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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 10-K/A  
Amendment No. 1**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2010**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                    to**

**Commission File No. 333-148153**

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**REALOGY CORPORATION**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**20-4381990**  
(I.R.S. Employer  
Identification Number)

**One Campus Drive**  
**Parsippany, NJ**  
(Address of principal executive offices)

**07054**  
(Zip Code)

**(973) 407-2000**

**(Registrant's telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act: NONE**

**Securities registered pursuant to Section 12(g) of the Act: NONE**

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Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

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  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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in

Part III of this Form 10-K or any amendment to this Form 10-K.

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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of the close of business on December 31, 2010 was zero.

The number of shares outstanding of the Registrant's common stock, \$0.01 par value, as of March 1, 2011 was 100.

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**DOCUMENTS INCORPORATED BY REFERENCE**

None.

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## **EXPLANATORY NOTE**

This Amendment No. 1 on Form 10-K/A amends the Annual Report on Form 10-K of Realty Corporation (the “Company”) for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on March 4, 2010 (the “Original Form 10-K”). This amendment supplements the Company’s Original Form 10-K to file the audited consolidated financial statements of PHH Home Loans, LLC (“PHH Home Loans”) and its subsidiaries as Exhibit 99.1 hereto to comply with Section 3-09 of Regulation S-X. PHH Home Loans is the Company’s home mortgage venture with PHH Corporation (“PHH”). The Company owns 49.9% of PHH Home Loans and PHH owns the remaining 50.1%.

No other information in the Original Form 10-K is amended hereby. Except for the amended disclosure described above, the information in this Form 10-K/A has not been updated to reflect events that occurred after March 4, 2011, the filing date of the Original Form 10-K.

**Item 15. Exhibits, Financial Statements and Schedules.**

Item 15 is unchanged from the Original Form 10-K except for the filing of certain exhibits set forth in the Index of Exhibits.

**(A)(3) Exhibits**

See Index to Exhibits.

## SIGNATURES

Pursuant to the requirements of Section 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 25<sup>th</sup> of March 2011.

**REALOGY CORPORATION**  
(Registrant)

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

## Exhibit Index

<u>Exhibit</u>	<u>Description</u>
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)
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).

<u>Exhibit</u>	<u>Description</u>
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 Note 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 Note 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 Note 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 Note 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 Note 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 Note Indenture (Incorporated by reference to Exhibit 4.2 to Realogy Corporation's Form 10-Q for the three months ended June 30, 2008).

<u>Exhibit</u>	<u>Description</u>
4.25	Supplemental Indenture No. 6 dated as of June 4, 2008 to the 11.00%/11.75% Senior Toggle Note 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 Note 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 Note 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 11.00%/11.75% Senior Toggle Note 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 Note 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 Note 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 Note 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 Note 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 Note 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 Note 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 Note 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 Note 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)).

<u>Exhibit</u>	<u>Description</u>
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).
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).

<u>Exhibit</u>	<u>Description</u>
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	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)).
4.55	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)).
4.56	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)).
4.57	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).
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 4.17 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).
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 4.18 to Realogy Corporation's Form 10-K for the year ended December 31, 2007).
4.60	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
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 12.00% Senior Notes due 2017 (the "12.00% Senior Note Indenture") (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.62	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.63	Form of 11.50% Senior Notes due 2017 (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.64	Form of 12.00% Senior Notes due 2017 (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.65	Form of 13.375% Senior Subordinated Notes due 2018 (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.66	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).

<u>Exhibit</u>	<u>Description</u>
4.67	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.68	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.69	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.70	Form of 11.00% Series A Convertible Senior Subordinated Notes due 2018 (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.71	Form of 11.00% Series B Convertible Senior Subordinated Notes due 2018 (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.72	Form of 11.00% Series C Convertible Senior Subordinated Notes due 2018 (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.73	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.74	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 "Senior Secured Note Indenture") (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
4.75	Form of 7.875% Senior Secured Notes due 2019 (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
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).

<u>Exhibit</u>	<u>Description</u>
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 the same numbered exhibit 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 the same numbered exhibit 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	Intercreditor Agreement, dated as of February 3, 2011, among JPMorgan Chase Bank, N.A., as Administrative Agent for the First Lien Senior Priority Secured Parties, the Bank of New York Mellon Trust Company, N.A., as Collateral Agent, Realogy Corporation and each of the other Loan Parties party thereto (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.12	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).
10.13	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).

<u>Exhibit</u>	<u>Description</u>
10.14+	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).
10.15**	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)).
10.16**	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 Annual Report on Form 10-K for the fiscal year ended December 31, 2006).
10.17**	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)).
10.18**	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)).
10.19**	Employment Agreement, dated as of April 10, 2007 between Realogy Corporation and Richard A. Smith (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.20**	Employment Agreement, dated as of April 10, 2007 between Realogy Corporation and Anthony E. Hull (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.21**	Employment Agreement, dated as of April 10, 2007 between Realogy Corporation and Alexander E. Perriello (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.22**	Employment Agreement, dated as of April 10, 2007 between Realogy Corporation and Bruce G. Zipf (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.23**	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 (Incorporated by reference to Exhibit 10.5 to Realogy Corporation's Form 10-Q for the three months ended September 30, 2010).
10.24**	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)).
10.25**	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).
10.26**	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).
10.27	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).

<u>Exhibit</u>	<u>Description</u>
10.28	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.29	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.30	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.31	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.32	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.33**	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.34**	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)).
10.35**	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).
10.36**	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).
10.37**	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).
10.38++	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).
10.39	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)).

<u>Exhibit</u>	<u>Description</u>
10.40	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)).
10.41+++	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).
10.42	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)).
10.43	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).
10.44	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)).
10.45	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)).
10.46	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)).
10.47	Consent of SPTC Delaware LLC, Sotheby's (as successor to Sotheby's Holdings, Inc.) and Sotheby's International Realty Licensee 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)).
10.48	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).
10.49	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 the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.50	Lease, dated as of December 29, 2000, between One Campus Associates, L.L.C. and Cendant Operations, Inc. (Incorporated by reference to Exhibit 10.13 to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).

