

NEW CENTURY FINANCIAL CORP
Form S-3
March 01, 2005
Table of Contents

As filed with the Securities and Exchange Commission on March 1, 2005

Registration No.

Registration No. 333-109727

Registration No. 333-119753

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3 REGISTRATION STATEMENT

POST-EFFECTIVE AMENDMENT NO. 2 TO FORM S-3
REGISTRATION STATEMENT

POST-EFFECTIVE AMENDMENT NO. 6 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)

NEW CENTURY TRS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of other jurisdiction of
incorporation or organization)

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56-2451736
(I.R.S. Employer Identification No.)

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

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

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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.

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

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.

Table of Contents**CALCULATION OF REGISTRATION FEE**

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. (the notes)	N/A(1)	N/A(1)	N/A(1)
New Century Financial Corporation common stock, par value \$0.01 per share	N/A(2)	N/A(2)	N/A(2)
Guarantees of the notes by New Century Financial Corporation	\$ 5,500,000(3)	\$ 5,500,000(3)	\$ 647.35(3)

- (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) A registration fee of \$54,001 was paid in connection with Registration Statement (333-119753) on Form S-3 of New Century Financial Corporation (formerly known as New Century REIT, Inc.), a Maryland corporation (New Century Financial), as filed with the Securities and Exchange Commission on October 14, 2004. The shares of New Century Financial common stock issuable upon conversion of the notes and registered pursuant to such registration statement were registered for resale only. No additional shares of New Century Financial common stock are being registered hereby.
- (3) The guarantees registered pursuant to this registration statement are being registered for resale only.

Pursuant to Rule 429 under the Securities Act, the prospectus included in this registration statement is a combined prospectus and relates to this registration statement and two other registration statements (Registration Nos. 333-109727 and 333-119753), the latter two of which were filed in order to, among other things, register the notes and the resale of the shares of New Century Financial Corporation common stock issuable upon conversion of the notes by selling securityholders from time to time.

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.

Table of Contents

EXPLANATORY NOTE

This Registration Statement on Form S-3, Post-Effective Amendment No. 2 to the Second Registration Statement (as defined below) and Post-Effective Amendment No. 6 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).

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.

On October 14, 2004, New Century Financial filed Registration Statement (333-119753) on Form S-3 (the Second Registration Statement) to, among other things, register for resale the shares of New Century Financial common stock issuable upon conversion of the notes by selling securityholders from time to time.

On November 22, 2004, New Century TRS commenced an offer to convert all of the notes for cash and shares of New Century Financial common stock (the note conversion offer). Upon completion of the note conversion offer, which expired December 23, 2004, \$204.5 million, or approximately 97.4%, of the \$210 million principal amount of the notes then outstanding were tendered and accepted for payment.

On February 14, 2005, New Century Financial, New Century TRS and the trustee under the indenture governing the notes entered into a second supplemental indenture pursuant to which New Century Financial agreed to fully and unconditionally guarantee the due and punctual payment of the notes (the guarantees).

This Registration Statement on Form S-3 registers the resale of the guarantees of the notes by the selling securityholders from time to time. This Post-Effective Amendment No. 2 to the Second Registration Statement and Post-Effective Amendment No. 6 to the Original Registration Statement revises the applicable registration statements to reflect the consummation of the note conversion offer and the issuance of the guarantees.

Table of Contents

PROSPECTUS

NEW CENTURY TRS HOLDINGS, INC.

\$5,500,000

3.50% Convertible Senior Notes Due 2008

Fully and Unconditionally Guaranteed by

New Century Financial Corporation

NEW CENTURY FINANCIAL CORPORATION

Up to 194,301 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.

On November 22, 2004, New Century TRS commenced an offer to convert all of the notes for cash and shares of New Century Financial common stock. Upon completion of the note conversion offer, which expired December 23, 2004, \$204.5 million, or approximately 97.4%, of the \$210 million principal amount of the notes then outstanding were tendered and accepted for payment.

The notes are fully and unconditionally guaranteed by New Century Financial.

