

Opteum Inc.
Form 8-K
February 22, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

Form 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **February 22, 2006**

Opteum Inc.

(Exact Name of Registrant as Specified in Charter)

| | | |
|---|--------------------------|-----------------------------------|
| Maryland | 001-32171 | 72-1571637 |
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

3305 Flamingo Drive, Vero Beach, Florida 32963
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code **(772) 231-1400**

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 7.01.

REGULATION FD DISCLOSURE

On February 22, 2006, Opteum Inc. (the “Company”) prepared updated portfolio information as of February 17, 2006. A copy of this information is attached hereto as Exhibit 99.1.

The Company believes that certain statements in the information attached may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are made on the basis of management’s views and assumptions regarding future events and business performance as of the time the statements are made. Actual results may differ materially from those expressed or implied. Information concerning factors that could cause actual results to differ materially from those in forward-looking statements is contained from time to time in the Company’s filings with the U.S. Securities and Exchange Commission.

This information furnished under this “Item 7.01 Regulation FD Disclosure,” including the exhibit related hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any disclosure document of the Company, except as shall be expressly set forth by specific reference in such document.

ITEM 9.01.

EXHIBITS

(c)

Exhibit

The following exhibit is filed pursuant to Item 601 of Regulation S-K:

99.1 - Updated Portfolio Information of Opteum Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 22, 2006

OPTEUM INC.

By: /s/ Jeffrey J. Zimmer
Jeffrey J. Zimmer
Chairman, Chief Executive Officer and President

EXHIBIT INDEX

**Exhibit
No.**

99.1 - Updated Portfolio Information of Opteum Inc.

UNAUDITED as of 2/22/2006

Opteum Inc. - Asset Information
This Table Reflects All Transactions. Prices Used Are Internally Generated.

Valuation

| Asset Category | Market Value | As a Percentage of Mortgage Assets | As a Percentage of Mortgage Assets, Cash and P&I Receivable |
|---|-------------------------|--|--|
| Adjustable Rate Mortgage Backed Securities ⁽¹⁾ | \$ 2,073,842,989 | 58.16% | 55.48% |
| Hybrid Adjustable Rate Mortgage Backed Securities | 728,843,996 | 20.44% | 19.50% |
| Fixed Rate Mortgage Backed Securities | 549,428,498 | 15.41% | 14.70% |
| Fixed Rate Agency Debt | 96,727,786 | 2.71% | 2.59% |
| Fixed Rate CMO | 70,067,967 | 1.96% | 1.87% |
| Balloon Maturity Mortgage Backed Securities | 47,223,309 | 1.32% | 1.26% |
| Total: Mortgage Assets ⁽²⁾ | \$ 3,566,134,545 | 100.00% | |
| Total Cash and Net Short-Term Receivables | \$ 107,071,755 | | 2.86% |
| Cash out on Margin (Encumbered Cash) | - | | 0.00% |
| Long-Term Receivables From Opteum Financial Services LLC | 65,000,000 | | 1.74% |
| Total: All Assets | \$ 3,738,206,300 | | 100.00% |

Note: The Value of Securities in the Box is \$9,336,979

- (1) Adjustable Rate MBS are those that reset coupons within one year's time.
(2) This includes forward settling purchases. There are no forward settling sales as of 2/17/2006
* The information contained herein EXCLUDES all Opteum Financial Services LLC's assets.

Characteristics

| Asset Category | Weighted Average Coupon | Weighted Average Lifetime Cap | Weighted Average Periodic Cap Per Year ⁽³⁾ | Weighted Average Coupon Reset (in Months) | Longest Maturity | Weighted Average Maturity (in Months) |
|---|-------------------------------|--|--|--|---------------------|---|
| Adjustable Rate Mortgage Backed Securities ⁽³⁾ | 4.61% | 10.42% | 1.79% | 4.87 | 1-Apr-44 | 332 |
| Hybrid Adjustable Rate Mortgage Backed Securities | 4.32% | 9.84% | 1.72% | 19.31 | 1-Nov-35 | 337 |
| Fixed Rate Mortgage Backed Securities | 6.91% | n/a | n/a | n/a | 1-Feb-36 | 275 |

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| | | | | | | |
|---|--------------|---------------|--------------|-------------|-----------------|------------|
| Fixed Rate Agency Debt | 4.00% | n/a | n/a | n/a | 25-Feb-10 | 48 |
| Fixed Rate CMO | 5.58% | n/a | n/a | n/a | 25-Jul-34 | 330 |
| Balloon Maturity Mortgage Backed Securities | 4.06% | n/a | n/a | n/a | 1-Feb-11 | 47 |
| Total: Mortgage Assets | 4.90% | 10.27% | 1.77% | 8.62 | 1-Apr-44 | 313 |