<u>Exhibit</u>	<u>Description</u>
10.51	First Amendment of Lease, dated October 16, 2001, by and between One Campus Associates, L.L.C. and Cendant Operations, Inc. (Incorporated by reference to Exhibit 10.13(a) to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.52	Second Amendment to Lease, dated as of June 7, 2002, by and between One Campus Associates, L.L.C. and Cendant Operations, Inc. (Incorporated by reference to Exhibit 10.13(b) to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.53	Third Amendment to Lease, dated as of April 28, 2003, by and between DB Real Estate One Campus Drive, L.P. and Cendant Operations, Inc. (Incorporated by reference to Exhibit 10.13(c) to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.54	Office Building Lease, dated as of August 29, 2003, between MV Plaza, Inc. and Cendant Corporation (Incorporated by reference to Exhibit 10.14 to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.55	Agreement of Lease, dated as of August 11, 1997, between MMP Realty, LLC and HFS Mobility Services, Inc. (Incorporated by reference to Exhibit 10.15 to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.56	First Amendment to Agreement of Lease, dated as of November 4, 2004, by and between MMP Realty, LLC and Cendant Operations, Inc. (Incorporated by reference to Exhibit 10.15(a) to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.57	Second Amendment to Agreement of Lease, dated as of April 18, 2005, by and between MMP Realty, LLC and Cendant Operations, Inc. (Incorporated by reference to Exhibit 10.15(b) to Realogy Corporation's Registration Statement on Form 10 (File No. 001-32852)).
10.58++++	Sixth Omnibus Amendment Agreement and Consent, dated as of June 6, 2007, among Cartus Corporation, Cartus Financial Corporation, Apple Ridge Services Corporation, Apple Ridge Funding LLC, Realogy Corporation, The Bank of New York, the conduit purchasers, committed purchasers, managing Agents and Calyon New York Branch (Incorporated by reference to Exhibit 10.12 to Realogy Corporation's Quarterly Report on Form 10-Q for the three months ended June 30, 2009).
10.59++++	Amended and Restated Series 2007-1 Indenture Supplement, dated as of April 10, 2007 and Amended and Restated as of July 6, 2007, between Apple Ridge Funding LLC and The Bank of New York, 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 The Bank of New York, as indenture trustee, paying agent, authentication agent, transfer agent and registrar (Incorporated by reference to Exhibit 10.13 to Realogy Corporation's Quarterly Report on Form 10-Q for the three months ended June 30, 2009).
10.60	Amendment No. 1 to Series 2007-1 Indenture Supplement dated as of September 8, 2009, among Apple Ridge Funding LLC, as Issuer, and The Bank of New York, as indenture trustee, paying agent, authentication agent and transfer agent and registrar (Incorporated by reference to Exhibit 10.1 to Realogy Corporation's Quarterly Report on Form 10-Q for the three months ended September 30, 2009).
10.61	Amended and Restated Note Purchase Agreement, dated as of April 10, 2007 and Amended and Restated as of July 6, 2007 among Apple Ridge Funding LLC, Cartus Corporation, the conduit purchasers, committed purchases and managing agents party thereto and Calyon New York Branch, as administrative and lead arranger (Incorporated by reference to Exhibit 10.14 to Realogy Corporation's Quarterly Report on Form 10-Q for the three months ended June 30, 2009).
10.62	Consent dated April 30, 2008, by and among Cartus Corporation, Cartus Financial Corporation, Apple Ridge Services Corporation, Apple Ridge Funding LLC and the Noteholders signatory thereto (Incorporated by reference to Exhibit 10.1 to Realogy Corporation's Form 10-Q for the three months ended March 31, 2008).

<u>Exhibit</u>	<u>Description</u>
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).
10.64**	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).
10.65**	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).
10.66**	2008 Realogy Corporation Bonus Plan for Executive Officers (Incorporated by reference to Exhibit 10.54 to Realogy Corporation's Form 10-K for the year ended December 31, 2007 (Incorporated by reference to Exhibit 10.54 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**	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).
10.70**	Realogy Corporation Phantom Value Plan (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
10.71	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).
10.72	Conversion Shares Agreement, dated as of January 5, 2011, by and between Realogy Corporation and Domus Holdings Corp. (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
21.1	Subsidiaries of Realogy Corporation (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).

<u>Exhibit</u>	<u>Description</u>
24.1	Power of Attorney of Directors and Officers of the registrants (Incorporated by reference to the same numbered exhibit to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
31.1*	Certification of the Chief Executive Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of the Chief Financial Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Audited Financial Statements of PHH Home Loans, LLC.

\* Filed herewith.

\*\* Compensatory plan or arrangement.

+ 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.

++ 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.

+++ 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.

++++ Confidential treatment has been granted for certain portions of this Exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended, which portions have been omitted and filed separately with the Securities and Exchange Commission.

## CERTIFICATION

I, Richard A. Smith, certify that:

1. I have reviewed this annual report on Form 10-K/A of Realogy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - c) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 25, 2011

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/s/ RICHARD A. SMITH  
CHIEF EXECUTIVE OFFICER

## CERTIFICATION

I, Anthony E. Hull, certify that:

1. I have reviewed this annual report on Form 10-K/A of Realogy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - c. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 25, 2011

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/s/ ANTHONY E. HULL  
CHIEF FINANCIAL OFFICER

**CERTIFICATION OF CEO AND CFO PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Realogy Corporation (the "Company") on Form 10-K/A for the period ended December 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Richard A. Smith, as Chief Executive Officer of the Company, and Anthony E. Hull, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002 be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ RICHARD A. SMITH

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RICHARD A. SMITH  
CHIEF EXECUTIVE OFFICER  
March 25, 2011

/s/ ANTHONY E. HULL

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ANTHONY E. HULL  
EXECUTIVE VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER  
March 25, 2011

**PHH HOME LOANS, L.L.C.  
AND SUBSIDIARIES**

**Financial Statements**

**December 31, 2010 and 2009**

**PHH HOME LOANS, L.L.C. AND SUBSIDIARIES**  
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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 LLC  
Philadelphia, Pennsylvania  
March 18, 2011

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

	As of December 31,	
	2010	2009
<b>ASSETS</b>		
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
<b>Total assets</b>	<u>\$449,358</u>	<u>\$109,556</u>
<b>LIABILITIES AND EQUITY</b>		
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
<b>Total liabilities</b>	<u>367,017</u>	<u>31,624</u>
Commitments and contingencies (Note 8)	—	—
<b>EQUITY</b>		
Capital	78,992	102,991
Retained earnings / (Accumulated deficit)	3,349	(25,059)
<b>Total members' equity</b>	<u>82,341</u>	<u>77,932</u>
<b>Total liabilities and equity</b>	<u>\$449,358</u>	<u>\$109,556</u>

See accompanying notes to consolidated financial statements.

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

	<b>Year Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
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
<b>Total revenues</b>	<b>278,837</b>	<b>253,679</b>
<b>Expenses</b>		
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
<b>Total expenses</b>	<b>221,646</b>	<b>207,292</b>
<b>Net income</b>	<b>\$ 57,191</b>	<b>\$ 46,387</b>

See accompanying notes to consolidated financial statements.

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

	<u>Capital</u>	<u>Retained Earnings / (Accumulated Deficit)</u>	<u>Total Members' Equity</u>
<b>Balance at December 31, 2008</b>	\$120,013	\$ (70,810)	\$ 49,203
Net income	—	46,387	46,387
Return of Capital	(17,022)	—	(17,022)
Dividends	—	(636)	(636)
<b>Balance at December 31, 2009</b>	<u>102,991</u>	<u>(25,059)</u>	<u>77,932</u>
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)	<u>(2,287)</u>	<u>—</u>	<u>(2,287)</u>
<b>Balance at December 31, 2010</b>	<u>\$ 78,992</u>	<u>\$ 3,349</u>	<u>\$ 82,341</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,	
	2010	2009
<b>Cash flows from operating activities:</b>		
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)
<b>Net cash (used in) provided by operating activities</b>	<u>(271,981)</u>	<u>144,354</u>
<b>Cash flows from investing activities:</b>		
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
<b>Net cash (used in) provided by investing activities</b>	<u>(2,134)</u>	<u>24,973</u>
<b>Cash flows from financing activities:</b>		
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)
<b>Net cash provided by (used in) financing activities</b>	<u>274,772</u>	<u>(138,852)</u>
Net increase in Cash and cash equivalents	657	30,475
Cash and cash equivalents at beginning of period	40,024	9,549
<b>Cash and cash equivalents at end of period</b>	<u>\$ 40,681</u>	<u>\$ 40,024</u>
<b>Supplemental Disclosure of Cash Flows Information:</b>		
Interest payments	\$ 4,436	\$ 3,530

See accompanying notes to consolidated financial statements.