This prospectus relates to the resale by the selling securityholders from time to time of the notes and the associated guarantees and the shares of New Century Financial common stock into which the notes may be converted. The notes and associated guarantees are convertible at any time prior to maturity into shares of New Century Financial common stock at a conversion price of approximately \$34.03 per share (subject to certain

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adjustments). This is equivalent to a conversion rate of approximately 29.3862 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 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 associated guarantees constitute New Century Financial's unsecured and unsubordinated obligations and rank on parity with all other present and future unsecured and unsubordinated obligations of New Century Financial.

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 and associated guarantees 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 February 28, 2005 was \$50.72 per share.

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

See **Risk Factors** beginning on page 10.

Neither New Century TRS nor New Century Financial will receive any proceeds from the sale of the notes and the associated guarantees or the shares of New Century Financial common stock into which the notes may be converted by any selling securityholders. The notes and the associated guarantees 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 and the associated guarantees 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 March 1, 2005

Table of Contents

TABLE OF CONTENTS

<u>Summary</u>	1
<u>Special Note About Forward-Looking Statements</u>	8
<u>Risk Factors</u>	10
<u>Use of Proceeds</u>	37
<u>Ratio of Earnings to Fixed Charges</u>	37
<u>Market Prices of Common Stock</u>	38
<u>Distribution Policy</u>	39
<u>Capitalization</u>	40
<u>Description of Notes</u>	41
<u>Description of New Century Financial Capital Stock</u>	65
<u>Certain Provisions of Maryland Law and of New Century Financial's Charter and Bylaws</u>	69
<u>Material U.S. Federal Income Tax Consequences</u>	74
<u>Certain ERISA Considerations</u>	98
<u>Security Ownership of Certain Beneficial Owners and Directors and Executive Officers</u>	100
<u>Selling Securityholders</u>	102
<u>Plan of Distribution</u>	104
<u>Legal Matters</u>	107
<u>Experts</u>	107
<u>Where You Can Find Additional Information</u>	108
<u>Index to Financial Statements</u>	F-1

Table of Contents

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 a REIT and one of the nation's largest subprime mortgage finance companies. 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

Table of Contents

approximately \$783.0 million. 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 and the related call option and warrant

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 governing the notes 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 governing the notes.

In connection with the original issuance of the notes, New Century TRS entered into two agreements to simultaneously purchase a call option and sell a warrant on its common stock. The purpose of the call option and warrant was to reduce the economic dilution of the conversion premium under the notes. The call option granted to New Century TRS the right to purchase from an affiliate of Bear Stearns & Co. Inc., or Bear Stearns, at any time up to approximately 6.034 million shares of New Century TRS common stock at a strike price of \$34.80. The warrant granted to the affiliate of Bear Stearns the right to purchase from New Century TRS up to approximately 6.034 million shares of New Century TRS common stock for a limited period of time upon maturity of the notes at a price of \$47.59 per share, subject to certain anti-dilution and other customary adjustments. Like the notes, the call option and warrant became exercisable for shares of New Century Financial common stock, rather than New Century TRS common stock, as a result of the merger.

Offer to convert the New Century TRS notes and termination of the related call option and warrant

On November 22, 2004, New Century TRS commenced an offer, upon the terms and subject to the conditions described in the prospectus relating to the offer and the accompanying letter of transmittal, to convert all the notes for shares of New Century Financial common stock and cash. We refer to this as the note conversion offer. The note conversion offer expired at midnight, New York City time, on December 23, 2004. On December 24, 2004, New Century TRS accepted for payment \$204.5 million, or approximately 97.4%, of the \$210 million aggregate principal amount of the notes then outstanding, which constituted all of the notes validly tendered and not withdrawn, including notices subject to satisfactory delivery by notice of guaranteed delivery. Holders who tendered their notes for conversion in the note conversion offer received for each \$1,000 principal amount a total of:

28.7366 shares of New Century Financial common stock issuable on conversion of the notes in accordance with their terms;

an additional 1.7594 shares of New Century Financial common stock; and

accrued and unpaid interest from July 3, 2004 payable in cash.

