PRA GROUP INC
Form 10-Q
August 10, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2015.
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 000-50058

PRA Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	75-3078675
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
120 Corporate Boulevard, Norfolk, Virginia	23502
(Address of principal executive offices)	(zip code)

(888) 772-7326
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ý NO ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ý NO ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” “non-accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ¨ NO ý
The number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	Outstanding as of August 5, 2015
Common Stock, $0.01 par value	48,336,415

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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements
PRA GROUP, INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2015 and December 31, 2014
(unaudited)
(Amounts in thousands, except per share amounts)

	June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$56,811	$39,661
Investments	88,295	89,703
Finance receivables, net	2,012,552	2,001,790
Other receivables, net	18,443	12,959
Income taxes receivable	1,580	—
Net deferred tax asset	125	6,126
Property and equipment, net	46,215	48,258
Goodwill	503,001	527,445
Intangible assets, net	9,450	10,933
Other assets	47,284	41,876
Total assets	$2,783,756	$2,778,751
Liabilities and Equity		
Liabilities:		
Accounts payable	$3,933	$4,446
Accrued expenses	77,007	89,361
Income taxes payable	9,758	11,020
Other liabilities	5,933	5,962
Net deferred tax liability	252,638	255,587
Interest bearing deposits	33,248	27,704
Borrowings	1,503,363	1,482,456
Total liabilities	1,885,880	1,876,536
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, par value $0.01, authorized shares, 2,000, issued and outstanding shares - 0	—	—
Common stock, par value $0.01, 100,000 authorized shares, 48,333 issued and outstanding shares at June 30, 2015, and 49,577 issued and outstanding shares at December 31, 2014	483	496
Additional paid-in capital	35,360	111,659
Retained earnings	1,015,570	906,010
Accumulated other comprehensive (loss)	(153,537)	(115,950)
Total stockholders' equity	897,876	902,215
Total liabilities and equity	$2,783,756	$2,778,751

The accompanying notes are an integral part of these consolidated financial statements.

PRA GROUP, INC.
CONSOLIDATED INCOME STATEMENTS
For the three and six months ended June 30, 2015 and 2014
(unaudited)
(Amounts in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Income recognized on finance receivables, net	$220,064	$182,518	$448,467	$360,488
Fee income	13,878	14,510	26,931	30,118
Other revenue	3,255	315	7,005	659
Total revenues	237,197	197,343	482,403	391,265
Operating expenses:				
Compensation and employee services	68,320	52,461	133,591	103,846
Legal collection fees	14,114	11,371	27,805	22,204
Legal collection costs	19,556	25,429	40,410	51,962
Agent fees	7,784	1,464	16,045	2,914
Outside fees and services	12,466	12,113	25,263	22,904
Communication	8,073	7,765	18,491	16,728
Rent and occupancy	3,479	2,411	7,039	4,749
Depreciation and amortization	4,916	4,211	9,526	8,158
Other operating expenses	9,610	7,681	19,188	13,781
Total operating expenses	148,318	124,906	297,358	247,246
Income from operations	88,879	72,437	185,045	144,019
Other income and (expense):				
Interest expense	(13,452)	(5,067)	(28,228)	(9,926)
Net foreign currency transaction gain/(loss)	3,584	(6,197)	10,373	(6,189)
Income before income taxes	79,011	61,173	167,190	127,904
Provision for income taxes	27,586	23,666	57,630	49,557
Net income	$51,425	$37,507	$109,560	$78,347
Net income per common share:				
Basic	$1.06	$0.75	$2.26	$1.57
Diluted	$1.06	$0.74	$2.25	$1.55
Weighted average number of shares outstanding:				
Basic	48,325	50,065	48,525	49,997
Diluted	48,529	50,437	48,790	50,400

The accompanying notes are an integral part of these consolidated financial statements.

PRA GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three and six months ended June 30, 2015 and 2014
(unaudited)
(Amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	$51,425	$37,507	$109,560	$78,347
Other comprehensive income/(loss):				
Change in foreign currency translation, net of tax	25,112	1,911	(37,587)	2,359
Total other comprehensive income/(loss)	25,112	1,911	(37,587)	2,359
Comprehensive income	$76,537	$39,418	$71,973	$80,706

The accompanying notes are an integral part of these consolidated financial statements.

PRA GROUP, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the six months ended June 30, 2015
(unaudited)
(Amounts in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2014	49,577	$496	$111,659	$906,010	$ (115,950)	$902,215
Components of comprehensive income:						
Net income	—	—	—	109,560	—	109,560
Foreign currency translation adjustment	—	—	—	—	(37,587)	(37,587)
Vesting of nonvested shares	234	2	(2)	—	—	—
Repurchase and cancellation of common stock	(1,478)	(15)	(77,787)	—	—	(77,802)
Amortization of share-based compensation	—	—	7,665	—	—	7,665
Income tax benefit from share-based compensation	—	—	4,140	—	—	4,140
Employee stock relinquished for payment of taxes	—	—	(10,315)	—	—	(10,315)
Balance at June 30, 2015	48,333	$483	$35,360	$1,015,570	$ (153,537)	$897,876

The accompanying notes are an integral part of these consolidated financial statements.

PRA GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2015 and 2014
(unaudited)
(Amounts in thousands)

	Six Months Ended June 30,			
	2015		2014	
Cash flows from operating activities:				
Net income	$109,560		$78,347	
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of share-based compensation	7,665		5,437	
Depreciation and amortization	9,526		8,158	
Amortization of debt discount	2,104		2,005	
Deferred tax expense	7,272		15,940	
Net foreign currency transaction (gain)/loss	(10,373	)	6,189	
Changes in operating assets and liabilities:				
Other assets	(407	)	(3,874	)
Other receivables	(5,484	)	(34	)
Accounts payable	(515	)	4,831	
Income taxes receivable/payable, net	(2,842	)	5,665	
Accrued expenses	(20,424	)	(7,150	)
Other liabilities	(28	)	(6,950	)
Net cash provided by operating activities	96,054		108,564	
Cash flows from investing activities:				
Purchases of property and equipment	(5,523	)	(13,224	)
Acquisition of finance receivables, net of buybacks	(387,858	)	(252,168	)
Collections applied to principal on finance receivables	340,904		272,153	
Purchase of investments	(43,007	)	—	
Proceeds from sales and maturities of investments	43,648		—	
Net cash (used in)/ provided by investing activities	(51,836	)	6,761	
Cash flows from financing activities:				
Income tax benefit from share-based compensation	4,140		4,152	
Proceeds from lines of credit	326,039		—	
Principal payments on lines of credit	(234,400	)	—	
Repurchases of common stock	(77,802	)	—	
Principal payments on long-term debt	(37,500	)	(5,000	)
Payments of line of credit origination costs and fees	(5,000	)	—	
Net increase in interest-bearing deposits	7,176		—	
Net cash used in financing activities	(17,347	)	(848	)
Effect of exchange rate on cash and cash equivalents	(9,721	)	(5,955	)
Net increase in cash and cash equivalents	17,150		108,522	
Cash and cash equivalents, beginning of period	39,661		162,004	
Cash and cash equivalents, end of period	$56,811		$270,526	
Supplemental disclosure of cash flow information:				
Cash paid for interest	$22,866		$7,634	
Cash paid for income taxes	49,557		25,414	
Supplemental disclosure of non-cash information:				
Employee stock relinquished for payment of taxes	$(10,315	)	$(7,515	)

The accompanying notes are an integral part of these consolidated financial statements.

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1. Organization and Business:

Throughout this report, the terms "PRA Group," "our," "we," "us," the "Company" or similar terms refer to PRA Group, Inc. and its subsidiaries.

PRA Group, Inc., a Delaware corporation, and its subsidiaries, is a financial and business service company operating in the Americas and Europe. The Company's primary business is the purchase, collection and management of portfolios of defaulted consumer receivables. The Company also services receivables on behalf of clients, provides business tax revenue administration, audit, discovery and recovery services for state and local governments in the U.S., provides class action claims settlement recovery services and related payment processing to corporate clients, and provides vehicle location, skip tracing and collateral recovery services for auto lenders, governments and law enforcement.

The consolidated financial statements of the Company are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and include the accounts of all of its subsidiaries. All significant intercompany accounts and transactions have been eliminated. Under the guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 280 "Segment Reporting" ("ASC 280"), the Company has determined that it has several operating segments that meet the aggregation criteria of ASC 280, and, therefore, it has one reportable segment, accounts receivable management, based on similarities among the operating units including the nature of the products and services, the nature of the production processes, the types or class of customer for their products and services, the methods used to distribute their products, and services and the nature of the regulatory environment.

The following table shows the amount of revenue generated for the three and six months ended June 30, 2015 and 2014 and long-lived assets held at June 30, 2015 and 2014 for the United States, the Company's country of domicile, and outside of the United States (amounts in thousands):

	As Of And For The Three Months Ended June 30, 2015		As Of And For The Three Months Ended June 30, 2014	
	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
United States	$184,191	$35,931	$193,726	$36,537
Outside the United States	53,006	10,284	3,617	2,365
Total	$237,197	$46,215	$197,343	$38,902

	As Of And For The Six Months Ended June 30, 2015		As Of And For The Six Months Ended June 30, 2014	
	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
United States	$368,862	$35,931	$384,914	$36,537
Outside the United States	113,541	10,284	6,351	2,365
Total	$482,403	$46,215	$391,265	$38,902

Revenues are attributed to countries based on the location of the related operations. Long-lived assets consist of net property and equipment.

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC") and, therefore, do not include all information and disclosures required by U.S. GAAP for complete financial statements. In the opinion of the Company, however, the accompanying unaudited consolidated financial statements contain all

adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company's consolidated balance sheet as of June 30, 2015, its consolidated income statements and statements of comprehensive income for the three and six months ended June 30, 2015 and 2014, its consolidated statement of changes in stockholders' equity for the six months ended June 30, 2015, and its consolidated statements of cash flows for the six months ended June 30, 2015 and 2014. The consolidated income statements of the Company for the three and six months ended June 30, 2015 may not be indicative of future results. Certain reclassifications have been made to prior year amounts to conform to the current year presentation. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2014 Annual Report on Form 10-K, filed on March 2, 2015.

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(unaudited)

2. Finance Receivables, net:

Changes in finance receivables, net for the three and six months ended June 30, 2015 and 2014 were as follows (amounts in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Balance at beginning of period	$1,954,772	$1,253,961	$2,001,790	$1,239,191
Acquisitions of finance receivables [1]	204,030	102,081	387,858	252,168
Foreign currency translation adjustment	23,310	309	(36,192)	389
Cash collections	(389,624)	(319,274)	(789,371)	(632,641)
Income recognized on finance receivables, net	220,064	182,518	448,467	360,488
Cash collections applied to principal	(169,560)	(136,756)	(340,904)	(272,153)
Balance at end of period	$2,012,552	$1,219,595	$2,012,552	$1,219,595

(1) Acquisitions of finance receivables are net of buybacks and include certain capitalized acquisition related costs.

At the time of acquisition, the life of each pool is generally estimated to be between 80 and 120 months based on projected amounts and timing of future cash collections using the proprietary models of the Company. At June 30, 2015, the weighted average remaining life of the Company's pools is estimated to be approximately 102 months.

Based upon current projections, cash collections applied to principal on finance receivables as of June 30, 2015 are estimated to be as follows for the twelve months in the periods ending (amounts in thousands):

June 30, 2016	$547,983
June 30, 2017	453,543
June 30, 2018	361,559
June 30, 2019	287,793
June 30, 2020	172,784
June 30, 2021	116,975
June 30, 2022	66,479
June 30, 2023	4,345
June 30, 2024	1,091
	$2,012,552

At June 30, 2015, the Company had unamortized purchased principal (purchase price) in pools accounted for under the cost recovery method of $16.1 million; at December 31, 2014, the amount was $17.1 million.

Accretable yield represents the amount of income recognized on finance receivables the Company can expect to generate over the remaining life of its existing portfolios based on estimated future cash flows as of the balance sheet date. Additions represent the original expected accretable yield, on portfolios purchased during the period, to be earned by the Company based on its proprietary buying models. Net reclassifications from nonaccretable difference to accretable yield primarily result from the Company’s increase in its estimate of future cash flows. When applicable, net reclassifications to nonaccretable difference from accretable yield result from the Company’s decrease in its estimates of future cash flows and allowance charges that exceed the Company’s increase in its estimate of future cash flows.

Changes in accretable yield for the three and six months ended June 30, 2015 and 2014 were as follows (amounts in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Balance at beginning of period	$2,504,156	$1,451,001	$2,513,185	$1,430,067
Income recognized on finance receivables, net	(220,064)	(182,518)	(448,467)	(360,488)
Additions	173,888	98,423	346,270	204,620

Net reclassifications from nonaccretable difference	49,729	114,721	168,981	206,357
Foreign currency translation adjustment	30,938	199	(41,322)	1,270
Balance at end of period	$2,538,647	$1,481,826	$2,538,647	$1,481,826

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The following is a summary of activity within the Company’s valuation allowance account, all of which relates to loans acquired with deteriorated credit quality, for the three and six months ended June 30, 2015 and 2014 (amounts in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Beginning balance	$87,796	$89,148	$86,166	$91,101
Allowance charges	4,910	1,386	7,595	2,773
Reversal of previous recorded allowance charges	(25)	(3,685)	(1,080)	(7,025)
Net allowance charges/(reversals)	4,885	(2,299)	6,515	(4,252)
Ending balance	$92,681	$86,849	$92,681	$86,849

3. Investments:

Investments consist of the following at June 30, 2015 and December 31, 2014 (amounts in thousands):

	June 30, 2015	December 31, 2014
Trading		
Short-term investments	$13,381	$37,405
Available-for-sale		
Securitized assets	6,486	3,721
Held-to-maturity		
Securitized assets	52,238	31,017
Other investments		
Private equity funds	16,190	17,560
	$88,295	$89,703

Trading

Short-term investments: The Company’s investments in money market mutual funds are stated at fair value. Fair value is estimated using the net asset value of the investment. Unrealized gains and losses are recorded in earnings.

Available-for-Sale

Investments in securitized assets: The Company holds a majority interest in a closed-end Polish investment fund. The fund was formed in December 2014 to acquire portfolios of nonperforming consumer loans in Poland. The Company’s investment consists of a 100% interest in the Series B certificates and a 20% interest in the Series C certificates. Each certificate comes with one vote and is governed by a co-investment agreement. Series C certificates, which share equally in the residual profit of the fund, are accounted for as debt securities classified as available-for-sale and are stated at fair value. Income is recognized using the effective yield method.

Held-to-Maturity

Investments in securitized assets: The Company holds a majority interest in a closed-end Polish investment fund. The fund was formed in December 2014 to acquire portfolios of nonperforming consumer loans in Poland. The Company’s investment consists of a 100% interest in the Series B certificates and a 20% interest in the Series C certificates. Each certificate comes with one vote and is governed by a co-investment agreement. Series B certificates, which provide a

preferred return based on the expected net income of the portfolios, are accounted for as a beneficial interest in securitized financial assets and stated at amortized cost. The Company has determined it has the ability and intent to hold these certificates until maturity, which require repayment in fixed amounts on specific dates. The preferred return is not a guaranteed return. Income is recognized under ASC Topic 325-40, "Beneficial Interests in Securitized Financial Assets" ("ASC 325-40"). Income is recognized using the effective yield method.

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The Company adjusts the yield for changes in estimated cash flows prospectively through earnings. If the fair value of the investment falls below its carrying amount and the decline is deemed to be other than temporary, the investment is written down, with a corresponding charge to earnings. The underlying securities have both known principal repayment terms as well as unknown principal repayments due to potential borrower pre-payments. Accordingly, it is difficult to accurately predict the final maturity date of these investments. Revenues recognized on these investments were $1.9 million and $3.1 million during the three and six months ended June 30, 2015, and is recorded in the Other Revenue line item in the income statement.

Other Investments

Investments in private equity funds: Investments in private equity funds represent limited partnerships in which the Company has less than a 3% interest and are carried at cost. Distributions received from the partnerships are included in other revenue. Distributions received in excess of the Company's proportionate share of accumulated earnings are applied as a reduction of the cost of the investment.

The amortized cost and estimated fair value of available-for sale and held-to-maturity investments at June 30, 2015 and December 31, 2014 were as follows (amounts in thousands):

	June 30, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Securitized assets	$6,112	374	—	$6,486
Held-to-maturity				
Securitized assets	52,238	7,112	—	59,350
	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Securitized assets	$3,721	—	—	$3,721
Held-to-maturity				
Securitized assets	31,017	—	—	31,017

4. Borrowings:

The Company's borrowings consisted of the following as of the dates indicated (amounts in thousands):

	June 30, 2015	December 31, 2014
Domestic revolving credit	$462,500	$409,000
Domestic term loan	177,500	185,000
Seller note payable	169,938	169,938
Multicurrency revolving credit	430,483	427,680
Aktiv subordinated loan	—	30,000
Convertible senior notes	287,500	287,500
Less: debt discount	(24,558)	(26,662)
Total	$1,503,363	$1,482,456

Domestic Revolving Credit and Term Loan

The Company has a credit facility with Bank of America, N.A., as administrative agent, and a syndicate of lenders named therein (the “Credit Agreement”). The total credit facility under the Credit Agreement includes an aggregate

principal amount of $827.5 million (subject to compliance with a borrowing base and applicable debt covenants), which consists of (i) a fully-funded

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$177.5 million term loan, (ii) a $630 million domestic revolving credit facility, of which $185.5 million is available to be drawn, and (iii) a $20 million multi-currency revolving credit facility, of which $2.0 million is available to be drawn. The facilities all mature on December 19, 2017. The term and revolving loans accrue interest, at the option of the Company, at either the base rate or the Eurodollar rate (as defined in the Credit Agreement) for the applicable term plus 2.50% per annum in the case of the Eurodollar rate loans and 1.50% in the case of the base rate loans. The base rate is the highest of (a) the Federal Funds Rate (as defined in the Credit Agreement) plus 0.50%, (b) Bank of America's prime rate, and (c) the Eurodollar rate plus 1.00%. The Company's revolving credit facility includes a $20 million swingline loan sublimit, a $20 million letter of credit sublimit and a $20 million alternative currency equivalent sublimit.

The Credit Agreement is secured by a first priority lien on substantially all of the Company's assets. The Credit Agreement, as amended and modified, contains restrictive covenants and events of default including the following:

- borrowings may not exceed 33% of the ERC of all eligible asset pools plus 75% of eligible accounts receivable;
- the consolidated leverage ratio (as defined in the Credit Agreement) cannot exceed 2.0 to 1.0 as of the end of any fiscal quarter;
- consolidated tangible net worth (as defined in the Credit Agreement) must equal or exceed $455.1 million plus 50% of positive cumulative consolidated net income for each fiscal quarter beginning with the quarter ended December 31, 2012, plus 50% of the cumulative net proceeds of any equity offering;
- capital expenditures during any fiscal year cannot exceed $40 million;
- cash dividends and distributions during any fiscal year cannot exceed $20 million;
- stock repurchases during the term of the agreement cannot exceed $250 million and cannot exceed $100 million in a single fiscal year;
- investments in loans and/or capital contributions cannot exceed $950 million to consummate the acquisition of the equity of Aktiv Kapital AS ("Aktiv");
- permitted acquisitions (as defined in the Credit Agreement) during any fiscal year cannot exceed $250 million;
- indebtedness in the form of senior, unsecured convertible notes or other unsecured financings cannot exceed $500 million in the aggregate (without respect to the Company's 3.00% Convertible Senior Notes due 2020);
- the Company must maintain positive consolidated income from operations (as defined in the Credit Agreement) during any fiscal quarter; and
- restrictions on changes in control.

The revolving credit facility also bears an unused line fee of 0.375% per annum, payable quarterly in arrears.

The Company's borrowings on this credit facility at June 30, 2015 consisted of $177.5 million outstanding on the term loan with an annual interest rate as of June 30, 2015 of 2.69% and $462.5 million outstanding in 30-day Eurodollar rate loans on the revolving facility with a weighted average interest rate of 2.72%. At December 31, 2014, the Company's borrowings on this credit facility consisted of $185.0 million outstanding on the term loan with an annual interest rate as of December 31, 2014 of 2.67% and $409.0 million outstanding in 30-day Eurodollar rate loans on the revolving facility with a weighted average interest rate of 2.68%.

Seller Note Payable

In conjunction with the closing of the Aktiv business acquisition on July 16, 2014, the Company entered into a $169.9 million promissory note (the "Seller Note") with an affiliate of the seller. On May 22, 2015, the Company amended the Seller Note to extend the maturity date to January, 19, 2016. The Seller Note bears interest at the three-month London Interbank Offered Rate ("LIBOR") plus 3.75%. The quarterly interest due can be paid or added into the Seller Note balance at the Company's option. During the three and six months ended June 30, 2015, the Company paid the quarterly interest payments totaling $1.7 million and $3.4 million. respectively. At June 30, 2015, the balance due on the Seller Note was $169.9 million with an annual interest rate of 4.03%.

Multicurrency Revolving Credit Facility

On October 23, 2014, the Company entered into a credit agreement with DNB Bank ASA for a Multicurrency Revolving Credit Facility (“the Multicurrency Revolving Credit Agreement”). Subsequently, two other lenders joined the credit facility and on June 12, 2015, the Company entered into a first amendment to the Multicurrency Revolving Credit Agreement (“the Amended Multicurrency Revolving Credit Agreement”) which provided, among other things, an increase in the total commitments from

$500 million to an aggregate of $750 million, subject to certain requirements, and an increase in the maximum ERC ratio from 28% to 33%, subject to the payment of additional associated fees.

Under the terms of the Amended Multicurrency Revolving Credit Agreement, the credit facility includes an aggregate amount of $750 million, of which $319.5 million is available to be drawn, accrues interest at the Interbank Offered Rate ("IBOR") plus 2.50-3.30% (as determined by the ERC Ratio as defined in the Amended Multicurrency Revolving Credit Agreement), bears an unused line fee of 0.35% per annum, payable monthly in arrears, and matures on October 23, 2019. The Amended Multicurrency Revolving Credit Agreement also includes an Overdraft Facility aggregate amount of $40 million, of which $40.0 million is available to be drawn, accrues interest at the IBOR plus 2.50-3.30% (as determined by the ERC Ratio as defined in the Amended Multicurrency Revolving Credit Agreement), bears a facility line fee of 0.50% per annum, payable quarterly in arrears, and also matures October 23, 2019.

The Amended Multicurrency Revolving Credit Agreement is secured by i) the shares of most of the subsidiaries of Aktiv ii) all intercompany loans to Aktiv's subsidiaries. The Amended Multicurrency Revolving Credit Agreement also contains restrictive covenants and events of default including the following:

- the ERC Ratio (as defined in the Amended Multicurrency Revolving Credit Agreement) may not exceed 33%;
- the GIBD Ratio (as defined in the Amended Multicurrency Revolving Credit Agreement) cannot exceed 3.0 to 1.0 as of the end of any fiscal quarter;
- interest bearing deposits in AK Nordic AB cannot exceed SEK 500,000,000;
- cash collections must exceed 95% of Aktiv's ERC for the same set of portfolios, measured monthly on a quarterly basis.

At June 30, 2015, the balance on the Amended Multicurrency Revolving Credit Agreement was $430.5 million, with an annual interest rate of 3.23%.

Aktiv Subordinated Loan

On December 16, 2011, Aktiv entered into a subordinated loan agreement with Metrogas Holding Inc., an affiliate with Geveran Trading Co. Ltd. During the first quarter of 2015, the Company elected to prepay (as allowed for in the agreement) the outstanding balance on the Aktiv subordinated loan of $30.0 million and terminate the agreement. The Aktiv subordinated loan accrued interest at LIBOR plus 3.75%, originally matured on January 16, 2016.

Convertible Senior Notes

On August 13, 2013, the Company completed the private offering of $287.5 million in aggregate principal amount of the Company’s 3.00% Convertible Senior Notes due 2020 (the “Notes”). The Notes were issued pursuant to an Indenture, dated August 13, 2013 (the "Indenture") between the Company and Wells Fargo Bank, National Association, as trustee. The Indenture contains customary terms and covenants, including certain events of default after which the Notes may be due and payable immediately. The Notes are senior unsecured obligations of the Company and mature on August 1, 2020. Interest on the Notes is payable semi-annually, in arrears, on February 1 and August 1 of each year. Prior to February 1, 2020, the Notes will be convertible only upon the occurrence of specified events. On or after February 1, 2020, the Notes will be convertible at any time. Upon conversion, the Notes may be settled, at the Company’s option, in cash, shares of the Company’s common stock, or any combination thereof. Holders of the Notes have the right to require the Company to repurchase all or some of their Notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of a fundamental change (as defined in the Indenture). In addition, upon the occurrence of a make-whole fundamental change (as defined in the Indenture), the Company may, under certain circumstances, be required to increase the conversion rate for the Notes converted in connection with such a make-whole fundamental change. The conversion rate for the Notes is initially 15.2172 shares per $1,000 principal amount of Notes, which is equivalent to an initial conversion price of approximately $65.72 per share of the Company’s common stock, and is subject to adjustment in certain circumstances pursuant to the Indenture. The

Company does not have the right to redeem the Notes prior to maturity. As of June 30, 2015, none of the conditions allowing holders of the Notes to convert their Notes had occurred.
As noted above, upon conversion, holders of the Notes will receive cash, shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock, at the Company’s election. However, the Company’s current intent is to settle conversions through combination settlement (i.e., the Notes would be converted into cash up to the aggregate principal amount, and shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock, at the Company’s election, would be used to settle the remainder). As a result, and in accordance with authoritative guidance related to derivatives and hedging and earnings per share, only the conversion spread is included in the diluted earnings per share

calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the average share price of the Company’s common stock during any quarter exceeds $65.72.
The Company determined that the fair value of the Notes at the date of issuance was approximately $255.3 million, and designated the residual value of approximately $32.2 million as the equity component. Additionally, the Company allocated approximately $7.3 million of the $8.2 million original Notes issuance cost as debt issuance cost and the remaining $0.9 million as equity issuance cost.
ASC 470-20, "Debt with Conversion and Other Options" (“ASC 470-20”), requires that, for convertible debt instruments that may be settled fully or partially in cash upon conversion, issuers must separately account for the liability and equity components in a manner that will reflect the entity’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. Additionally, debt issuance costs are required to be allocated in proportion to the allocation of the liability and equity components and accounted for as debt issuance costs and equity issuance costs, respectively.
The balances of the liability and equity components of the Notes outstanding were as follows as of the dates indicated (amounts in thousands):

	June 30, 2015	December 31, 2014
Liability component - principal amount	$287,500	$287,500
Unamortized debt discount	(24,558)	(26,662)
Liability component - net carrying amount	$262,942	$260,838
Equity component	$31,306	$31,306

The debt discount is being amortized into interest expense over the remaining life of the Notes using the effective interest rate, which is 4.92%.
Interest expense related to the Notes was as follows for the periods indicated (amounts in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Interest expense - stated coupon rate	$2,156	$2,156	$4,312	$4,312
Interest expense - amortization of debt discount	1,056	1,007	2,104	2,005
Total interest expense - convertible notes	$3,212	$3,163	$6,416	$6,317

The Company believes it is in compliance with all covenants under its financing arrangements as of June 30, 2015 and December 31, 2014.
The following principal payments are due on the Company's borrowings as of June 30, 2015 for the twelve month periods ending (amounts in thousands):

June 30, 2016	$187,438
June 30, 2017	30,000
June 30, 2018	592,500
June 30, 2019	—
June 30, 2020	430,483
Thereafter	287,500
Total	$1,527,921

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5. Property and Equipment, net:

Property and equipment, at cost, consisted of the following as of the dates indicated (amounts in thousands):

	June 30, 2015	December 31, 2014
Software	$58,216	$53,076
Computer equipment	20,805	20,488
Furniture and fixtures	13,193	11,502
Equipment	12,875	12,880
Leasehold improvements	13,042	14,429
Building and improvements	7,141	7,049
Land	1,296	1,269
Accumulated depreciation and amortization	(80,353)	(72,435)
Property and equipment, net	$46,215	$48,258

Depreciation and amortization expense relating to property and equipment for the three and six months ended June 30, 2015, was $3.9 million and $7.7 million, respectively. Depreciation and amortization expense relating to property and equipment for the three and six months ended June 30, 2014, was $3.1 million and $5.9 million, respectively.

6. Goodwill and Intangible Assets, net:

In connection with the Company’s previous business acquisitions, the Company acquired certain tangible and intangible assets. Purchased intangible assets include client and customer relationships, non-compete agreements, trademarks and goodwill. Pursuant to ASC 350, the Company performs an annual review of goodwill on October 1 or more frequently if indicators of impairment exist. The Company performed an annual review of goodwill as of October 1, 2014, and concluded that it was more likely than not that the carrying value of goodwill did not exceed its fair value. The Company believes that nothing has occurred since the review was performed through June 30, 2015 that would indicate a triggering event and thereby necessitate further evaluation of goodwill or other intangible assets. The Company expects to perform its next annual goodwill review during the fourth quarter of 2015.

At June 30, 2015 and 2014, the carrying value of goodwill was $503.0 million and $105.1 million, respectively. The following table represents the changes in goodwill for the three and six months ended June 30, 2015 and 2014 (amounts in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Balance at beginning of period:				
Goodwill	$503,050	$110,483	$533,842	$110,240
Accumulated impairment loss	(6,397)	(6,397)	(6,397)	(6,397)
	496,653	104,086	527,445	103,843
Changes:				
Foreign currency translation adjustment	6,348	1,036	(24,444)	1,279
Net change in goodwill	6,348	1,036	(24,444)	1,279
Balance at end of the period:				
Goodwill	509,398	111,519	509,398	111,519
Accumulated impairment loss	(6,397)	(6,397)	(6,397)	(6,397)
Balance at end of period	$503,001	$105,122	$503,001	$105,122

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7. Share-Based Compensation:

The Company has an Omnibus Incentive Plan (the "Plan") to assist the Company in attracting and retaining selected individuals to serve as employees and directors, who are expected to contribute to the Company's success and to achieve long-term objectives that will benefit stockholders of the Company. The Plan enables the Company to award shares of the Company's common stock to select employees and directors, as described in the Plan, not to exceed 5,400,000 shares, as authorized by the Plan.

As of June 30, 2015, total future compensation costs related to nonvested awards of nonvested shares (not including nonvested shares granted under the Long-Term Incentive ("LTI") Program) is estimated to be $14.1 million with a weighted average remaining life for all nonvested shares of 2.0 years (not including nonvested shares granted under the LTI program).

Total share-based compensation expense was $3.6 million and $7.7 million for the three and six months ended June 30, 2015, respectively. Total share-based compensation expense was $2.6 million and $5.4 million for the three and six months ended June 30, 2014, respectively. Tax benefits resulting from tax deductions in excess of share-based compensation expense (windfall tax benefits) recognized under the provisions of ASC Topic 718 "Compensation-Stock Compensation" ("ASC 718") are credited to additional paid-in capital in the Company's Consolidated Balance Sheets. Realized tax shortfalls, if any, are first offset against the cumulative balance of windfall tax benefits, if any, and then charged directly to income tax expense. The total tax benefit realized from share-based compensation was approximately $0.3 million and $7.8 million for the three and six months ended June 30, 2015, respectively. The total tax benefit realized from share-based compensation was approximately $0.3 million and $7.8 million for the three and six months ended June 30, 2014, respectively.

Nonvested Shares

With the exception of the awards made pursuant to the LTI program and a few employee and director grants, the nonvested shares vest ratably over three to five years and are expensed over their vesting period.

The following summarizes all nonvested share transactions, excluding those related to the LTI program, from December 31, 2013 through June 30, 2015 (share amounts in thousands):

	Nonvested Shares Outstanding		Weighted-Average Price at Grant Date
December 31, 2013	226		$29.58
Granted	272		56.69
Vested	(155	)	37.34
Cancelled	(4	)	50.41
December 31, 2014	339		47.34
Granted	98		53.09
Vested	(101	)	34.97
Cancelled	(3	)	47.07
June 30, 2015	333		$52.79

The total grant date fair value of shares vested during the three and six months ended June 30, 2015, was $0.7 million and $3.5 million, respectively. The total grant date fair value of shares vested during the three and six months ended June 30, 2014, was $0.7 million and $3.1 million, respectively.

Pursuant to the Plan, the Compensation Committee may grant time-vested and performance based nonvested shares. All shares granted under the LTI program were granted to key employees of the Company. The following summarizes all LTI program share transactions from December 31, 2013 through June 30, 2015 (share amounts in thousands):

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	Nonvested LTI Shares Outstanding	Weighted-Average Price at Grant Date
December 31, 2013	434	$25.79
Granted at target level	111	49.60
Adjustments for actual performance	222	22.32
Vested	(279)	24.21
December 31, 2014	488	30.52
Granted at target level	132	52.47
Vested	(252)	20.21
Cancelled	(7)	39.59
June 30, 2015	361	$45.58

The total grant date fair value of shares vested during the three and six months ended June 30, 2015, was $0.0 million and $5.1 million, respectively. The total grant date fair value of shares vested during the three and six months ended June 30, 2014, was $0.0 million and $5.7 million, respectively.

At June 30, 2015, total future compensation costs, assuming the current estimated performance levels are achieved, related to nonvested share awards granted under the LTI program are estimated to be approximately $11.6 million. The Company assumed a 7.5% forfeiture rate for these grants and the remaining shares have a weighted average life of 1.3 years at June 30, 2015.

8. Income Taxes:

The Company follows the guidance of FASB ASC Topic 740 "Income Taxes" ("ASC 740") as it relates to the provision for income taxes and uncertainty in income taxes. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

For tax purposes, the Company utilizes the cost recovery method of accounting. Under the cost recovery method, collections on finance receivables are applied first to principal to reduce the finance receivables to zero before taxable income is recognized. The Internal Revenue Service ("IRS") examined the Company's 2005 through 2012 tax returns and has asserted that tax revenue recognition using the cost recovery method does not clearly reflect taxable income. The Company believes it has sufficient support for the technical merits of its position, and believes cost recovery to be an acceptable tax revenue recognition method for companies in the bad debt purchasing industry. The IRS has issued Notices of Deficiency to the Company for tax years ended December 31, 2005 through 2012. The proposed deficiencies relate to the cost recovery method of tax accounting. In response to the notices, the Company filed petitions in the United States Tax Court. On April 30, 2015, the Company and the IRS filed a joint motion to continue the trial date that was previously set for June 22, 2015. The Tax Court granted the Motion on May 4, 2015. On July 10, 2015 and July 21, 2015, the IRS filed Motions for Summary Judgment for tax years 2008 through 2012 and 2005 through 2007 respectively. On August 7, 2015, the Company filed a motion requesting that the Tax Court defer its consideration of the IRS's summary judgment motions until after the parties have completed discovery. If the Motion to Defer is denied, then the Company will have an opportunity to respond to the IRS's summary judgment motions. If the Tax Court judge grants the Motions for Summary Judgment in favor of the IRS, the Company can appeal to the federal Court of Appeals. See Note 10 “Commitments and Contingencies” for more information.

At June 30, 2015, the tax years subject to examination by the major federal, state or international taxing jurisdictions are 2003, 2005 and subsequent years. The 2003 tax year remains open to examination because of a net operating loss that originated in that year but was not fully utilized until the 2005 tax year. The examination periods for the 2005 through 2012 tax years are suspended until a decision of the Tax Court becomes final.

ASC 740 requires the recognition of interest if the tax law would require interest to be paid on the underpayment of taxes, and recognition of penalties if a tax position does not meet the minimum statutory threshold to avoid payment of penalties. The Company believes it has sufficient support for the technical merits of its position and that it is more likely than not this position will be sustained. Accordingly, the Company has not accrued for interest or penalties on any of its tax positions, including the cost recovery matter.

9. Earnings per Share:

Basic earnings per share ("EPS") are computed by dividing net income available to common stockholders of PRA Group, Inc. by weighted average common shares outstanding. Diluted EPS are computed using the same components as basic EPS with the denominator adjusted for the dilutive effect of the Notes and nonvested share awards, if dilutive. For the Notes, only the conversion spread is included in the diluted earnings per share calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the average share price of the Company's common stock during any quarter exceeds $65.72, which did not occur during the period from which the Notes were issued on August 13, 2013 through June 30, 2015. Share-based awards that are contingent upon the attainment of performance goals are not included in the computation of diluted EPS until the performance goals have been attained. The dilutive effect of nonvested shares is computed using the treasury stock method, which assumes any proceeds that could be obtained upon the vesting of nonvested shares would be used to purchase common shares at the average market price for the period. The assumed proceeds include the windfall tax benefit that would be realized upon assumed exercise.

The following tables reconcile the computation of basic EPS and diluted EPS for the three and six months ended June 30, 2015 and 2014 (amounts in thousands, except per share amounts):

	For the Three Months Ended June 30,					
	2015			2014		
	Net Income	Weighted Average Common Shares	EPS	Net Income	Weighted Average Common Shares	EPS
Basic EPS	$51,425	48,325	$1.06	$37,507	50,065	$0.75
Dilutive effect of nonvested share awards		204	—		372	(0.01)
Diluted EPS	$51,425	48,529	$1.06	$37,507	50,437	$0.74

	For the Six Months Ended June 30,					
	2015			2014		
	Net Income	Weighted Average Common Shares	EPS	Net Income	Weighted Average Common Shares	EPS
Basic EPS	$109,560	48,525	$2.26	$78,347	49,997	$1.57
Dilutive effect of nonvested share awards		265	(0.01)		403	(0.02)
Diluted EPS	$109,560	48,790	$2.25	$78,347	50,400	$1.55

There were no antidilutive options outstanding for the six months ended June 30, 2015 and 2014.

10. Commitments and Contingencies:

Employment Agreements:

The Company has employment agreements, most of which expire on December 31, 2017, with all of its U.S. executive officers and with several members of its U.S. senior management group. Such agreements provide for base salary payments as well as bonuses that are based on the attainment of specific management goals. At June 30, 2015, the estimated future compensation under these agreements is approximately $22.4 million. The agreements also contain confidentiality and non-compete provisions. Outside the U.S., employment agreements are in place with

employees pursuant to local country regulations. Generally, these agreements do not have expiration dates and therefore it is impractical to estimate the amount of future compensation under these agreements. Accordingly, the future compensation under these agreements is not included in the $22.4 million total above.

Leases:

The Company is party to various operating leases with respect to its facilities and equipment. The future minimum lease payments at June 30, 2015 total approximately $39.7 million.

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Forward Flow Agreements and Other Finance Receivables Purchasing Obligations:
The Company is party to several forward flow agreements that allow for the purchase of defaulted consumer receivables at pre-established prices. The maximum remaining amount to be purchased under forward flow agreements at June 30, 2015 is approximately $418.8 million.