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

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**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.

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

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**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 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.

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

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**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 March 18, 2011.

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

**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	<u>\$14,207</u>	<u>\$2,400</u>

**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	<u>\$ 905</u>	<u>\$ 772</u>

**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	<u>\$9,859</u>	<u>\$6,554</u>

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

**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				Mortgage Loans Held For Sale Collateral
	Balance	Capacity	Interest Rate <sup>(1)</sup> (\$ in thousands)	Expiration Date	
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	<u>\$304,197</u>	<u>\$475,000</u>			<u>\$331,263</u>

<sup>(1)</sup> Represents the stated interest rate as of December 31, 2010.

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	<u>\$38,424</u>	<u>\$15,157</u>

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.

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

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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
- 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.

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

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*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 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

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

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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.

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.

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

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	<u>\$ 5,851</u>	<u>\$ 2,356</u>		<u>\$ 2,994</u>	<u>\$ 613</u>	

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	<u>\$ 62,917</u>	<u>\$49,017</u>

**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.

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

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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:

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

**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.

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

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.

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	<u>6,298</u>	<u>(497)</u>	<u>480</u>	<u>(393)</u>

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

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

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

<sup>(2)</sup> Represents mortgages with origination flaws or performance issues.

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

*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.

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

	December 31, 2010			Total
	Level One	Level Two	Level Three	
(In thousands)				
<i>Assets:</i>				
Mortgage loans held for sale	\$—	\$382,772	\$ 929	\$383,701
<i>Other assets:</i>				
Derivative assets				
Interest rate lock commitments	—	—	3,217	3,217
Best efforts commitments	—	2,634	—	2,634
<i>Liabilities:</i>				
<i>Other liabilities:</i>				
<i>Derivative liabilities</i>				
Interest rate lock commitments	—	—	1,128	1,128
Best efforts commitments	—	1,228	—	1,228
	December 31, 2009			Total
	Level One	Level Two	Level Three	
(In thousands)				
<i>Assets:</i>				
Mortgage loans held for sale	\$—	\$ 58,923	\$ 878	\$ 59,801
<i>Other assets:</i>				
Derivative assets				
	—	1,636	1,358	2,994
<i>Liabilities:</i>				
<i>Other liabilities:</i>				
<i>Derivative liabilities</i>				
	—	133	480	613

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

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 <sup>(1)</sup>	(301)	93,336	(62)	41,988
Purchases, issuances and settlements, net	92	(92,125)	142	(51,397)
Transfers into level three <sup>(2)</sup>	260	—	182	—
<b>Balance, December 31,</b>	<b>\$ 929</b>	<b>\$ 2,089</b>	<b>\$ 878</b>	<b>\$ 878</b>

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

<sup>(2)</sup> 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.

**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

***PHH Home Loans, L.L.C.  
and Subsidiaries***

Financial Statements

December 31, 2009 and 2008

**PHH HOME LOANS, L.L.C. AND SUBSIDIARIES**

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## **Independent Auditor's Report**

To the 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, 2009 and 2008, 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 the 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 consolidated 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, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ ParenteBeard LLC  
Malvern, Pennsylvania  
March 17, 2010

**PHH HOME LOANS, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2009 AND 2008**

(Dollar amounts in thousands)

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 39,857	\$ 9,362
Restricted cash	5	24,890
Mortgage loans held for sale	59,801	152,143
Accounts receivable, net	2,400	2,733
Property, equipment and leasehold improvements, net	772	691
Other assets	6,554	14,764
Total Assets	<u>\$109,389</u>	<u>\$204,583</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Accounts payable and accrued expenses	\$ 13,869	\$ 10,390
Debt	—	115,628
Due to affiliates, net	15,155	20,706
Other liabilities	2,542	8,791
Total Liabilities	<u>31,566</u>	<u>155,515</u>
<b>MEMBERS' EQUITY</b>		
Capital	102,924	119,924
Accumulated deficit	<u>(25,101)</u>	<u>(70,856)</u>
Total Members' Equity	<u>77,823</u>	<u>49,068</u>
<b>Total Liabilities and Members' Equity</b>	<u>\$109,389</u>	<u>\$204,583</u>

See accompanying notes to consolidated financial statements.

**PHH HOME LOANS, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

(Dollar amounts in thousands)

	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>		
Fee income	\$112,757	\$ 51,213
Gain on mortgage loans, net	137,045	126,872
Interest income	4,983	15,461
Interest expense	(3,986)	(14,897)
Net interest income	997	564
Other income	1,370	4,169
Total Revenues	<u>252,169</u>	<u>182,818</u>
<b>EXPENSES</b>		
Salaries and related expenses	127,905	98,258
Occupancy and other office expenses	8,944	8,667
Depreciation and amortization	369	558
Allocated expenses (See Note 7)	41,869	44,032
Other operating expenses	27,327	28,992
Goodwill impairment (See Note 5)	—	61,184
Total Expenses	<u>206,414</u>	<u>241,691</u>
<b>NET INCOME/(LOSS)</b>	<u>\$ 45,755</u>	<u>\$ (58,873)</u>

See accompanying notes to consolidated financial statements.

**PHH HOME LOANS, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

(Dollar amounts in thousands)

	Capital	Accumulated Deficit	Total Members' Equity
BALANCE, JANUARY 1, 2008	\$126,924	\$ (9,818)	\$117,106
Effect of adoption of ASC 820 and ASC 825	—	(2,165)	(2,165)
Return of capital to PHH Broker Partner Corporation	(3,507)	—	(3,507)
Return of capital to Realogy Services Venture Partner, Inc.	(3,493)	—	(3,493)
Net Loss	—	(58,873)	(58,873)
BALANCE, DECEMBER 31, 2008	119,924	(70,856)	49,068
Return of capital to PHH Broker Partner Corporation	(8,517)	—	(8,517)
Return of capital to Realogy Services Venture Partner, Inc.	(8,483)	—	(8,483)
Net Income	—	45,755	45,755
BALANCE, DECEMBER 31, 2009	<u>\$102,924</u>	<u>\$ (25,101)</u>	<u>\$ 77,823</u>

See accompanying notes to consolidated financial statements.

**PHH HOME LOANS, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

(Dollar amounts in thousands)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 45,755	\$ (58,873)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	369	558
Goodwill impairment charge	—	61,184
Origination of mortgage loans held for sale	(6,206,112)	(6,774,584)
Proceeds on sale of and payments from mortgage loans held for sale	6,309,911	6,968,575
Earnings in equity method investment	(705)	(538)
Gain on sale of property, equipment and leasehold improvements	—	(3)
Unrealized gain on mortgage loans held for sale and related derivatives	(9,468)	(2,433)
Amortization and write-off of debt issuance costs	1,111	4,343
Changes in related balance sheet accounts		
Decrease in accounts receivable, net	333	7,219
Decrease in other assets	5,292	6,185
Increase (decrease) in accounts payable and accrued expenses	3,479	(769)
(Decrease) increase in other liabilities	(6,249)	7,098
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>143,716</u>	<u>217,962</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, equipment and leasehold improvements	(450)	(404)
Proceeds on sale of property and equipment	—	39
Decrease in restricted cash	24,885	7,491
Cash received from equity method investment	538	604
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>24,973</u>	<u>7,730</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net decrease in due to affiliates	(5,551)	(16,253)
Net decrease in short-term debt	(115,628)	(206,098)
Payment of debt issuance costs	(15)	(4,322)
Capital contributions	—	1,497
Return of capital to members	(17,000)	(7,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(138,194)</u>	<u>(232,176)</u>
Net change in cash and cash equivalents	30,495	(6,484)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,362</u>	<u>15,846</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 39,857</u>	<u>\$ 9,362</u>
SUPPLEMENTAL ITEM:		
Interest paid	\$ 3,530	\$ 10,995

See accompanying notes to consolidated financial statements.