(3) 31.3% (\$649.8 million) of The Adjustable Rate Mortgage Portfolio Have No Periodic Caps. These assets are excluded from the weighted average periodic cap per year calculation

| Agency | Market Value | As a Percentage of Mortgage Assets | Pool Status | Market Value | As a Percentage of Mortgage Assets |
|----------------------------|-----------------------------|---|------------------------|-------------------------|---|
| Fannie Mae | \$ 2,275,520,234 | 63.81% | Whole Pool | \$ 2,176,625,554 | 61.04% |
| Freddie Mac | 697,406,331 | 19.56% | Non Whole Pool | 1,389,508,991 | 38.96% |
| Ginnie Mae | 593,207,980 | 16.63% | Total Portfolio | \$ 3,566,134,545 | 100.00% |
| Total Portfolio | \$ 3,566,134,545 | 100.00% | | | |

Prepayment Speeds

| Asset Category | Weighted Average One Month Prepayment Speeds (CPR) | Weighted Average Three Month Prepayment Speeds (CPR) |
|---|---|---|
| Adjustable Rate Mortgage Backed Securities | 26.24% | 32.17% |
| Hybrid Adjustable Rate Mortgage Backed Securities | 16.82% | 23.54% |
| Fixed Rate Mortgage Backed Securities | 20.96% | 26.00% |
| Fixed Rate Agency Debt | n/a | n/a |
| Fixed Rate CMO | 17.36% | 24.37% |
| Balloon Maturity Mortgage Backed Securities | 16.71% | 15.58% |
| Total: Mortgage Assets | 22.79% | 28.85% |

On February 7, 2006 Prepayment Speeds were released for paydowns occurring in January 2006 (November - January for three month speeds). The numbers above reflect that data.

Portfolio Price and Duration

| | |
|---------------------------------|------------------|
| Weighted Average Purchase Price | \$ 102.52 |
| Weighted Average Current Price | \$ 100.83 |
| Modeled Effective Duration | 1.233 |

| | Internally Generated Market Value | % of Asset Class | % of Total Mortgage Assets |
|--|--|-----------------------------|---|
| Adjustable Rate Mortgages | | | |
| One Month LIBOR | \$ 41,207,709 | 1.99% | 1.16% |
| Moving Treasury Average | 59,368,641 | 2.86% | 1.66% |
| Cost Of Funds Index | 399,406,681 | 19.26% | 11.20% |
| Six Month LIBOR | 210,395,397 | 10.15% | 5.90% |
| Six Month CD Rate | 2,877,030 | 0.14% | 0.08% |
| One Year LIBOR | 409,223,222 | 19.73% | 11.48% |
| Conventional One Year CMT | 581,577,004 | 28.04% | 16.31% |
| FHA and VA One Year CMT | 363,094,211 | 17.51% | 10.18% |
| Other | 6,693,094 | 0.32% | 0.19% |
| Total ARMs | \$ 2,073,842,989 | 100.00% | 58.16% |
| Hybrid ARMs | | | |
| Generic Fannie or Freddie Hybrid ARMs | | | |
| 13 - 18 Months to First Reset | \$ 318,101,010 | 43.64% | 8.92% |
| 19 - 24 Months to First Reset | 131,473,261 | 18.04% | 3.69% |
| 25 - 36 Months to First Reset | 51,030,472 | 7.00% | 1.43% |
| 37 - 48 Months to First Reset | 0 | 0.00% | 0.00% |
| Total | \$ 500,604,743 | 68.68% | 14.04% |
| Agency Alt-A Hybrid ARMs | | | |
| 13 - 18 Months to First Reset | \$ 17,021,633 | 2.34% | 0.48% |
| 19 - 24 Months to First Reset | 3,821,659 | 0.52% | 0.10% |
| 25 - 36 Months to First Reset | 14,932,781 | 2.05% | 0.42% |
| 37 - 47 Months to First Reset | 4,144,958 | 0.57% | 0.12% |
| Total | \$ 39,921,031 | 5.48% | 1.12% |
| GNMA Hybrid ARMs | | | |
| 13 - 24 Months to First Reset | \$ 167,074,229 | 22.92% | 4.68% |
| 25 - 36 Months to First Reset | 21,243,993 | 2.92% | 0.60% |
| Total | \$ 188,318,222 | 25.84% | 5.28% |
| Total Hybrid ARMs | \$ 728,843,996 | 100.00% | 20.44% |
| Balloons | | | |
| <= 4.0 Years to Balloon Date | \$ 36,179,124 | 76.61% | 1.01% |
| 4.01 - 5.0 Years to Balloon Date | 11,044,185 | 23.39% | 0.31% |
| 5.01 - 5.5 Years to Balloon Date | 0 | 0.00% | 0.00% |
| Total Balloons | \$ 47,223,309 | 100.00% | 1.32% |