In June 2015, the Company entered into an agreement for the purchase of certain defaulted consumer receivables for approximately $200.0 million in August 2015. The price is subject to adjustments for certain account exclusions and cash collections after the June 15, 2015 determination date.
Contingent Purchase Price:
The asset purchase agreement entered into in connection with the acquisition of certain finance receivables and certain operating assets of National Capital Management, LLC ("NCM") in 2012, includes an earn-out provision whereby the sellers are able to earn additional cash consideration for achieving certain cash collection thresholds over a five year period. The maximum amount of earn-out during the period is $15.0 million. During 2014 and 2013, the Company paid the first two earn-out payments in the amount of $2.8 million and $6.2 million, respectively. As of June 30, 2015, the Company has recorded a present value amount for the expected remaining liability of $3.0 million.
Finance Receivables:
Certain agreements for the purchase of finance receivables portfolios contain provisions that may, in limited circumstances, require the Company to refund a portion or all of the collections subsequently received by the Company on particular accounts. The potential refunds as of the balance sheet date are not considered to be significant.
Litigation and Regulatory Matters:
The Company is from time to time subject to routine legal claims and proceedings, most of which are incidental to the ordinary course of its business. The Company initiates lawsuits against customers and is occasionally countersued by them in such actions. Also, customers, either individually, as members of a class action, or through a governmental entity on behalf of customers, may initiate litigation against the Company in which they allege that the Company has violated a state or federal law in the process of collecting on an account. From time to time, other types of lawsuits are brought against the Company. Additionally, the Company receives subpoenas and other requests or demands for information from regulators or governmental authorities who are investigating the Company's debt collection activities. The Company evaluates and responds appropriately to such requests.

The Company accrues for potential liability arising from legal proceedings when it is probable that such liability has been incurred and the amount of the loss can be reasonably estimated. This determination is based upon currently available information for those proceedings in which the Company is involved, taking into account the Company's best estimate of such losses for those cases for which such estimates can be made. The Company's estimate involves significant judgment, given the varying stages of the proceedings (including the fact that many of them are currently in preliminary stages), the number of unresolved issues in many of the proceedings (including issues regarding class certification and the scope of many of the claims), and the related uncertainty of the potential outcomes of these proceedings. In making determinations of the likely outcome of pending litigation, the Company considers many factors, including, but not limited to, the nature of the claims, the Company's experience with similar types of claims, the jurisdiction in which the matter is filed, input from outside legal counsel, the likelihood of resolving the matter through alternative mechanisms, the matter's current status and the damages sought or demands made. Accordingly, the Company's estimate will change from time to time, and actual losses could be more than the current estimate.

Subject to the inherent uncertainties involved in such proceedings, the Company believes, based upon its current knowledge and after consultation with counsel, that the legal proceedings currently pending against it, including those

that fall outside of the Company's routine legal proceedings, should not, either individually or in the aggregate, have a material adverse impact on the Company's financial condition. However, it is possible, in light of the uncertainties involved in such proceedings or due to unexpected future developments, that an unfavorable resolution of a legal or regulatory proceeding or claim could occur which may be material to the Company's financial condition, results of operations, or cash flows for a particular period.

In certain legal proceedings, the Company may have recourse to insurance or third party contractual indemnities to cover all or portions of its litigation expenses, judgments, or settlements. Loss estimates and accruals for potential liability related to

legal proceedings are exclusive of potential recoveries, if any, under the Company's insurance policies or third party indemnities. The Company has not recorded any potential recoveries under the Company's insurance policies or third party indemnities.

The matters described below fall outside of the normal parameters of the Company’s routine legal proceedings.

Telephone Consumer Protection Act Litigation

The Company has been named as defendant in a number of putative class action cases, each alleging that the Company violated the Telephone Consumer Protection Act ("TCPA") by calling consumers' cellular telephones without their prior express consent. On December 21, 2011, the United States Judicial Panel on Multi-District Litigation entered an order transferring these matters into one consolidated proceeding in the United States District Court for the Southern District of California (the "Court"). On November 14, 2012, the putative class plaintiffs filed their amended consolidated complaint in the matter, now styled as In re Portfolio Recovery Associates, LLC Telephone Consumer Protection Act Litigation, case No. 11-md-02295 (the “MDL action”). Following the ruling of the United States Federal Communications Commission on June 10, 2015 on various petitions concerning the TCPA, the Court lifted the stay of these matters that had been in place since May 20, 2014.

Internal Revenue Service Audit

The Internal Revenue Service ("IRS") examined the Company's 2005 through 2012 tax returns and has asserted that tax revenue recognition using the cost recovery method does not clearly reflect taxable income. The Company believes it has sufficient support for the technical merits of its position, and believes cost recovery to be an acceptable tax revenue recognition method for companies in the bad debt purchasing industry. The Company has received Notices of Deficiency for tax years ended December 31, 2005 through 2012. The proposed deficiencies relate to the cost recovery method of tax accounting. In response to the notices, the Company filed petitions in the United States Tax Court challenging the deficiency. On April 30, 2015, the Company and the IRS filed a joint motion to continue the trial date that was previously set for June 22, 2015. The Tax Court granted the Motion on May 4, 2015. On July 10, 2015 and July 21, 2015, the IRS filed Motions for Summary Judgment for tax years 2008 through 2012 and 2005 through 2007 respectively. On August 7, 2015, the Company filed a motion requesting that the Tax Court defer its consideration of the IRS’s summary judgment motions until after the parties have completed discovery. If the Motion to Defer is denied, then the Company will have an opportunity to respond to the IRS's summary judgment motions. If the Tax Court judge grants the Motions for Summary Judgment in favor of the IRS, the Company can appeal to the federal Court of Appeals. If the Company is unsuccessful in Tax Court and any potential appeals to the federal Circuit Court of Appeals, it may ultimately be required to pay the related deferred taxes, and possibly interest and penalties. Deferred tax liabilities related to this item were $246.2 million at June 30, 2015. Any adverse determination on this matter could result in the Company amending state tax returns for prior years, increasing its taxable income in those states. The Company files tax returns in multiple state jurisdictions; therefore, any underpayment of state tax will accrue interest in accordance with the respective state statute. The Company’s estimate of the potential federal and state interest is $86.8 million as of June 30, 2015.

Consumer Financial Protection Bureau ("CFPB") Investigation

In response to an investigative demand from the CFPB, the Company has provided certain documents and data regarding its debt collection practices. Subsequently, the Company has provided comments and engaged in

discussions, which have included a number of face-to-face meetings between the Company and the CFPB staff. The Company has also discussed a proposed resolution of matters related to the CFPB's investigation, involving possible penalties, restitution and the adoption of new practices and controls in the conduct of our business. The Company is not able to estimate the amount of such penalties or restitution at this time. In these discussions, the CFPB staff has taken certain positions with respect to legal requirements applicable to our debt collection practices with which the Company disagrees. If the Company is unable to resolve its differences with the CFPB through its ongoing discussions, it could become involved in litigation.

Portfolio Recovery Associates, LLC v. Guadalupe Mejia
On May 11, 2015, an unfavorable jury verdict was delivered against the Company in a matter pending in Jackson County, Missouri. The jury awarded Guadalupe Mejia $251,000 in compensatory damages and $82,009,549 in punitive damages (altogether, the “Award”) for her counter-claim against the Company, alleging malicious prosecution and impermissible collection practices. The Company believes the verdict and magnitude of the Award to be erroneous and has filed a motion to set aside the Award. Unless reduced or overturned, the Award will likely have a material adverse effect on the Company's financial condition and/or operations.

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11. Fair Value Measurements and Disclosures:
As defined by FASB ASC Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also requires the consideration of differing levels of inputs in the determination of fair values. Those levels of input are summarized as follows:

- Level 1 - Quoted prices in active markets for identical assets and liabilities.

- Level 2 - Observable inputs other than Level 1 quoted prices, such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

- Level 3 - Unobservable inputs that are supported by little or no market activity. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.
Financial Instruments Not Required To Be Carried at Fair Value
In accordance with the disclosure requirements of FASB ASC Topic 825, "Financial Instruments" ("ASC 825"), the table below summarizes fair value estimates for the Company's financial instruments not required to be carried at fair value. The total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying value of the Company. The carrying amounts of the financial instruments in the following table are recorded in the consolidated balance sheets at June 30, 2015 and December 31, 2014 (amounts in thousands):

	June 30, 2015		December 31, 2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and cash equivalents	$56,811	$56,811	$39,661	$39,661
Held-to-maturity investments	52,238	59,350	31,017	31,017
Other investments	16,190	17,898	17,560	19,776
Finance receivables, net	2,012,552	2,550,891	2,001,790	2,460,787
Financial liabilities:				
Interest-bearing deposits	33,248	33,248	27,704	27,704
Revolving lines of credit	892,983	892,983	836,680	836,680
Term loans	177,500	177,500	185,000	185,000
Notes and loans payable	169,938	169,938	199,938	199,938
Convertible notes	262,942	328,854	260,838	324,757

Disclosure of the estimated fair values of financial instruments often requires the use of estimates. The Company uses the following methods and assumptions to estimate the fair value of the financial instruments in the above table:
Cash and cash equivalents: The carrying amount approximates fair value and quoted prices for identical assets can be found in active markets. Accordingly, the Company estimates the fair value of cash and cash equivalents using Level 1 inputs.
Held-to-maturity investments: Fair value of the Company's investment in Series B certificates of a closed-end Polish investment fund is estimated using proprietary pricing models that the Company utilizes to make portfolio purchase

decisions. Accordingly, the Company estimates the fair value of its held-to-maturity investments using Level 3 inputs as there is little observable market data available and management is required to use significant judgment in its estimates.

Other investments: This class of investments consists of private equity funds that invest primarily in loans and securities including single-family residential debt; corporate debt products; and financially-oriented, real-estate-rich and other operating companies in the Americas, Western Europe, and Japan. These investments are subject to certain restrictions regarding transfers

and withdrawals. The investments can never be redeemed with the funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. The fair value of the Company’s interest is valued by the fund managers; accordingly, the Company estimates the fair value of these investments using Level 3 inputs. The investments are expected to be returned through distributions as a result of liquidations of the funds’ underlying assets over 1 to 4 years.

Finance receivables, net: The Company records purchased receivables at cost, which represents a significant discount from the contractual receivable balances due. The Company computed the estimated fair value of these receivables using proprietary pricing models that the Company utilizes to make portfolio purchase decisions. Accordingly, the Company's fair value estimates use Level 3 inputs as there is little observable market data available and management is required to use significant judgment in its estimates.

Interest-bearing deposits: The carrying amount approximates fair value due to the short-term nature of the deposits and the observable quoted prices for similar instruments in active markets. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

Revolving lines of credit: The carrying amount approximates fair value due to the short-term nature of the interest rate periods and the observable quoted prices for similar instruments in active markets. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

Term loans: The carrying amount approximates fair value due to the short-term nature of the interest rate periods and the observable quoted prices for similar instruments in active markets. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

Notes and loans payable: The carrying amount approximates fair value due to the short-term nature of the loan terms and the observable quoted prices for similar instruments in active markets. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

Convertible notes: The Notes are carried at historical cost, adjusted for the debt discount. The fair value estimates for these Notes incorporates quoted market prices which were obtained from secondary market broker quotes which were derived from a variety of inputs including client orders, information from their pricing vendors, modeling software, and actual trading prices when they occur. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

Financial Instruments Required To Be Carried At Fair Value

The carrying amounts in the following table are measured at fair value on a recurring basis in the accompanying consolidated balance sheets at June 30, 2015 and December 31, 2014 (amounts in thousands):

	Fair Value Measurements as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Trading investments	$13,381	$—	$—	$13,381
Available-for-sale investments	—	—	6,486	6,486
Liabilities:				
Interest rate swap contracts (recorded in accrued expenses)	—	904	—	904

	Fair Value Measurements as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Trading investments	$37,405	$—	$—	$37,405
Available-for-sale investments	—	—	3,721	3,721
Liabilities:				
Interest rate swap contracts (recorded in accrued expenses)	—	3,387	—	3,387

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Trading investments: Fair value of the Company’s investments in money market mutual funds is reported using the closing price of the fund’s net asset value in an active market. Accordingly, the Company uses Level 1 inputs.
Available-for-sale investments: Fair value of the Company’s investment in Series C certificates of a closed-end Polish investment fund is estimated using proprietary pricing models that the Company utilizes to make portfolio purchase decisions. Accordingly, the Company estimates the fair value of its available-for-sale investments using Level 3 inputs as there is little observable market data available and management is required to use significant judgment in its estimates.
Interest rate swap contracts: The interest rate swap contracts are carried at fair value which is determined by using industry standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves and other factors. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

12. Recent Accounting Pronouncements:

In April 2014, FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" (“ASU 2014-08”) that amends the requirements for reporting discontinued operations. ASU 2014-08 requires the disposal of a component of an entity or a group of components of an entity to be reported in discontinued operations if the disposal represents a strategic shift that will have a major effect on the entity’s operations and financial results. ASU 2014-08 also requires additional disclosures about discontinued operations and disclosures about the disposal of a significant component of an entity that does not qualify as a discontinued operation. ASU 2014-08 is effective prospectively for reporting periods beginning after December 15, 2014, with early adoption permitted. The Company adopted ASU 2014-08 in the first quarter of 2015 which had no material impact on the Company's Consolidated Financial Statements.

In May 2014, FASB issued ASU 2014-09, "Revenue from Contracts with Customers" (“ASU 2014-09”) that updates the principles for recognizing revenue. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also amends the required disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption, with early application not permitted. The Company is evaluating its implementation approach and the potential impacts of the new standard on its existing revenue recognition policies and procedures.

In June 2014, FASB issued ASU 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period" (“ASU 2014-12”). ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. ASU 2014-12 is effective for annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company is evaluating the potential impacts of the new standard on its existing stock-based compensation awards.

In February 2015, FASB issued ASU 2015-02, "Consolidation (Topic 810), Amendments to the Consolidation Analysis" ("ASU 2015-02"). The amendments under the new guidance modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities and eliminate the

presumption that a general partner should consolidate a limited partnership. ASU 2015-02 is effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. A reporting entity also may apply the amendments retrospectively. The Company is currently evaluating the impact of adopting this guidance on its financial position and results of operations.

In April 2015, FASB issued ASU 2015-03, “Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs” ("ASU 2015-03"). ASU 2015-03 requires an entity to present debt issuance costs related to a recognized debt liability in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. For public business entities, this update is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. An entity should apply the new guidance on a retrospective basis. The Company is currently evaluating the impact of adopting this guidance on its financial position and results of operations.

In April 2015, FASB issued ASU 2015-05, “Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement” ("ASU 2015-05"). ASU 2015-05 provides explicit guidance to help companies evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The new guidance clarifies that if a cloud computing arrangement includes a software license, the customer should account for the license consistent with its accounting for other software licenses. If the arrangement does not include a software license, the customer should account for the arrangement as a service contract. For public business entities, this update is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. An entity can elect to adopt the new guidance either prospectively for all arrangements entered into or materially modified after the effective date, or on a retrospective basis. The Company is currently evaluating the impact of adopting this guidance on its financial position and results of operations.

13. Subsequent Event:

On August 4, 2015, the Company entered into a Fifth Amendment (the “Fifth Amendment”) to the Credit Agreement dated as of December 19, 2012. Among other things, the Fifth Amendment (a) adds Bank of America, N.A., acting through its Canada branch, as Canadian Administrative Agent under the Credit Agreement, (b) adds the Company’s wholly-owned subsidiary, PRA Group Canada Inc., as a Borrower under the Credit Agreement, (c) removes the Financial Covenant with respect to Consolidated Tangible Net Worth, (d) terminates the Multi Currency Revolving B Commitments, (e) adds $50.0 million of Canadian Revolving Commitments, (f) modifies the definition of Permitted Acquisitions to increase the baskets included therein, (g) permits Company subsidiaries organized under the laws of Brazil to borrow up to $150.0 million and to grant liens with respect to such borrowings, and (h) acknowledges the change of the Company’s legal name in October 2014 to PRA Group, Inc. The aggregate commitments under the Credit Agreement have not changed.

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements:

This report contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements involve risks, uncertainties and assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements, including statements regarding overall trends, gross margin trends, operating cost trends, liquidity and capital needs and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The risks, uncertainties and assumptions referred to above may include the following:

- a prolonged economic recovery or a deterioration in the economic or inflationary environment in North America or Europe, including the interest rate environment;
- changes in the credit or capital markets, which affect our ability to borrow money or raise capital;
- our ability to purchase defaulted consumer receivables at appropriate prices;
- our ability to replace our defaulted consumer receivables with additional receivables portfolios;
- our ability to obtain accurate and authentic account documents relating to accounts that we acquire and the possibility that documents that we provide could contain errors;
- our ability to collect sufficient amounts on our defaulted consumer receivables;
- our ability to successfully acquire receivables of new asset types;
- changes in, or interpretations of, bankruptcy or collection laws that could negatively affect our business, including by causing an increase in certain types of bankruptcy filings involving liquidations, which may cause our collections to decrease;
- changes in, or interpretations of, state or federal laws or the administrative practices of various bankruptcy courts, which may impact our ability to collect on our defaulted receivables;
- our ability to collect and enforce our finance receivables may be limited under federal and state laws;
- our ability to employ and retain qualified employees, especially collection personnel, and our senior management team;
- our ability to comply with existing and new regulations of the collection industry, the failure of which could result in penalties, fines, litigation, damage to our reputation, or the suspension or termination of or required modification to our ability to conduct our business;
- our ability to adjust to debt collection and debt-buying regulations that may be promulgated by the Consumer Financial Protection Bureau ("CFPB") and the regulatory and enforcement activities of the CFPB, including an ongoing CFPB inquiry;
- our ability to satisfy the restrictive covenants in our debt agreements;
- changes in governmental laws and regulations or the manner in which they are interpreted or applied which could increase our costs and liabilities or impact our operations;
- adverse outcomes in pending litigations;
- investigations or enforcement actions by governmental authorities, which could result in changes to our business practices; negatively impact our portfolio purchasing volume; make collection of account balances more difficult or expose us to the risk of fines, penalties, restitution payments, and litigation;
- changes in interest or exchange rates, which could reduce our net income, and the possibility that future hedging strategies may not be successful, which could adversely affect our results of operations and financial condition, as could our failure to comply with hedge accounting principles and interpretations;
- our ability to obtain adequate insurance coverage at reasonable prices;
- our ability to manage growth successfully or to integrate our growth strategy;
- the possibility that we could incur business to technology disruptions or cyber incidents or not adapt to technological advances;
- our ability to manage risks associated with our international operations, which risks have increased as a result of the Aktiv Kapital AS ("Aktiv") acquisition;

- our ability to integrate the Aktiv business;
- our ability to recognize the anticipated synergies and benefits of the Aktiv acquisition;
- changes in tax laws regarding earnings of our subsidiaries located outside of the United States;
- the possibility that compliance with foreign and U.S. laws and regulations that apply to our international operations could increase our cost of doing business in international jurisdictions;
- net capital requirements pursuant to the European Union Capital Requirements Directive, which could impede the business operations of our subsidiaries;
- the incurrence of significant transaction, integration, and restructuring costs in connection with the Aktiv acquisition;
- our exposure to additional tax liabilities as a result of the Aktiv acquisition;
- the possibility that we could incur goodwill or other intangible asset impairment charges;

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- our ability to retain existing clients and obtain new clients for our fee-for-service businesses;
- our work force could become unionized in the future, which could adversely affect the stability of our production and increase our costs;
- our ability to maintain, renegotiate or replace our credit facility;
- the possibility that the accounting for convertible debt securities could have an adverse effect on our financial results;
- the possibility that conversion of the convertible senior notes could affect the price of our common stock;
- our ability to raise the funds necessary to repurchase the convertible senior notes or to settle conversions in cash;
- the imposition of additional taxes on us;
- the possibility that we could incur significant allowance charges on our finance receivables;
- our loss contingency accruals may not be adequate to cover actual losses;
- class action suits and other litigation could divert our management's attention and increase our expenses;
- the degree, nature, and resources of our competition;
- the possibility that new business acquisitions prove unsuccessful or strain or divert our resources;
- the possibility that we or our industry could experience negative publicity or reputational attacks;
- the possibility that a sudden collapse of one of the financial institutions in which we are depositors could negatively affect our financial results;
- efforts to establish and maintain effective internal controls, procedures, and disclosure controls related to Aktiv, which could require significant resources and divert management attention; and
- the risk factors listed from time to time in our filings with the Securities and Exchange Commission (the "SEC").

You should assume that the information appearing in this quarterly report is accurate only as of the date it was issued. Our business, financial condition, results of operations and prospects may have changed since that date.

For a discussion of the risks, uncertainties and assumptions that could affect our future events, developments or results, you should carefully review the following "Management's Discussion and Analysis of Financial Condition and Results of Operations," the "Risk Factors" contained in Part II, Item 1A of this Form 10-Q, as well as the discussion of "Business" and "Risk Factors" described in Part I, Item I and Item 1A of our 2014 Annual Report on Form 10-K, filed on March 2, 2015.

Our forward-looking statements could be wrong in light of these and other risks, uncertainties and assumptions. The future events, developments or results described in this report could turn out to be materially different. Except as required by law, we assume no obligation to publicly update or revise our forward-looking statements after the date of this report and you should not expect us to do so.

Investors should also be aware that while we do, from time to time, communicate with securities analysts and others, we do not, by policy, selectively disclose to them any material nonpublic information or other confidential commercial information. Accordingly, stockholders should not assume that we agree with any statement or report issued by any analyst regardless of the content of the statement or report. We do not, by policy, confirm forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

Frequently Used Terms

We use the following terminology throughout this document:

- "Allowance charges" refers to a reduction in income recognized on finance receivables on pools of finance receivables whose cash collection estimates were below expectations or are projected to be below expectations.
- "Amortization rate" refers to cash collections applied to principal on finance receivables as a percentage of total cash collections.
- "Buybacks" refers to purchase price refunded by the seller due to the return of ineligible accounts.
- "Cash collections" refers to collections on our owned finance receivables portfolios.
- "Cash receipts" refers to collections on our owned finance receivables portfolios plus fee income.
- "Core" accounts or portfolios refer to accounts or portfolios that are defaulted receivables and are not in an insolvent status upon purchase. These accounts are aggregated separately from insolvency accounts.
- "Estimated remaining collections" or "ERC" refers to the sum of all future projected cash collections on our owned finance receivables portfolios.

- “Fee income” refers to revenues generated from our fee-for-service businesses.
- “Income recognized on finance receivables” refers to income derived from our owned finance receivables portfolios.
- “Income recognized on finance receivables, net” refers to income derived from our owned finance receivables portfolios and is shown net of allowance charges/reversals.
- “Insolvency” accounts or portfolios refer to accounts or portfolios of receivables that are in an insolvent status when we purchase them and as such are purchased as a pool of insolvent accounts. These include Individual Voluntary Arrangements ("IVA's"), Trust Deeds in the U.K., Consumer Proposals in Canada and bankruptcy accounts in the U.S., Canada and the U.K.

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- "Net finance receivable balance" is recorded on our balance sheet and refers to the purchase price less principal amortization and net allowance charges/reversals.
- "Principal amortization" refers to cash collections applied to principal on finance receivables.
- "Purchase price" refers to the cash paid to a seller to acquire defaulted finance receivables, plus certain capitalized costs, less buybacks.
- "Purchase price multiple" refers to the total estimated collections on owned finance receivables portfolios divided by purchase price.
- "Total estimated collections" refers to actual cash collections, including cash sales, plus estimated remaining collections on our finance receivables portfolios.

All references in this report on Form 10-Q to the "PRA Group," "our," "we," "us," the "Company" or similar terms are to PRA Group, Inc. and its subsidiaries.

Overview

We are a global financial and business services company with operations in the Americas and Europe. Our primary business is the purchase, collection and management of portfolios of defaulted receivables. We also service receivables on behalf of clients on either a commission or transaction-fee basis, provide class action claims settlement recovery services and related payment processing to corporate clients, and provide vehicle location, skip tracing and collateral recovery services for auto lenders, governments and law enforcement.

We are headquartered in Norfolk, Virginia, and employ approximately 3,820 full time equivalents. Our shares of common stock are traded on the NASDAQ Global Select Market under the symbol "PRAA." Effective October 23, 2014, we changed our name from Portfolio Recovery Associates, Inc. to PRA Group, Inc.

On July 16, 2014, we completed the purchase of the outstanding equity of Aktiv, a Norway-based company specializing in the acquisition and servicing of non-performing consumer loans throughout Europe and in Canada, for a purchase price of approximately $861.3 million, and assumed approximately $433.7 million of Aktiv's corporate debt, resulting in an acquisition of estimated total enterprise value of $1.3 billion.

The Aktiv acquisition provided us entry into several new markets, resulting in additional geographic diversity in portfolio purchasing and collection. Aktiv's Chief Executive Officer, his executive team and the more than 400 Aktiv employees joined our workforce upon the closing of the transaction.

During the three months ended June 30, 2015, we incurred approximately $0.5 million of integration and other costs related to the Aktiv acquisition. We estimate that we will incur approximately $2-3 million of additional non-recurring integration costs over the next few quarters. Additionally, as a result of expanding our international footprint into many countries with various currencies throughout Europe, we are subject to foreign currency fluctuations between and among the U.S. dollar and each of the other currencies in which we now operate. As a result, for the three months ended June 30, 2015, we recorded net foreign currency transaction gains of $3.6 million in our income statement.

Our industry is highly regulated under various laws. In the United States, they include the FDCPA, FCRA, Dodd-Frank Act, Telephone Consumer Protection Act and its prohibition against unfair, deceptive and abusive acts and practices ("UDAAP") and other federal and state laws. Likewise, our business is regulated by various laws in the European countries and Canadian territories in which we operate. We are subject to inspections, examinations, supervision and investigation by regulators in the United Kingdom, in each U.S. state in which we are licensed, and also by the CFPB. If any such inspections or investigations result in findings or there is an adjudication that we have failed to comply with applicable laws and regulations, we could be subject to penalties, litigation losses and expenses, damage to our reputation, or the suspension or termination of or required modification to our ability to conduct collections, which would adversely affect our financial results and condition. The CFPB is currently looking into practices regarding the collection of consumer debt in our industry. In response to an investigative demand from the CFPB, we have provided certain documents and data regarding our debt collection practices. We have provided comments and engaged in discussions, which have included a number of face-to-face meetings with the CFPB staff. Subsequently, we have discussed a proposed resolution involving possible penalties, restitution and the adoption of

new practices and controls in the conduct of our business. In these discussions, the staff has taken certain positions with respect to legal requirements applicable to our debt collection practices with which we disagree. While we are actively seeking a consensual resolution to this matter, if we are unable to resolve our differences through these ongoing discussions, we could become involved in litigation. The CFPB is also expected to adopt additional rules that will affect our industry, and has sought feedback on a wide range of debt collection issues. There can be no assurance that the outcome of these discussions, possible litigation or new industry regulations would not have an adverse effect on our business' financial condition or operating results.

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On August 4, 2014, the Office of the Comptroller of the Currency (“OCC”) issued risk guidance detailing the principles they expect financial institutions to follow in connection with the sale of consumer debt. We are currently in the process of evaluating the impact that this guidance may have on our business, if any.

Earnings Summary

During the three months ended June 30, 2015, net income was $51.4 million, or $1.06 per diluted share, compared with $37.5 million, or $0.74 per diluted share, in the three months ended June 30, 2014. Total revenue was $237.2 million in the three months ended June 30, 2015, up 20.2% from the three months ended June 30, 2014. Revenues in the three months ended June 30, 2015 consisted of $220.1 million in income recognized on finance receivables, net, $13.9 million in fee income and $3.3 million in other revenue. Income recognized on finance receivables, net, in the three months ended June 30, 2015 increased $37.5 million, or 20.6%, over the three months ended June 30, 2014, primarily as a result of an increase in cash collections mainly due to the Aktiv acquisition. Cash collections, which drive our finance receivable income, were $389.6 million in the three months ended June 30, 2015, up 22.0%, or $70.3 million, as compared to the three months ended June 30, 2014. During the three months ended June 30, 2015, we incurred $4.9 million in net allowance charges, compared with $2.3 million of net allowance reversals in the three months ended June 30, 2014.

Fee income decreased to $13.9 million in the three months ended June 30, 2015 from $14.5 million in the three months ended June 30, 2014, primarily due to lower fee income generated by our government services subsidiaries. This was partially offset by an increase in fee income generated in the three months ended June 30, 2015 by PRA Location Services, LLC ("PLS").

A summary of the sources of our revenue during the three months ended June 30, 2015 and 2014 is presented below:

	For the Three Months Ended June 30,	
(amounts in thousands)	2015	2014
Cash collections	$389,624	$319,274
Amortization of finance receivables	(164,675)	(139,055)
Net allowance (charges)/reversals	(4,885)	2,299
Income recognized on financial receivables, net	220,064	182,518
Fee income	13,878	14,510
Other revenue	3,255	315
Total revenues	$237,197	$197,343

Operating expenses were $148.3 million in the three months ended June 30, 2015, up 18.7% over the three months ended June 30, 2014, due primarily to the inclusion of Aktiv's expenses in the three months ended June 30, 2015.

During the three months ended June 30, 2015 and 2014, we acquired defaulted consumer receivables portfolios at a cost of $208.4 million and $109.2 million, respectively. In any period, we acquire defaulted consumer receivables that can vary dramatically in their age, type and ultimate collectability. We may pay significantly different purchase rates for purchased receivables within any period as a result of this relative quality fluctuation. In addition, market forces can drive pricing rates up or down in any period, irrespective of other relative quality fluctuations. As a result, the average purchase rate paid for any given period can fluctuate dramatically based on our particular buying activity in that period. However, regardless of the average purchase price and for similar time frames, we intend to target a similar internal rate of return, after direct expenses, in pricing our portfolio acquisitions during any quarter; therefore, the absolute rate paid is not necessarily relevant to the estimated profitability of a period's buying.

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Results of Operations

The results of operations include the financial results of the Company and all of our subsidiaries. The following table sets forth certain operating data as a percentage of total revenues for the periods indicated:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2015		2014		2015		2014	
Revenues:								
Income recognized on finance receivables, net	92.8	%	92.5	%	92.9	%	92.1	%
Fee income	5.8	%	7.4	%	5.6	%	7.7	%
Other revenue	1.4	%	0.1	%	1.5	%	0.2	%
Total revenues	100.0	%	100.0	%	100.0	%	100.0	%
Operating expenses:								
Compensation and employee services	28.8	%	26.6	%	27.7	%	26.5	%
Legal collection fees	6.0	%	5.8	%	5.8	%	5.7	%
Legal collection costs	8.2	%	12.9	%	8.4	%	13.3	%
Agent fees	3.3	%	0.7	%	3.3	%	0.7	%
Outside fees and services	5.3	%	6.1	%	5.2	%	5.9	%
Communication	3.4	%	3.9	%	3.8	%	4.3	%
Rent and occupancy	1.5	%	1.2	%	1.5	%	1.2	%
Depreciation and amortization	2.1	%	2.1	%	2.0	%	2.1	%
Other operating expenses	4.1	%	3.9	%	4.0	%	3.5	%
Total operating expenses	62.5	%	63.2	%	61.6	%	63.2	%
Income from operations	37.5	%	36.8	%	38.4	%	36.8	%
Other income and expense:								
Interest expense	5.7	%	2.6	%	5.9	%	2.5	%
Net foreign currency transaction gain/(loss)	1.5	%	(3.1	)%	2.2	%	(1.6	)%
Income before income taxes	33.3	%	31.1	%	34.7	%	32.7	%
Provision for income taxes	11.6	%	12.0	%	11.9	%	12.7	%
Net income	21.7	%	19.1	%	22.7	%	20.0	%

Three Months Ended June 30, 2015 Compared To Three Months Ended June 30, 2014

Revenues

Total revenues were $237.2 million for the three months ended June 30, 2015, an increase of $39.9 million, or 20.2%, compared to total revenues of $197.3 million for the three months ended June 30, 2014.

Income Recognized on Finance Receivables, net

Income recognized on finance receivables, net was $220.1 million for the three months ended June 30, 2015, an increase of $37.6 million, or 20.6%, compared to income recognized on finance receivables, net, of $182.5 million for the three months ended June 30, 2014. The increase was primarily due to an increase in cash collections on our finance receivables to $389.6 million for the three months ended June 30, 2015, from $319.3 million for the three months ended June 30, 2014, an increase of $70.3 million, or 22.0%. This increase was largely due to the inclusion of Aktiv's cash collections in the three months ended June 30, 2015. Our finance receivables amortization rate, including net allowance charges, was 43.5% for the three months ended June 30, 2015 compared to 42.8% for the three months ended June 30, 2014.

Accretable yield represents the amount of income recognized on finance receivables the Company can expect to generate over the remaining life of its existing portfolios based on estimated future cash flows as of the balance sheet date. Additions represent the original expected accretable yield, on portfolios purchased during the period, to be earned by the Company based on its proprietary buying models. Net reclassifications from nonaccretable difference to accretable yield primarily result from the Company’s increase in its estimate of future cash flows. Increases in future cash flows may occur as portfolios age and actual cash collections exceed those originally expected. If those cash flows are determined to be incremental to the portfolio’s original forecast, future projections of cash flows are

generally increased resulting in higher expected revenue and hence increases in

accretable yield. During the three months ended June 30, 2015 and 2014, the Company reclassified amounts from nonaccretable difference to accretable yield due primarily to increased cash collection forecasts relating to pools acquired from 2007-2014. When applicable, net reclassifications to nonaccretable difference from accretable yield result from the Company's decrease in its estimates of future cash flows and allowance charges that exceed the Company's increase in its estimate of future cash flows.

Income recognized on finance receivables, net, is shown net of changes in valuation allowances which are recorded for significant decreases in expected cash flows or a change in timing of cash flows which would otherwise require a reduction in the stated yield on a pool of accounts. For the three months ended June 30, 2015, we recorded net allowance charges of $4.9 million. On our domestic Core portfolios, we recorded net allowance charges of $4.1 million on portfolios purchased mainly in 2012. On our Insolvency portfolios, we recorded allowance charges of $0.1 million on our domestic portfolios. We also recorded an allowance charge of $0.7 million on our legacy UK portfolios purchased in 2013 (UK portfolios acquired prior to the Aktiv acquisition). No allowance charges or reversals were recorded during the period on the portfolios acquired from Aktiv or purchased by PRA Europe. For the three months ended June 30, 2014, we recorded net allowance charge reversals of $2.3 million. On our domestic Core portfolios, we recorded net allowance reversals of $3.3 million on portfolios purchased between 2005 and 2008, offset by net allowance charges of $0.9 million on portfolios purchased in 2010 and 2011. On our Insolvency portfolios, we recorded net allowance charge reversals of $0.4 million on portfolios primarily purchased in 2007 and 2008 offset by a net allowance charge of $0.5 million on Canadian portfolios purchased in 2014.

In any given period, we may be required to record valuation allowances due to pools of receivables underperforming our previous expectations. Factors that may contribute to the recording of valuation allowances may include both internal as well as external factors. External factors which may have an impact on the collectability, and subsequently to the overall profitability, of purchased pools of defaulted consumer receivables include: new laws or regulations relating to collections, new interpretations of existing laws or regulations, and the overall condition of the economy. Internal factors which may have an impact on the collectability, and subsequently the overall profitability, of purchased pools of defaulted consumer receivables would include: necessary revisions to initial and post-acquisition scoring and modeling estimates, operational activities (relating to the collection and movement of accounts on both our collection floor and external channels), and changes in productivity related to turnover and retention of our collection staff.

Fee Income

Fee income decreased to $13.9 million in the three months ended June 30, 2015 from $14.5 million in the three months ended June 30, 2014, primarily due to lower fee income generated by our government services subsidiaries. This was partially offset by the an increase in fee income generated by PLS.

Income from Operations

Income from operations was $88.9 million for the three months ended June 30, 2015, an increase of $16.5 million or 22.8% compared to income from operations of $72.4 million for the three months ended June 30, 2014. Income from operations was 37.5% of total revenue for the three months ended June 30, 2015 compared to 36.7% for the three months ended June 30, 2014.

Operating Expenses

Operating expenses were $148.3 million for the three months ended June 30, 2015, an increase of $23.4 million or 18.7% compared to operating expenses of $124.9 million for the three months ended June 30, 2014. This increase was due primarily to the inclusion of Aktiv's expenses in the three months ended June 30, 2015. Operating expenses were 36.9% of cash receipts for the three months ended June 30, 2015 compared to 37.4% for the three months ended June 30, 2014.

Compensation and Employee Services

Compensation and employee services expenses were $68.3 million for the three months ended June 30, 2015, an increase of $15.8 million, or 30.1%, compared to compensation and employee services expenses of $52.5 million for the three months ended June 30, 2014. Compensation expense increased primarily as a result of larger staff sizes, mainly attributable to the acquisition of Aktiv, in addition to increases in incentive compensation and normal pay increases. Total full-time equivalents increased 7.1% to 3,820 as of June 30, 2015, from 3,567 as of June 30, 2014.

Compensation and employee services expenses as a percentage of cash receipts increased to 17.0% for the three months ended June 30, 2015, from 15.7% of cash receipts for the three months ended June 30, 2014.

Legal Collection Fees

Legal collection fees represent contingent fees incurred for the cash collections generated by our independent third party collection attorneys. Legal collection fees were $14.1 million for the three months ended June 30, 2015, an increase of $2.7

million, or 23.7%, compared to legal collection fees of $11.4 million for the three months ended June 30, 2014. This increase was mainly attributable to legal collection fees incurred by our new European operations. Legal collection fees were 3.5% of cash receipts for the three months ended June 30, 2015 compared to 3.4% of cash receipts for the three months ended June 30, 2014.

Legal Collection Costs

Legal collection costs consist of costs paid to courts where a lawsuit is filed and the cost of documents received from sellers of defaulted consumer receivables. Legal collection costs were $19.6 million for the three months ended June 30, 2015, a decrease of $5.8 million, or 22.8%, compared to legal collection costs of $25.4 million for the three months ended June 30, 2014. Prior to 2015, we were expanding the number of accounts brought into the legal collection process resulting in increasing legal collections costs. This expansion has subsided over the last several quarters which led to the decrease. Legal collection costs for the three months ended June 30, 2015 were 4.9% of cash receipts, compared to 7.6% for the three months ended June 30, 2014.

Agent Fees

Agent fees primarily represent third party collection fees and costs paid to repossession agents to repossess vehicles. Agent fees were $7.8 million for the three months ended June 30, 2015, compared to $1.5 million for the three months ended June 30, 2014. This increase was mainly attributable to the third party collection fees incurred by our new European operations.

Outside Fees and Services

Outside fees and services expenses were $12.5 million for the three months ended June 30, 2015, an increase of $0.4 million, or 3.3%, compared to outside fees and services expenses of $12.1 million for the three months ended June 30, 2014. The increase was mainly attributable to the outside fees and services expenses incurred by our new European operations partially offset by an incremental decrease of $3.6 million of transaction and integration costs incurred in the three months ended June 30, 2015 related to the Aktiv acquisition as compared to the three months ended June 30, 2014.

Communication

Communication expenses were $8.1 million for the three months ended June 30, 2015, an increase of $0.3 million, or 3.8%, compared to communication expenses of $7.8 million for the three months ended June 30, 2014. The increase was largely due to expenses incurred by our new European operations.

Rent and Occupancy

Rent and occupancy expenses were $3.5 million for the three months ended June 30, 2015, an increase of $1.1 million, or 45.8%, compared to rent and occupancy expenses of $2.4 million for the three months ended June 30, 2014. The increase was primarily due to the rent and occupancy expense incurred by our new European operations.

Depreciation and Amortization

Depreciation and amortization expenses were $4.9 million for the three months ended June 30, 2015, an increase of $0.7 million, or 16.7%, compared to depreciation and amortization expenses of $4.2 million for the three months ended June 30, 2014. The increase was primarily due to the depreciation and amortization expense incurred by our new European operations.