**PHH HOME LOANS, L.L.C. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

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**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, 2009 and 2008, 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. Unless otherwise noted, dollar amounts are presented in thousands.

**Changes in Accounting Policies**

**Fair Value Measurements.** In September 2006, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Codification (“ASC”) 820, “Fair Value Measurements and Disclosures” (“ASC 820”). ASC 820 defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 also prioritizes the use of market-based assumptions, or observable inputs, over entity-specific assumptions or unobservable inputs when measuring fair value and establishes a three-level hierarchy based upon the relative reliability and availability of the inputs to market participants for the valuation of an asset or liability as of the measurement date. The fair value hierarchy designates quoted prices in active markets for identical assets or liabilities at the highest level and unobservable inputs at the lowest level. (See Note 13, “Fair Value Measurements” for additional information regarding the fair value hierarchy.) ASC 820 also nullified the guidance which required the deferral of gains and losses at the inception of a transaction involving a derivative financial instrument in the absence of observable data supporting the valuation technique.

The Company adopted the provisions of ASC 820 for assets and liabilities that are measured at fair value on a recurring basis effective January 1, 2008. As a result of the adoption of ASC 820 for assets and liabilities that are measured at fair value on a recurring basis, the Company recorded a \$3.8 million decrease in accumulated deficit as of January 1, 2008. This amount represents the transition adjustment, net of income taxes, resulting from recognizing gains and losses related to the Company’s interest rate lock commitments (“IRLCs”) that were previously deferred. The fair value of the Company’s IRLCs, as determined for the January 1, 2008 transition adjustment, excluded the fair value attributable to servicing rights, in accordance with the transition provisions of updates to ASC 815, “Derivatives and Hedging” (“ASC 815”). The fair value associated with the servicing rights is included in the fair value measurement of all written loan commitments issued after January 1, 2008.

**PHH HOME LOANS, L.L.C. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

The following table summarizes the transition adjustment at the date of adoption of ASC 820:

(dollar amounts in thousands)	<u>Balance January 1, 2008 Prior to Adoption</u>	<u>Transition Adjustment</u>	<u>Balance January 1, 2008 After Adoption</u>
Derivative assets	\$ 708	\$ (3,778)	\$ (3,070)

In February 2008, the FASB updated ASC 820 to delay the effective date for one year for nonfinancial assets and nonfinancial liabilities, except for those that are recognized or disclosed at fair value on a recurring basis. The Company elected the deferral for nonfinancial assets and nonfinancial liabilities and adopted the provisions of ASC 820 for its assessment of property, equipment and leasehold improvements, net effective January 1, 2009. The Company's measurement of fair value for these nonfinancial assets, when applicable, incorporates the assumptions market participants would use in pricing the asset considering its highest and best use, where available, which may differ from the Company's own intended use of such assets and related assumptions and therefore may result in a different fair value than the fair value measured on a basis prior to the application of ASC 820. There were no events or circumstances resulting in the measurement of fair value for any significant nonfinancial assets during 2009. (See Note 13, "Fair Value Measurements" for additional information.)

In August 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-05, "Measuring Liabilities at Fair Value" ("ASU No. 2009-05"), an update to ASC 820. ASU No. 2009-05 clarifies that in circumstances in which a quoted price in an active market for the identical liability is not available, fair value measurement of the liability is to be estimated with one or more valuation techniques that use (i) the quoted price of the identical liability when traded as an asset, (ii) quoted prices for similar liabilities or similar liabilities when traded as assets or (iii) another valuation technique consistent with the principles of ASC 820, such as an income or market approach. The Company adopted ASU No. 2009-05 effective October 1, 2009. The adoption of ASU No. 2009-05 did not impact the Company's Consolidated Financial Statements.

**Fair Value Option.** In February 2007, the FASB issued ASC 825, "Financial Instruments" ("ASC 825"). ASC 825 permits entities to choose, at specified election dates, to measure eligible items at fair value (the "Fair Value Option"). Unrealized gains and losses on items for which the Fair Value Option has been elected are reported in earnings. Additionally, fees and costs associated with instruments for which the Fair Value Option is elected are recognized as earned and expensed as incurred, rather than deferred. The Fair Value Option is applied instrument by instrument (with certain exceptions), is irrevocable (unless a new election date occurs) and is applied only to an entire instrument.

The Company adopted the provisions of ASC 825 effective January 1, 2008. Upon adopting ASC 825, the Company elected to measure certain eligible items at fair value, including all of its Mortgage loans held for sale ("MLHS") existing at the date of adoption. The Company also made an automatic election to record future MLHS and retained interests in the sale or securitizations of mortgage loans at fair value. The Company's fair value election for MLHS is intended to better reflect the underlying economics of the Company as well as eliminate the operational complexities of the Company's risk management activities related to its MLHS and applying hedge accounting pursuant to ASC 815.

With the election of the Fair Value Option for MLHS, fees and costs associated with the origination and acquisition of MLHS are no longer deferred, which was the Company's policy prior to this election. Prior to the election of the Fair Value Option for MLHS, interest receivable related to the Company's MLHS was included in Accounts receivable, net in the Consolidated Balance Sheets; however, subsequent to the election, interest receivable is recorded as a component of the fair value of the underlying MLHS and is included in Mortgage loans held for sale in the Consolidated Balance Sheets. As a result of the election of the Fair Value Option, the Company recorded a \$1.6 million increase in accumulated deficit as of January 1, 2008, which

**PHH HOME LOANS, L.L.C. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

represents the transition adjustment, net of income taxes, resulting from the recognition of fees and costs, net associated with the origination and acquisition of MLHS that were previously deferred. (See Note 13 – Fair Value Measurements for additional information.)