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In the aggregate, such holders received 6,236,451 shares of New Century Financial common stock and \$3.4 million in cash.

Table of Contents

In order to enable New Century TRS to deliver shares of New Century Financial common stock to tendering note holders in the note conversion offer, New Century TRS entered into a purchase agreement with New Century Financial pursuant to which New Century TRS agreed to purchase, for cash, that number of shares of New Century Financial common stock as was necessary for New Century TRS to satisfy its share delivery obligations under the note conversion offer. The purchase agreement also provided that New Century TRS would purchase, for cash, that number of shares of New Century Financial common stock as is necessary for New Century TRS to satisfy its obligations under the indenture governing the notes to issue shares of New Century Financial common stock upon conversion of the notes. All such sales and purchases were and will be effected in an arm's-length manner for the then-fair market value of such shares of New Century Financial common stock. To the extent that such purchases cause New Century TRS to exceed the 9.8% restriction on beneficial ownership in value or in number of shares of New Century Financial common stock contained in New Century Financial's charter, the board of directors of New Century Financial has granted New Century TRS a waiver from such restriction. Under the terms of the purchase agreement, New Century Financial agreed to register the shares of New Century Financial common stock that New Century TRS delivered pursuant to the note conversion offer.

On December 17, 2004, New Century TRS and the affiliate of Bear Stearns agreed to terminate the call option and warrant. New Century TRS received a cash payment of approximately \$29.8 million from the affiliate of Bear Stearns in connection with the termination of the call option and warrant.

Distribution for Fourth Quarter 2004

On January 31, 2005, New Century Financial paid its first quarterly cash distribution as a REIT at the rate of \$1.50 per share to its stockholders of record at the close of business on January 15, 2005.

Issuance of New Century Financial Guarantees

On February 14, 2005, New Century Financial, New Century TRS and the trustee under the indenture governing the notes entered into a second supplemental indenture pursuant to which New Century Financial agreed to fully and unconditionally guarantee the due and punctual payment of the notes.

Changes in our business as a result of the merger

As a result of merger and the related public offering, we expect that over time a significant source of our revenue will be interest income generated from our portfolio of mortgage loans held 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. 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 and generate gain on sale, or GOS, 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 originate mortgage

Table of Contents

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 non-real estate mortgage investment conduit, or REMIC, collateralized mortgage obligation, or 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 GOS being recognized for either generally accepted accounting principles or income tax purposes. The non-GOS treatment creates portfolio earnings for both financial reporting pursuant to generally accepted accounting purposes and tax purposes. We have and will continue to 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 have structured some of our existing financing facilities to allow our qualified REIT subsidiaries and our taxable REIT subsidiaries to share the facilities as co-borrowers. In addition, we expect to add new short-term financing facilities to originate loans. Ultimately, these loans will be financed through longer-term securitizations.

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-REMIC CMOs), 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-REMIC CMOs, 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, 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.

Table of Contents

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>\$5,500,000 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.
Guarantee	New Century Financial has fully and unconditionally guaranteed the notes. See Description of Notes The Guarantees.
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. The associated guarantees are general unsecured and unsubordinated obligations of New Century Financial, ranking on parity with all other present and future unsecured and unsubordinated obligations of New Century Financial. 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 ;

Table of Contents

- (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."

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 29.3940 shares of New Century Financial common stock per \$1,000 principal amount of the notes (equivalent to a conversion price of approximately \$34.03 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.

Table of Contents

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.
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 and associated guarantees are not currently listed and neither we nor New Century TRS intend to list the notes or the associated guarantees 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 or the associated guarantees. The common stock of New Century Financial is traded on the NYSE under the symbol NEW.

Risk Factors

Investment in the notes and the associated guarantees 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 notes and the associated guarantees or New Century Financial common stock.

Table of Contents

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;

Table of Contents

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.