Other Operating Expenses

Other operating expenses were $9.6 million for the three months ended June 30, 2015, an increase of $1.9 million, or 24.7%, compared to other operating expenses of $7.7 million for the three months ended June 30, 2014. The increase was primarily due to other operating expenses incurred by our new European operations.

Interest Expense

Interest expense was $13.5 million and $5.1 million for the three months ended June 30, 2015 and 2014, respectively. The increase was primarily due to the additional financing needed to facilitate the closing of the Aktiv acquisition and the additional interest incurred on the Aktiv assumed debt and interest rate swap contracts.

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Net Foreign Currency Transaction Gain/(Loss)

We recorded a net foreign currency transaction gain of $3.6 million for the three months ended June 30, 2015 compared to a net foreign currency transaction loss of $6.2 million for the three months ended June 30, 2014. The increase was due to our foreign operations as certain of our foreign entities conduct operations in currencies different from their functional currency which generate foreign currency transaction gains and losses. In addition, during the three months ended June 30, 2014, we recorded a $6.2 million foreign currency transaction loss incurred as a result of us entering into foreign currency exchange rate forward contracts to acquire 518 million Euros in anticipation of closing the acquisition of Aktiv. As a result of the strengthening U.S. dollar relative to the Euro, an unrealized loss on the forward contracts was recognized in the three months ended June 30, 2014.

Provision for Income Taxes

Provision for income taxes was $27.6 million for the three months ended June 30, 2015, an increase of $3.9 million, or 16.5%, compared to provision for income taxes of $23.7 million for the three months ended June 30, 2014. The increase is primarily due to an increase of 29.2% in income before taxes for the three months ended June 30, 2015, compared to the three months ended June 30, 2014. During the three months ended June 30, 2015, our effective tax rate was 34.9%, compared to 38.7% for the three months ended June 30, 2014. The decrease was due primarily to having proportionately more income in the recent quarterly period in foreign jurisdictions with lower tax rates than the U.S.

We intend for predominantly all foreign earnings to be permanently reinvested in our foreign operations. If foreign earnings were repatriated, we would need to accrue and pay taxes; however, foreign tax credits would be available to partially reduce U.S. income taxes. The amount of cash on hand related to foreign operations with permanently reinvested earnings was $29.5 million and $8.8 million as of June 30, 2015 and 2014, respectively.

Six Months Ended June 30, 2015 Compared To Six Months Ended June 30, 2014

Revenues

Total revenues were $482.4 million for the six months ended June 30, 2015, an increase of $91.1 million, or 23.3%, compared to total revenues of $391.3 million for the six months ended June 30, 2014.

Income Recognized on Finance Receivables, net

Income recognized on finance receivables, net was $448.5 million for the six months ended June 30, 2015, an increase of $88.0 million, or 24.4%, compared to income recognized on finance receivables, net, of $360.5 million for the six months ended June 30, 2014. The increase was primarily due to an increase in cash collections on our finance receivables to $789.4 million for the six months ended June 30, 2015, from $632.6 million for the six months ended June 30, 2014, an increase of $156.8 million, or 24.8%. This increase was largely due to the inclusion of Aktiv's cash collections in the six months ended June 30, 2015. Our finance receivables amortization rate, including net allowance charges, was 43.2% for the six months ended June 30, 2015 compared to 43.0% for the six months ended June 30, 2014.

Accretable yield represents the amount of income recognized on finance receivables the Company can expect to generate over the remaining life of its existing portfolios based on estimated future cash flows as of the balance sheet date. Additions represent the original expected accretable yield, on portfolios purchased during the period, to be earned by the Company based on its proprietary buying models. Net reclassifications from nonaccretable difference to accretable yield primarily result from the Company’s increase in its estimate of future cash flows. Increases in future cash flows may occur as portfolios age and actual cash collections exceed those originally expected. If those cash flows are determined to be incremental to the portfolio’s original forecast, future projections of cash flows are generally increased resulting in higher expected revenue and hence increases in accretable yield. During the six months ended June 30, 2015 and 2014, the Company reclassified amounts from nonaccretable difference to accretable yield due primarily to increased cash collection forecasts relating to pools acquired from 2007-2014. When applicable, net reclassifications to nonaccretable difference from accretable yield result from the Company’s decrease in its estimates of future cash flows and allowance charges that exceed the Company’s increase in its estimate of future cash flows.

Income recognized on finance receivables, net, is shown net of changes in valuation allowances which are recorded for significant decreases in expected cash flows or a change in timing of cash flows which would otherwise require a

reduction in the stated yield on a pool of accounts. For the six months ended June 30, 2015, we recorded net allowance charges of $6.5 million. On our domestic Core portfolios, we recorded allowance reversals of $0.8 million on portfolios purchased between 2006 and 2008, offset by allowance charges of $6.8 million on portfolios purchased between 2010 and 2012. On our Insolvency portfolios, we recorded net allowance reversals of $0.2 million on our domestic portfolios. We also recorded an allowance charge of $0.7 million on our legacy UK portfolios purchased in 2013 (UK portfolios acquired prior to the Aktiv acquisition). No allowance charges or

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reversals were recorded during the period on the portfolios acquired from Aktiv or purchased by PRA Europe. For the six months ended June 30, 2014, we recorded net allowance reversals of $4.3 million. On our domestic Core portfolios, we recorded net allowance reversals of $6.4 million on portfolios purchased between 2005 and 2008, offset by net allowance charges of $1.8 million on portfolios purchased in 2010 and 2011. On our Insolvency portfolios, we recorded net allowance reversals of $0.6 million on portfolios primarily purchased in 2007 and 2008, offset by net allowance charges of $0.5 million on Canadian portfolios purchased in 2014. We also recorded a net allowance charge of $0.5 million on our legacy UK portfolios purchased in 2012 (UK portfolios acquired prior to the Aktiv acquisition). No allowance charges or reversals were recorded during the period on the portfolios acquired from Aktiv or purchased by PRA Europe.

In any given period, we may be required to record valuation allowances due to pools of receivables underperforming our previous expectations. Factors that may contribute to the recording of valuation allowances may include both internal as well as external factors. External factors which may have an impact on the collectability, and subsequently to the overall profitability, of purchased pools of defaulted consumer receivables include: new laws or regulations relating to collections, new interpretations of existing laws or regulations, and the overall condition of the economy. Internal factors which may have an impact on the collectability, and subsequently the overall profitability, of purchased pools of defaulted consumer receivables would include: necessary revisions to initial and post-acquisition scoring and modeling estimates, non-optimal operational activities (relating to the collection and movement of accounts on both our collection floor and external channels), and decreases in productivity related to turnover of our collection staff.

Fee Income

Fee income decreased to $26.9 million in the six months ended June 30, 2015 from $30.1 million in the six months ended June 30, 2014, primarily due to lower fee income generated by our government services subsidiaries as well as a decrease in fee income generated by CCB, whose revenues vary depending on the timing and outcome of individual class action settlements. This was partially offset by an increase in fee income generated by PLS.

Income from Operations

Income from operations was $185.0 million for the six months ended June 30, 2015, an increase of $41.0 million or 28.5% compared to income from operations of $144.0 million for the six months ended June 30, 2014. Income from operations was 38.4% of total revenue for the six months ended June 30, 2015 compared to 36.8% for the six months ended June 30, 2014.

Operating Expenses

Operating expenses were $297.4 million for the six months ended June 30, 2015, an increase of $50.2 million or 20.3% compared to operating expenses of $247.2 million for the six months ended June 30, 2014. This increase was due primarily to the inclusion of Aktiv's expenses during the six months ended June 30, 2015. Operating expenses were 36.5% of cash receipts for the six months ended June 30, 2015 compared to 37.3% for the six months ended June 30, 2014.

Compensation and Employee Services

Compensation and employee services expenses were $133.6 million for the six months ended June 30, 2015, an increase of $29.8 million, or 28.7%, compared to compensation and employee services expenses of $103.8 million for the six months ended June 30, 2014. Compensation expense increased primarily as a result of larger staff sizes, mainly attributable to the acquisition of Aktiv, in addition to increases in incentive compensation and normal pay increases. Total full-time equivalents increased 7.1% to 3,820 as of June 30, 2015, from 3,567 as of June 30, 2014. Compensation and employee services expenses as a percentage of cash receipts increased to 16.4% for the six months ended June 30, 2015, from 15.7% of cash receipts for the six months ended June 30, 2014.

Legal Collection Fees

Legal collection fees represent contingent fees incurred for the cash collections generated by our independent third party collection attorneys. Legal collection fees were $27.8 million for the six months ended June 30, 2015, an increase of $5.6 million, or 25.2%, compared to legal collection fees of $22.2 million for the six months ended June 30, 2014. This increase was mainly attributable to legal collection fees incurred by our new European operations. Legal collection fees for both the six months ended June 30, 2015 and 2014, were 3.4% of cash receipts.

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Legal Collection Costs

Legal collection costs consist of costs paid to courts where a lawsuit is filed and the cost of documents received from sellers of defaulted consumer receivables. Legal collection costs were $40.4 million for the six months ended June 30, 2015, a decrease of $11.6 million, or 22.3%, compared to legal collection costs of $52.0 million for the six months ended June 30, 2014. Prior to 2015, we were expanding the number of accounts brought into the legal collection process resulting in increasing legal collections costs. This expansion has subsided over the last several quarters which led to the decrease. Legal collection costs for the six months ended June 30, 2015 were 5.0% of cash receipts, compared to 7.8% for the six months ended June 30, 2014.

Agent Fees

Agent fees primarily represent third party collection fees and costs paid to repossession agents to repossess vehicles. Agent fees were $16.0 million for the six months ended June 30, 2015, compared to $2.9 million for the six months ended June 30, 2014. This increase was mainly attributable to the third party collection fees incurred by our new European operations.

Outside Fees and Services

Outside fees and services expenses were $25.3 million for the six months ended June 30, 2015, an increase of $2.4 million, or 10.5%, compared to outside fees and services expenses of $22.9 million for the six months ended June 30, 2014. The increase was mainly attributable to the outside fees and services expenses incurred by our new European operations partially offset by an incremental decrease of $6.3 million of transaction and integration costs incurred in the six months ended June 30, 2015 related to the Aktiv acquisition as compared to the six months ended June 30, 2014.

Communication

Communication expenses were $18.5 million for the six months ended June 30, 2015, an increase of $1.8 million, or 10.8%, compared to communication expenses of $16.7 million for the six months ended June 30, 2014. The increase was largely due to expenses incurred by our new European operations.

Rent and Occupancy

Rent and occupancy expenses were $7.0 million for the six months ended June 30, 2015, an increase of $2.3 million, or 48.9%, compared to rent and occupancy expenses of $4.7 million for the six months ended June 30, 2014. The increase was primarily due to the rent and occupancy expense incurred by our new European operations.

Depreciation and Amortization

Depreciation and amortization expenses were $9.5 million for the six months ended June 30, 2015, an increase of $1.3 million, or 15.9%, compared to depreciation and amortization expenses of $8.2 million for the six months ended June 30, 2014. The increase was primarily due to the depreciation and amortization expense incurred by our new European operations.

Other Operating Expenses

Other operating expenses were $19.2 million for the six months ended June 30, 2015, an increase of $5.4 million, or 39.1%, compared to other operating expenses of $13.8 million for the six months ended June 30, 2014. The increase was primarily due to other operating expenses incurred by our new European operations.

Interest Expense

Interest expense was $28.2 million and $9.9 million for the six months ended June 30, 2015 and 2014, respectively. The increase was primarily due to the additional financing needed to facilitate the closing of the Aktiv acquisition and the additional interest incurred on the Aktiv assumed debt and interest rate swap contracts.

Net Foreign Currency Transaction Gain/(Loss)

We recorded a net foreign currency transaction gain of $10.4 million for the six months ended June 30, 2015 compared to a net foreign currency transaction loss of $6.2 million for the six months ended June 30, 2014. The increase was due to our foreign operations as certain of our foreign entities conduct operations in currencies different from their functional currency which generate foreign currency transaction gains and losses. In addition, during the six months ended June 30, 2014, we recorded a $6.2 million foreign currency transaction loss incurred as a result of us entering into foreign currency exchange rate forward contracts to acquire

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518 million Euros in anticipation of closing the acquisition of Aktiv. As a result of the strengthening U.S. dollar relative to the Euro, an unrealized loss on the forward contracts was recognized during the six months ended June 30, 2014.

Provision for Income Taxes

Provision for income taxes was $57.6 million for the six months ended June 30, 2015, an increase of $8.0 million, or 16.1%, compared to provision for income taxes of $49.6 million for the six months ended June 30, 2014. The increase is due partly to an increase of 30.7% in income before taxes for the six months ended June 30, 2015, compared to the six months ended June 30, 2014. During the six months ended June 30, 2015, our effective tax rate was 34.5%, compared to 38.7% for the six months ended June 30, 2014. The decrease was due primarily to having proportionately more income in the year-to-date 2015 period in foreign jurisdictions with lower tax rates than the U.S.

We intend for predominantly all foreign earnings to be permanently reinvested in our foreign operations. If foreign earnings were repatriated, we would need to accrue and pay taxes; however, foreign tax credits would be available to partially reduce U.S. income taxes. The amount of cash on hand related to foreign operations with permanently reinvested earnings was $29.5 million and $8.8 million as of June 30, 2015 and 2014, respectively.

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Supplemental Performance Data

Finance Receivables Portfolio Performance:

The following tables show certain data related to our finance receivables portfolio. These tables describe the purchase price, actual cash collections and future estimates of cash collections, income recognized on finance receivables (gross and net of allowance charges/(reversals)), principal amortization, allowance charges/(reversals), net finance receivable balances, and the ratio of total estimated collections to purchase price (which we refer to as purchase price multiple) as well as the original purchase price multiple. Certain adjustments, as noted in the footnotes to these tables, have been made to reduce the impact of foreign currency fluctuations on purchase price multiples.

Further, these tables disclose our Americas and European Core portfolios and our Americas and European Insolvency portfolios. The accounts represented in the Insolvency tables are those portfolios of accounts that were in an insolvency status at the time of purchase. This contrasts with accounts in our Core portfolios that file for bankruptcy/insolvency protection after we purchase them, which continue to be tracked in their corresponding Core portfolio. Core customers sometimes file for bankruptcy/insolvency protection subsequent to our purchase of the related Core portfolio. When this occurs, we adjust our collection practices accordingly to comply with bankruptcy/insolvency rules and procedures; however, for accounting purposes, these accounts remain in the related Core portfolio. Conversely, Insolvency accounts may be dismissed voluntarily or involuntarily subsequent to our purchase of the related Insolvency portfolio. Dismissal occurs when the terms of the bankruptcy are not met by the petitioner. When this occurs, we are typically free to pursue collection outside of bankruptcy procedures; however, for accounting purposes, these accounts remain in the related Insolvency pool.

Purchase price multiples can vary over time due to a variety of factors including pricing competition, supply levels, age of the receivables purchased, and changes in our operational efficiency. For example, increased pricing competition during the 2005 to 2008 period negatively impacted purchase price multiples of our Core portfolio compared to prior years. Conversely, during the 2009 to 2011 period, pricing disruptions occurred as a result of the economic downturn. This created unique and advantageous purchasing opportunities, particularly within the Insolvency market, relative to the prior four years.

When competition increases and/or supply decreases, pricing often becomes negatively impacted relative to expected collections, and yields tend to trend lower. The opposite tends to occur when competition decreases and/or supply increases.

Purchase price multiples can also vary among types of finance receivables. For example, we incur lower collection costs on our Insolvency portfolio compared with our Core portfolio. This allows us, in general, to pay more for an Insolvency portfolio and experience lower purchase price multiples, while generating similar internal rates of return, net of expenses, when compared with a Core portfolio.

Within a given portfolio type, to the extent that lower purchase price multiples are the result of more competitive pricing and lower yields, this will generally lead to higher amortization rates (payments applied to principal as a percentage of cash collections) and lower profitability. As portfolio pricing becomes more favorable on a relative basis, our profitability will tend to increase. Profitability within given Core portfolio types may also be impacted by the age and quality of the receivables, which impact the cost to collect those accounts.

The numbers presented in the following tables represent gross cash collections and do not reflect any costs to collect; therefore, they may not represent relative profitability. We continue to make enhancements to our analytical abilities, with the intent to collect more cash at a lower cost. To the extent we can improve our collection operations by collecting additional cash from a discrete quantity and quality of accounts, and/or by collecting cash at a lower cost structure, we can positively impact profitability.

Revenue recognition under FASB ASC Topic 310-30 “Loans and Debt Securities Acquired with Deteriorated Credit Quality” (“ASC 310-30”) is driven by estimates of total collections as well as the timing of those collections. We record new portfolio purchases based on our best estimate of the cash flows expected at acquisition, which reflects the uncertainties inherent in the purchase of past due loans and the results of our underwriting process. Subsequent to the initial booking, as we gain collection experience and confidence with a pool of accounts, we continuously update ERC. These processes, along with the aforementioned operational enhancements, have tended to cause the ratio of ERC to purchase price for any given year of buying to gradually increase over time. As a result, our estimate of total

collections has often increased as pools have aged. Thus, all factors being equal in terms of pricing, one would typically tend to see a higher collection to purchase price ratio from a pool of accounts that was six years from purchase than say a pool that was just two years from purchase.

Due to all the factors described above, readers should be cautious when making comparisons of purchase price multiples among periods and between types of receivables.

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Purchase period	Purchase Price [3]	Net Finance Receivables [4]	Estimated Remaining Collections [5]	Total Estimated Collections [6]	Current Purchase Price Multiple	Original Purchase Price Multiple [2]
Americas-Core						
1996-2004	$254,735	$—	$10,938	$1,111,638	436%	300%
2005	113,865	4,872	14,456	291,156	256%	221%
2006	90,039	5,303	12,447	197,230	219%	225%
2007	179,837	14,129	42,923	445,114	248%	227%
2008	166,522	15,158	36,528	374,697	225%	220%
2009	125,271	8,512	61,249	452,025	361%	252%
2010	148,378	17,224	95,933	525,678	354%	247%
2011	210,199	39,350	175,826	714,807	340%	245%
2012	254,939	93,485	278,636	711,042	279%	226%
2013	392,034	202,477	541,226	1,001,280	255%	211%
2014	406,170	294,767	656,130	885,884	218%	204%
YTD 2015	237,801	223,966	458,406	491,610	207%	207%
Subtotal	2,579,790	919,243	2,384,698	7,202,161		
Americas-Insolvency						
1996-2004	7,468	—	23	14,600	196%	174%
2005	29,301	29	128	43,915	150%	142%
2006	17,627	65	254	32,181	183%	139%
2007	78,525	285	998	106,117	135%	150%
2008	108,582	1,410	2,401	169,094	156%	163%
2009	156,017	—	14,785	477,291	306%	214%
2010	209,117	1,953	32,985	557,044	266%	184%
2011	181,697	26,772	60,892	351,817	194%	155%
2012	252,132	71,494	99,807	357,648	142%	136%
2013	228,252	105,549	144,672	322,418	141%	133%
2014	149,820	101,071	128,036	190,990	127%	124%
YTD 2015	35,523	35,616	44,911	45,149	127%	127%
Subtotal	1,454,061	344,244	529,892	2,668,264		
Total Americas	4,033,851	1,263,487	2,914,590	9,870,425		
Europe-Core						
2012	20,448	318	1,902	29,936	146%	187%
2013	20,377	3,983	6,104	25,672	126%	119%
2014 [1]	776,189	615,001	1,506,916	1,807,899	233%	208%
YTD 2015	110,824	109,253	170,772	176,655	159%	159%
Subtotal	927,838	728,555	1,685,694	2,040,162		
Europe-Insolvency						
2014	11,629	9,498	13,648	15,315	132%	129%
YTD 2015	11,347	11,012	13,159	13,674	121%	121%
Subtotal	22,976	20,510	26,807	28,989		
Total Europe [3]	950,814	749,065	1,712,501	2,069,151		
Total PRA Group	$4,984,665	$2,012,552	$4,627,091	$11,939,576		

(1) The amount reflected in the purchase price column includes the acquisition date finance receivable portfolio that was acquired in connection with the Aktiv acquisition.

(2) The original purchase price multiple represents the initial full year purchase price multiple in the year of acquisition. For 2015, it represents the year-to-date purchase price multiple for 2015.
(3) For our international amounts, purchase price adjustments that occur in 2015 are presented at the period end exchange rate for the respective year of purchase.
(4) For our international amounts, net finance receivables are presented at the June 30, 2015 exchange rate.
(5) For our international amounts, ERC is presented at the period end exchange rate for the respective year of purchase.
(6) For our international amounts, total estimated collections is computed as ERC plus life-to-date cash collections translated using average exchange rates in the period of collection.

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Below includes data for the first half of 2015 on our portfolios including cash collections, revenue, amortization, allowance charges/(reversals), net finance receivable revenue and net finance receivable balances on our consolidated balance sheet:

Purchase period	Purchase Price [2]	Cash Collections [3]	Gross Revenue [3]	Amortization [3]	Allowance [3]	Net Revenue [3]	Net Finance Receivables [4]
Americas-Core							
1996-2004	$254,735	$5,180	$5,180	$—	$—	$5,180	$—
2005	113,865	2,535	1,754	781	(25)	1,779	4,872
2006	90,039	2,175	1,332	843	(150)	1,482	5,303
2007	179,837	7,750	5,282	2,468	(200)	5,482	14,129
2008	166,522	7,634	4,458	3,176	(450)	4,908	15,158
2009	125,271	14,046	11,029	3,017	—	11,029	8,512
2010	148,378	21,283	17,035	4,248	770	16,265	17,224
2011	210,199	41,128	33,828	7,300	2,025	31,803	39,350
2012	254,939	55,719	40,702	15,017	4,050	36,652	93,485
2013	392,034	110,591	72,213	38,378	—	72,213	202,477
2014	406,170	136,964	64,921	72,043	—	64,921	294,767
YTD 2015	237,801	33,204	19,321	13,883	—	19,321	223,966
Subtotal	2,579,790	438,209	277,055	161,154	6,020	271,035	919,243
Americas-Insolvency							
1996-2004	7,468	12	12	—	—	12	—
2005	29,301	44	22	22	(15)	37	29
2006	17,627	101	68	33	(40)	108	65
2007	78,525	274	126	148	(50)	176	285
2008	108,582	621	211	410	(100)	311	1,410
2009	156,017	3,753	3,760	(7)	—	3,760	—
2010	209,117	31,465	21,694	9,771	—	21,694	1,953
2011	181,697	40,761	23,116	17,645	—	23,116	26,772
2012	252,132	42,701	10,087	32,614	—	10,087	71,494
2013	228,252	42,622	13,404	29,218	—	13,404	105,549
2014	149,820	25,913	6,830	19,083	—	6,830	101,071
YTD 2015	35,523	240	333	(93)	—	333	35,616
Subtotal	1,454,061	188,507	79,663	108,844	(205)	79,868	344,244
Total Americas	4,033,851	626,716	356,718	269,998	5,815	350,903	1,263,487
Europe-Core							
2012	20,448	1,793	1,460	333		1,460	318
2013	20,377	3,961	3,281	680	700	2,581	3,983
2014 [1]	776,189	148,842	92,139	56,703	—	92,139	615,001
YTD 2015	110,824	5,882	865	5,017	—	865	109,253
Subtotal	927,838	160,478	97,745	62,733	700	97,045	728,555
Europe-Insolvency							
2014	11,629	1,662	327	1,335	—	327	9,498
YTD 2015	11,347	515	192	323	—	192	11,012
Subtotal	22,976	2,177	519	1,658	—	519	20,510
Total Europe	950,814	162,655	98,264	64,391	700	97,564	749,065

Total PRA Group	$4,984,665	$789,371	$454,982	$334,389	$6,515	$448,467	$2,012,552

(1) The amount reflected in the purchase price column includes the acquisition date finance receivable portfolio that was acquired in connection with the Aktiv acquisition.
(2) For our international amounts, purchase price adjustments that occurred in 2015 are presented at the period end exchange rate for the respective year of purchase.
(3) For our international amounts, amounts are presented using the average exchange rates during the current reporting period.
(4) For our international amounts, net finance receivables are presented at the June 30, 2015 exchange rate.

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The following graph shows the purchase price of our portfolios by year for the last ten years.

(1) Excludes the $27.9 million and $34.7 million investment in a securitized fund in Poland during the six months ended June 30, 2015 and December 31, 2014, respectively.
(2) 2014 figures include the acquisition date finance receivable portfolio that was acquired in connection with the Aktiv acquisition.

We did not have any Europe-Insolvency purchases prior to 2014.
As shown in the above chart, the composition of our purchased portfolios shifted in favor of Insolvency accounts in 2009 and 2010, before returning to equilibrium with Core in 2011 and 2012. Between 2013 and the first six months of 2015, Core purchases exceeded those of Insolvency accounts. We began buying Insolvency accounts during 2004 and slowly increased the volume of accounts we acquired through 2006 as we tested our models, refined our processes and validated our operating assumptions. After observing a high level of modeling confidence in our early purchases, we began increasing our level of purchases more dramatically commencing in 2007.
Our ability to profitably purchase and liquidate pools of Insolvency accounts provides diversity to our distressed asset acquisition business. Although we generally buy Insolvency portfolios from many of the same consumer lenders from whom we acquire Core customer portfolios, the volumes and pricing characteristics as well as the competitors are different. Based upon market dynamics, the profitability of portfolios purchased in the Insolvency and Core markets may differ over time. We have found periods when Insolvency accounts were more profitable and other times when Core accounts were more profitable. A primary driver of portfolio profitability is determined by the amount of purchase price relative to the expected returns of the acquired portfolios. When pricing becomes more competitive due to reduced portfolios available for purchase or increased demand from competitors entering or increasing their presence in the market, prices tend to go up, driving down the purchase price multiple and lowering the overall expected returns. When pricing relaxes due to market dynamics, purchase price multiples tend to increase, thereby increasing the overall expected returns.
In order to collect our Core portfolios, we generally need to employ relatively higher amounts of labor and incur additional collection costs to generate each dollar of cash collections as compared with Insolvency portfolios. In order to achieve acceptable levels of net return on investment (after direct expenses), we are generally targeting a total cash collections to purchase price multiple in the 2.0-3.0x range. On the other hand, Insolvency accounts generate the majority of their cash collections through the efforts of bankruptcy courts and trustees. In this process, cash is remitted to our Company with no corresponding cost other than the cost of filing claims at the time of purchase, court fees associated with the filing of ownership claim transfers and general administrative costs for monitoring the progress of each account through the bankruptcy process. As a result, overall collection costs are much lower for us when liquidating a pool of Insolvency accounts as compared to a pool of Core accounts, but conversely the price we pay for Insolvency accounts is generally higher than Core accounts. We generally target similar net returns on investment (measured after direct expenses) for Insolvency and Core portfolios at any given point in the market cycles. However, because of the lower related collection costs, we can pay more for Insolvency portfolios, which causes the estimated total cash collections to purchase price multiples of Insolvency pools generally to be in the 1.2-2.0x range. In summary, compared to a similar investment in a pool of Core accounts, to the extent both pools had identical targeted net returns on investment (measured after direct expenses), the Insolvency pool would be expected to generate less revenue, less direct expenses, similar operating income, and a higher operating margin.

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As a result of these purchase price and collection cost dynamics, the mix of our portfolios dictates the relative profitability we realize in a given year. We minimize the impact of higher pricing, to the degree possible, with increased analytics used to score accounts and determine on which accounts to focus our collection efforts.

We utilize a long-term approach to collecting our owned portfolios of receivables. This approach has historically caused us to realize significant cash collections and revenues from purchased portfolios of finance receivables years after they are originally acquired. As a result, we have in the past been able to temporarily reduce our level of current period acquisitions without a material negative current period impact on cash collections and revenue.

The following tables illustrate historical cash collections, by year, on our portfolios.

($ in thousands)		Cash Collection Period										
Purchase Period	Purchase Price [2]	1996 -2004	2005	2006	2007	2008	2009	2010	2011	2012 [3]	2013 [3]	2014 [3]	YTD 2015[3]
Americas-Core													
1996-2004	$254,735	$466,629	$167,854	$134,321	$94,072	$58,820	$44,275	$35,586	$31,123	$24,873	$17,648	$13,061	$5,180
2005	113,865	—	15,191	59,645	57,928	42,731	30,048	22,351	16,768	13,052	9,747	6,703	2,535
2006	90,039	—	—	17,363	43,737	34,038	25,351	19,522	16,664	11,895	8,316	5,724	2,175
2007	179,837	—	—	—	39,413	87,039	69,175	60,230	50,995	39,585	28,244	19,759	7,750
2008	166,522	—	—	—	—	47,253	72,080	62,363	53,654	42,850	31,307	21,027	7,634
2009	125,271	—	—	—	—	—	40,703	95,627	84,339	69,385	51,121	35,555	14,046
2010	148,378	—	—	—	—	—	—	47,076	113,554	109,873	82,014	55,946	21,283
2011	210,199	—	—	—	—	—	—	—	61,972	174,461	152,908	108,513	41,128
2012	254,939	—	—	—	—	—	—	—	—	56,901	173,589	146,198	55,719
2013	392,034	—	—	—	—	—	—	—	—	—	101,614	247,849	110,591
2014	406,170	—	—	—	—	—	—	—	—	—	—	92,660	136,964
YTD 2015	237,801	—	—	—	—	—	—	—	—	—	—	—	33,204
Subtotal	2,579,790	466,629	183,045	211,329	235,150	269,881	281,632	342,755	429,069	542,875	656,508	752,995	438,209
Americas-Insolvency													
2004	7,468	743	4,554	3,956	2,777	1,455	496	164	149	108	90	74	12
2005	29,301	—	3,777	15,500	11,934	6,845	3,318	1,382	466	250	169	102	44
2006	17,627	—	—	5,608	9,455	6,522	4,398	2,972	1,526	665	419	261	101
2007	78,525	—	—	—	2,850	27,972	25,630	22,829	16,093	7,551	1,206	714	274
2008	108,582	—	—	—	—	14,024	35,894	37,974	35,690	28,956	11,650	1,884	621
2009	156,017	—	—	—	—	—	16,635	81,780	102,780	107,888	95,725	53,945	3,753
2010	209,117	—	—	—	—	—	—	39,486	104,499	125,020	121,717	101,873	31,465
2011	181,697	—	—	—	—	—	—	—	15,218	66,379	82,752	85,816	40,761
2012	252,132	—	—	—	—	—	—	—	—	17,388	103,610	94,141	42,701
2013	228,252	—	—	—	—	—	—	—	—	—	52,528	82,596	42,622
2014	149,820	—	—	—	—	—	—	—	—	—	—	37,045	25,913
YTD 2015	35,523	—	—	—	—	—	—	—	—	—	—	—	240
Subtotal	1,454,061	743	8,331	25,064	27,016	56,818	86,371	186,587	276,421	354,205	469,866	458,451	188,507
Europe-Core													
2012	20,448	—	—	—	—	—	—	—	—	11,604	8,995	5,641	1,793
2013	20,377	—	—	—	—	—	—	—	—	—	7,068	8,540	3,961
2014 [1]	776,189	—	—	—	—	—	—	—	—	—	—	153,180	148,842
YTD 2015	110,824	—	—	—	—	—	—	—	—	—	—	—	5,882
Subtotal	927,838	—	—	—	—	—	—	—	—	11,604	16,063	167,361	160,478
Europe-Insolvency													
2014	11,629	—	—	—	—	—	—	—	—	—	—	5	1,662
YTD 2015	11,347	—	—	—	—	—	—	—	—	—	—	—	515
Subtotal	22,976	—	—	—	—	—	—	—	—	—	—	5	2,177

Total	4,984,665	467,372	191,376	236,393	262,166	326,699	368,003	529,342	705,490	908,684	1,142,431	1,378,812	289,37[illegible]

(1) The amount reflected in the purchase price column includes the acquisition date finance receivable portfolio that was acquired in connection with the Aktiv acquisition.
(2) For our international amounts, purchase price adjustments that occurred in 2015 are presented at the period end exchange rate for the respective year of purchase.
(3) For our international amounts, cash collections are presented using the average exchange rates during the cash collection period.

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Collections Productivity (Domestic Portfolio)

The following tables display various collections productivity measures that we track.

Cash Collections per Collector Hour Paid (Domestic Portfolio)

	Core cash collections [1]				
	2015	2014	2013	2012	2011
Q1	$247	$223	$193	$166	$162
Q2	245	220	190	169	154
Q3	—	217	191	171	152
Q4	—	203	190	150	137

	Total cash collections [2]				
	2015	2014	2013	2012	2011
Q1	$350	$337	$304	$258	$241
Q2	344	354	315	275	243
Q3	—	338	310	279	249
Q4	—	310	308	245	228

	Non-legal cash collections [3]				
	2015	2014	2013	2012	2011
Q1	$294	$282	$251	$216	$204
Q2	288	293	261	225	205
Q3	—	280	259	230	212
Q4	—	259	256	200	194

	Non-legal/non-insolvency cash collections [4]				
	2015	2014	2013	2012	2011
Q1	$191	$167	$140	$125	$125
Q2	188	158	137	120	116
Q3	—	159	140	122	115
Q4	—	151	138	105	103

(1) Represents total cash collections less Insolvency cash collections from trustee-administered accounts. This metric includes cash collections from Insolvency accounts administered by the Core call center as well as cash collections generated by our internal staff of legal collectors. This calculation does not include hours paid to our internal staff of legal collectors or to employees processing the required notifications to trustees on Insolvency accounts.

(2) Represents total cash collections (assigned and unassigned) divided by total hours paid (including holiday, vacation and sick time) to collectors (including those in training).

(3) Represents total cash collections less external legal cash collections. This metric includes internal legal collections and all insolvency collections and excludes any hours associated with either of those functions.

(4) Represents total cash collections less external legal cash collections and less Insolvency cash collections from trustee-administered accounts. This metric does not include any labor hours associated with the Insolvency or legal (internal or external) functions but does include internally-driven cash collections from the internal legal channel.

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The following chart illustrates the excess of our cash collections on our owned portfolios over income recognized on finance receivables on a quarterly basis. The difference between cash collections and income recognized on finance receivables is referred to as payments applied to principal. It is also referred to as amortization of purchase price. This amortization is the portion of cash collections that is used to recover the cost of the portfolio investment represented on the balance sheet.

(1) Includes cash collections on finance receivables only and excludes cash proceeds from sales of defaulted consumer receivables.

Seasonality

Cash collections tend to be higher in the first and second quarters of the year and lower in the third and fourth quarters of the year. This is due to customer payment patterns in connection with seasonal employment trends, income tax refunds and holiday spending habits. Historically, our growth has partially offset the impact of this seasonality.

The following table displays our quarterly cash collections by source, for the periods indicated.

Cash Collections by Geography and Type(amounts in thousands)	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Americas-Core	$218,838	$219,371	$185,921	$189,027	$190,229	$187,818	$158,828	$166,805
Americas-Insolvency	92,974	95,533	103,104	110,544	124,101	120,702	114,384	120,576
Europe-Core	76,602	83,876	84,398	73,172	4,944	4,847	5,714	4,270
Europe-Insolvency	1,210	967	5	—	—	—	—	—
Total Cash Collections	$389,624	$399,747	$373,428	$372,743	$319,274	$313,367	$278,926	$291,651

The following table provides additional details on the composition of our Core cash collections in the United States for the periods indicated.

Core Cash Collections by Source - Domestic Portfolio Only

Cash Collection Source (amounts in thousands)	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Call Center and Other Collections	$121,148	$122,316	$95,784	$92,814	$90,128	$92,889	$78,661	$85,243
External Legal Collections	49,995	49,578	46,761	49,930	55,011	50,990	46,066	48,274
Internal Legal Collections	42,482	42,464	38,157	41,400	45,090	43,939	34,101	33,288
Total Core Cash Collections - Domestic Only	$213,625	$214,358	$180,702	$184,144	$190,229	$187,818	$158,828	$166,805

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Portfolios by Type and Geography (Domestic Portfolio)

The following table categorizes our life to date domestic portfolio purchases as of June 30, 2015, into the major asset types represented (amounts in thousands):

Account Type	No. of Accounts	%		Face Value [1]	%		Original Purchase Price [2]	%	
Major Credit Cards	21,340	54	%	$56,977,514	67	%	$2,511,552	61	%
Consumer Finance	6,714	17		8,720,192	10		156,371	4	
Private Label Credit Cards	10,697	27		14,354,682	17		1,262,830	31	
Auto Deficiency	678	2		4,837,651	6		156,883	4	
Total	39,429	100	%	$84,890,039	100	%	$4,087,636	100	%

(1) "Face Value" represents the original face amount purchased from sellers and has not been reduced by any adjustments including payments and buybacks.

(2) "Original Purchase Price" represents the cash paid to sellers to acquire portfolios of defaulted consumer receivables and has not been reduced by any adjustments, including payments and buybacks.

The following table summarizes our life to date domestic portfolio purchases as of June 30, 2015, into the delinquency categories represented (amounts in thousands).

Account Type	No. of Accounts	%		Face Value [1]	%		Original Purchase Price [2]	%	
Fresh	4,202	11	%	$9,375,823	11	%	$1,105,824	27	%
Primary	5,035	13		9,669,495	11		575,146	14	
Secondary	8,656	22		11,648,546	14		575,139	14	
Tertiary	4,852	12		6,774,111	8		134,490	3	
Insolvency	5,852	15		23,809,269	28		1,518,853	37	
Other	10,832	27		23,612,795	28		178,184	5	
Total	39,429	100	%	$84,890,039	100	%	$4,087,636	100	%

(1) "Face Value" represents the original face amount purchased from sellers and has not been reduced by any adjustments including payments and buybacks.

(2) "Original Purchase Price" represents the cash paid to sellers to acquire portfolios of defaulted consumer receivables and has not been reduced by any adjustments, including payments and buybacks.

We review the geographic distribution of accounts within a portfolio because we have found that state specific laws and rules can have an effect on the collectability of accounts located there. In addition, economic factors and insolvency trends vary regionally and are factored into our maximum purchase price equation.

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The following table summarizes our life to date domestic portfolio purchases as of June 30, 2015, by geographic location (amounts in thousands):

Geographic Distribution	No. of Accounts	%		Face Value [1]	%		Original Purchase Price [2]	%	
California	4,280	11	%	$11,175,531	13	%	$ 510,102	12	%
Texas	5,304	13		9,090,127	11		358,653	9	
Florida	3,162	8		7,935,579	9		360,289	9	
New York	2,275	6		4,968,725	6		215,500	5	
Ohio	1,798	5		3,189,828	4		167,155	4	
Pennsylvania	1,443	4		3,109,262	4		149,707	4	
Illinois	1,491	4		3,053,984	4		160,771	4	
North Carolina	1,434	4		3,013,143	4		144,428	4	
Georgia	1,310	3		2,822,681	3		160,275	4	
Other[3]	16,932	42		36,531,179	42		1,860,756	45	
Total	39,429	100	%	$84,890,039	100	%	$ 4,087,636	100	%

(1) "Face Value" represents the original face amount purchased from sellers and has not been reduced by any adjustments, including payments and buybacks.

(2) "Original Purchase Price" represents the cash paid to sellers to acquire portfolios of defaulted consumer receivables and has not been reduced by any adjustments, including payments and buybacks.