| | Internally Generated Market Value | % of Asset Class | % of Total Mortgage Assets |
|--|--|---------------------|----------------------------------|
| Fixed Rate Agency Debt | | | |
| 4.5yr Stated Final Maturity | \$ 96,727,786 | 100.00% | 2.71% |
| Total Fixed Rate Agency Debt | \$ 96,727,786 | 100.00% | 2.71% |
| Fixed Rate CMOs | | | |
| Fixed Rate CMOs | \$ 70,067,967 | 100.00% | 1.96% |
| Total Fixed Rate CMOs | \$ 70,067,967 | 100.00% | 1.96% |
| Fixed Rate Assets | | | |
| 10yr Other (Seasoned, Low Avg Bal, Low FICO, etc.) | \$ 2,031,512 | 0.37% | 0.06% |
| 15yr \$85,000 Maximum Loan Size | 70,884,818 | 12.90% | 1.98% |
| 15yr \$110,000 Maximum Loan Size | 4,689,136 | 0.85% | 0.13% |
| 15yr 100% Investor Property | 610,435 | 0.11% | 0.02% |
| 15yr 100% FNMA Expanded Approval Level 3 | 946,891 | 0.17% | 0.03% |
| 15yr 100% Alt-A | 38,751,040 | 7.05% | 1.09% |
| 15yr Geography Specific (NY, FL, VT, TX) | 1,818,235 | 0.33% | 0.05% |
| 15yr Other (Seasoned, Low Avg Bal, Low FICO, etc.) | 25,605,844 | 4.66% | 0.72% |
| 20yr Other (Seasoned, Low Avg Bal, Low FICO, etc.) | 1,127,853 | 0.21% | 0.03% |
| 20yr 100% Alt-A | 771,324 | 0.14% | 0.02% |
| 30yr \$85,000 Maximum Loan Size | 161,731,593 | 29.44% | 4.54% |
| 30yr \$110,000 Maximum Loan Size | 38,492,163 | 7.01% | 1.08% |
| 30yr 100% Investor Property | 6,276,128 | 1.15% | 0.18% |
| 30yr 100% FNMA Expanded Approval Level 3 | 49,264,461 | 8.97% | 1.38% |
| 30yr 100% Alt-A | 35,789,691 | 6.51% | 1.00% |
| 30yr Geography Specific (NY, FL, VT, TX) | 4,528,275 | 0.82% | 0.13% |
| 30yr 100% GNMA Builder Buydown Program | 5,431,751 | 0.99% | 0.15% |
| 30yr Other (Seasoned, Low Avg Bal, Low FICO, etc.) | 100,677,348 | 18.32% | 2.82% |
| Total Fixed Rate Collateral | \$ 549,428,498 | 100.00% | 15.41% |
| Total (All Mortgage Assets) | \$ 3,566,134,545 | | 100.00% |
| Cash or Cash Receivables | 107,071,755 | | |
| Long-Term Receivables From OFS | 65,000,000 | | |
| Total Assets and Cash | \$ 3,738,206,300 | | |
| Total Forward Settling Purchases | \$ 139,882,457 | | |

UNAUDITED Funding Information as of 2/22/2006

| Repurchase Counterparties | Dollar Amount of Borrowings | Weighted Average Maturity in Days | Longest Maturity |
|----------------------------------|--|--|-----------------------------|
| Deutsche Bank ⁽¹⁾ | \$ 950,737,006 | 101 | 11-Oct-06 |
| Nomura | 671,699,000 | 84 | 18-Sep-06 |
| WAMU | 383,501,000 | 22 | 13-Apr-06 |
| Cantor Fitzgerald | 346,402,000 | 43 | 25-Apr-06 |
| Bear Stearns | 236,335,000 | 97 | 7-Jul-06 |
| UBS Securities | 171,096,000 | 83 | 19-Oct-06 |
| Goldman Sachs | 141,917,000 | 48 | 1-May-06 |
| Merrill Lynch | 128,119,000 | 48 | 19-Apr-06 |
| JP Morgan Secs | 93,783,000 | 143 | 18-Jul-06 |
| Morgan Stanley | 72,606,455 | 67 | 27-Apr-06 |
| Lehman Bros | 62,643,000 | 39 | 28-Mar-06 |
| Daiwa Secs | 35,772,000 | 85 | 7-Jul-06 |
| Countrywide Secs | 22,930,000 | 38 | 27-Mar-06 |
| RBS Greenwich Capital | 1,503,000 | 45 | 3-Apr-06 |
| Total | \$ 3,319,043,461 | 76 | 19-Oct-06 |

| | |
|--|--------------------|
| Total Forward Settling Purchases Without Committed Repo Terms | 139,882,457 |
|--|--------------------|

| | |
|-----------------------------------|-------------------------|
| Estimated Haircut (at 3%) | 4,196,474 |
| Estimated Forward Borrowings | 135,685,983 |
| Estimated Total Borrowings | \$ 3,454,729,445 |

(1) Includes \$507 Million
floating rate repo obligations