The following table summarizes the transition adjustment at the date of adoption of ASC 825:

(dollar amounts in thousands)	<u>Balance January 1, 2008 Prior to Adoption</u>	<u>Transition Adjustment</u>	<u>Balance January 1, 2008 After Adoption</u>
Mortgage loans held for sale	\$ 359,509	\$ 3,568	\$ 363,077
Accounts receivable, net	13,404	(1,954)	11,450
Cumulative-effect adjustment		<u>\$ 1,614</u>	

**Written Loan Commitments.** In November 2007, the Securities and Exchange Commission (the “SEC”) issued updates to ASC 815. Updates to ASC 815 express the view of the SEC staff that, consistent with the guidance in ASC 860, “Transfers and Servicing” (“ASC 860”) and ASC 825, the expected net future cash flows related to the associated servicing of a loan should be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. Updates to ASC 815 also retain the view of the SEC staff that internally developed intangible assets should not be recorded as part of the fair value of a derivative loan commitment and broadens its application to all written loan commitments that are accounted for at fair value through earnings. The Company adopted the provisions of ASC 815 effective January 1, 2008. Updates to ASC 815 require prospective application to derivative loan commitments issued or modified after the date of adoption. Upon adoption of updates to ASC 815 on January 1, 2008, the expected net future cash flows related to the servicing of mortgage loans associated with the Company’s IRLCs issued from the adoption date forward are included in the fair value measurement of the IRLCs at the date of issuance. Prior to the adoption of updates to ASC 815, the Company did not include the net future cash flows related to the servicing of mortgage loans associated with the IRLCs in their fair value. This change in accounting policy results in the recognition of earnings on the date the IRLCs are issued rather than when the mortgage loans are sold or securitized. Pursuant to the transition provisions of updates to ASC 815, the Company recognized a benefit to Gain on mortgage loans, net in the Consolidated Statement of Operations for the year ended December 31, 2008 of approximately \$5.7 million, as the value attributable to servicing rights related to IRLCs as of January 1, 2008 was excluded from the transition adjustment for the adoption of ASC 820.

**Cash and Cash Equivalents**

Marketable securities with original maturities of three months or less are included in Cash and Cash Equivalents. There were no such securities held by the Company as of December 31, 2009 or 2008.

**Restricted Cash**

Restricted cash includes amounts that serve as additional collateral for the Company’s asset-backed debt arrangements. Restricted cash also includes fees collected and held for pending mortgage closings and amounts specifically designated for the purchase of mortgage loans.

**Mortgage Loans Held for Sale**

Mortgage loans held for sale (“MLHS”) represent mortgage loans originated by the Company and held until sold to permanent investors. Loan origination fees are recorded when earned, the related direct loan origination costs are recognized when incurred and interest receivable on MLHS is included as a component of the fair

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value of Mortgage loans held for sale in the Consolidated Balance Sheet. Unrealized gains and losses on MLHS are included in Gain on mortgage loans, net in the Consolidated Statement of Operations. Interest income, which is accrued as earned, is included in Interest income in the Consolidated Statement of Operations.

**Property, Equipment and Leasehold Improvements**

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation and amortization on all assets is computed utilizing the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the estimated benefit period of the improvement or the lease term, if shorter, ranging from 1-5 years. The capitalized costs of computer software developed or obtained for internal use are amortized over the estimated useful lives, ranging from 3-5 years. Useful lives of furniture, fixtures and equipment range from 3 to 7 years.

**Goodwill**

The Company assesses the carrying value of its goodwill for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company assesses goodwill for such impairment by comparing the carrying value of its reporting units to their fair value. When determining the fair value of its reporting units, the Company may apply an income approach, using discounted cash flows or a combination of an income approach and a market approach, wherein comparative market multiples are used.

**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.

The Company adopted Financial Accounting Standards Board guidance on accounting for uncertainty in income taxes effective January 1, 2009 and evaluated its tax positions. The adoption had no effect on the Company's financial statements.

The Company's federal and state income tax returns are no longer subject to examination by federal or state taxing authorities for years before 2005.

**Advertising Costs**

The Company charges to expense the costs of advertising in the period incurred. Advertising expense was \$2.2 million for the years ended December 31, 2009 and 2008.

**Revenue Recognition**

The Company's services include the origination (brokering or funding either a purchase or refinancing) and sale of residential mortgage loans. The Company's MLHS and fees associated with the origination of MLHS are recognized as earned and the related direct loan origination costs are recognized when incurred.

Gain on mortgage loans, net includes the realized and unrealized gains and losses on the Company's MLHS, as well as the changes in fair value of all loan-related derivatives, including our IRLCs and freestanding loan-related derivatives. The fair value of the Company's 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. The

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expected net future cash flows related to the servicing of mortgage loans associated with the Company's IRLCs issued are included in the fair value measurement of the IRLCs at the date of issuance.

Interest income is accrued as earned. Loans are placed on non-accrual status when any portion of the principal or interest is ninety days past due or earlier when concern exists as to the ultimate collectibility of principal or interest. 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.

**Risk Management and Derivative Instruments and Hedging Activities**

The Company uses derivative instruments as part of its overall strategy to manage its exposure to market risks primarily associated with fluctuations in interest rates. As a matter of policy, the Company does not use derivatives for speculative purposes. All of the Company's derivative instruments that are measured at fair value on a recurring basis are included in Other assets or Other liabilities in the Consolidated Balance Sheets. The changes in the fair value of derivative instruments are included in the Gain on mortgage loans, net in the Consolidated Statements of Operations.

The fair value of the Company's IRLCs is based upon the estimated fair value of the underlying mortgage loan (determined consistent with "—Mortgage Loans Held for Sale" above), 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 approximates a whole-loan price, which includes the value of the related mortgage servicing.

The fair value of the Company's derivative instruments, other than IRLCs, that are measured at fair value on a recurring basis is determined by utilizing quoted prices from dealers in such securities or internally-developed or third-party models utilizing observable market inputs.

**Subsequent Events**

The Company evaluates subsequent events with respect to the Consolidated Financial Statements through the respective date of issuance, which was March, 17, 2010.

***Recently Issued Accounting Pronouncements***

***Transfers of Financial Assets.*** In June 2009, the FASB updated ASC 860, to eliminate the concept of a qualifying special-purpose entity ("QSPE"), modify the criteria for applying sale accounting to transfers of financial assets or portions of financial assets, differentiate between the initial measurement of an interest held in connection with the transfer of an entire financial asset recognized as a sale and participating interests recognized as a sale and remove the provision allowing classification of interest received in a guaranteed mortgage securitization transaction that does not qualify as a sale as available-for-sale or trading securities. The updates to ASC 860 clarify (i) that an entity must consider all arrangements or agreements made contemporaneously or in contemplation of a transfer, (ii) the isolation analysis related to the transferor and its consolidated subsidiaries and (iii) the principle of effective control over the transferred financial asset. The updates to ASC 860 also enhance financial statement disclosures. The updates to ASC 860 are effective for fiscal years beginning after November 15, 2009 with earlier application prohibited. Revised recognition and measurement provisions are to be applied to transfers occurring on or after the effective date and the disclosure provisions are to be applied to transfers that occurred both before and after the effective date. The Company does not expect the adoption of the updates to ASC 860 to have an impact on its Consolidated Financial Statements.

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*Fair Value Measurements.* In January 2010, the FASB updated ASC 820 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 ASC 820 also clarify existing disclosure requirements about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The updates to ASC 820 are effective for fiscal years and interim periods beginning after December 15, 2009, except for the disclosures about activity in the reconciliation of level 3 activity, which are effective for fiscal years and interim periods beginning after December 15, 2010. The updates to ASC 820 enhance disclosure requirements and will not impact the Company's financial position, results of operations, or cash flows.