(3) Each state included in “Other” represents less than 3% of the face value of total defaulted consumer receivables.

Portfolio Purchasing

The following table displays our quarterly portfolio purchases for the periods indicated.

Portfolio Purchase Source (amounts in thousands)	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Americas-Core	$98,317	$138,498	$119,714	$118,018	$91,904	$79,085	$65,759	$89,044
Americas-Insolvency	19,111	16,437	24,949	38,535	16,187	72,003	31,987	41,794
Europe-Core [1] [2]	88,499	21,579	123,194	734,803	1,121	1,626	1,763	11,037
Europe-Insolvency	2,450	8,510	11,625	—	—	—	—	—
Total Portfolio Purchasing	$208,377	$185,024	$279,482	$891,356	$109,212	$152,714	$99,509	$141,875

(1) Excludes the $27.9 million and $34.7 million investments in a securitized fund in Poland during the three months ended March 31, 2015 and December 31, 2014, respectively.

(2) The amount reflected in the Q3-2014 column includes the acquisition date finance receivable portfolio that was acquired in connection with the Aktiv acquisition.

Investments in Securitized Assets

We hold a majority interest in a closed-end Polish investment fund. The fund was formed in December 2014 to acquire portfolios of nonperforming consumer loans in Poland. Our investment consists of a 100% interest in the Series B certificates and a 20% interest in the Series C certificates. Each certificate comes with one vote and is governed by a co-investment agreement. Series C certificates, which share equally in the residual profit of the fund, are accounted for as debt securities classified as available-for-sale and are stated at fair value. Income is recognized using the effective yield method.

The total initial investment by the Polish investment fund in finance receivables is $62.6 million. The gross estimated remaining collections and gross total estimated collections, related to our proportional ownership of the fund, are $120.5 million and $128.5 million, respectively, at June 30, 2015. Our investment revenue is generated from the net collections of the fund (cash collections less direct expenses) which is estimated to be $95.4 million at June 30, 2015.

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Estimated Remaining Collections

The following chart shows our ERC by geographical region at June 30, 2015 (amounts in millions).

Liquidity and Capital Resources

Historically, our primary sources of cash have been cash flows from operations, bank borrowings, and convertible debt and equity offerings. Cash has been used for acquisitions of finance receivables portfolios, corporate acquisitions, repurchase of our common stock, repayments of bank borrowings, operating expenses, purchases of property and equipment, and working capital to support our growth.

As of June 30, 2015, cash and cash equivalents totaled $56.8 million, compared to $39.7 million at December 31, 2014. We had $1.50 billion in borrowings outstanding as of June 30, 2015, with $547.0 million of availability under all of our credit facilities (subject to the borrowing base and applicable debt covenants). See the "Borrowings" section below for more information.

We have in place forward flow and other commitments for the purchase of defaulted consumer receivables in which the maximum amount that could be purchased is approximately $618.8 million as of June 30, 2015. Additionally we may enter into new or renewed flow commitments and close on spot transactions in addition to the aforementioned flow agreements. We believe that funds generated from operations and from cash collections on finance receivables, together with existing cash and available borrowings under our credit facility will be sufficient to finance our operations, planned capital expenditures, the aforementioned forward flow commitments, and additional, normal-course portfolio purchasing during the next twelve months. Business acquisitions, adverse outcomes in pending litigation or higher than normal levels of portfolio purchasing could require additional financing from other sources.

For domestic income tax purposes, we recognize revenue using the cost recovery method with respect to our receivable purchasing business. The IRS has audited and issued a Notice of Deficiency for the tax years ended December 31, 2005 through 2012. It has asserted that tax revenue recognition using the cost recovery method does not clearly reflect taxable income. We have filed a petition in the United States Tax Court challenging the deficiency and believe we have sufficient support for the technical merits of our positions. On April 30, 2015, the IRS and us filed a joint motion to continue the trial date that was previously set for June 22, 2015. The Tax Court granted the Motion on May 4, 2015. On July 10, 2015 and July 21, 2015, the IRS filed Motions for Summary Judgment for tax years 2008 through 2012 and 2005 through 2007 respectively. On August 7, 2015, we filed a motion requesting that the Tax Court defer its consideration of the IRS’s summary judgment motions until after the parties have completed discovery. If the Motion to Defer is denied, then we will have an opportunity to respond to the IRS's summary judgment motions. If the Tax Court judge grants the Motions for Summary Judgment in favor of the IRS, the Company can appeal to the federal Court of Appeals. If we are unsuccessful in Tax Court and any potential appeals to the federal Circuit Court of Appeals, we may ultimately be required to pay the related deferred taxes, and possibly interest and penalties, which may require additional financing from other sources. Deferred tax liabilities related to this item were $246.2 million at June 30, 2015. Our estimate of the potential federal and state interest is $86.8 million as of June 30, 2015.

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Cash generated from operations is dependent upon our ability to collect on our finance receivables. Many factors, including the economy and our ability to hire and retain qualified collectors and managers, are essential to our ability to generate cash flows. Fluctuations in these factors that cause a negative impact on our business could have a material impact on our future cash flows.

On December 10, 2014, the Company's board of directors authorized a new share repurchase program to purchase up to $100 million of the Company's outstanding shares of common stock on the open market. Repurchases depend on prevailing market conditions and other factors. The repurchase program may be suspended or discontinued at any time. During the first quarter of 2015, we purchased 1,477,600 shares of our common stock under the new share repurchase program at an average price of $52.65 per share. There were no share repurchases during the three months ended June 30, 2015. At June 30, 2015, the maximum remaining purchase price for share repurchases under the new program is approximately $7.8 million.

Our operating activities provided cash of $96.1 million and $108.6 million for the six months ended June 30, 2015 and 2014, respectively. In these periods, cash from operations was generated primarily from net income earned through cash collections and fee income received for the period.

Our investing activities used cash of $51.8 million and provided cash of $6.8 million during the six months ended June 30, 2015 and 2014, respectively. Cash used in investing activities is primarily driven by acquisitions of defaulted consumer receivables and purchases of property and equipment. Cash provided by investing activities is primarily driven by cash collections applied to principal on finance receivables. The majority of the change in cash used in investing activities was due to an increase in acquisitions of finance receivables, to $387.9 million for the six months ended June 30, 2015, from $252.2 million for the six months ended June 30, 2014, offset by an increase in collections applied to principal on finance receivables to $340.9 million for the six months ended June 30, 2015, from $272.2 million for the six months ended June 30, 2014.

Our financing activities used cash of $17.3 million and $0.8 million during the six months ended June 30, 2015 and 2014, respectively. Cash for financing activities is normally provided by draws on our line of credit. Cash used in financing activities is primarily driven by principal payments on our lines of credit, principal payments on long-term debt and repurchases of our common stock. The increase in cash used by financing activities was primarily due to repurchases of our common stock and principal payments on long-term debt partially offset by the net borrowings on our credit facility. During the six months ended June 30, 2015, we repurchased $77.8 million of our common stock compared to $0 for the six months ended June 30, 2014. During the six months ended June 30, 2015, we had payments on long-term debt of $37.5 million compared to $5.0 million for the six months ended June 30, 2014. This was partially offset by net borrowings on our lines of credit of $91.6 million for the six months ended June 30, 2015, compared to $0 during the six months ended June 30, 2014.

Cash paid for interest was $22.9 million and $7.6 million for the six months ended June 30, 2015 and 2014, respectively. Interest was paid on our revolving credit facilities, long-term debt, convertible debt and our interest rate swap agreements. The increase during the six months ended June 30, 2015 as compared to the six months ended June 30, 2014, was due mainly to the interest paid on the debt assumed and additional funding required for the Aktiv acquisition. Cash paid for income taxes was $49.6 million and $25.4 million for the six months ended June 30, 2015 and 2014, respectively.

Borrowings

Domestic Revolving Credit and Term Loan

We have a credit facility with Bank of America, N.A., as administrative agent, and a syndicate of lenders named therein (the “Credit Agreement”). The total credit facility under the Credit Agreement includes an aggregate principal amount of $827.5 million (subject to compliance with a borrowing base and applicable debt covenants), which consists of (i) a fully funded $177.5 million term loan, (ii) a $630 million domestic revolving credit facility, of which $185.5 million is available to be drawn, and (iii) a $20 million multi-currency revolving credit facility, of which $2.0 million is available to be drawn. The facilities all mature on December 19, 2017. Our revolving credit facility includes a $20.0 million swingline loan sublimit and a $20.0 million letter of credit sublimit. The Credit Agreement is secured by a first priority lien on substantially all of our assets.

Borrowings outstanding on this credit facility at June 30, 2015 consisted of $177.5 million outstanding on the term loan with an annual interest rate as of June 30, 2015 of 2.69% and $462.5 million outstanding in 30-day Eurodollar rate loans on the revolving facility with a weighted average interest rate of 2.72%. At December 31, 2014, the Company's borrowings on this credit facility consisted of $185.0 million outstanding on the term loan with an annual interest rate as of December 31, 2014 of 2.67% and $409.0 million outstanding in 30-day Eurodollar rate loans on the revolving facility with a weighted average interest rate of 2.68%.

Seller Note Payable

In conjunction with the closing of the Aktiv business acquisition on July 16, 2014, we entered into the $169.9 million Seller Note. On May 22, 2015, the Company amended the Seller Note to extend the maturity date to January 19, 2016. The Seller Note

bears interest at the three-month LIBOR plus 3.75%. The quarterly interest due can be paid or added into the Seller Note balance at our option. During the three months ended June 30, 2015, we paid the quarterly interest payment of $1.7 million. At June 30, 2015, the balance due on the Seller Note was $169.9 million with an annual interest rate of 4.03%.

Multicurrency Revolving Credit Facility

On October 23, 2014, we entered into a credit agreement with DNB Bank ASA for a Multicurrency Revolving Credit Facility ("the Multicurrency Revolving Credit Agreement"). Subsequently, two other lenders joined the credit facility, and on June 12, 2015, we entered into a first amendment to the Multicurrency Revolving Credit Agreement ("the Amended Multicurrency Revolving Credit Agreement") which provided, among other things, an increase in the total commitments from $500 million to an aggregate of $750 million, subject to certain requirements, and an increase in the maximum ERC ratio from 28% to 33%, subject to the payment of additional associated fees.

Under the terms of the Amended Multicurrency Revolving Credit Agreement, the credit facility includes an aggregate amount of $750.0 million, of which $319.5 million is available to be drawn, accrues interest at the IBOR plus 2.50-3.30% (as determined by the ERC Ratio as defined in the Amended Multicurrency Revolving Credit Agreement), bears an unused line fee of 0.35% per annum, payable monthly in arrears, and matures on October 23, 2019. The Amended Multicurrency Revolving Credit Agreement also includes an Overdraft Facility aggregate amount of $40.0 million, of which $40.0 million is available to be drawn, accrues interest at the IBOR plus 2.50-3.30% (as determined by the ERC Ratio as defined in the Amended Multicurrency Revolving Credit Agreement), bears a facility line fee of 0.50% per annum, payable quarterly in arrears, and also matures October 23, 2019.

The Amended Multicurrency Revolving Credit Agreement is secured by i) the shares of most of the subsidiaries of Aktiv ii) all intercompany loans to Aktiv's subsidiaries.

At June 30, 2015, the balance on the Amended Multicurrency Revolving Credit Agreement was $430.5 million, with an annual interest rate of 3.23%.

Convertible Senior Notes

On August 13, 2013, we completed the private offering of $287.5 million in aggregate principal amount of the Notes. The Notes were issued pursuant to an Indenture, dated August 13, 2013 (the "Indenture") between us and Wells Fargo Bank, National Association, as trustee. The Indenture contains customary terms and covenants, including certain events of default after which the Notes may be due and payable immediately. The Notes are senior unsecured obligations of the Company and mature onAugust 1, 2020. Interest on the Notes is payable semi-annually, in arrears, on February 1 and August 1 of each year, beginning as of February 1, 2014.

We believe we were in compliance with all covenants under our financing arrangements as of June 30, 2015 and December 31, 2014.

Undistributed Earnings of Foreign Subsidiaries

We intend to use remaining accumulated and future undistributed earnings of foreign subsidiaries to expand operations outside the United States; therefore, such undistributed earnings of foreign subsidiaries are considered to be indefinitely reinvested outside the United States. Accordingly, no provision for federal and state income tax has been provided thereon. If management's intentions change and eligible undistributed earnings of foreign subsidiaries are repatriated, we would be subject to additional U.S. income taxes, net of an adjustment for foreign tax credits, and withholding taxes payable to various foreign jurisdictions, where applicable. This could result in a higher effective tax rate in the period in which such a decision is made to repatriate accumulated or future undistributed foreign earnings. Refer to the Notes of the Consolidated Financial Statements for further information related to our income taxes and undistributed foreign earnings.

Stockholders' Equity

Stockholders' equity was $897.9 million at June 30, 2015 and $902.2 million at December 31, 2014. The decrease was primarily attributable to $77.8 million in share repurchases and a $37.6 million increase in accumulated net foreign currency translation losses. This was partially offset by $109.6 million in net income during the six months ended

June 30, 2015.

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Contractual Obligations

Our contractual obligations as of June 30, 2015 were as follows (amounts in thousands):

	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Operating leases	$39,716	$11,629	$18,487	$7,433	$2,167
Lines of credit [(1)]	1,022,379	28,198	511,128	483,053	—
Long-term debt [(2)]	685,803	199,490	177,250	17,250	291,813
Purchase commitments [(3)]	622,482	552,550	43,093	26,839	—
Employment agreements	22,399	8,167	14,232	—	—
Total	$2,392,779	$800,034	$764,190	$534,575	$293,980

(1) This amount includes estimated interest and unused line fees due on our domestic and multicurrency lines of credit and assumes that the balances on the lines of credit remain constant from the June 30, 2015 balances of $462.5 million and $430.5 million, respectively.

(2) This amount includes scheduled interest and principal payments on our term loans and our convertible debt.

(3) This amount includes the maximum remaining amount to be purchased under forward flow and other contracts for the purchase of defaulted finance receivables in the amount of approximately $618.8 million.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements as defined by Item 303(a)(4) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Recent Accounting Pronouncements

In April 2014, FASB issued ASU 2014-08, that amends the requirements for reporting discontinued operations. ASU 2014-08 requires the disposal of a component of an entity or a group of components of an entity to be reported in discontinued operations if the disposal represents a strategic shift that will have a major effect on the entity’s operations and financial results. ASU 2014-08 also requires additional disclosures about discontinued operations and disclosures about the disposal of a significant component of an entity that does not qualify as a discontinued operation. ASU 2014-08 is effective prospectively for reporting periods beginning after December 15, 2014, with early adoption permitted. We adopted ASU 2014-08 in the first quarter of 2015 which had no material impact on our consolidated financial statements.

In May 2014, FASB issued ASU 2014-09, that updates the principles for recognizing revenue. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also amends the required disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption, with early application not permitted. We are evaluating our implementation approach and the potential impacts of the new standard on our existing revenue recognition policies and procedures.

In June 2014, FASB issued ASU 2014-12, which requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. ASU 2014-12 is effective for annual reporting periods beginning after December 15, 2015, with early adoption permitted. We are evaluating the potential impacts of the new standard on our existing stock-based compensation awards.

In February 2015, FASB issued ASU 2015-02, "Consolidation (Topic 810), Amendments to the Consolidation Analysis" ("ASU 2015-02"). The amendments under the new guidance modify the evaluation of whether limited

partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities and eliminate the presumption that a general partner should consolidate a limited partnership. ASU 2015-02 is effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. A reporting entity also may apply the amendments retrospectively. We are currently evaluating the impact of adopting this guidance on our financial position and results of operations.

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In April 2015, FASB issued ASU 2015-03, “Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs” ("ASU 2015-03"). ASU 2015-03 requires an entity to present debt issuance costs related to a recognized debt liability in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. For public business entities, this update is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. An entity should apply the new guidance on a retrospective basis. We are currently evaluating the impact of adopting this guidance on our financial position and results of operations.

In April 2015, FASB issued ASU 2015-05, “Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement” ("ASU 2015-05"). ASU 2015-05 provides explicit guidance to help companies evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The new guidance clarifies that if a cloud computing arrangement includes a software license, the customer should account for the license consistent with its accounting for other software licenses. If the arrangement does not include a software license, the customer should account for the arrangement as a service contract. For public business entities, this update is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. An entity can elect to adopt the new guidance either prospectively for all arrangements entered into or materially modified after the effective date, or on a retrospective basis. We are currently evaluating the impact of adopting this guidance on our financial position and results of operations.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. Our significant accounting policies are discussed in Note 1 of the Notes to the Consolidated Financial Statements of our 2014 Annual Report on Form 10-K filed on March 2, 2015. Our significant accounting policies are fundamental to understanding our results of operations and financial condition because they require that we use estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets, and liabilities.

Three of these policies are considered to be critical because they are important to the portrayal of our financial condition and results, and because they require management to make judgments and estimates that are difficult, subjective, and complex regarding matters that are inherently uncertain.

We base our estimates on historical experience, current trends and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. If these estimates differ significantly from actual results, the impact on our consolidated financial statements may be material.

Management has reviewed these critical accounting policies with the Company's Audit Committee.

Revenue Recognition - Finance Receivables

We account for our investment in finance receivables under the guidance of ASC 310-30. Revenue recognition for finance receivables accounted for under ASC 310-30 involves the use of estimates and the exercise of judgment on the part of management. These estimates include projections of the quantity and timing of future cash flows and economic lives of our pools of finance receivables. Significant changes in such estimates could result in increased or decreased revenue or the incurrence of allowance charges.

We implement the accounting for income recognized on finance receivables under ASC 310-30 as follows:

We create each accounting pool using our projections of estimated cash flows and expected economic life. We then compute the effective yield that fully amortizes the pool over a reasonable expectation of its economic life based on the current projections of estimated cash flows. As actual cash flow results are recorded, we balance those results to the data contained in our proprietary models to ensure accuracy, then review each pool watching for trends, actual performance versus projections and curve shape (a graphical depiction of the timing of cash flows), regularly re-forecasting future cash flows utilizing our statistical models. The review process is primarily performed by our finance staff; however, our operational and statistical staff are also involved, providing updated statistical input and cash projections to the finance staff. Significant judgment is used in evaluating whether overperformance is due to an increase in projected cash flows or an acceleration of cash flows (a timing difference). If determined to be a significant increase in expected cash flows, we will recognize the effect of the increase prospectively first through an

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adjustment to any previously recognized valuation allowance for that pool and then through an increase in yield. If the overperformance is determined to be due to a timing difference, we will: a) adjust estimated future cash flows downward which effectively extends the amortization period to fall within a reasonable expectation of the pool's economic life, b) adjust future cash flow projections as noted previously coupled with an increase in yield in order for the amortization period to fall within a reasonable expectation of the pool's economic life, or c) take no action at all if the amortization period falls within a reasonable expectation of the pool's expected economic life. To the extent there is underperformance, we will record an allowance if the underperformance is significant and will also consider revising estimated future cash flows based on current period information, or take no action if the pool's amortization period is reasonable and falls within the currently projected economic life.

Valuation of Acquired Intangibles and Goodwill

In accordance with FASB ASC Topic 350, “Intangibles-Goodwill and Other” (“ASC 350”), we amortize intangible assets over their estimated useful lives. Goodwill, pursuant to ASC 350, is not amortized but rather is evaluated for impairment annually and more frequently if indicators of potential impairment exist.

Goodwill is reviewed for potential impairment at the reporting unit level. A reporting unit is an operating segment or one level below. As reporting units are determined after an acquisition or evolve with changes in business strategy, goodwill is assigned to reporting units and it no longer retains its association with a particular acquisition. All of the revenue streams and related activities of a reporting unit, whether acquired or organic, are available to support the value of the goodwill.

We estimate the fair value of our reporting units using the income approach, the market approach and the transaction approach. Depending on the availability of public data and suitable comparables, we may or may not use the market approach and the transaction approach or we may emphasize the results from the approaches differently. Under the income approach, we estimate the fair value of a reporting unit based on the present value of estimated future cash flows and a residual terminal value. Cash flow projections are based on management's estimates of revenue growth rates, operating margins, necessary working capital, and capital expenditure requirements, taking into consideration industry and market conditions. The discount rate used is based on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, we estimate fair value based on market multiples of revenue and earnings derived from comparable publicly-traded companies with operating and investment characteristics similar to the reporting unit. Under the transaction approach, we estimate fair value based on market multiples from comparable transactions where the acquisition target has similar operating and investment characteristics to the reporting unit. The transaction approach is less likely to be used given the lack of publicly available detailed data on transactions for comparable companies.

The Company performs its annual goodwill assessment as of October 1. The option of whether to perform a qualitative assessment or to proceed directly to a two-step quantitative test is made from year-to-year and can vary by reporting unit. At October 1, 2014, we performed a qualitative assessment of our reporting units. Factors we considered in the qualitative assessment include general macroeconomic conditions, industry and market conditions, cost factors, overall financial performance of our reporting units, events or changes affecting the composition or carrying value of the net assets of our reporting units, changes in our share price, and other relevant Company specific events. We also considered the impact of changes in the estimates and assumptions used in our fair value estimates. Based on our evaluation, we determined that our reporting units were not at risk of failing a Step 1 impairment test under ASC 350. We believe that nothing has occurred since the review was performed through June 30, 2015 that would indicate a triggering event and thereby necessitate further evaluation of goodwill or other intangible assets. We expect to perform our next annual goodwill review during the fourth quarter of 2015.

Our goodwill impairment testing involves the use of estimates and the exercise of judgment on the part of management. Our assessment of the qualitative factors discussed above involves significant judgments about expected future business performance and general market conditions. Significant changes in our assessment of such qualitative factors could affect our assessment of the fair value of one or more of our reporting units and could result in a goodwill impairment charge in a future period.

The allocation of the purchase price to the tangible assets and liabilities and identifiable intangible assets acquired requires significant estimates in determining the fair values of assets acquired and liabilities assumed which result in goodwill.

Income Taxes

We are subject to the income tax laws of the various jurisdictions in which we operate, including U.S. federal, state, and local and international jurisdictions. These tax laws are complex and are subject to different interpretations by the taxpayer and the relevant government taxing authorities. When determining our domestic and foreign income tax expense, we must make judgments about application of these inherently complex laws.

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We follow the guidance of FASB ASC Topic 740 "Income Taxes" ("ASC 740") as it relates to the provision for income taxes and uncertainty in income taxes. Accordingly, we record a tax provision for the anticipated tax consequences of the reported results of operations. In accordance with ASC 740, the provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, and for operating losses and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. The evaluation of a tax position in accordance with the guidance is a two-step process. The first step is recognition: the enterprise determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the enterprise should presume that the position will be examined by the appropriate taxing authority that would have full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. We record interest and penalties related to unrecognized tax benefits as a component of income tax expense.

In the event that all or part of the deferred tax assets are determined not to be realizable in the future, a valuation allowance would be established and charged to earnings in the period such determination is made. If we subsequently realize deferred tax assets that were previously determined to be unrealizable, the respective valuation allowance would be reversed, resulting in a positive adjustment to earnings or a decrease in goodwill in the period such determination is made. The establishment or release of a valuation allowance does not have an impact on cash, nor does such an allowance preclude the use of loss carry-forwards or other deferred tax assets in future periods. The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. Resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our results of operations and financial position.

For domestic income tax purposes, we recognize revenue using the cost recovery method with respect to our debt purchasing business. We believe cost recovery to be an acceptable method for companies in the bad debt purchasing industry. Under the cost recovery method, collections on finance receivables are applied first to principal to reduce the finance receivables to zero before any income is recognized.

Our acquisition of Aktiv requires the use of material estimates and increases the complexity of our accounting for income taxes. In addition, we are restructuring Aktiv's corporate organization, which requires valuation estimates and interpretations of complex tax laws in multiple jurisdictions.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Interest Rate Risk

We are subject to interest rate risk from outstanding borrowings on our variable rate credit facilities. As such, our consolidated financial results are subject to fluctuations due to changes in the market rate of interest. We assess this interest rate risk by estimating the increase or decrease in interest expense that would occur due to a change in short-term interest rates. The borrowings on our variable rate credit facilities were $1.2 billion as of June 30, 2015. Assuming a 25 basis point decrease in interest rates, for example, interest expense over the following twelve months would decrease by an estimated $2.7 million. Assuming a 50 basis point increase in interest rates, interest expense over the following twelve months would increase by an estimated $5.4 million.

To reduce the exposure to changes in the market rate of interest, we have entered into interest rate swap agreements for a portion of our floating rate financing arrangements. Terms of the interest rate swap agreements require us to receive a variable interest rate and pay a fixed interest rate. For the majority of our floating rate financing arrangements, we have no interest rate swap agreements in place. At June 30, 2015, approximately 30% of the net borrowings at PRA Europe were hedged, reducing the related currency exchange risk.

The fair value of our interest rate swap agreements was a net liability of $0.9 million at June 30, 2015. A hypothetical 25 basis point decrease in interest rates would cause a decrease in the estimated fair value of our interest rate swap agreements and the resulting estimated fair value would be a liability of $2.2 million at June 30, 2015. Conversely, a hypothetical 50 basis point

increase in interest rates would cause an increase in the estimated fair value of our interest rate swap agreements and the resulting estimated fair value would be an asset of $1.7 million at June 30, 2015.

Currency Exchange Risk

We operate internationally and enter into transactions denominated in foreign currencies, including the euro, the Great British pound, the Canadian dollar, Norwegian kroner, Swiss franc, Danish kroner, Swedish kroner and Polish zloty. In the three months ended June 30, 2015, we generated $54.1 million of revenues from operations outside the United States and used six functional currencies. Weakness in one particular currency might be offset by strength in other currencies over time.

As a result of our international operations, fluctuations in the exchange rates between different currencies could cause us to incur foreign currency transaction and translation gains and losses, and could adversely affect our net income, comprehensive income, and stockholders’ equity. Additionally, our reported financial results could change from period to period due solely to fluctuations between currencies.

Foreign currency transaction gains and losses are the result of the re-measurement of account balances in certain currencies into an entity’s functional currency. Foreign currency transaction gains and losses are included as a component of other income and (expense) in our consolidated income statements.

When an entity’s functional currency is different than the reporting currency of its parent, foreign currency translation adjustments may occur. Foreign currency translation adjustments are included as a component of other comprehensive income/(loss) in our consolidated statements of comprehensive income/(loss) and as a component of stockholders’ equity in our consolidated balance sheets.

We are taking measures to mitigate the impact of foreign currency fluctuations. We have restructured our European operations so that portfolio ownership and collections will generally occur within the same entity. Our European credit facility is a multi-currency facility, allowing us to borrow in the same currency as our entity’s functional currency. We strive to maintain the distribution of our European borrowings within defined thresholds based on the currency composition of our finance receivables portfolios. When those thresholds are exceeded, we engage in foreign exchange spot transactions to mitigate our risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial and Administrative Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, controls may become inadequate because of changes in conditions and the degree of compliance with the policies or procedures may deteriorate. We conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial and Administrative Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and Chief Financial and Administrative Officer have concluded that, as of June 30, 2015, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting. There was no change in our internal control over financial reporting during the fiscal quarter ended June 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. However, because we completed the Aktiv acquisition during the third quarter of 2014, we are still in the process of assessing Aktiv’s controls for design and operating

effectiveness. We intend to complete that assessment in time to include the results in our 2015 annual evaluation of internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Portfolio Recovery Associates, LLC v. Guadalupe Mejia
On May 11, 2015, an unfavorable jury verdict was delivered against the Company in a matter pending in Jackson County, Missouri. The jury awarded Guadalupe Mejia $251,000 in compensatory damages and $82,009,549 in punitive damages (altogether, the "Award") for her counter-claim against the Company, alleging malicious prosecution and impermissible collection practices. The Company believes the verdict and magnitude of the Award to be erroneous and has filed a motion to set aside the Award. Unless reduced or overturned, the Award could have a material adverse effect on the Company's financial condition and/or operations. Refer to Note 10 "Commitments and Contingencies" of our Consolidated Financial Statements for information regarding additional legal and regulatory proceedings in which we are involved.
In addition to the foregoing, we and our subsidiaries are from time to time subject to a variety of routine legal and regulatory claims, inquiries and proceedings, most of which are incidental to the ordinary course of our business. We initiate lawsuits against customers and are occasionally countersued by them in such actions. Also, customers, either individually, as members of a class action, or through a governmental entity on behalf of customers, may initiate litigation against us in which they allege that we have violated a state or federal law in the process of collecting on an account. From time to time, other types of lawsuits are brought against us. While the outcome of any of these routine claims, inquiries or proceedings cannot be predicted with certainty, we do not believe that any of our other pending legal proceedings could reasonably be expected to have a material adverse effect on our financial condition, results of operations and cash flows.

Item 1A. Risk Factors

An investment in our common stock involves a high degree of risk. You should carefully consider the specific risk factors listed under Part I, Item 1A of our 2014 Annual Report on Form 10-K filed on March 2, 2015, together with the additional risk factors discussed below and all other information included herein or incorporated by reference in our reports filed with the SEC. Any such risks may materialize, and additional risks not known to us, or that we now deem immaterial, may arise. In such event, our business, financial condition, results of operations or prospects could be materially adversely affected. If that occurs, the market price of our common stock could fall, and investors could lose all or part of their investment.

Adverse litigation outcomes could have an adverse effect on our results of operations, cash flows and financial position.

It is likely that legal actions, proceedings and other claims arising out of the collection of defaulted consumer receivables will continue to be filed against us, such as the recent Award, and our debt collection affiliates for the foreseeable future. Victories by plaintiffs in highly publicized cases against us or other debt collection companies may stimulate further claims. A material increase in the number of pending claims could significantly increase our defense costs. In addition, adverse outcomes in pending cases could have adverse effects on our operations and financial condition, and our ability to prevail in other related litigation.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information
None.

Item 6. Exhibits

3.1	Amended and Restated By-Laws of PRA Group, Inc. (Incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on May 22, 2015).
10.1	Fourth Amendment, entered into as of June 2, 2015, to the Credit Agreement dated as of December 19, 2012 by and among PRA Group, Inc., its domestic wholly-owned subsidiaries as guarantors, certain lenders, Bank of America, N.A. as administrative agent, swing line lender, and L/C issuer, and certain other agents and arrangers named therein. (Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on June 3, 2015).
10.2	First Amendment, entered into as of June 12, 2015, to the Credit Facility dated as of October 23, 2014 by and among SHCO 54 S.à r.l., a Luxembourg subsidiary of PRA Group, Inc. and its Swiss Branch, SHCO 54 S.à r.l Luxemburg, Zug Branch, along with certain of their affiliates as Guarantors, DNB Bank ASA as the mandated lead arranger, facility agent, bookrunner and security agent, and certain lenders, other agents and arrangers named therein. (Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on June 16, 2015).
31.1	Section 302 Certifications of Chief Executive Officer.
31.2	Section 302 Certifications of Chief Financial and Administrative Officer.
32.1	Section 906 Certifications of Chief Executive Officer and Chief Financial and Administrative Officer.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkable Document
101.LAB	XBRL Taxonomy Extension Label Linkable Document
101.PRE	XBRL Taxonomy Extension Presentation Linkable Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	PRA GROUP, INC. (Registrant)	
Date: August 10, 2015	By:	/s/ Steven D. Fredrickson Steven D. Fredrickson Chief Executive Officer, President and Chairman of the Board of Directors (Principal Executive Officer)
Date: August 10, 2015	By:	/s/ Kevin P. Stevenson Kevin P. Stevenson Chief Financial and Administrative Officer, Executive Vice President, Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)

55

>

—

165

Goodwill

—

—

—

2,614

—

—

2,614

Trademarks
—

—

—

732

—

—

732

Franchise agreements, net
—

—

—

2,842

—

—

2,842

Other intangibles, net
—

—

—

439

—

—

439

Other non-current assets
—

—

68

85

59

—

212

Investment in subsidiaries
(1,508
)

(1,508
)

8,207

181

—

(5,372

)

—

Total assets
$
(1,508
)

$
(1,508
)

$
8,316

$
7,341

$
572

$
(5,403
)

$
7,810

LIABILITIES AND EQUITY (DEFICIT)

Current liabilities:

Accounts payable
$
—

$
—

$
22

$
158

$
10

$
(6
)

$
184

Securitization obligations
—

—

—

—

327

—

327

Intercompany note payable
—

—

—

19

6

(25
)

—

Due to former parent
—

—

80

—

—

—

80

Revolving credit facility and current portion of long-term debt
—

—

267

50

8

—

325

Accrued expenses and other current liabilities
—

—

202

282

36

—

520

Intercompany payables
—

—

2,222

(2,203
)

(19
)

—

—

Total current liabilities
—

—

2,793

(1,694
)

368

(31
)

1,436

Long-term debt
—

—

6,825

—

—

—

6,825

Deferred income taxes
—

—

(604
)

1,494

—

—

890

Other non-current liabilities
—

—

83

61

23

—

167

Intercompany liabilities
—

—

727

(727
)

—

—

—

Total liabilities
—

—

9,824

(866
)

391

(31
)

9,318

Total equity (deficit)
(1,508
)

(1,508
)

(1,508
)

8,207

181

(5,372
)

(1,508
)
Total liabilities and equity (deficit)
$
(1,508
)

$
(1,508
)

$
8,316

$
7,341

$
572

$
(5,403
)

$
7,810

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Consolidating Balance Sheet
December 31, 2010
(in millions)

	Holdings	Intermediate	Realogy	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS							
Current assets:							
Cash and cash equivalents	$—	$—	$69	$74	$ 51	$(2)	$ 192
Trade receivables, net	—	—	—	79	35	—	114
Relocation receivables	—	—	—	—	386	—	386
Relocation properties held for sale	—	—	—	21	—	—	21
Deferred income taxes	—	—	15	63	(2)	—	76
Intercompany note receivable	—	—	—	13	19	(32)	—
Other current assets	—	—	9	69	31	—	109
Total current assets	—	—	93	319	520	(34)	898
Property and equipment, net	—	—	21	162	3	—	186
Goodwill	—	—	—	2,611	—	—	2,611
Trademarks	—	—	—	732	—	—	732
Franchise agreements, net	—	—	—	2,909	—	—	2,909
Other intangibles, net	—	—	—	478	—	—	478
Other non-current assets	—	—	80	83	52	—	215
Investment in subsidiaries	(1,072)	(1,072)	8,014	152	—	(6,022)	—
Total assets	$(1,072)	$(1,072)	$8,208	$7,446	$ 575	$(6,056)	$ 8,029
LIABILITIES AND EQUITY (DEFICIT)							
Current liabilities:							
Accounts payable	$—	$—	$25	$168	$ 12	$(2)	$ 203
Securitization obligations	—	—	—	—	331	—	331
Intercompany note payable	—	—	—	19	13	(32)	—
Due to former parent	—	—	104	—	—	—	104
Revolving credit facility and current portion of long-term debt	—	—	132	55	7	—	194
Accrued expenses and other current liabilities	—	—	178	316	31	—	525
Intercompany payables	—	—	1,949	(1,962)	13	—	—
Total current liabilities	—	—	2,388	(1,404)	407	(34)	1,357
Long-term debt	—	—	6,698	—	—	—	6,698
Deferred income taxes	—	—	(614)	1,497	—	—	883
Other non-current liabilities	—	—	86	61	16	—	163
Intercompany liabilities	—	—	722	(722)	—	—	—
Total liabilities	—	—	9,280	(568)	423	(34)	9,101
Total equity (deficit)	(1,072)	(1,072)	(1,072)	8,014	152	(6,022)	(1,072)
Total liabilities and equity (deficit)	$(1,072)	$(1,072)	$8,208	$7,446	$ 575	$(6,056)	$ 8,029

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Consolidating Statement of Cash Flows
Year Ended December 31, 2011
(in millions)

	Holdings	Intermediate	Realogy	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$—	$—	$(666)	$414	$ 74	$(14)	$(192)
Investing Activities							
Property and equipment additions	—	—	(5)	(43)	(1)	—	(49)
Net assets acquired (net of cash acquired) and acquisition-related payments	—	—	—	(6)	—	—	(6)
Proceeds from (purchase of) certificates of deposit, net	—	—	—	(3)	8	—	5
Change in restricted cash	—	—	1	—	5	—	6
Intercompany note receivable	—	—	—	7	—	(7)	—
Other, net	—	—	—	(5)	—	—	(5)
Net cash provided by (used in) investing activities	—	—	(4)	(50)	12	(7)	(49)
Financing Activities							
Net change in revolving credit facilities	—	—	150	(5)	—	—	145
Proceeds from the issuance of First and a Half Lien Notes	—	—	700	—	—	—	700
Proceeds from term loan extensions	—	—	98	—	—	—	98
Repayments of term loan credit facility	—	—	(706)	—	—	—	(706)
Repayment of prior securitization obligations	—	—	—	—	(299)	—	(299)
Proceeds from new securitization obligations	—	—	—	—	295	—	295
Net change in securitization obligations	—	—	—	—	—	—	—
Debt issuance costs	—	—	(34)	—	(1)	—	(35)
Intercompany dividend	—	—	—	—	(10)	10	—
Intercompany note payable	—	—	—	—	(7)	7	—
Intercompany transactions	—	—	392	(343)	(49)	—	—
Other, net	—	—	3	(10)	1	—	(6)
Net cash provided by (used in) financing activities	—	—	603	(358)	(70)	17	192
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	—	—	—	—
Net increase (decrease) in cash and cash equivalents	—	—	(67)	6	16	(4)	(49)

Cash and cash equivalents, beginning of period	—	—	69	74	51	(2	) 192
Cash and cash equivalents, end of period	$—	$—	$2	$80	$ 67	$(6	) $ 143

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Consolidating Statement of Cash Flows
Year Ended December 31, 2010
(in millions)

	Holdings	Intermediate	Realogy	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$—	$—	$(638)	$504	$ 24	$(8)	$(118)
Investing Activities							
Property and equipment additions	—	—	(7)	(41)	(1)	—	(49)
Net assets acquired (net of cash acquired) and acquisition-related payments	—	—	—	(17)	—	—	(17)
Proceeds from sale of assets	—	—	—	5	—	—	5
Purchase of certificates of deposit	—	—	—	—	(9)	—	(9)
Net cash used in investing activities	—	—	(7)	(53)	(10)	—	(70)
Financing Activities							
Net change in revolving credit facilities	—	—	100	35	7	—	142
Repayments of term loan credit facility	—	—	(32)	—	—	—	(32)
Net change in securitization obligations	—	—	—	—	27	—	27
Intercompany dividend	—	—	—	—	(11)	11	—
Intercompany transactions	—	—	454	(428)	(26)	—	—
Other, net	—	—	(2)	(8)	(3)	—	(13)
Net cash provided by (used in) financing activities	—	—	520	(401)	(6)	11	124
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	—	1	—	1
Net increase (decrease) in cash and cash equivalents	—	—	(125)	50	9	3	(63)
Cash and cash equivalents, beginning of period	—	—	194	24	42	(5)	255
Cash and cash equivalents, end of period	$—	$—	$69	$74	$ 51	$(2)	$ 192

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Consolidating Statement of Cash Flows
Year Ended December 31, 2009
(in millions)

	Holdings	Intermediate	Realogy	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$—	$—	$(583)	$309	$650	$(35)	$341
Investing Activities							
Property and equipment additions	—	—	(4)	(36)	—	—	(40)
Net assets acquired (net of cash acquired) and acquisition-related payments	—	—	—	(5)	—	—	(5)
Change in restricted cash	—	—	—	—	(2)	—	(2)
Intercompany dividend	—	—	—	63	—	(63)	—
Intercompany note receivable	—	—	—	37	—	(37)	—
Net cash provided by (used in) investing activities	—	—	(4)	59	(2)	(100)	(47)
Financing Activities							
Net change in revolving credit facilities	—	—	(515)	—	—	—	(515)
Proceeds from issuance of Second Lien Loans	—	—	500	—	—	—	500
Repayments of term loan credit facility	—	—	(32)	—	—	—	(32)
Net change in securitization obligations	—	—	—	—	(410)	—	(410)
Debt issuance costs	—	—	(11)	—	—	—	(11)
Intercompany dividend	—	—	—	—	(96)	96	—
Intercompany note payable	—	—	—	—	(37)	37	—
Intercompany transactions	—	—	463	(364)	(99)	—	—
Other, net	—	—	(2)	(6)	(3)	—	(11)
Net cash provided by (used in) financing activities	—	—	403	(370)	(645)	133	(479)
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	—	3	—	3
Net increase (decrease) in cash and cash equivalents	—	—	(184)	(2)	6	(2)	(182)
Cash and cash equivalents, beginning of period	—	—	378	26	36	(3)	437
Cash and cash equivalents, end of period	$—	$—	$194	$24	$42	$(5)	$255

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20. SUBSEQUENT EVENTS

2012 Senior Secured Notes Offering

On February 2, 2012, Realogy issued $593 million of First Lien Notes with an interest rate of 7.625% and $325 million of New First and a Half Lien Notes with an interest rate of 9.00%, the proceeds of which were used to repay amounts outstanding under its senior secured credit facility. The First Lien Notes and the New First and a Half Lien Notes are senior secured obligations of the Company and will mature on January 15, 2020. Interest is payable semiannually on January 15 and July 15 of each year, commencing July 15, 2012. The First Lien Notes and the New First and a Half Lien Notes were issued in a private offering that is exempt from the registration requirements of the Securities Act.

