiaries exceeds 20% of the value of our total assets at the close of any calendar quarter.

A prolonged economic slowdown or a lengthy or severe recession could harm our operations, particularly if it results in a decline in the real estate market.

The risks associated with our business are more acute during periods of economic slowdown or recession because these periods may be accompanied by decreased demand for consumer credit and declining real estate values. Declining real estate values reduce the ability of borrowers to use home equity to support borrowings because they reduce the LTV of the home equity collateral. In addition, because we make a substantial number of loans to credit-impaired borrowers, the actual rates of delinquencies, foreclosures and losses on these loans could be higher during economic slowdowns. Any sustained period of increased delinquencies, foreclosures or losses could harm our ability to sell loans, the prices we receive for our loans, or the values of our mortgage loans held for investment or our residual interests in securitizations, which could harm our results of operations, financial condition and business prospects.

Our earnings may decrease because of increases or decreases in interest rates.

Our profitability may be directly affected by changes in interest rates. The following are some of the risks we face related to an increase in interest rates:

An interest rate increase may harm our earnings by reducing the spread between the interest we receive on our mortgage loans and our funding costs.

A substantial and sustained increase in interest rates could harm our loan origination volume because refinancings of existing loans, including cash-out refinancings and interest rate-driven refinancings, would be less attractive and qualifying for a purchase loan may be more difficult. Lower origination volume may harm our earnings by reducing origination income, net interest income and gain on sale of loans.

During periods of rising interest rates, the value and profitability of our loans may be harmed between the date of origination or purchase until the date we sell or securitize the loans.

When we securitize loans, the value of the residual interests we retain and the income we receive from the securitizations structured as financings are based primarily on the London Inter-Bank Offered Rate, or LIBOR. This is because the interest on the underlying mortgage loans is based on fixed rates payable on the underlying loans for the first two or three years from origination while the holders of the applicable securities are generally paid based on an adjustable LIBOR-based yield. Therefore, an increase in LIBOR reduces the net income we receive from, and the value of, these mortgage loans and residual interests.

Our adjustable-rate mortgage loans have peri