**2. ACCOUNTS RECEIVABLE**

Accounts receivable, net as of December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
(dollar amounts in thousands)		
Receivables related to loan sales and brokered loans	\$1,669	\$1,280
Amounts due from corporate customers	541	1,477
Other	281	131
Allowance for doubtful accounts	(91)	(155)
Accounts receivable, net	<u>\$2,400</u>	<u>\$2,733</u>

**3. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Property, equipment and leasehold improvements, net as of December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
(dollar amounts in thousands)		
Furniture, fixtures and equipment	\$ 2,170	\$ 1,926
Leasehold improvements	362	224
Capitalized software	432	364
	2,964	2,514
Less: Accumulated depreciation	(2,192)	(1,823)
Property, equipment and leasehold improvements, net	<u>\$ 772</u>	<u>\$ 691</u>

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**4. OTHER ASSETS**

Other assets as of December 31, 2009 and 2008 consisted of the following:

(dollar amounts in thousands)	<u>2009</u>	<u>2008</u>
Derivative assets	\$2,994	\$10,080
Equity method investment	2,826	2,659
Debt issuance costs	—	1,096
Prepaid expenses	449	301
Security deposits	173	226
Other	<u>112</u>	<u>402</u>
Other assets	<u>\$6,554</u>	<u>\$14,764</u>

**5. GOODWILL**

The following table summarizes the activity associated with Goodwill during the year ended December 31, 2008:

(dollar amounts in thousands)	
Goodwill at January 1, 2008	\$ 61,184
Goodwill impairment	<u>(61,184)</u>
Goodwill at December 31, 2008	<u>\$ —</u>

Due to deteriorating market conditions the Company performed a valuation of the Goodwill as of September 30, 2008 utilizing a discounted cash flow approach with its most recent short-term projections and long-term outlook for the business and the industry. This valuation indicated that the entire amount of Goodwill was impaired and the Company recorded a non-cash charge for Goodwill impairment of \$61 million during the year ended December 31, 2008. The Goodwill impairment increased Net loss for the year ended December 31, 2008 by \$61 million. The primary cause of the impairment was the continued weakness in the housing market, coupled with continued adverse conditions in the mortgage market during 2008.

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**6. DEBT**

The following summarizes the components of the Company's indebtedness at December 31, 2008:

	<u>Balance</u>	<u>Capacity</u>	<u>Interest Rate<sup>2</sup></u>	<u>Maturity/ Expiry Date</u>	<u>Assets Held as Collateral<sup>1</sup></u>	
					<u>Restricted Cash</u>	<u>Mortgage Loans Held for Sale</u>
(dollar amounts in thousands)						
Repurchase facility	\$115,184	\$225,000	1.7%	5/28/2009	\$ 24,885	\$ 128,559
Other	444	—			—	—
<b>Total</b>	<u>\$115,628</u>	<u>\$225,000</u>			<u>\$ 24,885</u>	<u>\$ 128,559</u>

(1) Not available to pay general obligations

(2) Represents interest rate at December 31

The fair value of the Company's debt was \$115.6 million as of December 31, 2008.

**Asset-Backed Debt**

The Company maintained a variable-rate committed repurchase facility (the "Repurchase Facility") with Bank of Montreal and Barclays Bank PLC as Bank Principals and Fairway Finance Company, LLC and Sheffield Receivables Corporation as Conduit Principals that was terminated on May 28, 2009 as further discussed below. The Company maintained a variable-rate revolving credit agreement (the "Revolving Credit Facility") with Barclays Bank PLC and Bank of Montreal that was terminated on December 15, 2008 as further discussed below.

On June 30, 2008, the Company amended the Repurchase Facility by executing the Amended and Restated Master Repurchase Agreement (the "Amended Repurchase Agreement") and the Amended and Restated Servicing Agreement. The Amended Repurchase Agreement extended the maturity date to May 28, 2009, with an option for a 364 day renewal, subject to agreement by the parties, and increased the annual liquidity and program fees. On May 28, 2009, the parties agreed to terminate the Repurchase Facility, and the Company repaid all outstanding obligations as of May 28, 2009.

On December 15, 2008, the parties agreed to terminate the Revolving Credit Facility, and the Company repaid all outstanding obligations as of December 15, 2008.

As of December 31, 2009, the Company has no asset-backed debt outstanding.

**Unsecured Debt**

As of December 31, 2008, the Company has unsecured, short-term borrowings of \$0.4 million that are used to fund mortgage loans held for sale. As of December 31, 2009, the Company has no unsecured, short-term borrowing obligations.

**Debt Maturities**

The entire balance of the Company's outstanding debt matured in 2009.

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**7. DUE TO AFFILIATES AND OTHER RELATED PARTY TRANSACTIONS**

Due to affiliates, net as of December 31, 2009 and 2008 consisted of the following:

(dollar amounts in thousands)	<u>2009</u>	<u>2008</u>
Subordinated intercompany line of credit	\$ —	\$10,500
Other amounts due to PHH Corporation	10,494	6,030
Due to other PHH affiliates	4,661	4,176
	<u>\$15,155</u>	<u>\$20,706</u>

Due to affiliates represents the net amount due to PHH and its affiliates. The Subordinated Intercompany Line of Credit is described in detail below. The other amounts due to PHH are related to payroll processing and funding, as PHH provides administrative payroll services to the Company, including payroll funding. The Company settles all amounts due to PHH, other than the intercompany line of credit, 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 the Company's Management Services Agreement as further discussed below.

**Agreement with PHH Corporation**

In December 2008, upon receiving permission from the holders of the Repurchase Facility, the Company entered into a \$75 million unsecured subordinated intercompany line of credit agreement with PHH (the "Subordinated Intercompany Line of Credit"). This indebtedness is subordinate to the Repurchase Facility and is not collateralized by any of the Company's assets. This line of credit was entered into upon the termination of the Revolving Credit Facility. The Company and PHH entered into the subordinated financing due to the disruptions in the credit market and the availability of external financing. The Subordinated Intercompany Line of Credit increases the Company's borrowing capacity to fund MLHS and supports the tangible net worth requirement of the Repurchase Facility. As of December 31, 2008, there was \$10.5 million outstanding under the Intercompany Line of Credit. As of December 31, 2008, borrowings under this variable-rate facility bore interest at 3.4%.

As of December 31, 2009, the Company has no debt outstanding under the Intercompany Line of Credit.

**Agreements with PHH Mortgage**

*Sublease Agreement*

The Company entered into a sublease agreement with PHH Mortgage whereby it has agreed to lease space from PHH Mortgage to conduct its operations. The total rental expense incurred under this sublease agreement for each of the years ended December 31, 2009 and 2008 was \$1.0 million, and is recorded in Allocated expenses in the Consolidated Statement of Operations. See Note 11 – Leases for further information regarding the Company's lease agreements.

*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

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- Product support services
- General and administrative services
- IT administrative services

The Company receives the benefit of these services from PHH Mortgage for which the Company was charged \$40.9 million and \$43.0 million for the years ended December 31, 2009 and 2008, respectively. This expense is reflected in Allocated expenses in the Consolidated Statement of Operations.

During the year ended December 31, 2008, the Company received a payment of \$2.28 million from PHH Mortgage related to service issues encountered by PHH Mortgage under the terms of the Management Services Agreement, which is recorded in Other income in the Consolidated Statement of Operations.