The Company used the proceeds from the offering of approximately $918 million to: (i) prepay $629 million of its non-extended term loan borrowings under its senior secured credit facility which were due to mature in October 2013, (ii) repay all of the $133 million in outstanding borrowings under its non-extended revolving credit facility which was due to mature in April 2013, and (iii) repay $156 million of the outstanding borrowings under its extended revolving credit facility. In conjunction with the repayments of $289 million described in clauses (ii) and (iii), the Company reduced the commitments under its non-extended revolving credit facility by a like amount, thereby terminating the non-extended revolving credit facility.

The First Lien Notes and the New First and a Half Lien Notes are guaranteed on a senior secured basis by Domus Intermediate Holdings Corp., Realogy's parent, and each domestic subsidiary of Realogy that is a guarantor under its senior secured credit facility and certain of its outstanding securities. The First Lien Notes and the New First and a Half Lien Notes are also guaranteed by Holdings, on an unsecured senior subordinated basis. The First Lien Notes and the New First and a Half Lien Notes are secured by substantially the same collateral as Realogy's existing obligations under its senior secured credit facility. The priority of the collateral liens securing the First Lien Notes is (i) equal to the collateral liens securing Realogy's first lien obligations under its senior secured credit facility and (ii) senior to the collateral liens securing Realogy's other secured obligations that are not secured by a first priority lien, including the First and a Half Lien Notes, and Realogy's second lien obligations under its senior secured credit facility. The priority of the collateral liens securing the New First and a Half Lien Notes is (i) junior to the collateral liens securing Realogy's first lien obligations under its senior secured credit facility and the First Lien Notes, (ii) equal to the collateral liens securing the Existing First and a Half Lien Notes, and (iii) senior to the collateral liens securing Realogy's second lien obligations under its senior secured credit facility.

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Pro forma Indebtedness Table

The debt table below gives effect to the 2012 Senior Secured Notes Offering as if it occurred on December 31, 2011.

	Interest Rate	Expiration Date	Total Capacity	Outstanding Borrowings	Available Capacity
Senior Secured Credit Facility:					
Extended revolving credit facility [1]	(2)	April 2016	363	97	172
Extended term loan facility	(3)	October 2016	1,822	1,822	—
First Lien Notes	7.625%	January 2020	593	593	—
Existing First and a Half Lien Notes	7.875%	February 2019	700	700	—
New First and a Half Lien Notes	9.00%	January 2020	325	325	—
Second Lien Loans	13.50%	October 2017	650	650	—
Other bank indebtedness [4]		Various	133	133	—
Existing Notes:					
Senior Notes	10.50%	April 2014	64	64	—
Senior Toggle Notes	11.00%	April 2014	52	52	—
Senior Subordinated Notes [5]	12.375%	April 2015	190	187	—
Extended Maturity Notes:					
Senior Notes [6]	11.50%	April 2017	492	489	—
Senior Notes [7]	12.00%	April 2017	130	129	—
Senior Subordinated Notes	13.375%	April 2018	10	10	—
Convertible Notes	11.00%	April 2018	2,110	2,110	—
Securitization obligations: [8]					
Apple Ridge Funding LLC		December 2013	400	296	104
Cartus Financing Limited [9]		Various	62	31	31
			$8,096	$7,688	$307

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(1) The available capacity under this facility was reduced by $94 million of outstanding letters of credit after taking into consideration the $25 million reduction in letters of credit backed revolving credit borrowings that occurred in January 2012. On February 27, 2012, the Company had $55 million outstanding on the extended revolving credit facility and $81 million of outstanding letters of credit.

(2) Interest rates with respect to revolving loans under the senior secured credit facility are based on, at Realogy's option, adjusted LIBOR plus 2.25% (or with respect to the extended revolving loans, 3.25%) or ABR plus 1.25% (or with respect to the extended revolving loans, 2.25%) in each case subject to reductions based on the attainment of certain leverage ratios.

(3) Interest rates with respect to term loans under the senior secured credit facility are based on, at Realogy's option, (a) adjusted LIBOR plus 3.0% (or with respect to the extended term loans, 4.25%) or (b) the higher of the Federal Funds Effective Rate plus 0.5% (or with respect to the extended term loans, 1.75%) and JPMorgan Chase Bank, N.A.'s prime rate ("ABR") plus 2.0% (or with respect to the extended term loans, 3.25%).

(4) Consists of revolving credit facilities that are supported by letters of credit issued under the senior secured credit facility, $75 million due in July 2012, $8 million due in August 2012 and $50 million due in January 2013.

(5) Consists of $190 million of 12.375% Senior Subordinated Notes due 2015, less a discount of $3 million.

(6) Consists of $492 million of 11.50% Senior Notes due 2017, less a discount of $3 million.

(7) Consists of $130 million of 12.00% Senior Notes due 2017, less a discount of $1 million.

(8) Available capacity is subject to maintaining sufficient relocation related assets to collateralize these securitization obligations.

(9)

Consists of a £35 million facility which expires in August 2015 and a £5 million working capital facility which expires in August 2012.

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Additional Shares Reserved for the Stock Incentive Plan

As of February 24, 2012, there were 22.2 million shares of Class A Common Stock reserved for issuance under the Amended and Restated Holdings 2007 Stock Incentive Plan, including approximately 17.9 million shares reserved for issuance upon exercise of outstanding options and approximately 4.3 million shares reserved for future grants under the plan. On February 27, 2012, the Holdings Compensation Committee approved a further amendment and restatement of the plan to increase the number of shares reserved thereunder by approximately 20 million, thereby increasing the total number of shares reserved for issuance to approximately 42.2 million.

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Independent Auditors' Report
Members
PHH Home Loans, L.L.C.
Mt. Laurel, New Jersey
We have audited the accompanying consolidated balance sheets of PHH Home Loans, L.L.C. and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PHH Home Loans, L.L.C. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ ParenteBeard LLC

Philadelphia, Pennsylvania
February 22, 2012

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31,	
	2011	2010
ASSETS		
Cash and cash equivalents	$ 52,283	$ 40,681
Restricted cash	1,553	5
Mortgage loans held for sale	476,168	383,701
Accounts receivable, net of allowance for doubtful accounts of $53 and $54	20,274	14,207
Property, equipment and leasehold improvements, net	1,387	905
Other assets	17,442	9,859
Total assets	$ 569,107	$ 449,358
LIABILITIES AND EQUITY		
Accounts payable and accrued expenses	$ 20,500	$ 19,547
Debt	433,720	304,197
Due to affiliates, net	14,377	38,424
Other liabilities	9,218	4,849
Total liabilities	477,815	367,017
Commitments and contingencies (Note 8)	—	—
MEMBERS' EQUITY		
Capital	60,994	78,992
Retained earnings	30,298	3,349
Total members' equity	91,292	82,341
Total liabilities and members' equity	$ 569,107	$ 449,358

See accompanying notes to consolidated financial statements.

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)

	Year Ended December 31,	
	2011	2010
Revenues		
Fee income	$ 49,930	$ 80,812
Gain on mortgage loans, net	195,652	193,859
Interest income	12,437	9,945
Interest expense	(11,635)	(7,060)
Net interest income	802	2,885
Other income	1,472	1,281
Total revenues	247,856	278,837
Expenses		
Salaries and related expenses	121,338	140,485
Occupancy and other office expenses	8,692	9,067
Depreciation and amortization	418	419
Allocated expenses (Note 6)	32,856	38,368
Other operating expenses	35,512	33,307
Total expenses	198,816	221,646
Net income	$ 49,040	$ 57,191

See accompanying notes to consolidated financial statements.

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(In thousands)

	Capital	(Accumulated Deficit)/ Retained Earnings	Total Members' Equity
Balance at December 31, 2009	$ 102,991	$ (25,059)	$ 77,932
Net income	—	57,191	57,191
Return of Capital	(21,712)	—	(21,712)
Dividends	—	(28,783)	(28,783)
Acquisition of PHH Preferred Mortgage (Note 6)	(2,287)	—	(2,287)
Balance at December 31, 2010	78,992	3,349	82,341
Net income	—	49,040	49,040
Return of Capital	(17,852)	—	(17,852)
Dividends	—	(22,147)	(22,147)
Adjustments related to acquisition of PHH Preferred Mortgage (Note 6)	(146)	56	(90)
Balance at December 31, 2011	$ 60,994	$ 30,298	$ 91,292

See accompanying notes to consolidated financial statements.

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,	
	2011	2010
Cash flows from operating activities:		
Net income	$ 49,040	$ 57,191
Adjustments to reconcile Net income to net cash used in operating activities:		
Depreciation and amortization	418	419
Origination of mortgage loans held for sale	(8,650,014)	(8,148,039)
Proceeds on sale of and payments from mortgage loans held for sale	8,630,406	7,893,926
Earnings in equity method investment	(374)	(511)
Net unrealized gain on mortgage loans held for sale and related derivatives	(75,793)	(71,345)
Amortization of debt issuance costs	4,232	1,702
Changes in related balance sheet accounts:		
Increase in accounts receivable, net	(6,067)	(11,807)
Increase in other assets	(114)	(151)
Increase in accounts payable and accrued expenses	1,047	6,067
(Decrease) increase in other liabilities	(34)	567
Net cash used in operating activities	(47,253)	(271,981)
Cash flows from investing activities:		
Purchases of property, equipment and leasehold improvements	(900)	(552)
Increase in restricted cash	(1,548)	—
Payment for acquisition	—	(2,287)
Dividends on equity method investment	509	705
Net cash used in investing activities	(1,939)	(2,134)
Cash flows from financing activities:		
Net (decrease) increase in due to affiliates, net	(23,209)	23,267
Net increase in short-term borrowings	129,519	304,193
Payment of debt issuance costs	(5,517)	(2,193)
Return of capital to members	(17,852)	(21,712)
Dividends	(22,147)	(28,783)
Net cash provided by financing activities	60,794	274,772
Net increase in Cash and cash equivalents	11,602	657
Cash and cash equivalents at beginning of period	40,681	40,024
Cash and cash equivalents at end of period	$ 52,283	$ 40,681
Supplemental Disclosure of Cash Flows Information		
Interest payments	$ 7,499	$ 4,436

See accompanying notes to consolidated financial statements.

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

PHH Home Loans, L.L.C. is a joint venture formed by PHH Broker Partner Corporation ("PHH Broker Partner"), a wholly owned subsidiary of PHH Corporation ("PHH") and Realogy Services Venture Partner, LLC ("Realogy"), formally Cendant Venture Partner, Inc. As of December 31, 2011 and 2010, PHH Broker Partner holds a 50.1% ownership interest in PHH Home Loans, L.L.C. and Realogy holds a 49.9% ownership interest in PHH Home Loans, L.L.C.
PHH Home Loans, L.L.C. provides residential mortgage banking services, including the origination and sale of mortgage loans primarily sourced through NRT Incorporated ("NRT"), Realogy's wholly-owned real estate brokerage business and Cartus Corporation ("Cartus"), Realogy's wholly-owned relocation business.
The Consolidated Financial Statements include the accounts of PHH Home Loans, L.L.C. and its wholly-owned subsidiaries, (collectively, the "Company"). In presenting the Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates.
The acquisition of PHH Preferred Mortgage in 2010 was recorded using the pooling-of interests method and the financial information for all periods presented reflects the financial statements of the combined companies. See Note 6, "Due to Affiliates and Other Related Party Transactions" for further discussion of this transaction.
Unless otherwise noted, dollar amounts are presented in thousands.

CHANGES IN ACCOUNTING POLICIES

Business Combinations. In December 2010, the FASB issued new accounting guidance on business combinations, ASU No. 2010-29, "Disclosure of Supplementary Pro Forma Information for Business Combinations". This new accounting guidance requires a public entity that presents comparative financial statements to disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. This new accounting guidance also expands the supplemental pro forma disclosures for Business Combinations to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The Company adopted the new business combination guidance effective January 1, 2011. The adoption did not have an impact on the Company's financial statements.
Fair Value Measurement. In January 2010, the FASB updated ASC 820, "Fair Value Measurements and Disclosures" to add disclosures for transfers in and out of level one and level two of the valuation hierarchy and to present separately information about purchases, sales, issuances and settlements in the reconciliation for assets and liabilities classified within level three of the valuation hierarchy. The updates to this standard also clarify existing disclosure requirements about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The disclosure provisions of the updates to ASC 820 were adopted for transfers in and out of level one and level two, level of disaggregation and inputs and valuation techniques used to measure fair value effective January 1, 2010, and the disclosures about the reconciliation of level three activity were adopted effective January 1, 2011 and all updated disclosures are included in 12, "Fair Value Measurements".
Revenue Recognition. In October 2009, the FASB issued new accounting guidance on revenue recognition, ASU No. 2009-13, "Multiple Deliverable Arrangements". This new accounting guidance addresses how to determine whether an arrangement involving multiple deliverables (i) contains more than one unit of accounting and (ii) how the arrangement consideration should be measured and allocated to the separate units of accounting. The Company adopted the updates to revenue recognition guidance effective January 1, 2011. The adoption did not have an impact on the Company's financial statements.

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RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Offsetting Assets and Liabilities. In December 2011, the FASB issued ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities". This update requires disclosure of both gross and net information about instruments and transactions eligible for offset in the statement of financial position or subject to an agreement similar to a master netting arrangement. This includes derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending arrangements. The new accounting guidance is effective beginning January 1, 2013, and should be applied retrospectively. This update will enhance the disclosure requirements for offsetting assets and liabilities but will not impact the Company's financial position, results of operations or cash flows.

Comprehensive Income. In June 2011, the FASB issued ASU 2011-05, "Presentation of Comprehensive Income". Subsequently in December 2011, the FASB issued ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05". The updates to comprehensive income guidance require all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. The new accounting guidance is effective beginning January 1, 2012, and should be applied retrospectively. The adoption of these updates will impact the presentation and disclosure of the Company's financial statements but will not impact its results of operations, financial position, or cash flows.

Fair Value Measurement. In May 2011, the FASB issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards". This update to fair value measurement guidance addresses changes to concepts regarding performing fair value measurements including: (i) the application of the highest and best use and valuation premise; (ii) the valuation of an instrument classified in the reporting entity's shareholders' equity; (iii) the valuation of financial instruments that are managed within a portfolio; and (iv) the application of premiums and discounts. This update also enhances disclosure requirements about fair value measurements, including providing information regarding Level 3 measurements such as quantitative information about unobservable inputs, further discussion of the valuation processes used and assumption sensitivity analysis. The new accounting guidance is effective beginning January 1, 2012, and should be applied prospectively. The Company does not anticipate the adoption of this update will have a material impact on its financial statements.

REVENUE RECOGNITION

The Company's operations include the origination (brokering or funding) and sale of residential mortgage loans. Fee income consists of income earned on all loan originations, brokered loan fees, application and underwriting fees, and fees on cancelled loans.

Gain on mortgage loans, net includes the realized and unrealized gains and losses on MLHS, as well as the changes in fair value of all loan-related derivatives, including IRLCs and freestanding loan-related derivatives. The fair value of IRLCs is based upon the estimated fair value of the underlying mortgage loan, adjusted for: (i) estimated costs to complete and originate the loan and (ii) the estimated percentage of IRLCs that will result in a closed mortgage loan. The valuation of the Company's IRLCs and MLHS approximates a whole-loan price, which includes the value of the related servicing.

Loans are placed on non-accrual status when any portion of the principal or interest is ninety days past due or earlier if factors indicate that the ultimate collectability of the principal or interest is not probable. Interest received from loans on non-accrual status is recorded as income when collected. Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible.

INCOME TAXES

The Company has elected to report as a partnership for federal and state income tax purposes, and, accordingly, there is no provision for income taxes in the accompanying financial statements.

MORTGAGE LOANS HELD FOR SALE

Mortgage loans held for sale represent loans originated and held until sold to permanent market investors. Mortgage loans held for sale are measured at fair value on a recurring basis.

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PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (including leasehold improvements) are recorded at cost, net of accumulated depreciation and amortization. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements is computed utilizing the straight-line method over the estimated benefit period of the related assets or the lease term, if shorter. Estimated useful lives range from 1 to 5 years for leasehold improvements, 3 to 5 years for capitalized software, and 3 to 7 years for furniture, fixtures and equipment.

FAIR VALUE

A three-level valuation hierarchy is used to classify inputs into the measurement of assets and liabilities at fair value. The valuation hierarchy is based upon the relative reliability and availability to market participants of inputs for the valuation of an asset or liability as of the measurement date. When the valuation technique used in determining fair value of an asset or liability utilizes inputs from different levels of the hierarchy, the level within which the measurement in its entirety is categorized is based upon the lowest level input that is significant to the measurement in its entirety. The valuation hierarchy consists of the following levels:

Level One. Level One inputs are unadjusted, quoted prices in active markets for identical assets or liabilities which the Company has the ability to access at the measurement date.

Level Two. Level Two inputs are observable for that asset or liability, either directly or indirectly, and include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, observable inputs for the asset or liability other than quoted prices and inputs derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the inputs must be observable for substantially the full term of the asset or liability.

Level Three. Level Three inputs are unobservable inputs for the asset or liability that reflect the Company’s assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, and are developed based on the best information available.

Fair value is based on quoted market prices, where available. If quoted prices are not available, fair value is estimated based upon other observable inputs. Unobservable inputs are used when observable inputs are not available and are based upon judgments and assumptions, which are the Company’s assessment of the assumptions market participants would use in pricing the asset or liability, which may include assumptions about risk, counterparty credit quality, the Company’s creditworthiness and liquidity and are developed based on the best information available.

When a determination is made to classify an asset or liability within Level Three of the valuation hierarchy, the determination is based upon the significance of the unobservable factors to the overall fair value measurement of the asset or liability. The fair value of assets and liabilities classified within Level Three of the valuation hierarchy also typically includes observable factors. In the event that certain inputs to the valuation of assets and liabilities are actively quoted and can be validated to external sources, the realized and unrealized gains and losses recorded include changes in fair value determined by observable factors.

Changes in the availability of observable inputs may result in the reclassification of certain assets or liabilities. Such reclassifications are reported as transfers in or out of Level Three as of the beginning of the period that the change occurs.

SUBSEQUENT EVENTS

Subsequent events are evaluated through the date of issuance of the Consolidated Financial Statements, which was February 22, 2012.

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2. Accounts Receivable

Accounts receivable, net consisted of the following:

	December 31, 2011	2010
	(In thousands)	
Receivables related to loan sales and brokered loans	$ 17,366	$ 12,038
Amounts due from corporate customers	1,933	1,757
Other	1,028	466
Accounts receivable, gross	20,327	14,261
Allowance for doubtful accounts	(53)	(54)
Accounts receivable, net	$ 20,274	$ 14,207

3. Property, Equipment And Leasehold Improvements

Property, equipment and leasehold improvements, net consisted of the following:

	December 31, 2011	2010
	(In thousands)	
Furniture, fixtures and equipment	$ 2,889	$ 2,625
Capitalized software	1,046	529
Leasehold improvements	481	362
Property, equipment and leasehold improvements, gross	4,416	3,516
Accumulated depreciation	(3,029)	(2,611)
Property, equipment and leasehold improvements, net	$ 1,387	$ 905

4. Other Assets

Other assets consisted of the following:

	December 31, 2011	2010
	(In thousands)	
Derivative assets	$ 12,169	$ 5,851
Equity method investment	2,497	2,632
Debt issuance costs	1,776	491
Security deposits	424	450
Prepaid expenses	409	266
Other	167	169
Total	$ 17,442	$ 9,859

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5. Debt

The following table summarizes the components of Debt:

	December 31, 2011				December 31, 2010
	Balance	Capacity	Interest Rate[1]	Expiration Date	Balance
	($ in thousands)				
Credit Suisse First Boston Mortgage Capital LLC	$ 269,774	$ 325,000	2.51 %	5/23/2012 [2]	$ 229,209
Wells Fargo Bank	118,980	150,000	3.08 %	8/10/2012	—
Barclays Bank PLC	—	150,000	2.7 %	12/11/2012	—
Ally Bank	44,966	75,000	3.13 %	4/1/2012	74,988
Total	$ 433,720	$ 700,000			$ 304,197

(1) Represents the stated interest rate as of December 31, 2011.

(2) Provided certain conditions are met, the Credit Suisse First Boston Mortgage Capital, LLC facility may be renewed for an additional year at the Company's request.

The Company’s debt represents committed asset-backed variable-rate repurchase facilities to support the origination of mortgage loans, which provide creditors a collateralized interest in specific mortgage loans that meet the eligibility requirements under the terms of the facility. The source of repayment of the facilities is typically from the sale of the loans to permanent investors.

The fair value of debt was $433.7 million and $304.2 million as of December 31, 2011 and 2010, respectively.

Assets held as collateral are not available to pay the Company’s general obligations. As of December 31, 2011, collateral amounts included $460.7 million and $1.5 million of Mortgage loans held for sale and Restricted cash, respectively.

On December 13, 2011, the Company entered into a $150 million committed warehouse facility with Barclays Bank PLC, pursuant to a master repurchase agreement and certain related agreements.

On December 1, 2011, the variable-rate committed facility with Ally Bank was amended to reduce the committed capacity to $75 million and to extend the maturity date from December 1, 2011 to April 1, 2012, provided that no new loans can be funded after March 1, 2012.

On August 12, 2011, the Company entered into a $150 million variable-rate mortgage repurchase facility with Wells Fargo, pursuant to a master repurchase agreement and certain related agreements.

On May 25, 2011, the committed variable-rate mortgage repurchase facility with Credit Suisse First Boston Mortgage Capital, LLC was extended to May 23, 2012, with the option to renew the agreement for an additional year.

Certain debt arrangements require the maintenance of certain financial ratios and contain affirmative and negative covenants, including, but not limited to, liquidity maintenance, net worth maintenance, and limitations on certain transactions with affiliates. As of December 31, 2011, the Company was in compliance with all of its financial covenants related to its debt arrangements.

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6. Due to Affiliates and Other Related Party Transactions

Due to affiliates, net consisted of the following:

	December 31,	
	2011	2010
	(In thousands)	
Due to PHH Corporation	$ 9,286	$ 26,181
Due to other PHH affiliates	5,090	11,754
Subordinated Intercompany Line of Credit	1	489
Total	$ 14,377	$ 38,424

Due to PHH Corporation represents amounts payable for payroll processing and funding, as PHH provides administrative payroll services to the Company. All amounts due to PHH, other than the intercompany line of credit, are settled on a monthly basis. Due to other PHH affiliates represents net amounts due to/from PHH Mortgage Corporation ("PHH Mortgage"), a wholly-owned subsidiary of PHH, under a Management Services Agreement as further discussed below. The Subordinated Intercompany Line of Credit is described in detail below.

On October 5, 2010, the Company acquired PHH Preferred Mortgage, a mortgage broker in the residential market. The entity was acquired from Coldwell Banker Preferred, an unrelated third party, and PHH Broker Partner Corporation, a wholly-owned subsidiary of PHH Corporation. The Company paid $2.3 million associated with the acquisition, with $1.9 million paid to Coldwell Banker Preferred and $0.4 million paid to PHH Broker Partner.

Agreement with PHH Corporation

The Company has entered into a Subordinated Intercompany Line of Credit agreement with PHH Corporation with $100 million capacity. This indebtedness is unsecured and is subordinate to the asset-backed debt facilities. The Company and PHH entered into the subordinated financing to increase the Company's borrowing capacity to fund Mortgage loans held for sale and support the tangible net worth requirements of the asset-backed debt facilities.

As of December 31, 2011, the Company had no debt outstanding, and the amount of interest payable under the Subordinated Intercompany Line of Credit was not significant. As of December 31, 2010, the Company had no debt outstanding and $0.5 million of interest payable.

Agreements with PHH Mortgage

Management Services Agreement

The Company has entered into a Management Services Agreement with PHH Mortgage, whereby PHH Mortgage provides the Company with the following types of services:

- Seasonal staffing services
- Product support service
- General and administrative services
- IT administrative services

The Company receives the benefit of these services from PHH Mortgage. During the years ended December 31, 2011 and 2010, the expense for these services was $31.8 million and $37.4 million, respectively, as recorded in Allocated expenses in the Consolidated Statements of Operations.

Loan Purchase Agreement

The Company has entered into a loan purchase agreement with PHH Mortgage, whereby it has committed to sell or broker, and PHH Mortgage has committed to purchase or fund, certain loans originated. This agreement represents a best efforts commitment to the Company, whereby the ultimate price paid by PHH Mortgage for the loan is determined at the time the Company issues the commitment to the borrower. This agreement had the following impact on the financial position and results of operation or cash flows:

- During 2011 and 2010, the Company sold or brokered $6.2 billion and $7.9 billion, respectively, of mortgage loans

to PHH Mortgage.

- For the years ended December 31, 2011 and 2010, $1.2 million and $28.7 million, respectively, of broker fees were recognized within Fee income in the Consolidated Statements of Operations.
- Gains of $60.4 million and $77.1 million were recognized for the years ended December 31, 2011 and 2010, respectively, within Gain on mortgage loans, net in the Consolidated Statements of Operations.
- As of December 31, 2011, the Company had outstanding commitments expected to result in a closed mortgage loan with PHH Mortgage to sell or broker loans totaling $759 million.

Strategic Relationship Agreement

PHH and Realogy entered into a Strategic Relationship Agreement that sets forth the business relationship between the Company and certain affiliates of PHH and Realogy. Under the terms of the LLC Operating Agreement, PHH has the right to terminate the strategic relationship agreement and terminate its interest in the Company upon, among other things, a material breach by Realogy of a material provision of the LLC Operating Agreement, in which case PHH has the right to purchase Realogy’s interest in the Company at a price derived from an agreed-upon formula based upon fair market value which is determined with reference to the trailing twelve months EBITDA (earnings before interest, taxes, depreciation and amortization) for the Company and the average market EBITDA multiple for mortgage banking companies.

Upon termination of the mortgage venture, all of the mortgage venture agreements will terminate automatically (excluding certain privacy, non-competition, venture related transition provisions and other general provisions), and Realogy will be released from any restrictions under the mortgage venture agreements that may restrict its ability to pursue a partnership, joint venture or another arrangement with any third party mortgage operation.

Sublease Agreement

See Note 10, "Leases" for further information regarding lease agreements with PHH Mortgage.

Arrangements with Realogy

Trademark License Agreement

The Company has entered into a Trademark License Agreement with certain affiliates of Realogy, whereby those affiliates have granted the Company exclusive rights to use certain trademarks. Under the terms of the agreement, Realogy remains the owner of the trademarks, and as consideration for shares/units purchased on the Company, the Company has the exclusive rights to use the trademarks in conducting its mortgage banking operations and does not pay a fee for the use of these rights.

Strategic Relationship Agreement

PHH and Realogy entered into a Strategic Relationship Agreement that sets forth the business relationship between the Company and certain affiliates of PHH and Realogy. Under the terms of the LLC Operating Agreement, Realogy has the right to terminate the strategic relationship agreement and terminate its interest in the Company in the event of:

- a Regulatory Event (defined below) continuing for six months or more; provided that the Company may defer termination on account of a Regulatory Event for up to six additional one month periods by paying Realogy a $1.0 million fee at the beginning of each such one month period;
- a change in control of PHH involving a competitor of Realogy or certain other specified parties;
- a material breach, not cured within the requisite cure period, by PHH or its affiliates of the representations, warranties, covenants or other agreements related to the formation of the Company;
- failure by the Company to make scheduled distributions pursuant to the LLC Operating Agreement;
- bankruptcy or insolvency of PHH or the Company, or
- any act or omission by PHH that causes or would reasonably be expected to cause material harm to Realogy.

A Regulatory Event means a situation in which (a) the Company becomes subject to any regulatory order, or any governmental entity initiates a proceeding with respect to the Company, and (b) such regulatory order or proceeding prevents or materially impairs the Company’s ability to originate loans for any period of time in a manner that adversely affects the value of one or more quarterly distributions to be paid pursuant to the LLC Operating Agreement; provided, however, that a Regulatory Event does not include (1) any order, directive or interpretation or change in law, rule or regulation, in any such case that is applicable generally to companies engaged in the mortgage lending business such that the Company is unable to cure the resulting

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circumstances described in (b) above, or (2) any regulatory order or proceeding that results solely from acts or omissions on the part of Realogy or its affiliates.

In the case of a change in control of PHH, Realogy may terminate the LLC Operating Agreement. In addition, beginning on February 1, 2015, Realogy may terminate the LLC Operating Agreement at any time by giving two years' notice to PHH. Upon Realogy's termination of the agreement, Realogy will have the option either to (i) require that PHH purchase Realogy's interest in the Company, (ii) require PHH to sell its interest in the Company to Realogy or its designee. The fair value of the purchase or sale of interests in the company upon Realogy's termination will be determined in accordance with the LLC Operating Agreement, and in certain cases, liquidated damages will be paid.

Shared Office Space Agreement

See Note 10, "Leases" for further information regarding lease agreements with Realogy.

7. Derivatives and Risk Management Activities

Derivative instruments are used as part of the overall strategy to manage exposure to market risks primarily associated with fluctuations in interest rates, specifically mortgage interest rates due to their impact on mortgage loans held for sale and related commitments. The Company also has exposure to LIBOR due to its impact on variable-rate borrowings. The Company uses best efforts commitments with various investors, including PHH Mortgage, to mitigate the risk associated with mortgage loans held for sale and interest rate lock commitments. As a matter of policy, derivatives are not used for speculative purposes. The following is a description of the Company's risk management policies related to IRLCs and mortgage loans held for sale:

Interest Rate Lock Commitments. Interest rate lock commitments ("IRLCs") represent an agreement to extend credit to a mortgage loan applicant, whereby the interest rate on the loan is set prior to funding. The loan commitment binds the Company (subject to the loan approval process) to lend funds to a potential borrower at the specified rate, regardless of whether interest rates have changed between the commitment date and the loan funding date. As such, outstanding IRLCs are subject to interest rate risk and related price risk during the period from the date of issuance through the date of loan funding, cancellation or expiration. Loan commitments generally range between 30 and 90 days; however, the borrower is not obligated to obtain the loan. The Company is subject to fallout risk related to IRLCs, which is realized if approved borrowers choose not to close on the loans within the terms of the IRLCs. The Company uses best efforts commitments to substantially eliminate these risks. Historical commitment-to-closing ratios are considered to estimate the quantity of mortgage loans that will fund within the terms of the IRLCs.

Mortgage Loans Held for Sale. The Company is subject to interest rate and price risk on its Mortgage loans held for sale from the loan funding date until the date the loan is sold. Best efforts commitments which fix the forward sales price that will be realized in the secondary market are used to substantially eliminate the interest rate and price risk to the Company.

See Note 12, "Fair Value Measurements" for additional information regarding IRLCs, mortgage loans, and related sale commitments.

Derivative instruments are measured at fair value on a recurring basis and are included in Other assets or Other liabilities in the Consolidated Balance Sheets. The Company did not have any derivative instruments designated as hedging instruments, or subject to master netting and collateral agreements as of and for the years ended December 31, 2011 and 2010.

The following table presents the balances of outstanding derivatives:

	December 31, 2011			December 31, 2010		
	Asset Derivatives	Liability Derivatives	Notional	Asset Derivatives	Liability Derivatives	Notional
	(In thousands)					
Interest rate lock commitments	$ 11,896	$ 17	$ 792,878	$ 3,217	$ 1,128	$ 614,199
Best efforts sale commitments	273	6,746	1,257,141	2,634	1,228	990,235
Fair value of derivative instruments	$ 12,169	$ 6,763		$ 5,851	$ 2,356	

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The following table summarizes the amounts recorded in Gain on mortgage loans, net in the Consolidated Statements of Operations for derivative instruments not designated as hedging instruments:

	Year Ended December 31,	
	2011	2010
	(In thousands)	
Interest rate lock commitments	$ 136,613	$ 93,336
Best efforts sale commitments	(67,218)	(30,419)
Total	$ 69,395	$ 62,917

8. Commitments and Contingencies

Loan Related Commitments

As of December 31, 2011, the Company had commitments to fund loans with agreed-upon rates or rate protection amounting to $1.1 billion and best efforts commitments to sell loans amounting to $1.5 billion. The Company is only obligated to settle the best efforts commitment if the loan closes in accordance with the terms of the IRLC; therefore, the commitments outstanding do not represent future cash obligations.

Pending Litigation

The Company is involved in litigation arising in the normal course of business. Although the amount of any ultimate liability arising from these matters cannot presently be determined, the Company does not anticipate that any such liability will have a material effect on its consolidated financial position or results of operations.

9. Benefit Plans

Employees of the Company are participants in a defined contribution plan. For the years ended December 31, 2011 and 2010, defined contribution plan expenses of $2.4 million and $2.5 million, respectively, were recognized in Salaries and related expenses in the Consolidated Statements of Operations.

10. Leases

The Company leases space from related parties and recognized expenses in the Consolidated Statements of Operations related to these agreements as follows:

- For the years ended December 31, 2011 and 2010, expense was recognized related to office space leased from PHH Mortgage of $1.0 million for both years, in Allocated expenses.
- For the years ended December 31, 2011 and 2010, expense was recognized related to office space leased from Realogy affiliates of $1.4 million and $1.6 million, respectively, in Occupancy and other office expenses.

Certain other facilities and equipment are leased under lease agreements expiring at various dates through 2017. For the years ended December 31, 2011 and 2010, total rental expense for premises and equipment amounted to $5.4 million and $5.5 million, respectively.

Obligations under non-cancellable leases which have a remaining term of more than twelve months are as follows:

	Future Minimum Lease Obligations
	(In thousands)
2012	$ 1,943
2013	1,765
2014	1,574
2015	1,421
2016	343
Thereafter	136
Total	$ 7,182

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11. Concentrations of Credit Risk

During the current year, the Company had operating cash deposited with banks in excess of federally insured limits.
The Company originates mortgage loans in 48 states sourced through Realogy-owned real estate offices, Cartus, and for U.S.-based employees of Realogy and its subsidiaries. Loan concentrations are considered to exist when there are amounts loaned to a multiple number of borrowers with similar characteristics, which would cause their ability to meet contractual obligations to be similarly impacted by economic or other conditions. During 2011 and 2010, 80% and 77%, respectively, of originated and brokered loans were derived from sources related to Realogy.
The Company is exposed to counterparty risk with its best efforts commitments in the event that the counterparty cannot take delivery of the underlying mortgage loan.

12. Fair Value Measurements

As of December 31, 2011 and 2010, all financial instruments were either recorded at fair value or the carrying value approximated fair value, with the exception of Debt. See Note 5, "Debt" for the fair value of Debt as of December 31, 2011. For financial instruments that were not recorded at fair value as of December 31, 2011 and 2010, such as Cash and cash equivalents and Restricted cash and cash equivalents, the carrying value approximates fair value due to the short-term nature of such instruments. The incorporation of counterparty credit risk did not have a significant impact on the valuation of assets and liabilities recorded at fair value on a recurring basis as of December 31, 2011 or 2010.
See Note 1, "Summary of Significant Accounting Policies" for a description of the valuation hierarchy of inputs used in determining fair value measurements. The Company does not have any assets or liabilities that are measured at fair value on a non-recurring basis.
For assets and liabilities measured at fair value on a recurring basis, the valuation methodologies, significant inputs, and classification pursuant to the valuation hierarchy are as follows:
Mortgage Loans Held for Sale. Mortgage loans held for sale are generally classified within Level Two of the valuation hierarchy.
For Level Two mortgage loans held for sale (“MLHS”), fair value is estimated using a market approach by utilizing either: (i) the fair value of securities backed by similar mortgage loans, adjusted for certain factors to approximate the fair value of a whole mortgage loan, including the value attributable to mortgage servicing and credit risk, (ii) current commitments to purchase loans or (iii) recent observable market trades for similar loans, adjusted for credit risk and other individual loan characteristics. The Agency mortgage-backed security market is a highly liquid and active secondary market for conforming conventional loans whereby quoted prices exist for securities at the pass-through level, which are published on a regular basis.
As of December 31, 2011, Level Three MLHS are valued using a discounted cash flow model and include second lien loans, including Scratch and Dent second lien loans.
During the year ended December 31, 2011, certain Scratch and Dent (as defined below), and non-conforming loans were transferred from Level Three to Level Two of the valuation hierarchy based on an increase in the availability of market data and increased trading activity. Although the market for Scratch and Dent loans does not have the same liquidity as the market for conforming loans, the number of observable market participants and the number of non-distressed transactions has increased while the implied risk premium has decreased to the point where available market information on transactions and quoted prices for similar assets are determinative of fair value.

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The following tables reflect the difference between the carrying amount of MLHS, measured at fair value, and the aggregate unpaid principal amount that the Company is contractually entitled to receive at maturity:

	December 31, 2011		December 31, 2010	
	Total	Loans 90 or more days past due and on non-accrual status	Total	Loans 90 or more days past due and on non-accrual status
	(In thousands)			
Mortgage loans held for sale:				
Carrying amount	$ 476,168	$ 234	$ 383,701	$ 610
Aggregate unpaid principal balance	464,781	436	377,403	1,107
Difference	$ 11,387	$ (202)	$ 6,298	$ (497)

The following table summarizes the components of Mortgage loans held for sale:

	December 31, 2011	December 31, 2010
	(In thousands)	
First mortgages:		
Conforming[(1)]	$ 451,945	$ 354,638
Non-conforming	23,771	27,946
Total	475,716	382,584
Second lien	154	171
Scratch and Dent[(2)]	234	758
Other	64	188
Total	$ 476,168	$ 383,701

(1) Represents mortgage loans that conform to the standards of the government-sponsored entities.