Table of Contents

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 notes and the associated guarantees 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 Notes and the Guarantees

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

The notes are unsecured senior obligations of New Century TRS. Accordingly, the notes will be junior to all of New Century TRS' s current and future secured indebtedness. Even though New Century Financial has guaranteed the full and punctual payment of the notes, the guarantees constitute New Century Financial' s unsecured obligations and rank equally and ratably with all other present and future unsecured obligations of New Century Financial. Accordingly, New Century Financial' s obligations under the guarantees will be junior in right of payment to all of New Century Financial' s existing and future secured indebtedness. As of September 30, 2004, after giving pro forma effect to the merger and the conversion of the notes pursuant to the completed note conversion offer, New Century Financial and its subsidiaries would have had approximately \$14.6 billion of secured debt.

All of New Century TRS' s business is conducted through its subsidiaries. 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 governing the notes relating to New Century TRS' s or New Century Financial' 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 and New Century Financial 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.

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A higher level of indebtedness increases the risk that New Century TRS and New Century Financial may default on its debt obligations. New Century TRS and New Century Financial cannot assure you that they will be able to generate sufficient cash flow to pay the interest on their debt or that future working capital, borrowings or equity financing will be available to pay or refinance such debt. The indenture governing the notes 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.

Table of Contents

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 Financial's substantial indebtedness and its obligation to pay dividends may limit its cash flow available to invest in the ongoing needs of its business, which could prevent it from fulfilling its guarantee obligations under the notes.

New Century Financial has substantial debt service obligations. As of September 30, 2004, after giving pro forma effect to the merger and the completion of the note conversion offer, New Century Financial would have had approximately \$14.6 billion of total indebtedness outstanding, which includes approximately \$3.8 billion outstanding under our warehouse and aggregation credit facilities and our asset-backed commercial paper facility.

In addition, in order to qualify as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as the Internal Revenue Code, New Century Financial generally is required each year to distribute to its stockholders at least 90% of its REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gains). As a result, those earnings will not be available to New Century Financial to pay its guarantee obligations under the notes in the event New Century TRS fails to make payment on the notes.

New Century Financial's substantial indebtedness and its obligation to pay dividends in order to qualify as a REIT could have important consequences, including the following:

make it more difficult for New Century Financial to satisfy its guarantee obligations under the notes;

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limit New Century Financial's ability to obtain additional financing in the future for loan originations, working capital, capital expenditures, acquisitions and other general corporate purposes;

reduce the funds available to New Century Financial for its operations because a significant portion of its cash flow from operations must be dedicated to the payment of principal and interest on its debt and the payment of dividends;

result in higher interest expense on New Century Financial's debt in the event of increases in interest rates as some of its debt is, and will continue to be, at variable rates of interest;

limit New Century Financial's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;

Table of Contents

potentially place New Century Financial at a competitive disadvantage to the extent it is more highly leveraged than some of its competitors; and

make New Century Financial more vulnerable to a further downturn in the economy or a downturn in its business.

New Century Financial expects to obtain the money to pay its expenses and to satisfy its guarantee obligations under the notes (in the event New Century TRS fails to make payment on the notes) and other debt from cash flow from its operations. New Century Financial cannot be certain that its cash flow will be sufficient to allow it to pay principal and interest on its debt, including the notes, in the event New Century TRS fails to pay, and meet its other obligations. If New Century Financial does not have sufficient funds, it may be required to refinance all or part of its existing debt, sell assets or borrow more money. New Century Financial cannot guarantee that it will be able to do so on terms acceptable to it, if at all. In addition, the terms of existing or future debt agreements may restrict New Century Financial from pursuing any of these alternatives.

New Century TRS or New Century Financial, as guarantor of the notes, 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 or New Century Financial, as guarantor of the notes, 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 or New Century Financial do not have access to sufficient funds to repurchase the notes, then they would not be able to repurchase the notes. Further, New Century Financial's warehouse credit facilities may not allow the repurchases. Additionally, a change in control (as defined in the indenture governing the notes) is an event of default under all of New Century Financial's warehouse credit facilities, which would permit the warehouse lenders to accelerate the debt, which also would cause an event of default under the indenture governing the notes. If a change of control occurred but New Century TRS and New