*Loan Purchase Agreement*

The Company has entered into a loan purchase agreement with PHH Mortgage, whereby the Company has committed to sell or broker, and PHH Mortgage has committed to purchase or fund, certain loans originated by the Company. 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. During 2009 and 2008, the Company sold or brokered \$11.1 billion and \$5.4 billion, respectively, of mortgage loans to PHH Mortgage under the terms of this agreement. The Company recognized broker fees of \$65.8 million for the year ended December 31, 2009, within Fee income in the Consolidated Statement of Operations under the terms of this agreement. Fee income recognized under this agreement was not significant for the year ended December 31, 2008, as the Company relied on its broker platform in 2009 following the termination of its Repurchase Facility as further discussed in Note 6 – Debt. The Company recognized gains of \$92.1 million and \$105.8 million for the years ended December 31, 2009 and 2008 respectively, within Gain on mortgage loans, net in the Consolidated Statements of Operations under the terms of this agreement. As of December 31, 2009 and 2008, the Company had outstanding commitments with PHH Mortgage totaling \$874.2 million and \$758.9 million, respectively, under the terms of this agreement.

*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.

**Arrangements with Realogy**

*Shared Office Space Agreement*

The Company has entered into a Master Shared Office Space Agreement with NRT, whereby NRT has agreed to lease a portion of its offices to the Company. The total rental expense incurred under this agreement for the

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years ended December 31, 2009 and 2008 was \$1.8 million and is recorded in Occupancy and other office expenses in the Consolidated Statement of Operations. See Note 11 – Leases for further information regarding the Company’s lease agreements.

*Trademark License Agreement*

The Company has entered into a Trademark License Agreement with certain affiliates of Realogy, whereby those affiliates have granted exclusive rights to use certain trademarks to the Company. Under the terms of the Trademark License 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 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 or any of its affiliates (other than PHH Home Loans) becomes subject to any regulatory order, or any governmental entity initiates a proceeding with respect to PHH Mortgage or any of its affiliates (other than PHH Home Loans), and (b) such regulatory order or proceeding prevents or materially impairs PHH Home Loans’ 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 by PHH Home Loans 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 PHH Mortgage or such affiliate or PHH Home Loans 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 addition, beginning on February 1, 2015, Realogy may terminate the LLC Operating Agreement at any time by giving two years’ notice to PHH. Upon termination of the LLC Operating Agreement by Realogy, Realogy will have the option either to require that PHH purchase Realogy’s interest in the company at fair value, plus, in certain cases, liquidated damages, or to cause PHH to sell its interest in the Company to a third party designated by Realogy at fair value plus, in certain cases, liquidated damages. In the case of a termination by Realogy following a change in control of PHH, PHH may be required to make a cash payment to Realogy in an amount equal to its allocable share of the mortgage venture’s trailing twelve months net income multiplied by the greater of (a) the number of years remaining in the first ten years of the term of the LLC Operating Agreement or (b) two years.

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*Acquisitions*

The Company participates in acquisitions with NRT by acquiring the mortgage operations of the real estate brokerage firms acquired by NRT. There were no such acquisitions during 2009 and 2008.

**8. DERIVATIVES AND RISK MANAGEMENT ACTIVITIES**

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, 2009 and 2008. The following table summarizes the amounts recorded in the Company's Consolidated Balance Sheet for derivatives not designated as hedging instruments as of December 31, 2009:

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Presentation	Fair Value	Notional Amount	Balance Sheet Presentation	Fair Value	Notional Amount
(dollar amounts in thousands)						
Interest rate lock commitments	Other assets	\$1,358	\$119,536	Other liabilities	\$480	\$34,981
Best Efforts Sale Commitments:						
Related to interest rate and price risk for MLHS and IRLCs	Other assets	1,636	140,100	Other liabilities	133	25,072
Net fair value of derivative instruments		<u>\$2,994</u>			<u>\$613</u>	

The following table summarizes the amounts recorded in the Company's Consolidated Statements of Operations for derivative instruments not designated as hedging instruments:

	Year Ended December 31, 2009	
	Statement of Operations Presentation	Gain (loss)
(dollar amounts in thousands)		
Interest rate lock commitments	Gain on mortgage loans, net	\$ 41,988
Best Efforts Sale commitments related to interest rate and price risk for MLHS and IRLCs	Gain on mortgage loans, net	7,029
Total derivative instruments		<u>\$ 49,017</u>

**Market Risk**

The Company's principal market exposure is to interest rate risk, specifically long-term U.S. Treasury and mortgage interest rates due to their impact on the fair value of mortgage loans held for sale and related commitments. The Company also has exposure to changes in the London Interbank Offered Rate ("LIBOR") due to its impact on variable rate borrowings. The Company uses best efforts commitments with various investors, including PHH Mortgage, to mitigate the interest rate risk associated with its mortgage loans held for sale and interest rate lock commitments ("IRLCs")

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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.* 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. The Company's loan commitments generally range between 30-90 days; however, the borrower is not obligated to obtain the loan. As such, the Company's outstanding IRLCs are subject to interest rate risk and related price risk during the period from interest rate lock commitment through the loan funding date or expiration date. In addition, the Company is subject to fallout risk, which is the risk that an approved borrower will choose not to close on the loan. The Company uses best efforts commitments to substantially eliminate these risks. The Company considers historical commitment-to-closing ratios to estimate the quantity of mortgage loans that will fund within the terms of the IRLCs.

IRLCs and related derivative instruments are classified as Other assets or Other liabilities in the Company's Consolidated Balance Sheet with changes in fair value recorded as a component of Gain on mortgage loans, net in the Consolidated Statement of Operations.

*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 into the secondary market. The Company uses best efforts commitments to hedge these risks. These commitments fix the forward sales price that will be realized in the secondary market and thereby eliminate the interest rate and price risk to the Company. These derivatives are included in Other assets or Other liabilities in the Consolidated Balance Sheets.

## **9. COMMITMENTS AND CONTINGENCIES**

### *Loan Funding Commitments*

At December 31, 2009 and 2008, the Company had commitments to fund loans with agreed-upon rates or rate protection amounting to \$819.7 million and \$875.9 million, respectively.

### *Best Efforts Commitments*

At December 31, 2009 and 2008, the Company had best efforts commitments to sell loans amounting to \$879.5 million and \$1.0 billion, respectively; these amounts represented substantially all Mortgage loans held for sale and IRLCs. 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. The Company's best efforts commitments generally expire within 90 days.

### *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 the Company's consolidated financial position or results of operations.

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**10. BENEFIT PLANS**

Employees of the Company are participants in a defined contribution plan. The defined contribution plan expenses of the Company for the years ended December 31, 2009 and 2008 were \$2.4 million and \$3.2 million, respectively.

**11. LEASES**

The Company receives the benefit of occupancy from PHH Mortgage for which the Company was charged \$1.0 million for each of the years ended December 31, 2009 and 2008. Certain other facilities and equipment are leased under lease agreements expiring at various dates through 2013. Additionally, the Company receives the benefit of occupancy from real estate offices affiliated with Realogy for which the Company was charged \$1.8 million for the years ended December 31, 2009 and 2008. Total rental expense for premises and equipment amounted to \$5.4 million and \$5.3 million, respectively, for the years ended December 31, 2009 and 2008.

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

(dollar amounts in thousands)	
2010	\$ 1,985
2011	1,859
2012	1,033
2013	36
	<u>\$ 4,913</u>

**12. 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 2009 and 2008, 71% and 87%, respectively, of the Company's 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.

**13. FAIR VALUE OF FINANCIAL INSTRUMENTS**

As of December 31, 2009 and 2008, all of the company's financial instruments were either recorded at fair value or the carrying value approximated fair value. See Note 6 – Debt for the fair value of Debt as of December 31, 2008. For financial instruments that were not recorded at fair value as of December 31, 2009 and 2008, such as Cash and cash equivalents and Restricted cash, the carrying value approximates fair value due to the short-term nature of such instruments.