(2) Represents mortgages with origination flaws or performance issues.

Derivative Instruments. Derivative instruments are classified within Level Two and Level Three of the valuation hierarchy.

Best Efforts Commitments: Best efforts commitments are classified within Level Two of the valuation hierarchy. Best efforts commitments fix the forward sales price that will be realized upon the sale of mortgage loans into the secondary market. Best efforts sales commitments are entered into for loans at the time the borrower commitment is made. These best efforts sales commitments are valued using the committed price to the counterparty against the current market price of the interest rate lock commitment or mortgage loan held for sale.

Interest Rate Lock Commitments: Interest rate lock commitments ("IRLCs") are classified within Level Three of the valuation hierarchy. The fair value of IRLCs is based upon the estimated fair value of the underlying mortgage loan, including the expected net future cash flows related to servicing the mortgage loan, adjusted for: (i) estimated costs to complete and originate the loan and (ii) an adjustment to reflect the estimated percentage of IRLCs that will result in a closed mortgage loan (or "pullthrough"). The estimate of pullthrough is based on changes in pricing and actual borrower behavior. The average pullthrough percentage used in measuring the fair value of IRLCs was 67% as of December 31, 2011.

Assets and liabilities that are measured at fair value on a recurring basis were as follows:

	December 31, 2011			
	Level One	Level Two	Level Three	Total
	(In thousands)			

Assets:				
Mortgage loans held for sale	$ —	$ 475,931	$ 237	$ 476,168
Other assets – Derivative assets				
Interest rate lock commitments	—	—	11,896	11,896
Best efforts commitments	—	273	—	273
Liabilities:				
Other liabilities – Derivative liabilities				
Interest rate lock commitments	—	—	(17)	(17)
Best efforts commitments	—	(6,746)	—	(6,746)

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	December 31, 2010			
	Level One	Level Two	Level Three	Total
	(In thousands)			
Assets:				
Mortgage loans held for sale	$ —	$ 382,772	$ 929	$ 383,701
Other assets – Derivative assets:				
Interest rate lock commitments	—	—	3,217	3,217
Best efforts commitments	—	2,634	—	2,634
Liabilities				
Other liabilities – Derivative liabilities:				
Interest rate lock commitments	—	—	1,128	1,128
Best efforts commitments	—	1,228	—	1,228

The activity in assets and liabilities that are classified within Level Three of the valuation hierarchy consisted of:

	December 31, 2011	
	Mortgage loans held for sale	IRLCs, net
	(In thousands)	
Balance, January 1,	$ 929	$ 2,089
Realized and unrealized gains[1]	8	136,613
Purchases	—	—
Issuances	1,886	—
Settlements	(1,774)	(126,823)
Transfers into level three	—	—
Transfers out of level three	(812)	—
Balance, December 31,	$ 237	$ 11,879

	December 31, 2010	
	Mortgage loans held for sale	IRLCs, net
	(In thousands)	
Balance, January 1,	$ 878	$ 878
Realized and unrealized (losses) gains[1]	(301)	93,336
Purchases, issuances and settlements, net	92	(92,125)
Transfers into level three	260	—
Balance, December 31,	$ 929	$ 2,089

(1) Realized and unrealized gains (losses) are recognized within Gain on mortgage loans, net in the Consolidated Statements of Operations.

The Company conducts a review of fair value hierarchy classifications on a quarterly basis. Changes in the availability of observable inputs may result in the reclassification, or transfer, of certain assets or liabilities. Such reclassifications are reported as transfers into or out of a level as of the beginning of the quarter that the change occurs. Transfers into Level three generally represent mortgage loans held for sale with performance issues, origination flaws or other characteristics that impact their salability in active secondary market transactions.

As discussed above under "Mortgage loans held for sale", for the year ended December 31, 2011, Transfers out of level three represent the transfer of certain mortgage loans between Level Three to Level Two of the valuation hierarchy based on an increase in the availability of market bids and increased trading activity.

The amount of unrealized gains and losses included in Gain on mortgage loans, net in the Consolidated Statements of Operations related to assets and liabilities classified within Level Three of the valuation hierarchy that are included in the Consolidated Balance Sheets as of December 31, 2011 and 2010 are $11.8 million and $1.9 million, respectively.

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13. Capital Requirements

As a licensed mortgagee, the Company is subject to the rules and regulations of the Department of Housing and Urban Development ("HUD"), FHA, Fannie Mae and state regulatory authorities with respect to originating, processing, and selling loans. Those rules and regulations, among other things, require the maintenance of minimum net worth levels. Failure to meet the net worth requirements outlined above could adversely impact the ability to originate loans and access the secondary market.
The following table presents the Company's capital requirements:

	December 31, 2011	
	HUD/FHA	Fannie Mae
	(In thousands)	
Net Worth		
Net worth requirement	$ 1,000	$ 2,500
Total members' equity	91,292	91,292
Less: Unacceptable assets	(167)	(167)
Adjusted net worth	91,125	91,125
Adjusted net worth above net worth requirement	$ 90,125	$ 88,625
Liquidity		
Liquid asset requirement	$ 200	n/a
Total liquid assets	52,283	n/a
Total liquid assets above liquid asset requirement	$ 52,083	n/a

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Independent Auditors' Report

Members
PHH Home Loans, L.L.C.
Mt. Laurel, New Jersey

We have audited the accompanying consolidated balance sheets of PHH Home Loans, L.L.C. and subsidiaries (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PHH Home Loans, L.L.C. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ ParenteBeard

Philadelphia, Pennsylvania
March 18, 2011

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	As of December 31,	
	2010	2009
ASSETS		
Cash and cash equivalents	$40,681	$40,024
Restricted cash	5	5
Mortgage loans held for sale	383,701	59,801
Accounts receivable, net of allowance for doubtful accounts of $54 and $91	14,207	2,400
Property, equipment and leasehold improvements, net	905	772
Other assets	9,859	6,554
Total assets	$449,358	$109,556
LIABILITIES AND EQUITY		
Accounts payable and accrued expenses	$19,547	$13,925
Debt	304,197	—
Due to affiliates, net	38,424	15,157
Other liabilities	4,849	2,542
Total liabilities	367,017	31,624
Commitments and contingencies (Note 8)	—	—
EQUITY		
Capital	78,992	102,991
Retained earnings / (Accumulated deficit)	3,349	(25,059)
Total members’ equity	82,341	77,932
Total liabilities and equity	$449,358	$109,556

See accompanying notes to consolidated financial statements.

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)

	Year Ended December 31,	
	2010	2009
Revenues		
Fee income	$80,812	$114,267
Gain on mortgage loans, net	193,859	137,045
Interest income	9,945	4,983
Interest expense	(7,060)	(3,986)
Net interest income	2,885	997
Other income	1,281	1,370
Total revenues	278,837	253,679
Expenses		
Salaries and related expenses	140,485	128,557
Occupancy and other office expenses	9,067	8,984
Depreciation and amortization	419	369
Allocated expenses (See Note 6)	38,368	41,869
Other operating expenses	33,307	27,513
Total expenses	221,646	207,292
Net income	$57,191	$46,387

See accompanying notes to consolidated financial statements.

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(In thousands)

	Capital	Retained Earnings / (Accumulated Deficit)	Total Members' Equity
Balance at December 31, 2008	$120,013	$(70,810)	$49,203
Net income	—	46,387	46,387
Return of Capital	(17,022)	—	(17,022)
Dividends	—	(636)	(636)
Balance at December 31, 2009	102,991	(25,059)	77,932
Net income	—	57,191	57,191
Return of Capital	(21,712)	—	(21,712)
Dividends	—	(28,783)	(28,783)
Acquisition of PHH Preferred Mortgage (Note 6)	(2,287)	—	(2,287)
Balance at December 31, 2010	$78,992	$3,349	$82,341

See accompanying notes to consolidated financial statements.

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,	
	2010	2009
Cash flows from operating activities:		
Net income	$57,191	$46,387
Adjustments to reconcile Net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	419	369
Origination of mortgage loans held for sale	(8,148,039)	(6,206,112)
Proceeds on sale of and payments from mortgage loans held for sale	7,893,926	6,309,911
Earnings in equity method investment	(511)	(705)
Net unrealized gain on mortgage loans held for sale and related derivatives	(71,345)	(9,468)
Amortization and write-off of debt issuance costs	1,702	1,111
Changes in related balance sheet accounts:		
(Increase) decrease in accounts receivable, net	(11,807)	333
(Increase) decrease in other assets	(151)	5,292
Increase in accounts payable and accrued expenses	6,067	3,487
Increase (decrease) in other liabilities	567	(6,251)
Net cash (used in) provided by operating activities	(271,981)	144,354
Cash flows from investing activities:		
Purchases of property, equipment and leasehold improvements	(552)	(450)
Decrease in restricted cash	—	24,885
Payment for acquisition	(2,287)	—
Dividends on equity method investment	705	538
Net cash (used in) provided by investing activities	(2,134)	24,973
Cash flows from financing activities:		
Net increase (decrease) in due to affiliates, net	23,267	(5,551)
Net increase (decrease) in short-term borrowings	304,193	(115,628)
Payment of debt issuance costs	(2,193)	(15)
Return of capital to members	(21,712)	(17,022)
Dividends	(28,783)	(636)
Net cash provided by (used in) financing activities	274,772	(138,852)
Net increase in Cash and cash equivalents	657	30,475
Cash and cash equivalents at beginning of period	40,024	9,549
Cash and cash equivalents at end of period	$40,681	$40,024
Supplemental Disclosure of Cash Flows Information:		
Interest payments	$4,436	$3,530

See accompanying notes to consolidated financial statements.

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PHH HOME LOANS, L.L.C. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation
PHH Home Loans, L.L.C. is a joint venture formed by PHH Broker Partner Corporation (“PHH Broker Partner”), a wholly owned subsidiary of PHH Corporation (“PHH”) and Realogy Services Venture Partner, Inc. (“Realogy”), formally Cendant Venture Partner. As of December 31, 2010 and 2009, PHH Broker Partner holds a 50.1% ownership interest in PHH Home Loans, L.L.C. and Realogy holds a 49.9% ownership interest in PHH Home Loans, L.L.C.
PHH Home Loans, L.L.C. provides residential mortgage banking services, including the origination and sale of mortgage loans primarily sourced through NRT Incorporated (“NRT”), Realogy’s wholly-owned real estate brokerage business and Cartus Corporation (“Cartus”), Realogy’s wholly-owned relocation business.
The consolidated financial statements include the accounts of PHH Home Loans, L.L.C. and its wholly-owned subsidiaries, (collectively, the “Company”). In presenting the consolidated financial statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates.
The acquisition of PHH Preferred Mortgage in 2010 was recorded using the pooling-of interests method and the financial information for all periods presented reflects the financial statements of the combined companies. See Note 6, “Due to Affiliates and Other Related Party Transactions” for further discussion of this transaction.
Unless otherwise noted, dollar amounts are presented in thousands.
CHANGES IN ACCOUNTING POLICIES
Fair Value Measurements.
In January 2010, the Financial Accounting Standards Board (the “FASB”) updated Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures to add disclosures for transfers in and out of level one and level two of the valuation hierarchy and to present separately information about purchases, sales, issuances and settlements in the reconciliation of assets and liabilities classified within level three of the valuation hierarchy. The updates to this standard also clarify existing disclosure requirements about the level of disaggregation and about inputs and valuation techniques used to measure fair value. Effective January 1, 2010, the disclosure provisions of the updates to ASC 820 were adopted for transfers in and out of level one and level two, level of disaggregation and inputs and valuation techniques used to measure fair value and are included in Note 12, “Fair Value Measurements”. Certain other updates to disclosures about the reconciliation of level three activities are effective for fiscal years and interim periods beginning after December 15, 2010, which will enhance the disclosure requirements and will not impact the Company’s financial position, results of operations or cash flows.
RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS
Receivables. In January 2011, the FASB issued ASU No. 2011-01, Deferral of the Effective Date of Disclosures about Trouble Debt Restructurings in Update No. 2010-20, an update to ASC 310, Receivables. Under the existing effective date in ASU No. 2010-20, companies would have provided disclosures about troubled debt restructurings for periods beginning on or after December 15, 2010. The amendments in this update temporarily defer that effective date, enabling public entity creditors to provide those disclosures after the FASB clarifies the guidance for determining what constitutes a troubled debt restructuring. This amendment does not defer the effective date of the other disclosure requirements in ASU No. 2010-20 as discussed above. This update is effective immediately. The Company does not expect the adoption of ASU No. 2011-01 to have an impact on the Consolidated Financial Statements.
Business Combinations. In December 2010, the FASB issued ASU No. 2010-29, Disclosure of Supplementary Pro Forma Information for Business Combinations, an update to ASC 805, Business Combinations. This update amends ASC 805 to require a public entity that presents comparative financial statements to disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable

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prior annual reporting period only. The amendments in this update also expand the supplemental pro-forma disclosures under ASC 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU No. 2010-29 is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. The Company does not expect the adoption of ASU No. 2010-29 to have an impact on the Consolidated Financial Statements.

Revenue Recognition. In October 2009, the FASB issued ASU No. 2009-13, Multiple Deliverable Arrangements, an update to ASC 605, Revenue Recognition. This update amends ASC 605 for how to determine whether an arrangement involving multiple deliverables (i) contains more than one unit of accounting and (ii) how the arrangement consideration should be measured and allocated to the separate units of accounting. ASU No. 2009-13 is effective prospectively for arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company does not expect the adoption of ASU No. 2009-13 to have an impact on the Consolidated Financial Statements.

REVENUE RECOGNITION

The Company’s operations include the origination (brokering or funding) and sale of residential mortgage loans. Fee income consists of income earned on all loan originations, brokered loan fees, application and underwriting fees, and fees on cancelled loans.

Gain on mortgage loans, net includes the realized and unrealized gains and losses on MLHS, as well as the changes in fair value of all loan-related derivatives, including IRLCs and freestanding loan-related derivatives. The fair value of IRLCs is based upon the estimated fair value of the underlying mortgage loan, adjusted for: (i) estimated costs to complete and originate the loan and (ii) the estimated percentage of IRLCs that will result in a closed mortgage loan. The valuation of the Company’s IRLCs and MLHS approximates a whole-loan price, which includes the value of the related servicing.

Loans are placed on non-accrual status when any portion of the principal or interest is ninety days past due or earlier if factors indicate that the ultimate collectability of the principal or interest is not probable. Interest received from loans on non-accrual status is recorded as income when collected. Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible.

INCOME TAXES

The Company has elected to report as a partnership for federal and state income tax purposes, and, accordingly, there is no provision for income taxes in the accompanying financial statements.

MORTGAGE LOANS HELD FOR SALE

Mortgage loans held for sale represent loans originated and held until sold to permanent market investors. Mortgage loans held for sale are measured at fair value on a recurring basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (including leasehold improvements) are recorded at cost, net of accumulated depreciation and amortization. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements is computed utilizing the straight-line method over the estimated benefit period of the related assets or the lease term, if shorter. Estimated useful lives range from 1 to 5 years for leasehold improvements, 3 to 5 years for capitalized software, and 3 to 7 years for furniture, fixtures and equipment.

FAIR VALUE

A three-level valuation hierarchy is used to classify inputs into the measurement of assets and liabilities at fair value. The valuation hierarchy is based upon the relative reliability and availability to market participants of inputs for the valuation of an asset or liability as of the measurement date. When the valuation technique used in determining fair value of an asset or liability utilizes inputs from different levels of the hierarchy, the level within which the measurement in its entirety is categorized is based upon the lowest level input that is significant to the measurement in its entirety. The valuation hierarchy consists of the following levels:

Level One. Level One inputs are unadjusted, quoted prices in active markets for identical assets or liabilities which the Company has the ability to access at the measurement date.

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Level Two. Level Two inputs are observable for that asset or liability, either directly or indirectly, and include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, observable inputs for the asset or liability other than quoted prices and inputs derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the inputs must be observable for substantially the full term of the asset or liability.
Level Three. Level Three inputs are unobservable inputs for the asset or liability that reflect the Company's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, and are developed based on the best information available.
Fair value is based on quoted market prices, where available. If quoted prices are not available, fair value is estimated based upon other observable inputs. Unobservable inputs are used when observable inputs are not available and are based upon judgments and assumptions, which are the Company's assessment of the assumptions market participants would use in pricing the asset or liability, which may include assumptions about risk, counterparty credit quality, the Company's creditworthiness and liquidity and are developed based on the best information available.
When a determination is made to classify an asset or liability within Level Three of the valuation hierarchy, the determination is based upon the significance of the unobservable factors to the overall fair value measurement of the asset or liability. The fair value of assets and liabilities classified within Level Three of the valuation hierarchy also typically includes observable factors. In the event that certain inputs to the valuation of assets and liabilities are actively quoted and can be validated to external sources, the realized and unrealized gains and losses recorded include changes in fair value determined by observable factors.
Changes in the availability of observable inputs may result in the reclassification of certain assets or liabilities. Such reclassifications are reported as transfers in or out of Level Three as of the beginning of the period that the change occurs.

SUBSEQUENT EVENTS

Subsequent events are evaluated through the date of issuance of the Consolidated Financial Statements, which was March 18, 2011.

2. Accounts Receivable

Accounts receivable, net consisted of the following:

	December 31,	
	2010	2009
	(In thousands)	
Receivables related to loan sales and brokered loans	$12,038	$1,669
Amounts due from corporate customers	1,757	541
Other	466	281
Accounts receivable, gross	14,261	2,491
Allowance for doubtful accounts	(54)	(91)
Accounts receivable, net	$14,207	$2,400

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3. Property, Equipment And Leasehold Improvements

Property, equipment and leasehold improvements, net consisted of the following:

	December 31,	
	2010	2009
	(In thousands)	
Furniture, fixtures and equipment	$2,625	$2,170
Leasehold improvements	362	362
Capitalized software	529	432
Property, equipment and leasehold improvements, gross	3,516	2,964
Accumulated depreciation	(2,611)	(2.192)
Property, equipment and leasehold improvements, net	$905	$772

4. Other Assets

Other assets consisted of the following:

	December 31,	
	2010	2009
	(In thousands)	
Derivative assets	$5,851	$2,994
Equity method investment	2,632	2,826
Debt issuance costs	491	—
Security deposits	450	173
Prepaid expenses	266	449
Other	169	112
Other assets	$9,859	$6,554

5. Debt

The Company’s debt represents asset-backed variable-rate warehouse facilities to support the origination of mortgage loans, and provide creditors a collateralized interest in specific mortgage loans that meet the eligibility requirements under the facility during the warehouse period. Repayment of the facilities typically comes from the sale of the loans to permanent investors. The following summarizes the components of indebtedness, facility expiration dates, and assets held as collateral that are not available to pay the Company’s general obligations:

	December 31, 2010				
	Balance	Capacity	Interest Rate[1]	Expiration Date	Mortgage Loans Held For Sale Collateral
	($ in thousands)				
CSFB Warehouse Line	$229,209	$325,000	2.57 %	5/25/2011	$242,002
Ally Bank Repurchase Facility	74,988	150,000	4.15 %	3/30/2011	89,261
Total	$304,197	$475,000			$331,263

[1] Represents the stated interest rate as of December 31, 2010.

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As of December 31, 2009, the Company has no Debt amounts outstanding. As of December 31, 2010, the fair value of Debt was $304.2 million.

On May 26, 2010, the Company entered into a $150 million committed 364-day variable-rate mortgage repurchase facility with Credit Suisse First Boston Mortgage Capital, LLC pursuant to a master repurchase agreement. Effective December 17, 2010, the committed amount of the repurchase facility was increased to $325 million.

On April 8, 2010, the Company entered into a $150 million 356-day variable-rate committed mortgage repurchase facility with Ally Bank pursuant to a master repurchase agreement and certain related agreements.

Certain debt arrangements require the maintenance of certain financial ratios and contain affirmative and negative covenants, including, but not limited to, liquidity maintenance, net worth maintenance, and limitations on certain transactions with affiliates. As of December 31, 2010, the Company was in compliance with all of its financial covenants related to its debt arrangements.

6. Due to Affiliates and Other Related Party Transactions

Due to affiliates, net consisted of the following:

	December 31,	
	2010	2009
	(In thousands)	
Due to PHH Corporation	$26,181	$10,494
Due to other PHH affiliates	11,754	4,663
Subordinated Intercompany Line of Credit	489	—
Total	$38,424	$15,157

Due to PHH Corporation represents amounts payable for payroll processing and funding, as PHH provides administrative payroll services to the Company. All amounts due to PHH, other than the intercompany line of credit are settled, on a monthly basis. Due to other PHH affiliates represents net amounts due to/from PHH's wholly-owned title and appraisal services company as well as amounts due to PHH Mortgage Corporation ("PHH Mortgage"), a wholly-owned subsidiary of PHH, under a Management Services Agreement as further discussed below. The Subordinated Intercompany Line of Credit is described in detail below.

On October 5, 2010, the Company acquired PHH Preferred Mortgage, a mortgage broker in the residential market. The entity was acquired from Coldwell Banker Preferred, an unrelated third party, and PHH Broker Partner Corporation, a subsidiary of PHH Mortgage. The Company paid $2.3 million associated with the acquisition, with $1.9 million paid to Coldwell Banker Preferred and $0.4 million paid to PHH Broker Partner.

Agreement with PHH Corporation

The Company has entered into a Subordinated Intercompany Line of Credit agreement with PHH Corporation with $100 million capacity. This indebtedness is unsecured and is subordinate to the asset-backed debt facilities. The Company and PHH entered into the subordinated financing to increase the Company's borrowing capacity to fund MLHS and support the tangible net worth requirements of the asset-backed debt facilities.

As of December 31, 2010, the Company has no debt outstanding, and $0.5 million of interest payable under the Subordinated Intercompany Line of Credit.

Agreements with PHH Mortgage

Management Services Agreement

The Company has entered into a Management Services Agreement with PHH Mortgage, whereby PHH Mortgage provides the Company with the following types of services:

•Seasonal staffing services

•Product support services

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- General and administrative services
- IT administrative services

The Company receives the benefit of these services from PHH Mortgage. During the years ended December 31, 2010 and 2009, the expense for these services was $37.4 million and $40.9 million as recorded in Allocated expenses in the Consolidated Statement of Operations.

Loan Purchase Agreement

The Company has entered into a loan purchase agreement with PHH Mortgage, whereby it has committed to sell or broker, and PHH Mortgage has committed to purchase or fund, certain loans originated. This agreement represents a best efforts commitment to the Company, whereby the ultimate price paid by PHH Mortgage for the loan is determined at the time the Company issues the commitment to the borrower. This agreement had the following impact on the financial position and results of operation or cash flows:

- During 2010 and 2009, the Company sold or brokered $7.9 billion and $11.1 billion, respectively, of mortgage loans to PHH Mortgage.
- For the years ended December 31, 2010 and 2009, $28.7 million and $67.3 million, respectively, of broker fees were recognized within Fee income in the Consolidated Statement of Operations.
- Gains of $77.1 million and $92.1 million were recognized for the years ended December 31, 2010 and 2009 respectively, within Gain on mortgage loans, net in the Consolidated Statements of Operations.
- As of December 31, 2010, the Company had outstanding commitments with PHH Mortgage to sell or broker loans totaling $642 million.

Strategic Relationship Agreement

PHH and Realogy entered into a Strategic Relationship Agreement that sets forth the business relationship between the Company and certain affiliates of PHH and Realogy. Under the terms of the LLC Operating Agreement, PHH has the right to terminate the strategic relationship agreement and terminate its interest in the Company upon, among other things, a material breach by Realogy of a material provision of the LLC Operating Agreement, in which case PHH has the right to purchase Realogy’s interest in the Company at a price derived from an agreed-upon formula based upon fair market value (which is determined with reference to the trailing twelve months EBITDA (earnings before interest, taxes, depreciation and amortization) for the Company and the average market EBITDA multiple for mortgage banking companies.

Upon termination of the mortgage venture, all of the mortgage venture agreements will terminate automatically (excluding certain privacy, non-competition, venture related transition provisions and other general provisions), and Realogy will be released from any restrictions under the mortgage venture agreements that may restrict its ability to pursue a partnership, joint venture or another arrangement with any third party mortgage operation.

Sublease Agreement

See Note 10 – Leases for further information regarding lease agreements with PHH Mortgage.

Arrangements with Realogy

Trademark License Agreement

The Company has entered into a Trademark License Agreement with certain affiliates of Realogy, whereby those affiliates have granted the Company exclusive rights to use certain trademarks. Under the terms of the agreement, Realogy remains the owner of the trademarks; however, the Company has the exclusive rights to use the trademarks in conducting its mortgage banking operations and does not pay a fee for the use of these rights.

Strategic Relationship Agreement

PHH and Realogy entered into a Strategic Relationship Agreement that sets forth the business relationship between the Company and certain affiliates of PHH and Realogy. Under the terms of the LLC Operating Agreement, Realogy has the right to terminate the strategic relationship agreement and terminate its interest in the Company in the event of:

- a Regulatory Event (defined below) continuing for six months or more; provided that the Company may defer termination on account of a Regulatory Event for up to six additional one month periods by paying Realogy a $1.0

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million fee at the beginning of each such one month period;

- a change in control of PHH involving a competitor of Realogy or certain other specified parties;
- a material breach, not cured within the requisite cure period, by PHH or its affiliates of the representations, warranties, covenants or other agreements related to the formation of the Company;
- failure by the Company to make scheduled distributions pursuant to the LLC Operating Agreement;
- bankruptcy or insolvency of PHH or the Company, or
- any act or omission by PHH that causes or would reasonably be expected to cause material harm to Realogy.

A "Regulatory Event" means a situation in which (a) the Company becomes subject to any regulatory order, or any governmental entity initiates a proceeding with respect to the Company, and (b) such regulatory order or proceeding prevents or materially impairs the Company's ability to originate loans for any period of time in a manner that adversely affects the value of one or more quarterly distributions to be paid pursuant to the LLC Operating Agreement; provided, however, that a "Regulatory Event" does not include (1) any order, directive or interpretation or change in law, rule or regulation, in any such case that is applicable generally to companies engaged in the mortgage lending business such that the Company is unable to cure the resulting circumstances described in (b) above, or (2) any regulatory order or proceeding that results solely from acts or omissions on the part of Realogy or its affiliates.

In the case of a change in control of PHH, Realogy may terminate the LLC Operating Agreement. In addition, beginning on February 1, 2015, Realogy may terminate the LLC Operating Agreement at any time by giving two years' notice to PHH. Upon Realogy's termination of the agreement, Realogy will have the option either to (i) require that PHH purchase Realogy's interest in the Company, (ii) require PHH to sell its interest in the Company to Realogy or its designee. The fair value of the purchase or sale of interests in the company upon Realogy's termination will be determined in accordance with the LLC Operating Agreement, and in certain cases, liquidated damages will be paid.

Shared Office Space Agreement

See Note 10 – Leases for further information regarding lease agreements with Realogy.

7. Derivatives and Risk Management Activities

Derivative instruments are used as part of the overall strategy to manage exposure to market risks primarily associated with fluctuations in interest rates, specifically long-term U.S. Treasury and mortgage interest rates due to their impact on mortgage loans held for sale and related commitments. The Company also has exposure to LIBOR due to its impact on variable-rate borrowings. The Company uses best efforts commitments with various investors, including PHH Mortgage, to mitigate the risk associated with mortgage loans held for sale and interest rate lock commitments. As a matter of policy, derivatives are not used for speculative purposes. The following is a description of the Company's risk management policies related to IRLCs and mortgage loans held for sale:

Interest Rate Lock Commitments. Interest rate lock commitments ("IRLCs") represent an agreement to extend credit to a mortgage loan applicant, or an agreement to purchase a loan from a third-party originator, whereby the interest rate on the loan is set prior to funding. The loan commitment binds the Company (subject to the loan approval process) to lend funds to a potential borrower at the specified rate, regardless of whether interest rates have changed between the commitment date and the loan funding date. As such, outstanding IRLCs are subject to interest rate risk and related price risk during the period from the date of issuance through the date of loan funding, cancellation or expiration. Loan commitments generally range between 30 and 90 days; however, the borrower is not obligated to obtain the loan. The Company is subject to fallout risk related to IRLCs, which is realized if approved borrowers choose not to close on the loans within the terms of the IRLCs. The Company uses best efforts commitments to substantially eliminate these risks. Historical commitment-to-closing ratios are considered to estimate the quantity of mortgage loans that will fund within the terms of the IRLCs.

Mortgage Loans Held for Sale. The Company is subject to interest rate and price risk on its Mortgage loans held for sale from the loan funding date until the date the loan is sold. Best efforts commitments which fix the forward sales price that will be realized in the secondary market are used to eliminate the interest rate and price risk to the Company.

See Note 12, "Fair Value Measurements" for additional information regarding IRLCs, mortgage loans, and related sale commitments.

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Derivative instruments are measured at fair value on a recurring basis and are included in Other assets or Other liabilities in the Consolidated Balance Sheets. The Company did not have any derivative instruments designated as hedging instruments, or subject to master netting and collateral agreements as of and for the years ended December 31, 2010 and 2009.

The following table presents the balances of outstanding derivatives:

	December 31, 2010			December 31, 2009		
	Asset Derivatives	Liability Derivatives	Notional	Asset Derivatives	Liability Derivatives	Notional
	(In thousands)					
Interest rate lock commitments	$3,217	$1,128	$614,199	$1,358	$480	$455,787
Best efforts sale commitments	2,634	1,228	990,235	1,636	133	514,030
Fair value of derivative instruments	$5,851	$2,356		$2,994	$613	

The following table summarizes the amounts recorded in Gain on mortgage loans, net in the Consolidated Statements of Operations for derivative instruments not designated as hedging instruments:

	December 31,	
	2010	2009
	(In thousands)	
Interest rate lock commitments	$93,336	$41,988
Best Efforts Sale commitments	(30,419)	7,029
Total derivative instruments	$62,917	$49,017

8. Commitments and Contingencies

Loan Related Commitments

At December 31, 2010, the Company had commitments to fund loans with agreed-upon rates or rate protection amounting to $798 million and best efforts commitments to sell loans amounting to $1.2 billion. The Company is only obligated to settle the best efforts commitment if the loan closes in accordance with the terms of the IRLC; therefore, the commitments outstanding do not represent future cash obligations.

Pending Litigation

The Company is involved in litigation arising in the normal course of business. Although the amount of any ultimate liability arising from these matters cannot presently be determined, the Company does not anticipate that any such liability will have a material effect on its consolidated financial position or results of operations.

9. Benefit Plans

Employees of the Company are participants in a defined contribution plan. For the years ended December 31, 2010 and 2009, defined contribution plan expenses of $2.5 million and $2.4 million, respectively, were recognized in Salaries and related expenses in the Consolidated Statements of Operations.

10. Leases

The Company leases space from related parties, and recognized expense amount in the Consolidated Statement of Operations related to these agreements as follows:

- For the years ended December 31, 2010 and 2009, expense was recognized related to office space leased from PHH Mortgage, of $1.0 million for both years, in Allocated expenses.

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- For the years ended December 31, 2010 and 2009, expense was recognized related to office space leased from Realogy affiliates, of $1.6 million and $1.8 million, respectively, in Occupancy and other office expenses.

Certain other facilities and equipment are leased under lease agreements expiring at various dates through 2017. For the years ended December 31, 2010 and 2009, total rental expense for premises and equipment amounted to $5.5 million and $5.4 million, respectively.

Obligations under non-cancellable leases which have a remaining term of more than twelve months are as follows:

	Future Minimum Lease Obligations (In thousands)
2011	$2,784
2012	2,346
2013	1,257
2014	1,134
2015	1,038
Thereafter	407
	$8,966

11. Concentrations of Credit Risk

During the current period, the Company had operating cash deposited with banks in excess of federally insured limits.
The Company originates mortgage loans in 49 states sourced through Realogy-owned real estate offices, Cartus, and for U.S.-based employees of Realogy and its subsidiaries. Loan concentrations are considered to exist when there are amounts loaned to a multiple number of borrowers with similar characteristics, which would cause their ability to meet contractual obligations to be similarly impacted by economic or other conditions. During 2010 and 2009, 77% and 71%, respectively, of originated and brokered loans were derived from sources related to Realogy.
The Company is exposed to counterparty risk with its best efforts commitments in the event that the counterparty cannot take delivery of the underlying mortgage loan.

12. Fair Value Measurements

As of December 31, 2010 and 2009, all financial instruments were either recorded at fair value or the carrying value approximated fair value, with the exception of Debt. See Note 5, “Debt” for the fair value of Debt as of December 31, 2010. For financial instruments that were not recorded at fair value as of December 31, 2010 and 2009, such as Cash and cash equivalents and Restricted cash and cash equivalents, the carrying value approximates fair value due to the short-term nature of such instruments. The incorporation of counterparty credit risk did not have a significant impact on the valuation of assets and liabilities recorded at fair value on a recurring basis as of December 31, 2010 or 2009. See Note 1, “Summary of Significant Accounting Policies” for a description of the valuation hierarchy of inputs used in determining fair value measurements. The Company does not have any assets or liabilities that are measured at fair value on a non-recurring basis.
For assets and liabilities measured at fair value on a recurring basis, the valuation methodologies, significant inputs, and classification pursuant to the valuation hierarchy are as follows:
Mortgage Loans Held for Sale. Mortgage loans held for sale are generally classified within Level Two of the valuation hierarchy.
For Level Two mortgage loans held for sale (“MLHS”), fair value is estimated using a market approach by utilizing either: (i) the fair value of securities backed by similar mortgage loans, adjusted for certain factors to approximate the fair value of a whole mortgage loan, including the value attributable to mortgage servicing and credit risk, (ii) current commitments to purchase loans or (iii) recent observable market trades for similar loans, adjusted for credit risk and other individual loan characteristics.

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The Agency mortgage-backed security market is a highly liquid and active secondary market for conforming conventional loans whereby quoted prices exist for securities at the pass-through level, which are published on a regular basis.

For Level Three MLHS, fair value is estimated utilizing either a discounted cash flow model or underlying collateral values. For MLHS valued using underlying collateral values as of December 31, 2010 and 2009, an adjustment was made for a pricing discount based on the most recent observable price in an active market.

The following tables reflect the difference between the carrying amount of MLHS, measured at fair value, and the aggregate unpaid principal amount that the Company is contractually entitled to receive at maturity:

	December 31, 2010		December 31, 2009	
	Total	Loans 90 or more days past due and on non-accrual status	Total	Loans 90 or more days past due and on non-accrual status
	(In thousands)			
Mortgage loans held for sale:				
Carrying amount	$383,701	$610	$59,801	$716
Aggregate unpaid principal balance	377,403	1,107	59,321	1,109
Difference	6,298	(497)	480	(393)

The following table summarizes the components of Mortgage loans held for sale:

	December 31, 2010	December 31, 2009
First mortgages:	(In thousands)	
Conforming[1]	$354,638	$58,923
Non-conforming	27,946	—
Total first mortgages	382,584	58,923
Second lien	171	162
Scratch and Dent[2]	758	716
Other	188	—
Total	$383,701	$59,801

[1] Represents mortgage loans that conform to the standards of the government-sponsored entities.

[2] Represents mortgages with origination flaws or performance issues.

Derivative Instruments. Derivative instruments are classified within Level Two and Level Three of the valuation hierarchy.

Best Efforts Commitments: Best efforts commitments are classified within Level Two of the valuation hierarchy. Best efforts commitments fix the forward sales price that will be realized upon the sale of mortgage loans into the secondary market. Best efforts sales commitments are entered into for loans at the time the borrower commitment is made. These best efforts sales commitments are valued using the committed price to the counterparty against the current market price of the interest rate lock commitment or mortgage loan held for sale.

Interest Rate Lock Commitments: Interest rate lock commitments (“IRLCs”) are classified within Level Three of the valuation hierarchy. IRLCs represent an agreement to extend credit to a mortgage loan applicant, or an agreement to purchase a loan from a third-party originator, whereby the interest rate on the loan is set prior to funding. The fair value of IRLCs is based upon the estimated fair value of the underlying mortgage loan, including the expected net future cash flows related to servicing the mortgage loan, adjusted for: (i) estimated costs to complete and originate the loan and (ii) an adjustment to reflect the estimated percentage of IRLCs that will result in a closed mortgage loan (or “pullthrough”). The estimate of pullthrough is based on changes in pricing and actual borrower behavior. The average pullthrough percentage used in measuring the fair value of IRLCs was 72% as of December 31, 2010.

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Assets and liabilities that are measured at fair value on a recurring basis were as follows:

	December 31, 2010			
	Level One	Level Two	Level Three	Total
	(In thousands)			
Assets:				
Mortgage loans held for sale	$—	$382,772	$929	$383,701
Other assets:				
Derivative assets				
Interest rate lock commitments	—	—	3,217	3,217
Best efforts commitments	—	2,634	—	2,634
Liabilities:				
Other liabilities:				
Derivative liabilities				
Interest rate lock commitments	—	—	1,128	1,128
Best efforts commitments	—	1,228	—	1,228

	December 31, 2009			
	Level One	Level Two	Level Three	Total
	(In thousands)			
Assets:				
Mortgage loans held for sale	$—	$58,923	$878	$59,801
Other assets:				
Derivative assets	—	1,636	1,358	2,994
Liabilities:				
Other liabilities:				
Derivative liabilities	—	133	480	613

The activity in assets and liabilities that are classified within Level Three of the valuation hierarchy during the years ended December 31, 2010 and 2009 consisted of:

	December 31, 2010		December 31, 2009	
	Mortgage loans held for sale	IRLCs, net	Mortgage loans held for sale	Derivatives, net
	(In thousands)			
Balance, January 1,	$878	$878	$616	$10,287
Realized and unrealized (losses) gains[1]	(301)	93,336	(62)	41,988
Purchases, issuances and settlements, net	92	(92,125)	142	(51,397)
Transfers into level three[2]	260	—	182	—
Balance, December 31,	$929	$2,089	$878	$878

(1) Realized and unrealized (losses) gains are recognized within Gain on mortgage loans, net in the Consolidated Statements of Operations.

(2) Represents Conforming Loans that were reclassified to Scratch and Dent during the year ended December 31, 2010. The amount of transfer out of level three was not significant for the year ended December 31, 2010 or 2009.

The amount of unrealized gains and losses included in Gain on mortgage loans, net in the Consolidated Statements of Operations related to assets and liabilities classified within Level Three of the valuation hierarchy that are included in the Consolidated Balance Sheets as of December 31, 2010 and 2009 are $1.9 million and $0.8 million, respectively.

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13. Capital Requirements

As a licensed mortgagee, the Company is subject to the rules and regulations of the Department of Housing and Urban Development ("HUD"), FHA, Fannie Mae and state regulatory authorities with respect to originating, processing, and selling loans. Those rules and regulations, among other things, require the maintenance of minimum net worth levels (which vary based on the portfolio of FHA loans originated by the Company). Failure to meet the net worth requirements outlined above could adversely impact the ability to originate loans and access the secondary market. The following table presents required and actual net worth amounts:

	December 31, 2010	
	Required	Adjusted actual
	(In thousands)	
HUD/FHA	$14,318	$82,341
Fannie Mae	1,000	82,341

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Realogy Corporation

Up to $1,143,706,000 11.00% Series A Convertible Senior Subordinated Notes due 2018
Up to $291,424,196 11.00% Series B Convertible Senior Subordinated Notes due 2018
Up to $675,111,000 11.00% Series C Convertible Senior Subordinated Notes due 2018

and

Domus Holdings Corp.

Class A Common Stock Issuable upon Conversion of the Notes

Prospectus

, 2012

Until , 2012, all dealers that effect transactions in these securities, whether or not participating in this offering by the selling securityholders, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS
Item 13. Other Expenses of Issuance and Distribution.
The following table sets forth the estimated fees and expenses (except for the SEC registration fee) paid or payable by the registrants in connection with the distribution of the notes and the Class A Common Stock:

SEC registration fee	$244,999.00
Printing and engraving costs	100,000.00
Legal fees and expenses	250,000.00
Accountants' fees and expenses	175,000.00
Miscellaneous	25,400.00
Total	$795,399.00

Item 14. Indemnification of Directors and Officers.
Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, in which such person is made a party by reason of the fact that the person is or was a director, officer, employee or agent of the corporation (other than an action by or in the right of the corporation-a "derivative action"), if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's by-laws, disinterested director vote, stockholder vote, agreement or otherwise.
Our amended and restated certificate of incorporation provides that no director shall be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation on liability is not permitted under the DGCL, as now in effect or as amended. Currently, Section 102(b)(7) of the DGCL requires that liability be imposed for the following:

- any breach of the director's duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; and
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and by-laws provide that, to the fullest extent authorized or permitted by the DGCL, as now in effect or as amended, we will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person, or a person of whom he or she is the legal representative, is or was our director or officer, or by reason of the fact that our director or officer is or was serving, at our request, as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by us. We will indemnify such persons against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action if such person acted in good faith and in a manner reasonably believed to be in our best interests and, with respect to any criminal proceeding, had no reason to believe such person's conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such actions, and court approval is required before there can be any indemnification where

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the person seeking indemnification has been found liable to us. Any amendment of this provision will not reduce our indemnification obligations relating to actions taken before an amendment.

We have obtained policies that insure our directors and officers and those of our subsidiaries against certain liabilities they may incur in their capacity as directors and officers. Under these policies, the insurer, on our behalf, may also pay amounts for which we have granted indemnification to the directors or officers.

Item 15. Recent Sales of Unregistered Securities.

During the past three years, we have issued unregistered securities as described below. We believe that each of these transactions was exempt from registration requirements pursuant to the Securities Act.

From the period beginning January 1, 2009 through February 27, 2012, we granted 3,000,401 stock options to purchase an aggregate of 3,000,401 shares of Common Stock and 105,000 shares of restricted stock to employees and directors under the Holdings Stock Incentive Plan, not including options granted pursuant to the Stock Option Exchange Offer (as defined below).

On November 9, 2010, we granted 10,159,000 stock options to purchase an aggregate of 10,159,000 shares of Common Stock in exchange on a one-for-one basis for 10,159,000 options to purchase an aggregate of 10,159,000 shares of Common Stock held by employees, substantially all of which were granted in 2007 in connection with Apollo's acquisition of the Company (the "Stock Option Exchange Offer"). The stock options granted in the Stock Option Exchange Offer are exercisable for shares of Class A Common Stock.

The stock options and restricted stock awards described above were issued pursuant to written compensatory plans or arrangements with our employees and directors in reliance on the exemptions provided by either Section 3(a)(9) of the Securities Act or Rule 701 under the Securities Act. The shares of Common Stock issued or issuable upon exercise of options are deemed restricted securities for the purposes of the Securities Act.

On January 5, 2011, Realogy issued $491,824,000 aggregate principal amount of 11.50% Senior Notes, $129,579,298 aggregate principal amount of 12.00% Senior Notes, $10,282,000 aggregate principal amount of 13.375% Senior Subordinated Notes, $1,143,706,000 aggregate principal amount of Series A Convertible Notes, $291,424,196 aggregate principal amount of Series B Convertible Notes and $675,111,000 aggregate principal amount of Series C Convertible Notes to holders of its Existing Notes who were "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) or institutional "accredited investors" within the meaning of Rule 501 (a)(1), (2), (3) or (7) of Regulation D under the Securities Act and who elected to exchange their Existing Notes for the Extended Maturity Notes and/or the notes.

On February 3, 2011, Realogy sold $700,000,000 aggregate principal amount of Existing First and a Half Lien Notes to J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, Barclays Capital Inc., Goldman, Sachs & Co. and Morgan Joseph LLC (less underwriting discounts and fees) in an underwritten offering pursuant to Rule 144A under the Securities Act.

On February 2, 2012, Realogy sold $593,000,000 aggregate principal amount of First Lien Notes and $325,000,000 aggregate principal amount of New First and a Half Lien Notes to J.P. Morgan Securities LLC, Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., Credit Agricole Securities (USA) Inc., Scotia Capital (USA) Inc. and Apollo Global Securities, LLC in an underwritten offering pursuant to Rule 144A under the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

See the Index to Exhibits included in this Registration Statement.

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(b) Financial Statement Schedules.
Schedule II—Valuation and Qualifying Accounts.
DOMUS HOLDINGS CORP. AND REALOGY CORPORATION
SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(in millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Allowance for doubtful accounts [(a)]					
Year ended December 31, 2011	$65	$10	$—	$(12)	$63
Year ended December 31, 2010	63	13	4	(15)	65
Year ended December 31, 2009	43	21	5	(6)	63
Reserve for development advance notes, short term [(b)]					
Year ended December 31, 2011	$2	$—	$—	$(1)	$1
Year ended December 31, 2010	3	—	—	(1)	2
Year ended December 31, 2009	3	—	—	—	3
Reserve for development advance notes, long term					
Year ended December 31, 2011	$9	$(3)	$—	$(1)	$5
Year ended December 31, 2010	17	(5)	—	(3)	9
Year ended December 31, 2009	21	2	—	(6)	17
Deferred tax asset valuation allowance					
Year ended December 31, 2011	$118	$220	$—	$—	$338
Year ended December 31, 2010	124	—	—	(6)	118
Year ended December 31, 2009	61	63	—	—	124

(a) The deduction column represents uncollectible accounts written off, net of recoveries from Trade Receivables in the Consolidated Balance Sheets.

(b) Short-term development advance notes and related reserves are included in Trade Receivables in the Consolidated Balance Sheets.

Item 17. Undertakings.

The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective

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amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the Registration Statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the Registration Statement or made in a document incorporated or deemed incorporated by reference into the Registration Statement or prospectus that is part of the Registration Statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the Registration Statement or prospectus that was part of the Registration Statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrants under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrants undertake that in a primary offering of securities of the undersigned registrants pursuant to this Registration Statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, each of the undersigned registrants will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrants relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrants or used or referred to by the undersigned registrants;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrants or their securities provided by or on behalf of the undersigned registrants; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrants to the purchaser.

The undersigned registrants hereby undertake to respond to requests for information that is included in the prospectus pursuant to Items 4, 10(b), 11, or 13 of Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the Registration Statement through the date of responding to the request.

The undersigned registrants hereby undertake to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the Registration Statement when it became effective.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, the registrants have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling persons of the registrants in the successful defense of any action, suit, or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrants hereby undertake that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrants pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Parsippany, State of New Jersey, on the 5th of March, 2012.

REALOGY CORPORATION

By: /S/ ANTHONY E. HULL
Name: Anthony E. Hull
Title: Executive Vice President, Chief Financial Officer and Treasurer

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Pursuant to the requirements of the Securities Act, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated below.

Name	Title	Date
* Henry R. Silverman	Non-Executive Chairman of the Board	March 5, 2012
* Richard A. Smith	President, Chief Executive Officer and Director (Principal Executive Officer)	March 5, 2012
/S/ ANTHONY E. HULL Anthony E. Hull	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 5, 2012
* Dea Benson	Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	March 5, 2012
* Marc E. Becker	Director	March 5, 2012
* Scott Kleinman	Director	March 5, 2012
* M. Ali Rashid	Director	March 5, 2012
* V. Ann Hailey	Director	March 5, 2012

*By: /S/ ANTHONY E. HULL
Anthony E. Hull
Attorney-in-Fact

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Parsippany, State of New Jersey, on the 5th of March, 2012.

DOMUS HOLDINGS CORP.

By: /S/ ANTHONY E. HULL
Name: Anthony E. Hull
Title: Executive Vice President, Chief Financial Officer and Treasurer

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/S/ ANTHONY E. HULL Anthony E. Hull	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 5, 2012
* Dea Benson	Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	March 5, 2012
* Marc E. Becker	Director	March 5, 2012
* Scott Kleinman	Director	March 5, 2012
* M. Ali Rashid	Director	March 5, 2012
* V. Ann Hailey	Director	March 5, 2012

*By: /S/ ANTHONY E. HULL
Anthony E. Hull
Attorney-in-Fact

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SIGNATURES

Pursuant to the requirements of the Securities Act the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Parsippany, State of New Jersey, on the 5th of March, 2012.

NRT INSURANCE AGENCY, INC.
REALOGY OPERATIONS LLC
REALOGY SERVICES GROUP LLC
REALOGY SERVICES VENTURE PARTNER LLC

By: /S/ ANTHONY E. HULL
Name: Anthony E. Hull
Title: Chief Financial Officer

CARTUS CORPORATION
CDRE TM LLC
CARTUS ASSET RECOVERY CORPORATION
CARTUS PARTNER CORPORATION
LAKECREST TITLE, LLC
NRT PHILADELPHIA LLC
REFERRAL NETWORK LLC
SOTHEBY'S INTERNATIONAL REALTY LICENSEE LLC
WREM, INC.

By: /S/ ANTHONY E. HULL
Name: Anthony E. Hull
Title: Executive Vice President & Treasurer

AMERICAN TITLE COMPANY OF HOUSTON
ATCOH HOLDING COMPANY
BURNET TITLE LLC
BURNET TITLE HOLDING LLC
BURROW ESCROW SERVICES, INC.
CORNERSTONE TITLE COMPANY
EQUITY TITLE COMPANY
EQUITY TITLE MESSENGER SERVICE HOLDING LLC
FIRST CALIFORNIA ESCROW CORPORATION
FRANCHISE SETTLEMENT SERVICES LLC
GUARDIAN HOLDING COMPANY
GUARDIAN TITLE AGENCY, LLC
GUARDIAN TITLE COMPANY
GULF SOUTH SETTLEMENT SERVICES, LLC
KEYSTONE CLOSING SERVICES LLC
MARKET STREET SETTLEMENT GROUP LLC
MID-ATLANTIC SETTLEMENT SERVICES LLC
NATIONAL COORDINATION ALLIANCE LLC
NRT SETTLEMENT SERVICES OF MISSOURI LLC

NRT SETTLEMENT SERVICES OF TEXAS LLC
PROCESSING SOLUTIONS LLC
SECURED LAND TRANSFERS LLC
ST. JOE TITLE SERVICES LLC
TAW HOLDING INC.

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TEXAS AMERICAN TITLE COMPANY
TITLE RESOURCE GROUP AFFILIATES HOLDINGS LLC
TITLE RESOURCE GROUP HOLDINGS LLC
TITLE RESOURCE GROUP LLC
TITLE RESOURCE GROUP SERVICES LLC
TITLE RESOURCES INCORPORATED
TRG SERVICES, ESCROW, INC.
TRG SETTLEMENT SERVICES, LLP
WAYDAN TITLE, INC.
WEST COAST ESCROW COMPANY

By: /S/ THOMAS N. RISPOLI
Name: Thomas N. Rispoli
Title: Chief Financial Officer

BETTER HOMES AND GARDENS REAL ESTATE LLC
BETTER HOMES AND GARDENS REAL ESTATE LICENSEE LLC
CENTURY 21 REAL ESTATE LLC
CGRN, INC.
COLDWELL BANKER LLC
COLDWELL BANKER REAL ESTATE LLC
ERA FRANCHISE SYSTEMS LLC
GLOBAL CLIENT SOLUTIONS LLC
ONCOR INTERNATIONAL LLC
REALOGY FRANCHISE GROUP LLC
REALOGY GLOBAL SERVICES LLC
REALOGY LICENSING LLC
SOTHEBY'S INTERNATIONAL REALTY AFFILIATES LLC
WORLD REAL ESTATE MARKETING LLC

By: /S/ ANDREW G. NAPURANO
Name: Andrew G. Napurano
Title: Chief Financial Officer

ALPHA REFERRAL NETWORK LLC
BURGDORFF LLC
BURNET REALTY LLC
CAREER DEVELOPMENT CENTER, LLC
CB COMMERCIAL NRT PENNSYLVANIA LLC
COLDWELL BANKER COMMERCIAL PACIFIC PROPERTIES LLC
COLDWELL BANKER PACIFIC PROPERTIES LLC
COLDWELL BANKER REAL ESTATE SERVICES LLC
COLDWELL BANKER RESIDENTIAL BROKERAGE COMPANY
COLDWELL BANKER RESIDENTIAL BROKERAGE LLC
COLDWELL BANKER RESIDENTIAL REAL ESTATE LLC
COLDWELL BANKER RESIDENTIAL REFERRAL

NETWORK
COLDWELL BANKER RESIDENTIAL REFERRAL NETWORK, INC.
COLORADO COMMERCIAL, LLC
HOME REFERRAL NETWORK LLC
JACK GAUGHEN LLC
NRT ARIZONA LLC
NRT ARIZONA COMMERCIAL LLC
NRT ARIZONA REFERRAL LLC
NRT COLORADO LLC
NRT COLUMBUS LLC
NRT COMMERCIAL LLC
NRT COMMERCIAL UTAH LLC
NRT DEVELOPMENT ADVISORS LLC
NRT DEVONSHIRE LLC
NRT HAWAII REFERRAL, LLC
NRT LLC
NRT MID-ATLANTIC LLC
NRT MISSOURI LLC
NRT MISSOURI REFERRAL NETWORK LLC
NRT NEW ENGLAND LLC
NRT NEW YORK LLC
NRT NORTHFORK LLC
NRT PITTSBURGH LLC
NRT REFERRAL NETWORK LLC
NRT RELOCATION LLC
NRT REOEXPERTS LLC
NRT SUNSHINE INC.
NRT TEXAS LLC
NRT UTAH LLC
NRT WEST, INC.
REAL ESTATE REFERRAL LLC
REAL ESTATE REFERRALS LLC
REAL ESTATE SERVICES LLC
REFERRAL ASSOCIATES OF NEW ENGLAND LLC
REFERRAL NETWORK, LLC
REFERRAL NETWORK PLUS, INC.
SOTHEBY'S INTERNATIONAL REALTY, INC.
SOTHEBY'S INTERNATIONAL REALTY
REFERRAL COMPANY, LLC
THE SUNSHINE GROUP (FLORIDA) LTD. CORP.
THE SUNSHINE GROUP, LTD.
VALLEY OF CALIFORNIA, INC.

By: /S/ KEVIN R. GREENE
Name: Kevin R. Greene
Title: Chief Financial Officer

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Each person whose signature appears below, hereby constitutes and appoints Richard A. Smith, Anthony E. Hull and Marilyn J. Wasser, and each of them, his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments, including post-effective amendments, to this Registration Statement, and any registration statement relating to the offering covered by this Registration Statement and filed pursuant to Rule 424(b) under the Securities Act, and to file or cause to be filed the same, with all exhibits thereto and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents or his or her or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.
Pursuant to the requirements of the Securities Act, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated below.

Name	Title	Date
/S/ ANTHONY E. HULL Anthony E. Hull	(2)	March 5, 2012
* Thomas N. Rispoli	(3)	March 5, 2012
* Andrew G. Napurano	(4)	March 5, 2012
* Eric Barnes	(5)	March 5, 2012
* Kevin R. Greene	(6)	March 5, 2012
* Donald J. Casey	(7)	March 5, 2012
* Marilyn J. Wasser	(8)	March 5, 2012
* Robert Way	(9)	March 5, 2012
* David J. Weaving	(10)	March 5, 2012

*By: /S/ ANTHONY E. HULL
Anthony E. Hull
Attorney-in-Fact

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Name	Title	Date
* Marvin Levin	(11)	March 5, 2012
* Terrence D. Wright	(12)	March 5, 2012
* Allen Shindler	(13)	March 5, 2012
* E. Neil Gulley	(14)	March 5, 2012
* Kevin J. Kelleher	(15)	March 5, 2012
* Tony Wong	(16)	March 5, 2012
* Alexander E. Perriello III	(17)	March 5, 2012
* Bruce G. Zipf	(18)	March 5, 2012
* Charlotte Sears	(19)	March 5, 2012
* Clark W. Toole, III	(20)	March 5, 2012
* Richard P. Tucker	(21)	March 5, 2012
* Paula A. Singleton	(22)	March 5, 2012
* Martha Louise Appel	(23)	March 5, 2012

*By: /S/ ANTHONY E. HULL
Anthony E. Hull
Attorney-in-Fact

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Name	Title	Date
* Malcolm MacEwen	(24)	March 5, 2012
* Steven Bogden	(25)	March 5, 2012
* Brad Horner	(26)	March 5, 2012
* Mel Husney	(27)	March 5, 2012
* Linda Searle-Taylor	(28)	March 5, 2012
* Alec String	(29)	March 5, 2012
/S/ COLLIN ELLINGSON Collin Ellingson	(30)	March 5, 2012
* James Dohr	(31)	March 5, 2012
/S/ PATRICIA A. VILLANI Patricia A. Villani	(32)	March 5, 2012
* Patricia H. Cole	(33)	March 5, 2012
* Kelly Kennedy Mack	(34)	March 5, 2012
* William D. Yahn	(35)	March 5, 2012
* David Krieger	(36)	March 5, 2012

*By: /S/ ANTHONY E. HULL
Anthony E. Hull
Attorney-in-Fact

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Name	Title	Date
/S/ MICHAEL COEN Michael Coen	(37)	March 5, 2012
* Bernadette Tucker	(38)	March 5, 2012
* Hilry S. Stroup	(39)	March 5, 2012
* Sherry Chris	(40)	March 5, 2012
* Esther Semlak	(41)	March 5, 2012
* Richard W. Davidson	(42)	March 5, 2012
* James R. Gillespie	(43)	March 5, 2012
* George Hackettt	(44)	March 5, 2012
* Charles G. Young	(45)	March 5, 2012
* Vikas Bangia	(46)	March 5, 2012
* C. Matthew Spinolo	(47)	March 5, 2012
* Derek Massey	(48)	March 5, 2012
* Nancy J. LoRusso	(49)	March 5, 2012

*By: /S/ ANTHONY E. HULL
Anthony E. Hull
Attorney-in-Fact

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Name	Title	Date
* Richard A. Smith	(50)	March 5, 2012
* Michael R. Good	(51)	March 5, 2012
* Elliot Rose	(52)	March 5, 2012
/S/ KATHRYN KORTE Kathryn Korte	(53)	March 5, 2012

*By: /S/ ANTHONY E. HULL
Anthony E. Hull
Attorney-in-Fact

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1 Each entity listed below is a single member limited liability company managed by its sole member or a limited liability partnership and does not have a board of directors or similar body. A separate signature page of each sole member or partner, as applicable, is included elsewhere in this Registration Statement.

Alpha Referral Network LLC is managed by its sole member, Coldwell Banker Residential Referral Network.

Better Homes and Gardens Real Estate Licensee LLC, Better Homes and Gardens Real Estate LLC, Century 21 Real Estate LLC, Coldwell Banker LLC, ERA Franchise Systems LLC, NRT LLC, Realogy Franchise Group LLC, Realogy Global Services LLC, Realogy Licensing LLC, Realogy Operations LLC, Realogy Services Venture Partner LLC, Sotheby's International Realty Affiliates LLC, Sotheby's International Realty Licensee LLC and Title Resource Group LLC are managed by their sole member, Realogy Services Group LLC.

Burgdorff LLC, Burnet Realty LLC, CDRE TM LLC, Coldwell Banker Pacific Properties LLC, Coldwell Banker Residential Brokerage LLC, Home Referral Network LLC, NRT Colorado LLC, NRT Devonshire LLC, NRT Hawaii Referral, LLC, NRT Mid-Atlantic LLC, NRT Texas LLC, NRT Utah LLC and Real Estate Services LLC are managed by their sole member, NRT LLC.

Career Development Center, LLC is managed by its sole member, NRT Arizona LLC.

Coldwell Banker Commercial Pacific Properties LLC is managed by its sole member, Coldwell Banker Real Estate Services LLC.

Coldwell Banker Real Estate LLC is managed by its sole member, Coldwell Banker LLC.

Coldwell Banker Real Estate Services LLC, NRT Columbus LLC and NRT Pittsburgh LLC are managed by their sole member, Coldwell Banker Residential Real Estate LLC.

Coldwell Banker Residential Real Estate LLC is managed by its sole member, Coldwell Banker Residential Brokerage LLC.

Colorado Commercial, LLC is managed by its sole member, NRT Colorado LLC.

Burnet Title Holding LLC, Burnet Title LLC, Keystone Closing Services LLC, Processing Solutions LLC, St. Joe Title Services LLC, Equity Title Messenger Service Holding LLC, Franchise Settlement Services LLC, Guardian Title Agency, LLC, Mid-Atlantic Settlement Services LLC, National Coordination Alliance LLC, NRT Settlement Services of Missouri LLC, NRT Settlement Services of Texas LLC, Secured Land Transfers LLC and Title Resource Group Holdings LLC are managed by their sole member, Title Resource Group LLC.

Global Client Solutions LLC and ONCOR International LLC are managed by their sole member, Realogy Franchise

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Group LLC.
Gulf South Settlement Services, LLC is managed by its sole member, Title Resource Group Affiliates Holdings, Inc.
Lakecrest Title, LLC is managed by its sole member, Cartus Corporation.
Market Street Settlement Group LLC and Title Resource Group Affiliates Holdings LLC are managed by their sole member, Title Resource Group Holdings LLC.
NRT Northfork LLC is managed by its sole member, NRT New York LLC.
Real Estate Referral LLC is managed by its sole member, NRT New England LLC.
Real Estate Referrals LLC is managed by its sole member, NRT Mid-Atlantic LLC.
Realogy Services Group LLC is managed by its sole member, Realogy Corporation.
Referral Network, LLC is managed by its sole member, NRT Colorado LLC.
Title Resource Group Services LLC is managed by its sole member, St. Joe Title Services LLC.
TRG Settlement Services, LLP is managed by its General Partner, Title Resource Group LLC and its Limited Partner, Title Resource Group Services LLC.
World Real Estate Marketing LLC is managed by its sole member, Century 21 Real Estate LLC.

2 Anthony E. Hull has signed this Registration Statement as Executive Vice President and Chief Financial Officer of NRT Insurance Agency, Inc. Anthony E. Hull has signed this Registration Statement as Executive Vice President, Chief Financial Officer and Treasurer of the following entities: Realogy Operations LLC, Realogy Services Group LLC and Realogy Services Venture Partner LLC.

3 Thomas N. Rispoli has signed this Registration Statement as Senior Vice President and Chief Financial Officer of the following entities: American Title Company of Houston, ATCOH Holding Company, Burnet Title Holding LLC, Burnet Title LLC, Burrow Escrow Services, Inc., Cornerstone Title Company, Equity Title Company, Equity Title Messenger Service Holding LLC, First California Escrow Corporation, Franchise Settlement Services LLC, Guardian Holding Company, Guardian Title Agency, LLC, Guardian Title Company, Gulf South Settlement Services, LLC, Keystone Closing Services LLC, Lakecrest Title, LLC, Market Street Settlement Group LLC, Mid-Atlantic Settlement Services LLC, National Coordination Alliance LLC, NRT Settlement Services of Missouri LLC, NRT Settlement Services of Texas LLC, Processing Solutions LLC, Secured Land Transfers LLC, St. Joe Title Services LLC, TAW Holding Inc., Texas American Title Company, Title Resource Group Affiliates Holdings LLC, Title Resource Group Holdings LLC, Title Resource Group LLC, Title Resource Group Services LLC, Title Resources Incorporated, TRG Services, Escrow, Inc., TRG Settlement Services, LLP, Waydan Title, Inc. and West Coast Escrow Company. Thomas N. Rispoli has signed this Registration Statement as Director of the following entities: American Title Company of Houston, ATCOH Holding Company, Equity Title Company, Texas American Title Company and Waydan Title, Inc.

4 Andrew G. Napurano has signed this Registration Statement as Senior Vice President and Chief Financial Officer of the following entities: Better Homes and Gardens Real Estate Licensee LLC, Better Homes and Gardens Real Estate LLC, Century 21 Real Estate LLC, Coldwell Banker Real Estate LLC, ERA Franchise Systems LLC, Global Client Solutions LLC, ONCOR International LLC, Realogy Franchise Group LLC, Sotheby's International Realty Affiliates LLC, Sotheby's International Realty Licensee LLC, World Real Estate Marketing LLC and WREM, Inc. Andrew G. Napurano has signed this Registration Statement as the Chief Operating Officer and Chief Financial Officer of CGRN, Inc. Andrew G. Napurano has signed this Registration Statement as the Chief Financial Officer and Chief Administrative Officer of the following entities: Coldwell Banker LLC, Realogy Global Services LLC, Realogy Licensing LLC, Realogy Services Group LLC and Realogy Services Venture Partner LLC.

5 Eric Barnes has signed this Registration Statement as Senior Vice President and Chief Financial Officer of the following entities: Cartus Asset Recovery Corporation, Cartus Corporation and Cartus Partner Corporation.

6 Kevin R. Greene has signed this Registration Statement as Senior Vice President and Chief Financial Officer of the following entities: Alpha Referral Network LLC, Burgdorff LLC, Burnet Realty LLC, CB Commercial NRT Pennsylvania LLC, Career Development Center, LLC, CDRE TM LLC, Coldwell Banker Commercial Pacific Properties LLC, Coldwell Banker Pacific Properties LLC, Coldwell Banker Real Estate Services LLC, Coldwell Banker Residential Brokerage Company, Coldwell Banker Residential Brokerage LLC, Coldwell Banker Residential Real Estate LLC, Coldwell Banker Residential Referral Network, Coldwell Banker Residential Referral Network,

Inc., Colorado Commercial, LLC, Home Referral Network LLC, Jack Gaughen LLC, NRT Arizona Commercial LLC, NRT

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Arizona LLC, NRT Arizona Referral LLC, NRT Colorado LLC, NRT Columbus LLC, NRT Commercial LLC, NRT Commercial Utah LLC, NRT Development Advisors LLC, NRT Devonshire LLC, NRT Hawaii Referral, LLC, NRT LLC, NRT Mid-Atlantic LLC, NRT Missouri LLC, NRT Missouri Referral Network LLC, NRT New England LLC, NRT New York LLC, NRT Northfork LLC, NRT Philadelphia LLC, NRT Pittsburgh LLC, NRT Referral Network LLC, NRT Relocation LLC, NRT REOExperts LLC, NRT Sunshine Inc., NRT Texas LLC, NRT Utah LLC, NRT West, Inc., Real Estate Referral LLC, Real Estate Referrals LLC, Real Estate Services LLC, Referral Associates of New England LLC, Referral Network LLC, Referral Network Plus, Inc., Referral Network, LLC, Sotheby's International Realty Referral Company, LLC, Sotheby's International Realty, Inc., St. Joe Title Services LLC, The Corcoran Group Eastside, Inc., The Sunshine Group (Florida) Ltd. Corp., The Sunshine Group, Ltd. and Valley of California, Inc. Kevin R. Greene has signed this Registration Statement as Director of Coldwell Banker Residential Referral Network, Inc.

7 Donald J. Casey has signed this Registration Statement as President and Chief Executive Officer of the following entities: Burnet Title LLC, Cornerstone Title Company, Keystone Closing Services LLC, National Coordination Alliance LLC and Secured Land Transfers LLC. Donald J. Casey has signed this Registration Statement as President of the following entities: Equity Title Messenger Service Holding LLC, Franchise Settlement Services LLC, Gulf South Settlement Services, LLC, NRT Settlement Services of Texas LLC, Title Resource Group Affiliates Holdings LLC, Title Resource Group Holdings LLC, Title Resource Group LLC, Title Resource Group Services LLC, TRG Services, Escrow, Inc. and TRG Settlement Services, LLP. Donald J. Casey has signed this Registration Statement as Chief Executive Officer of Market Street Settlement Group LLC. Donald J. Casey has signed this Registration Statement as Director of the following entities: American Title Company of Houston, ATCOH Holding Company, Burrow Escrow Services, Inc., Cornerstone Title Company, Equity Title Company, First California Escrow Corporation, Guardian Holding Company, Guardian Title Company, TAW Holding Inc., Texas American Title Company, Title Resources Incorporated, TRG Services, Escrow, Inc., Waydan Title, Inc. and West Coast Escrow Company.

8 Marilyn J. Wasser has signed this Registration Statement as Director the following entities: American Title Company of Houston, ATCOH Holding Company, Burrow Escrow Services, Inc., Cartus Asset Recovery Corporation, Cartus Corporation, Cartus Partner Corporation, CGRN, Inc., Coldwell Banker Residential Brokerage Company, Coldwell Banker Residential Referral Network, Inc., Cornerstone Title Company, NRT Insurance Agency, Inc., NRT Sunshine Inc., NRT West, Inc., Referral Network Plus, Inc., Sotheby's International Realty, Inc., TAW Holding Inc., Texas American Title Company, The Sunshine Group (Florida) Ltd. Corp., The Sunshine Group, Ltd., Title Resources Incorporated, TRG Services, Escrow, Inc., Valley of California, Inc., Waydan Title, Inc. and WREM, Inc. Marilyn J. Wasser has signed this Registration Statement as Manager of the following entities: CB Commercial NRT Pennsylvania LLC, Coldwell Banker Residential Real Estate LLC, NRT Arizona Commercial LLC, NRT Arizona LLC, NRT Arizona Referral LLC, NRT Commercial LLC, NRT Commercial Utah LLC, NRT Development Advisors LLC, NRT Missouri LLC, NRT Missouri Referral Network LLC, NRT New England LLC, NRT New York LLC, NRT Philadelphia LLC, NRT Referral Network LLC, NRT Relocation LLC, NRT REOExperts LLC, Referral Associates of New England LLC and Referral Network LLC.

9 Robert Way has signed this Registration Statement as President of the following entities: Processing Solutions LLC, TAW Holding Inc., Texas American Title Company, Title Resources Incorporated and Waydan Title, Inc. Robert Way has signed this Registration Statement as Director of the following entities: American Title Company of Houston, ATCOH Holding Company, TAW Holding Inc., Texas American Title Company and Waydan Title, Inc.

10 David J. Weaving has signed this Registration Statement as President of Realogy Licensing LLC. David J. Weaving has signed this Registration Statement as Director of the following entities: American Title Company of Houston, ATCOH Holding Company, TAW Holding Inc., Texas American Title Company, Title Resources Incorporated and Waydan Title, Inc.

11 Marvin Levin has signed this Registration Statement as Manager of CB Commercial NRT Pennsylvania LLC.

12 Terrence D. Wright has signed this Registration Statement as Manager of Jack Gaughen LLC.

13 Allen Shindler has signed this Registration Statement as President of the following entities: American Title Company of Houston, ATCOH Holding Company. Allen Shindler has signed this Registration Statement as

Director of ATCOH Holding Company.

14 E. Neil Gulley has signed this Registration Statement as President of the following entities: Burrow Escrow Services, Inc., Equity Title Company, First California Escrow Corporation, Guardian Holding Company, Guardian Title Agency, LLC, Guardian Title Company, West Coast Escrow Company. E. Neil Gulley has signed this Registration Statement as Director of the following entities: Burrow Escrow Services, Inc., Cornerstone Title Company, Equity Title Company, First California Escrow Corporation, Guardian Holding Company, Guardian Title Company and West Coast Escrow

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Company.

15 Kevin J. Kelleher has signed this Registration Statement as President and Chief Executive Officer of the following entities: Cartus Asset Recovery Corporation, Cartus Corporation and Cartus Partner Corporation. Kevin J. Kelleher has signed this Registration Statement as Director of the following entities: Cartus Asset Recovery Corporation, Cartus Corporation and Cartus Partner Corporation.

16 Tony Wong has signed this Registration Statement as Director of Cartus Corporation.

17 Alexander E. Perriello III has signed this Registration Statement as President of CGRN, Inc. and Realogy Global Services LLC. Alexander E. Perriello III has signed this Registration Statement as President and Chief Executive Officer of Realogy Franchise Group LLC. Alexander E. Perriello III has signed this Registration Statement as Director of CGRN, Inc. and WREM, Inc.

18 Bruce G. Zipf has signed this Registration Statement as President and Chief Executive Officer of the following entities: Alpha Referral Network LLC, Burgdorff LLC, Burnet Realty LLC, Career Development Center, LLC, CDRE TM LLC, Coldwell Banker Commercial Pacific Properties LLC, Coldwell Banker Pacific Properties LLC, Coldwell Banker Real Estate Services LLC, Coldwell Banker Residential Brokerage Company, Coldwell Banker Residential Brokerage LLC, Coldwell Banker Residential Real Estate LLC, Coldwell Banker Residential Referral Network, Colorado Commercial, LLC, Home Referral Network LLC, Jack Gaughen LLC, NRT Arizona Commercial LLC, NRT Arizona LLC, NRT Arizona Referral LLC, NRT Colorado LLC, NRT Columbus LLC, NRT Commercial LLC, NRT Commercial Utah LLC, NRT Development Advisors LLC, NRT Devonshire LLC, NRT Hawaii Referral, LLC, NRT Insurance Agency, Inc., NRT LLC, NRT Mid-Atlantic LLC, NRT Missouri LLC, NRT Missouri Referral Network LLC, NRT New England LLC, NRT New York LLC, NRT Northfork LLC, NRT Philadelphia LLC, NRT Pittsburgh LLC, NRT Referral Network LLC, NRT Relocation LLC, NRT REOExperts LLC, NRT Sunshine Inc., NRT Texas LLC, NRT Utah LLC, Real Estate Referral LLC, Real Estate Referrals LLC, Real Estate Services LLC, Referral Associates of New England LLC, Referral Network LLC, Referral Network Plus, Inc., Referral Network, LLC, Sotheby's International Realty Referral Company, LLC, Sotheby's International Realty, Inc., The Sunshine Group (Florida) Ltd. Corp., The Sunshine Group, Ltd., and Valley of California, Inc. Bruce G. Zipf has signed this Registration Statement as Director of the following entities: Coldwell Banker Residential Brokerage Company, Coldwell Banker Residential Referral Network, Inc., NRT Insurance Agency, Inc., NRT Sunshine Inc., NRT West, Inc., Referral Network Plus, Inc., Sotheby's International Realty, Inc., The Sunshine Group (Florida) Ltd. Corp., The Sunshine Group, Ltd., and Valley of California, Inc. Bruce G. Zipf has signed this Registration Statement as Manager of the following entities: CB Commercial NRT Pennsylvania LLC, Coldwell Banker Residential Real Estate LLC, Jack Gaughen LLC, NRT Arizona Commercial LLC, NRT Arizona LLC, NRT Arizona Referral LLC, NRT Commercial LLC, NRT Commercial Utah LLC, NRT Development Advisors LLC, NRT Missouri LLC, NRT Missouri Referral Network LLC, NRT New England LLC, NRT New York LLC, NRT Philadelphia LLC, NRT Referral Network LLC, NRT Relocation LLC, NRT REOExperts LLC, Referral Associates of New England LLC, and Referral Network LLC.

19 Charlotte Sears has signed this Registration Statement as Manager of Coldwell Banker Residential Real Estate LLC.

20 Clark W. Toole, III has signed this Registration Statement as Manager of Coldwell Banker Residential Real Estate LLC, NRT REOExperts LLC and NRT Commercial LLC.

21 Richard P. Tucker has signed this Registration Statement as Manager of Jack Gaughen LLC.

22 Paula A. Singleton has signed this Registration Statement as Manager of NRT Arizona Commercial LLC.

23 Martha Louise Appel has signed this Registration Statement as Manager of NRT Arizona LLC.

24 Malcolm MacEwen has signed this Registration Statement as Manager of NRT Arizona Referral LLC.

25 Steven Bogden has signed this Registration Statement as Manager of NRT Commercial Utah LLC.

26 Brad Horner has signed this Registration Statement as Manager of NRT Development Advisors LLC.

27 Mel Husney has signed this Registration Statement as Manager of NRT Development Advisors LLC.

28 Linda Searle-Taylor has signed this Registration Statement as Manager of NRT Development Advisors LLC.

29 Alec String has signed this Registration Statement as Manager of NRT Development Advisors LLC.

30 Collin Ellingson has signed this Registration Statement as Manager of NRT Development Advisors LLC.

31 James Dohr has signed this Registration Statement as Manager of NRT Missouri LLC and NRT Missouri Referral

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Network LLC.

32 Patricia A. Villani has signed this Registration Statement as Manager of NRT New England LLC, and Referral Associates of New England LLC.

33 Patricia H. Cole has signed this Registration Statement as Manager of NRT New York LLC.

34 Kelly Kennedy Mack has signed this Registration Statement as Manager of NRT New York LLC.

35 William D. Yahn has signed this Registration Statement as Manager of NRT New York LLC.

36 David Krieger has signed this Registration Statement as Manager of NRT Philadelphia LLC.

37 Michael Coen has signed this Registration Statement as Manager of NRT REOExperts LLC.

38 Bernadette Tucker has signed this Registration Statement as Manager of Referral Network LLC.

39 Hilry S. Stroup has signed this Registration Statement as Director of TAW Holding Inc.

40 Sherry Chris has signed this Registration Statement as President and Chief Executive Officer of Better Homes and Gardens Real Estate Licensee LLC and Better Homes and Gardens Real Estate LLC.

41 Esther Semlak has signed this Registration Statement as President of Burnet Title Holding LLC.

42 Richard W. Davidson has signed this Registration Statement as President and Chief Executive Officer of Century 21 Real Estate LLC, World Real Estate Marketing LLC and WREM, Inc.

43 James R. Gillespie has signed this Registration Statement as Chief Executive Officer of Coldwell Banker LLC and Coldwell Banker Real Estate LLC.

44 George Hackett has signed this Registration Statement as President of Coldwell Banker Residential Referral Network, Inc.

45 Charles G. Young has signed this Registration Statement as President and Chief Executive Officer of ERA Franchise Systems LLC.

46 Vikas Bangia has signed this Registration Statement as Senior Vice President (the principal executive officer) of Global Client Solutions LLC and ONCOR International LLC.

47 C. Matthew Spinolo has signed this Registration Statement as Chief Executive Officer of Lakecrest Title, LLC.

48 Derek Massey has signed this Registration Statement as President of Mid-Atlantic Settlement Services LLC.

49 Nancy J. LoRusso has signed this Registration Statement as President of NRT Settlement Services of Missouri LLC.

50 Richard A. Smith has signed this Registration Statement as President and Chief Executive Officer of the following entities: Realogy Operations LLC, Realogy Services Group LLC and Realogy Services Venture Partner LLC.

51 Michael R. Good has signed this Registration Statement as Chief Executive Officer of Sotheby's International Realty Affiliates LLC.

52 Elliot Rose has signed this Registration Statement as President of St. Joe Title Services LLC.

53 Kathryn Korte has signed this Registration Statement as Manager of Sotheby's International Realty Referral Company, LLC.