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ASC 820 prioritizes the inputs to the valuation techniques used to measure fair value into a three-level valuation hierarchy. The valuation hierarchy is based upon the relative reliability and availability of the inputs to market participants for the valuation of an asset or liability as of the measurement date. Pursuant to ASC 820, when the fair value of an asset or liability contains inputs from different levels of the hierarchy, the level within which the fair value measurement in its entirety is categorized is based upon the lowest level input that is significant to the fair value measurement in its entirety. The three levels of this valuation hierarchy consist of the following:

**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.

The Company determines fair value based on quoted market prices, where available. If quoted prices are not available, fair value is estimated based upon other observable inputs. The Company uses unobservable inputs when observable inputs are not available. Adjustments may be made to reflect the assumptions that market participants would use in pricing the asset or liability. These adjustments may include amounts to reflect counterparty credit quality, the Company's creditworthiness and liquidity.

See Note 1, "Summary of Significant Accounting Policies" for a description of the valuation methodologies used by the Company for assets and liabilities measured at fair value on a recurring basis. The Company has classified such assets and liabilities pursuant to the valuation hierarchy as follows:

**Mortgage Loans Held for Sale.** The Company's mortgage loans are generally classified within Level Two of the valuation hierarchy; however, certain loans that are not covered by best-efforts commitments are classified within Level Three due to the lack of observable pricing data.

The following tables reflect the difference between the carrying amount of MLHS, measured at fair value pursuant to ASC 820, and the aggregate unpaid principal amount that the Company is contractually entitled to receive at maturity as of December 31, 2009 and 2008:

	<u>December 31, 2009</u>		
	<u>Carrying Amount</u>	<u>Aggregate Unpaid Principal Balance</u>	<u>Excess Aggregate Unpaid Principal Balance Over Carrying Amount</u>
		(In thousands)	
<b>Mortgage loans held for sale:</b>			
Total	\$59,801	\$59,321	\$ (480)
Loans 90 or more days past due and on non-accrual status	716	1,109	393

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	December 31, 2008		
	Carrying Amount	Aggregate Unpaid Principal Balance (In thousands)	Excess Aggregate Unpaid Principal Balance Over Carrying Amount
<b>Mortgage loans held for sale:</b>			
Total	\$152,143	\$149,225	\$ (2,918)
Loans 90 or more days past due and on non-accrual status	—	130	130

The components of the Company's MLHS, recorded at fair value, were as follows:

	December 31, 2009 (In thousands)	December 31, 2008 (In thousands)
<b>First mortgages:</b>		
Conforming	\$ 58,923	\$ 147,866
Non-conforming	—	661
Total first mortgages	58,923	148,527
Second lien	162	3,043
Scratch and Dent <sup>(1)</sup>	716	557
Other	—	16
Total	\$ 59,801	\$ 152,143

<sup>(1)</sup> Represents mortgages with origination flaws or performance issues.

At December 31, 2008, the Company pledged \$128.6 million of MLHS as collateral in asset-backed debt arrangements.

**Derivative Instruments.** The fair value of the Company's derivative instruments that are measured at fair value on a recurring basis, other than IRLCs, are classified within Level Two of the valuation hierarchy. Due to the unobservable inputs used by the Company and the inactive, illiquid market for IRLCs, the Company's IRLCs are classified within Level Three of the valuation hierarchy.

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The Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2009 and 2008 were as follows:

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

	December 31, 2008				Total
	Level One	Level Two	Level Three (In thousands)	Cash Collateral and Netting <sup>(1)</sup>	
<b>Assets:</b>					
Mortgage loans held for sale	\$—	\$151,527	\$ 616	\$ —	\$152,143
<b>Other assets:</b>					
Derivative assets	—	108	10,287	(108)	10,287
<b>Liabilities:</b>					
<b>Other liabilities:</b>					
Derivative liabilities	—	7,324		(108)	7,216

<sup>(1)</sup> Adjustments to arrive at the carrying amounts of assets and liabilities presented in the Consolidated Balance Sheet which represent the effect of netting the payable or receivable placed with the same counterparties under legally enforceable master netting arrangements between the Company and its counterparties.

The activity in the Company's assets and liabilities that are classified within Level Three of the valuation hierarchy during the years ended December 31, 2009 and 2008 consisted of:

	December 31, 2009				Balance, End of Period
	Balance, Beginning of Period	Realized and Unrealized Gains (Losses)	Purchases, Issuances and Settlements, net (In thousands)	Transfers Into Level Three, net	
Mortgage loans held for sale	\$ 616	\$ (62)	\$ 142	\$ 182 <sup>(3)</sup>	\$ 878
Derivatives, net	10,287	41,988	(51,397)	—	878

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	December 31, 2008				Balance, End of Period
	Balance, Beginning of Period	Realized and Unrealized Gains (Losses)	Purchases, Issuances and Settlements, net  (In thousands)	Transfers Into Level Three, net	
Mortgage loans held for sale	\$13,297 <sup>(1)</sup>	\$ 293	\$ (13,612)	\$ 638 <sup>(2)</sup>	\$ 616
Derivatives, net	(3,070)	(20,865)	34,222	—	10,287

<sup>(1)</sup> Includes Construction loans classified as Level Three measurements at the beginning of the year that were subsequently sold.

<sup>(2)</sup> Represents Scratch and Dent, and second-lien mortgage loans that were reclassified from Level Two to Level Three due to declining investor demand for non-conforming products during the year ended December 31, 2008.

<sup>(3)</sup> Represents Conforming Loans that were reclassified to Scratch and Dent during the year ended December 31, 2009.

The Company's realized and unrealized gains and losses during the years ended December 31, 2009 and 2008 related to assets and liabilities classified within Level Three of the valuation hierarchy were included in the Consolidated Statement of Operations as follows:

	December 31, 2009		December 31, 2008	
	Mortgage Loans Held for Sale  (in thousands)	Derivatives, net	Mortgage Loans Held for Sale  (in thousands)	Derivatives, net
(Loss) on mortgage loans, net	\$ (62)	\$ 41,988	\$ (26)	\$ (20,865)
Mortgage interest income	—	—	319	—

The Company's unrealized gains and losses during the years ended December 31, 2009 and 2008 included in the Consolidated Statement of Operations related to assets and liabilities classified within Level Three of the valuation hierarchy that are included in the Consolidated Balance Sheet as of December 31, 2009 and 2008 were as follows:

	December 31, 2009	December 31, 2008
	Gain on Mortgage Loans, net (in thousands)	Gain on Mortgage Loans, net (in thousands)
Unrealized (loss)	\$ (74)	\$ 10,260

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

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liabilities are actively quoted and can be validated to external sources, the realized and unrealized gains and losses included in the tables above 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 in the period that the change occurs.

**14. 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 Company’s ability to originate loans and access the secondary market.

The following table presents the Company’s required and actual net worth amounts:

	<u>December 31, 2009</u>		<u>December 31, 2008</u>	
	<u>Required</u>	<u>Adjusted Actual</u>	<u>Required</u>	<u>Adjusted Actual</u>
(dollar amounts in thousands)				
HUD/FHA	\$17,969	\$77,823	\$ 4,014	\$49,068
Fannie Mae	1,000	77,823	1,000	49,068