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INDEX TO EXHIBITS

Exhibit	Description
2.1	Separation and Distribution Agreement by and among Cendant Corporation, Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc. dated as of July 27, 2006 (Incorporated by reference to Exhibit 2.1 to Realogy Corporation's Current Report on Form 8-K filed July 31, 2006).
2.2	Letter Agreement dated August 23, 2006 relating to the Separation and Distribution Agreement by and among Realogy Corporation, Cendant Corporation, Wyndham Worldwide Corporation and Travelport Inc. dated as of July 27, 2006 (Incorporated by reference to Exhibit 2.1 to Realogy Corporation's Current Report on Form 8-K filed August 23, 2006).
2.3	Agreement and Plan of Merger, dated as of December 15, 2006, by and among Domus Holdings Corp., Domus Acquisition Corp. and Realogy Corporation (Incorporated by reference to Exhibit 2.1 to Realogy Corporation's Current Report on Form 8-K filed December 18, 2006).
3.1	Amended and Restated Certificate of Incorporation of Realogy Corporation (Incorporated by reference to Exhibit 3.1 to Realogy Corporation's Current Report on Form 8-K filed April 16, 2007).
3.2	Amended and Restated Bylaws of Realogy Corporation, as amended as of February 4, 2008. (Incorporated by reference to Exhibit 3.2 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).
3.3***	Amended and Restated Certificate of Incorporation of Domus Holdings Corp., as amended as of January 5, 2011.
3.4***	Amended and Restated Bylaws of Domus Holdings Corp., as amended as of January 5, 2011.
4.1	Indenture dated as of April 10, 2007, by and among Realogy Corporation, the Note Guarantors party thereto and Wells Fargo Bank, National Association, as trustee, governing the 10.50% Senior Notes due 2014 (the "10.50% Senior Note Indenture") (Incorporated by reference to Exhibit 4.1 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.2	Supplemental Indenture No. 1 dated as of June 29, 2007 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.2 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.3	Supplemental Indenture No. 2 dated as of July 23, 2007 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.3 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.4	Supplemental Indenture No. 3 dated as of December 18, 2007 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.4 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.5	Supplemental Indenture No. 4 dated as of March 31, 2008 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.1 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2008).

4.6	Supplemental Indenture No. 5 dated as of May 12, 2008 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.1 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2008).
4.7	Supplemental Indenture No. 6 dated as of June 4, 2008 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.4 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2008).
4.8	Supplemental Indenture No. 7 dated as of August 21, 2008 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.1 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2008).
4.9	Supplemental Indenture No. 8 dated as of September 15, 2008 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.4 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2008).

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4.10	Supplemental Indenture No. 9 dated as of November 10, 2008 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.10 to Realogy Corporation's Form 10-K for the year ended December 31, 2008).
4.11	Supplemental Indenture No. 10 dated as of December 17, 2008 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.11 to Realogy Corporation's Form 10-K for the year ended December 31, 2008).
4.12	Supplemental Indenture No. 11 dated as of February 27, 2009 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.1 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2009).
4.13	Supplemental Indenture No. 12 dated as of September 14, 2009 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.1 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2009).
4.14	Supplemental Indenture No. 13 dated as of December 14, 2009 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.14 to Realogy Corporation's Form 10-K for the year ended December 31, 2009).
4.15	Supplemental Indenture No. 14 dated as of February 25, 2010 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.1 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2010).
4.16	Supplemental Indenture No. 15 dated as of October 15, 2010 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.1 to Realogy Corporation's Form 8-K filed on December 15, 2010).
4.17	Supplemental Indenture No. 16 dated as of November 30, 2010 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.4 to Realogy Corporation's Form 8-K filed on December 15, 2010).
4.18	Supplemental Indenture No. 17 dated as of December 15, 2010 to the 10.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.7 to Realogy Corporation's Form 8-K filed on December 15, 2010).
4.19	Indenture dated as of April 10, 2007 by and among Realogy Corporation, the Note Guarantors party thereto and Wells Fargo Bank, National Association, as trustee, governing the 11.00%/11.75% Senior Toggle Notes due 2014 (the "11.00%/11.75% Senior Toggle Notes Indenture") (Incorporated by reference to Exhibit 4.5 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.20	Supplemental Indenture No. 1 dated as of June 29, 2007 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.6 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.21	Supplemental Indenture No. 2 dated as of June 29, 2007 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.7 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.22	Supplemental Indenture No. 3 dated as of December 18, 2007 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.8 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).

4.23	Supplemental Indenture No. 4 dated as of March 31, 2008 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.2 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2008).
4.24	Supplemental Indenture No. 5 dated as of May 12, 2008 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.2 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2008).
4.25	Supplemental Indenture No. 6 dated as of June 4, 2008 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.5 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2008).
4.26	Supplemental Indenture No. 7 dated as of August 21, 2008 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.2 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2008).

4.27	Supplemental Indenture No. 8 dated as of September 15, 2008 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.5 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2008).
4.28	Supplemental Indenture No. 9 dated as of November 10, 2008 to the Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.21 to Realogy Corporation's Form 10-K for the year ended December 31, 2008).
4.29	Supplemental Indenture No. 10 dated as of December 17, 2008 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.22 to Realogy Corporation's Form 10-K for the year ended December 31, 2008).
4.30	Supplemental Indenture No. 11 dated as of February 27, 2009 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.2 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2009).
4.31	Supplemental Indenture No. 12 dated as of September 14, 2009 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.2 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2009).
4.32	Supplemental Indenture No. 13 dated as of December 14, 2009 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.28 to Realogy Corporation's Form 10-K for the year ended December 31, 2009).
4.33	Supplemental Indenture No. 14 dated as of February 25, 2010 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.2 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2010).
4.34	Supplemental Indenture No. 15 dated as of October 15, 2010 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.2 to Realogy Corporation's Form 8-K filed on December 15, 2010).
4.35	Supplemental Indenture No. 16 dated as of November 30, 2010 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.5 to Realogy Corporation's Form 8-K filed on December 15, 2010).
4.36	Supplemental Indenture No. 17 dated as of December 15, 2010 to the 11.00%/11.75% Senior Toggle Notes Indenture (Incorporated by reference to Exhibit 4.8 to Realogy Corporation's Form 8-K filed on December 15, 2010).
4.37	Indenture dated as of April 10, 2007, by and among Realogy Corporation, the Note Guarantors party thereto and Wells Fargo Bank, National Association, as trustee governing the 12.375% Senior Subordinated Notes due 2015 (the "12.375% Senior Subordinated Note Indenture") (Incorporated by reference to Exhibit 4.9 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.38	Supplemental Indenture No. 1 dated as of June 29, 2007 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.10 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).

4.39	Supplemental Indenture No. 2 dated as of July 23, 2007 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.11 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.40	Supplemental Indenture No. 3 dated as of December 18, 2007 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.12 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.41	Supplemental Indenture No. 4 dated as of March 31, 2008 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.3 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2008).
4.42	Supplemental Indenture No. 5 dated as of May 12, 2008 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.3 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2008).

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4.43	Supplemental Indenture No. 6 dated as of June 4, 2008 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.6 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2008).
4.44	Supplemental Indenture No. 7 dated as of August 21, 2008 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.3 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2008).
4.45	Supplemental Indenture No. 8 dated as of September 15, 2008 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.6 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2008).
4.46	Supplemental Indenture No. 9 dated as of November 10, 2008 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.32 to Realogy Corporation's Form 10-K for the year ended December 31, 2008).
4.47	Supplemental Indenture No. 10 dated as of December 17, 2008 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.33 to Realogy Corporation's Form 10-K for the year ended December 31, 2008).
4.48	Supplemental Indenture No. 11 dated as of February 27, 2009 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.3 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2009).
4.49	Supplemental Indenture No. 12 dated as of September 14, 2009 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.3 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2009).
4.50	Supplemental Indenture No. 13 dated as of December 14, 2009 to the 12.375% Senior Subordinated Notes Indenture (Incorporated by reference to Exhibit 4.42 to Realogy Corporation's Form 10-K for the year ended December 31, 2009).
4.51	Supplemental Indenture No. 14 dated as of February 25, 2010 to the 12.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.3 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2010).
4.52	Supplemental Indenture No. 15 dated as of October 15, 2010 to the 12.375% Senior Subordinated Notes Indenture (Incorporated by reference to Exhibit 4.3 to Realogy Corporation's Form 8-K filed on December 15, 2010).
4.53	Supplemental Indenture No. 16 dated as of November 30, 2010 to the 12.375% Senior Subordinated Notes Indenture (Incorporated by reference to Exhibit 4.6 to Realogy Corporation's Form 8-K filed on December 15, 2010).
4.54	Supplemental Indenture No. 17 dated as of November 30, 2011 to the 12.375% Senior Subordinated Notes Indenture (Incorporated by reference to Exhibit 4.54 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).

4.55	Form of 10.50% Senior Notes due 2014 (Included in the Indenture incorporated by reference to Exhibit 4.1 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.56	Form of 11.00%/11.75% Senior Toggle Notes due 2014 (Included in the Indenture incorporated by reference to Exhibit 4.5 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.57	Form of 12.375% Senior Subordinated Notes due 2015 (Included in the Indenture incorporated by reference to Exhibit 4.9 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
4.58	Agreement of Resignation, Appointment and Acceptance, dated as of January 8, 2008, by and among Realogy Corporation, Wells Fargo Bank, National Association, as resigning trustee, and The Bank of New York, as successor trustee (Incorporated by reference to Exhibit 4.16 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).

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4.59	Agreement of Resignation, Appointment and Acceptance, dated as of January 8, 2008, by and among Realogy Corporation, Wells Fargo Bank, National Association, as resigning trustee, and The Bank of New York, as successor trustee (Incorporated by reference to Exhibit 4.17 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).
4.60	Agreement of Resignation, Appointment and Acceptance, dated as of January 8, 2008, by and among Realogy Corporation, Wells Fargo Bank, National Association, as resigning trustee, and The Bank of New York, as successor trustee (Incorporated by reference to Exhibit 4.18 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).
4.61	Indenture dated as of January 5, 2011 by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, governing the 11.50% Senior Notes due 2017 (the "11.50% Senior Note Indenture") (Incorporated by reference to Exhibit 4.60 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.62	Supplemental Indenture No. 1 dated as of November 30, 2011 to the 11.50% Senior Note Indenture (Incorporated by reference to Exhibit 4.62 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
4.63	Indenture dated as of January 5, 2011 by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, governing the 12.00% Senior Notes due 2017 (the "12.00% Senior Note Indenture") (Incorporated by reference to Exhibit 4.61 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.64	Supplemental Indenture No. 1 dated as of November 30, 2011 to the 12.00% Senior Note Indenture (Incorporated by reference to Exhibit 4.64 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
4.65	Indenture dated as of January 5, 2011 by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, governing the 13.375% Senior Subordinated Notes due 2018 (the "13.375% Senior Subordinated Note Indenture") (Incorporated by reference to Exhibit 4.62 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.66	Supplemental Indenture No. 1 dated as of November 30, 2011 to the 13.375% Senior Subordinated Note Indenture (Incorporated by reference to Exhibit 4.66 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
4.67	Form of 11.50% Senior Notes due 2017 (Included in the 11.50% Senior Note Indenture filed as Exhibit 4.60 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.68	Form of 12.00% Senior Notes due 2017 (Included in the 12.00% Senior Note Indenture filed as Exhibit 4.61 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.69	Form of 13.375% Senior Subordinated Notes due 2018 (Included in the 13.375% Senior Subordinated Note Indenture filed as Exhibit 4.62 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.70	

	Registration Rights Agreement dated as of January 5, 2011, by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and J.P. Morgan Securities LLC, Credit Suisse (USA) LLC and Goldman, Sachs & Co. relating to the 11.50% Senior Notes due 2017 (Incorporated by reference to Exhibit 4.66 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.71	Registration Rights Agreement dated as of January 5, 2011, by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and J.P. Morgan Securities LLC, Credit Suisse (USA) LLC and Goldman, Sachs & Co. relating to the 12.00% Senior Notes due 2017 (Incorporated by reference to Exhibit 4.67 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.72	Registration Rights Agreement dated as of January 5, 2011, by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and J.P. Morgan Securities LLC, Credit Suisse (USA) LLC and Goldman, Sachs & Co. relating to the 13.375% Senior Subordinated Notes due 2018 (Incorporated by reference to Exhibit 4.68 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).

4.73	Indenture dated as of January 5, 2011, by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, governing the 11.00% Series A Convertible Senior Subordinated Notes due 2018, the 11.00% Series B Convertible Senior Subordinated Notes due 2018 and the 11.00% Series C Convertible Senior Subordinated Notes due 2018 (the "Convertible Note Indenture") (Incorporated by reference to Exhibit 4.69 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.74	Supplemental Indenture No. 1 dated as of November 30, 2011 to the Convertible Note Indenture (Incorporated by reference to Exhibit 4.71 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
4.75	Form of 11.00% Series A Convertible Senior Subordinated Notes due 2018 (Included in the Convertible Note Indenture filed as Exhibit 4.69 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.76	Form of 11.00% Series B Convertible Senior Subordinated Notes due 2018 (Included in the Convertible Note Indenture filed as Exhibit 4.69 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.77	Form of 11.00% Series C Convertible Senior Subordinated Notes due 2018 (Included in the Convertible Note Indenture filed as Exhibit 4.69 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.78	Registration Rights Agreement dated as of January 5, 2011, by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and J.P. Morgan Securities LLC, Credit Suisse (USA) LLC and Goldman, Sachs & Co. relating to the 11.00% Series A Convertible Senior Subordinated Notes due 2018, the 11.00% Series B Convertible Senior Subordinated Notes due 2018 and the 11.00% Series C Convertible Senior Subordinated Notes due 2018 (Incorporated by reference to Exhibit 4.73 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.79	Indenture dated as of February 3, 2011, by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, governing the 7.875% Senior Secured Notes due 2019 (the "7.875% Senior Secured Note Indenture") (Incorporated by reference to Exhibit 4.74 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.80	Supplemental Indenture No. 1 dated as of November 30, 2011 to the 7.875% Senior Secured Note Indenture (Incorporated by reference to Exhibit 4.77 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
4.81	Form of 7.875% Senior Secured Notes due 2019 (Included in the Senior Secured Note Indenture filed as Exhibit 4.74 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.82	Indenture dated as of February 2, 2012, by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, governing the 7.625% Senior Secured First Lien Notes due 2020 (the "First Lien Note Indenture") (Incorporated by reference to Exhibit 4.79 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).

4.83	Form of 7.625% Senior Secured First Lien Notes due 2020 (Included in the First Lien Note Indenture filed as Exhibit 4.79 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
4.84	Indenture dated as of February 2, 2012, by and among Realogy Corporation, Domus Holdings Corp., the Note Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, governing the 9.000% Senior Secured Notes due 2020 (the "9.000% Senior Secured Note Indenture") (Incorporated by reference to Exhibit 4.81 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
4.85	Form of 9.000% Senior Secured First Lien Notes due 2020 (Included in the 9.000% Senior Secured Note Indenture filed as Exhibit 4.81 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
5.1***	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP (with respect to the notes and certain guarantees).
5.2***	Opinion of Marilyn J. Wasser, Esq. (with respect to the notes and certain guarantees).
5.3*	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP (with respect to guarantees by additional registrants)

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10.1	Tax Sharing Agreement by and among Realogy Corporation, Cendant Corporation, Wyndham Worldwide Corporation and Travelport Inc. dated as of July 28, 2006 (Incorporated by reference to Exhibit 10.1 to Realogy Corporation's Quarterly Report on Form 10-Q for the three months ended June 30, 2009).
10.2	Amendment executed July 8, 2008 and effective as of July 26, 2006 to the Tax Sharing Agreement filed as Exhibit 10.1 (Incorporated by reference to Exhibit 10.2 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2008).
10.3	Credit Agreement dated as of April 10, 2007, by and among Realogy Corporation, Domus Intermediate Holdings Corp., the Lenders party thereto, JPMorgan Chase Bank, N.A., Credit Suisse, Bear Stearns Corporate Lending Inc., Citicorp North America, Inc. and Barclays Bank plc. (Incorporated by reference to Exhibit 10.2 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2009).
10.4	First Amendment, dated as of January 26, 2011 to the Credit Agreement, dated as of April 10, 2007, among Domus Intermediate Holdings Corp., Realogy Corporation, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents from time to time party thereto (Incorporated by reference to Exhibit 10.1 to Realogy Corporation's Form 8-K filed on January 27, 2011).
10.5	Incremental Assumption Agreement, dated as of September 28, 2009, by and among Domus Intermediate Holdings Corp., Realogy Corporation, the Second Lien Term Lenders (as defined therein), JPMorgan Chase Bank, N.A., as administrative agent for the First Priority Secured Parties (as defined therein), and Wilmington Trust Company, as collateral agent for the Second Priority Secured Parties (as defined therein) (Incorporated by reference to Exhibit 10.3 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2009).
10.6	Incremental Assumption Agreement, dated as of February 3, 2011, by and among Domus Intermediate Holdings Corp., the First Lien Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (Incorporated by reference to Exhibit 10.6 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.7	Guarantee and Collateral Agreement dated as of April 10, 2007, among Domus Intermediate Holdings Corp., Realogy Corporation, each Subsidiary Loan Party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference to Exhibit 10.3 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2009).
10.8	First Amendment, dated as of September 28, 2009, to the Guarantee and Collateral Agreement, dated as of April 10, 2007, by and among Domus Intermediate Holdings Corp., Realogy Corporation, the subsidiaries of Realogy Corporation signatory thereto and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference to Exhibit 10.4 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2009).
10.9	Collateral Agreement, dated as of February 3, 2011, among Domus Intermediate Holdings Corp., Realogy Corporation, each Subsidiary Guarantor identified therein and party thereto and The Bank of New York Mellon Trust Company, N.A., as Collateral Agent (Incorporated by reference to Exhibit 10.9 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.10	Second Lien Guarantee and Collateral Agreement, dated and effective as of September 28, 2009, among Domus Intermediate Holdings Corp., Realogy Corporation, each Subsidiary Loan Party identified therein

	and party hereto and Wilmington Trust Company, as collateral agent for the Secured Loan Parties (as defined therein) (Incorporated by reference to Exhibit 10.5 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2009).
10.11	Collateral Agreement, dated as of February 2, 2012, among Domus Intermediate Holdings Corp., Realogy Corporation, each Subsidiary Guarantor identified therein and party thereto and The Bank of New York Mellon Trust Company, N.A., as Collateral Agent for the 7.625% Senior Secured First Lien Note Secured Parties (Incorporated by reference to Exhibit 10.11 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
10.12	Collateral Agreement, dated as of February 2, 2012, among Domus Intermediate Holdings Corp., Realogy Corporation, each Subsidiary Guarantor identified therein and party thereto and The Bank of New York Mellon Trust Company, N.A., as Collateral Agent for the 9.000% Senior Secured Note Secured Parties (Incorporated by reference to Exhibit 10.12 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).

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10.13	Intercreditor Agreement, dated as of February 2, 2012, among Realogy Corporation, the other Grantors (as defined therein) from time to time party hereto, JPMorgan Chase Bank, N.A., as collateral agent for the Credit Agreement Secured Parties (as defined therein) and as Authorized Representative for the Credit Agreement Secured Parties, The Bank of New York, Mellon Trust Company, N.A., as the collateral agent and Authorized Representative for the Initial Additional First Lien Priority Note Secured Parties (as defined therein) (Incorporated by reference to Exhibit 10.13 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
10.14	Amended and Restated Intercreditor Agreement, dated as of February 2, 2012, among JPMorgan Chase Bank, N.A., as Administrative Agent for the First Lien Senior Priority Secured Parties under the Credit Agreement (as each term is defined below), The Bank of New York Mellon Trust Company, N.A., as Collateral Agent for the 7.625% Senior Secured Notes Secured Parties, The Bank of New York Mellon Trust Company, N.A., as Collateral Agent for the 7.625% Senior Secured First Lien Note Secured Parties, The Bank of New York Mellon Trust Company, N.A., as Collateral Agent for the 9.000% Senior Secured Note Secured Parties, Realogy Corporation and each of the other Loan Parties party thereto (Incorporated by reference to Exhibit 10.14 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
10.15	Intercreditor Agreement, dated as of September 28, 2009, among JPMorgan Chase Bank, N.A., as Administrative Agent for the First Priority Secured Parties (as defined therein), Wilmington Trust Company, as Second Lien Collateral Agent for the Second Priority Secured Parties (as defined therein), Realogy Corporation and each of the other Loan Parties (as defined therein) (Incorporated by reference to Exhibit 10.6 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2009).
10.16	Joinder Agreement No. 1, dated as of February 3, 2011, to the Intercreditor Agreement, dated as of September 28, 2009, among JPMorgan Chase Bank, N.A., as First Priority Representative for the First Priority Secured Parties, Wilmington Trust Company, as Second Priority Representative for the Second Priority Secured Parties, Realogy Corporation and each of the other Loan Parties party thereto (Incorporated by reference to Exhibit 10.13 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.17	Joinder Agreement No. 2, dated as of February 2, 2012 , to the Intercreditor Agreement, dated as of September 28, 2009, among JPMorgan Chase Bank, N.A., in its capacity as administrative agent pursuant to the Credit Agreement, Wilmington Trust Company, as second lien collateral agent for the second priority secured parties, Realogy Corporation and each of the other Loan parties party thereto (Incorporated by reference to Exhibit 10.17 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
10.18	Joinder Agreement No. 3, dated as of February 2, 2012 , to the Intercreditor Agreement, dated as of September 28, 2009, among JPMorgan Chase Bank, N.A., in its capacity as administrative agent pursuant to the Credit Agreement, Wilmington Trust Company, as second lien collateral agent for the second priority secured parties, Realogy Corporation and each of the other Loan parties party thereto. (Incorporated by reference to Exhibit 10.18 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
10.19+	Letter Agreement dated as of September 24, 2009, by and among Realogy Corporation, Apollo Management VI, L.P., RCIV Holdings (Luxembourg) S.à.r.l., certain investment funds managed by Apollo Management VI, L.P., and Icahn Partners, L.P. and certain of its affiliates (Incorporated by reference to Exhibit 10.9 to Realogy Corporation's Form 10-K for the year ended December 31, 2009).
10.20**	Employment Agreement dated as of July 31, 2006 between Realogy Corporation and Henry R. Silverman (Incorporated by reference to Exhibit 10.3 to Realogy Corporation's Registration Statement on Form 10

	(File No. 001-32852)).
10.21**	Letter Agreement dated December 19, 2006, between Realogy and Henry R. Silverman amending Employment Agreement between Realogy Corporation and Henry R. Silverman (Incorporated by reference to Exhibit 10.3(a) to Realogy Corporation's Form 10-K for the year ended December 31, 2006).
10.22**	Term Sheet dated November 13, 2007, among Domus Holdings Corp., Domus Intermediate Holdings Corp., Realogy Corporation and Henry R. Silverman (Incorporated by reference to Exhibit 10.7 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
10.23**	Option Agreement dated as of November 13, 2007, between Domus Holdings Corp. and Henry R. Silverman (Incorporated by reference to Exhibit 10.8 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).

10.24**	Employment Agreement, dated as of April 10, 2007 between Realogy Corporation and Richard A. Smith (Incorporated by reference to Exhibit 10.19 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.25**	Employment Agreement, dated as of April 10, 2007 between Realogy Corporation and Anthony E. Hull (Incorporated by reference to Exhibit 10.20 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.26**	Amendment to Employment Agreement dated April 29, 2011, between Realogy Corporation and Anthony E. Hull (Incorporated by reference to Exhibit 10.1 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2011).
10.27**	Employment Agreement, dated as of April 10, 2007 between Realogy Corporation and Alexander E. Perriello (Incorporated by reference to Exhibit 10.21 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.28**	Amendment to Employment Agreement dated April 29, 2011, between Realogy Corporation and Alexander E. Perriello (Incorporated by reference to Exhibit 10.2 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2011).
10.29**	Employment Agreement, dated as of April 10, 2007 between Realogy Corporation and Bruce G. Zipf (Incorporated by reference to Exhibit 10.22 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.30**	Amendment to Employment Agreement dated April 29, 2011, between Realogy Corporation and Bruce G. Zipf (Incorporated by reference to Exhibit 10.3 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2011).
10.31**	Domus Holdings Corp. 2007 Stock Incentive Plan, as amended and restated as of November 13, 2007 and as further amended and restated on November 9, 2010, August 2, 2011 and February 27, 2012 (Incorporated by reference to Exhibit 10.1 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
10.32**	Form of Option Agreement between Domus Holdings Corp. and the Optionee party thereto governing time and performance vesting options (Incorporated by reference to Exhibit 10.14 to Realogy Corporation's Registration Statement on Form S-4 (File No. 333-148153)).
10.33**	Form of Restricted Stock Agreement between Domus Holdings Corp. and the Purchaser party thereto (Incorporated by reference to Exhibit 10.8 to Realogy Corporation's Quarterly Report on Form 10-Q for the three months ended June 30, 2009).
10.34**	Form of Option Agreement between Domus Holdings Corp. and the Optionee party thereto governing time-vesting options (Incorporated by reference to Exhibit 10.6 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2010).
10.35	Support Agreement dated as of November 30, 2010, by and among Realogy Corporation, Domus Holdings Corp., RCIV Holdings (Luxembourg) S.à.r.l., Avenue Capital Management II, L.P., and Paulson and Co. inc. (on behalf of the several investment funds and accounts managed by it) (Incorporated by reference to Exhibit 10.27 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).

10.36	Amended and Restated Investor Securityholders Agreement dated as of January 5, 2011, by and among Domus Holdings Corp., Realogy Corporation, Paulson and Co. inc. on behalf of the several investment funds and accounts managed by it, and the Apollo Holders (as defined therein) (Incorporated by reference to Exhibit 10.28 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.37	Amended and Restated Investor Securityholders Agreement dated as of January 5, 2011, by and among Domus Holdings Corp., Realogy Corporation, Avenue Capital Management II, L.P. and the Apollo Holders (as defined therein) (Incorporated by reference to Exhibit 10.29 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.38	Investor Securityholders Agreement dated as of January 5, 2011, by and among Domus Holdings Corp., Realogy Corporation, the Apollo Holders (as defined therein) and Western Asset Management Company, as investment manager on behalf of its client accounts (Incorporated by reference to Exhibit 10.30 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).

10.39	Investor Securityholders Agreement dated as of January 5, 2011, by and among Domus Holdings Corp., Realogy Corporation, the Apollo Holders (as defined therein) and York Capital Management, L.P. and affiliated funds (Incorporated by reference to Exhibit 10.31 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.40	Amended and Restated Securityholders Agreement dated as of January 5, 2011, by and among Domus Holdings Corp., Domus Investment Holdings, LLC, RCIV Holdings, L.P. (Cayman) RCIV Holdings (Luxembourg) S.à.r.l., Apollo Investment Fund VI, L.P. and Domus Co-Investment Holdings LLC (Incorporated by reference to Exhibit 10.32 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.41	Amended and Restated Management Investor Rights Agreement dated as of January 5, 2011, by and among Domus Holdings Corp., Apollo Investment Fund VI, L.P., Domus Investment Holdings, LLC and the Holders party thereto (including the named executive officers of Realogy Corporation) (Incorporated by reference to Exhibit 10.33 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.42**	Realogy Corporation Officer Deferred Compensation Plan (Incorporated by reference to Exhibit 10.8 to Amendment No. 2 to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.43**	First Amendment to Realogy Corporation Officer Deferred Compensation Plan dated February 29, 2008 (Incorporated by reference to Exhibit 10.53 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).
10.44**	Realogy Corporation Officer Deferred Compensation Plan, Amended and Restated as of January 1, 2008 (Incorporated by reference to Exhibit 10.20 to Realogy Corporation's Form 10-K for the year ended December 31, 2008).
10.45**	First Amendment to Amended and Restated Realogy Corporation Officer Deferred Compensation Plan dated December 23, 2008 (Incorporated by reference to Exhibit 10.21 to Realogy Corporation's Form 10-K for the year ended December 31, 2008).
10.46++	Amended and Restated Limited Liability Company Operating Agreement of PHH Home Loans, LLC dated as of January 31, 2005, by and between PHH Broker Partner Corporation and Cendant Real Estate Services Venture Partner, Inc. (Incorporated by reference to Exhibit 10.26 to Realogy Corporation's Form 10-K for the year ended December 31, 2009).
10.47	Amendment Number 1 to the Amended and Restated Limited Liability Company Operating Agreement of PHH Home Loans, LLC, dated as of April 2005, by and between PHH Broker Partner Corporation and Cendant Real Estate Services Venture Partner, Inc. (Incorporated by reference to Exhibit 10.10(a) to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.48	Amendment Number 2 to the Amended and Restated Limited Liability Company Operating Agreement of PHH Home Loans, LLC, dated as of March 31, 2006, by and between PHH Broker Partner Corporation and Cendant Real Estate Services Venture Partner, Inc. (Incorporated by reference to Exhibit 10.10(b) to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.49+++	Strategic Relationship Agreement, dated as of January 31, 2005, by and among Cendant Real Estate Services Group, LLC, Cendant Real Estate Services Venture Partner, Inc., PHH Corporation, Cendant

	Mortgage Corporation, PHH Broker Partner Corporation and PHH Home Loans, LLC. (Incorporated by reference to Exhibit 10.29 to Realogy Corporation's Form 10-K for the year ended December 31, 2009).
10.50	Amendment Number 1 to the Strategic Relationship Agreement, dated May 2005 by and among Cendant Real Estate Services Group, LLC, Cendant Real Estate Services Venture Partner, Inc., PHH Corporation, PHH Mortgage Corporation, PHH Broker Partner Corporation and PHH Home Loans, LLC (Incorporated by reference to Exhibit 10.11(a) to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.51	Consent and Amendment dated as of March 14, 2007, between Realogy Real Estate Services Group, LLC (formerly Cendant Real Estate Services Group, LLC), Realogy Real Estate Services Venture Partner, Inc. PHH Corporation, PHH Mortgage Corporation, PHH Broker Partner Corporation, TM Acquisition Corp., Coldwell Banker Real Estate Corporation, Sotheby's International Realty Affiliates, Inc., ERA Franchise Systems, Inc. Century 21 Real Estate LLC and PHH Home Loans, LLC (Incorporated by reference to Exhibit 10.1 to PHH Corporation, Current Report on Form 8-K filed March 20, 2007).

10.52	Trademark License Agreement, dated as of February 17, 2004, among SPTC Delaware LLC (as assignee of SPTC, Inc.), Sotheby's (as successor to Sotheby's Holdings, Inc.), Cendant Corporation and Monticello Licensee Corporation (Incorporated by reference to Exhibit 10.12 to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.53	Amendment No. 1 to Trademark License Agreement, dated May 2, 2005, by and among SPTC Delaware LLC (as assignee of SPTC, Inc.), Sotheby's (as successor to Sotheby's Holdings, Inc.), Cendant Corporation and Sotheby's International Realty Licensee Corporation (f/k/a Monticello Licensee Corporation) (Incorporated by reference to Exhibit 10.12(a) to Registration Statement on Form 10 (File No. 001-32852)).
10.54	Amendment No. 2 to Trademark License Agreement, dated May 2, 2005, by and among SPTC Delaware LLC (as assignee of SPTC, Inc.), Sotheby's (as successor to Sotheby's Holdings, Inc.), Cendant Corporation and Sotheby's International Realty Licensee Corporation (f/k/a Monticello Licensee Corporation) (Incorporated by reference to Exhibit 10.12(b) to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.55	Consent of SPTC Delaware LLC, Sotheby's (as successor to Sotheby's Holdings, Inc.) and Sotheby International Realty License Corporation (Incorporated by reference to Exhibit 10.12(c) to Amendment No. 5 to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.56	Joinder Agreement dated as of January 1, 2005, between SPTC Delaware LLC, Sotheby's (as successor to Sotheby's Holdings, Inc.), and Cendant Corporation and Sotheby's International Realty Licensee Corporation (Incorporated by reference to Exhibit 10.11 to Realogy Corporation's Quarterly Report on Form 10-Q for the three months ended June 30, 2009).
10.57	Amendment No. 3 to Trademark License Agreement dated January 14, 2011, by and among SPTC Delaware LLC (as assignee of SPTC, Inc.) and Sotheby's, as successor by merger to Sotheby's Holdings, Inc., on the one hand, and Realogy Corporation, as successor to Cendant Corporation, and Sotheby's International Realty Licensee (f/k/a Monticello Licensee Corporation) (Incorporated by reference to Exhibit 10.49 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.58	Lease Agreement dated November 23, 2011, between 175 Park Avenue, LLC and Realogy Operations LLC (Incorporated by reference to Exhibit 10.57 to Realogy Corporation's Annual Report on Form 10-K for the year ended December 31, 2011).
10.59	Guaranty dated November 23, 2011, by Realogy Corporation to 175 Park Avenue, LLC (Incorporated by reference to Exhibit 10.58 to Realogy Corporation's Annual Report on Form 10-K for the year ended December 31, 2011).
10.60	Seventh Omnibus Amendment, dated as of December 14, 2011, among Cartus Corporation, Cartus Financial Corporation, Apple Ridge Services Corporation, Apple Ridge Funding LLC, Realogy Corporation, U.S. Bank National Association, the managing agents party to the Note Purchase Agreement of even date and Crédit Agricole Corporate and Investment Bank (Incorporated by reference to Exhibit 10.59 to Realogy Corporation's Annual Report on Form 10-K for the year ended December 31, 2011).
10.61	Note Purchase Agreement (Secured Variable Funding Notes, Series 2011-1) dated as of December 14, 2011, among Apple Ridge Funding LLC, Cartus Corporation, the commercial paper conduit purchasers party thereto, the financial institutions party thereto, the managing agents party thereto, and committed

	purchases and managing agents party thereto and Crédit Agricole Corporate and Investment Bank, as administrative and lead arranger (Incorporated by reference to Exhibit 10.60 to Realogy Corporation's Annual Report on Form 10-K for the year ended December 31, 2011).
10.62	Series 2011-1 Indenture Supplement, dated as of December 16, 2011, between Apple Ridge Funding LLC and U.S. Bank National Association, as indenture trustee, paying agent, authentication agent, transfer agent and registrar, which modifies the Master Indenture, dated as of April 25, 2000, among Apple Ridge Funding LLC and U.S. Bank National Association, as indenture trustee, paying agent, authentication agent, transfer agent and registrar (Incorporated by reference to Exhibit 10.61 to Realogy Corporation's Annual Report on Form 10-K for the year ended December 31, 2011).
10.63**	Employment Agreement, dated as of April 10, 2007 between Realogy Corporation and Kevin J. Kelleher (Incorporated by reference to Exhibit 10.50 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).

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10.64**	Amendment to Employment Agreement dated April 29, 2011, between Realogy Corporation and Kevin J. Kelleher (Incorporated by reference to Exhibit 10.4 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2011).
10.65**	Form of Option Agreement for Independent Directors (Incorporated by reference to Exhibit 10.51 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).
10.66**	Restricted Stock Award for Independent Directors (Incorporated by reference to Exhibit 10.52 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).
10.67**	2008 - 2009 Realogy Corporation Cash Retention Plan (Incorporated by reference to Exhibit 10.62 to Realogy Corporation's Form 10-K for the year ended December 31, 2008).
10.68**	Amended and Restated 2009 Realogy Multi-Year Executive Retention Plan (Terminated in November 2010) (Incorporated by reference to Exhibit 10.58 to Realogy Corporation's Form 10-K for the year ended December 31, 2009).
10.69**	Amendment No. 1 to Realogy 2011-2012 Multi-Year Retention Plan (Incorporated by reference to Exhibit 10.69 to Realogy Corporation's Annual Report on Form 10-K for the year ended December 31, 2011).
10.70**	Realogy 2011-2012 Multi-Year Retention Plan (Incorporated by reference to Exhibit 10.4 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2010).
10.71**	Realogy Corporation Phantom Value Plan (Incorporated by reference to Exhibit 10.70 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.72**	Amendment No. 1 to Realogy Corporation Phantom Value Plan (Incorporated by reference to Exhibit 10.71 to Realogy Corporation's Annual Report on Form 10-K for the year ended December 31, 2011).
10.73	Agreement dated July 15, 2010, between Realogy Corporation and Wyndham Worldwide Corporation (Incorporated by reference to Exhibit 10.1 to Realogy Corporation's Form 8-K filed on July 20, 2010).
10.74	Conversion Shares Agreement, dated as of January 5, 2011, by and between Realogy Corporation and Domus Holdings Corp. (Incorporated by reference to Exhibit 10.72 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.75**	Realogy 2012 Executive Incentive Plan (Incorporated by reference to Exhibit 10.74 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
12.1	Computation of Ratio of Earnings to Fixed Charges (Incorporated by reference to Exhibit 12 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
21.1	Subsidiaries of Domus Holdings Corp. and Realogy Corporation (Incorporated by reference to Exhibit 21.1 to Realogy Corporation's Form 10-K for the year ended December 31, 2011).
23.1*	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of ParenteBeard LLC, independent auditors of PHH Home Loans, L.L.C.

23.3***	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (with respect to the notes and certain guarantees).
23.4***	Consent of Marilyn J. Wasser, Esq. (with respect to the notes and certain guarantees).
23.5*	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (with respect to guarantees by additional registrants).
24.1****	Powers of Attorney in connection with additional registrants.
24.2****	Powers of Attorney.
25.1***	Form T-1 of The Bank of New York Mellon Trust Company, N.A. (with respect to the indenture governing the notes).

*Filed herewith.
**Compensatory plan or arrangement.
***Previously filed.

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**** The Powers of Attorney that comprise Exhibit 24.1 relate to the new additional registrants CB Commercial NRT Pennsylvania LLC and NRT West, Inc. The Powers of Attorney filed as Exhibit 24.2 relate to the following registrants NRT Development Advisors LLC, NRT New England LLC, Referral Associates of New England LLC, NRT Philadelphia LLC and Sotheby's International Realty Referral Company, LLC.

The Powers of Attorney relating to the balance of the registrants were included on the signature page of the Form S-1 (File No. 333-173250) filed on April 1,2011.

+ Confidential treatment has been granted for certain portions of this Exhibit, which was filed as Exhibit 10.2 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2009. This Exhibit was re-filed with fewer redactions as Exhibit 10.9 to Realogy Corporation's Form 10-K for the year ended December 31, 2009. The redacted portions of this Exhibit have been filed separately with the Securities and Exchange Commission. Domus Holdings Corp. has separately obtained confidential treatment from the Securities and Exchange Commission with respect to the redacted portions of this Exhibit.

++ Confidential treatment has been granted for certain portions of this Exhibit, which was filed as Exhibit 10.9 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2009. This Exhibit was re-filed with fewer redactions as Exhibit 10.26 to Realogy Corporation's Form 10-K for the year ended December 31, 2009. The redacted portions of this Exhibit have been filed separately with the Securities and Exchange Commission. Domus Holdings Corp. has separately obtained confidential treatment from the Securities and Exchange Commission with respect to the redacted portions of this Exhibit.

+++ Confidential treatment has been granted for certain portions of this Exhibit, which was filed as Exhibit 10.10 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2009. This Exhibit was re-filed with fewer redactions as Exhibit 10.29 to Realogy Corporation's Form 10-K for the year ended December 31, 2009. The redacted portions of this Exhibit have been filed separately with the Securities and Exchange Commission. Domus Holdings Corp. has separately obtained confidential treatment from the Securities and Exchange Commission with respect to the redacted portions of this Exhibit.