

REALOGY CORP
Form 10-Q/A
October 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A

Amendment No. 1

^T QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

OR

^O 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. 333-179896

REALOGY HOLDINGS CORP.

(Exact name of registrants as specified in its charter)

Commission File No. 333-179896

REALOGY CORPORATION

(Exact name of registrants as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

20-8050955 and 20-4381990
(I.R.S. Employer
Identification Numbers)

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

07054
(Zip Code)

(973) 407-2000

(Registrants' telephone number, including area code)

Indicate by check mark whether the Registrants (1) have 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 Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrants have 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 whether the Registrants are large accelerated filers, accelerated filers, non-accelerated filers, or smaller reporting companies. 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 ☒

Smaller reporting company ☐

(Do not check if a smaller reporting company)

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Indicate by check mark whether the Registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 4,200 shares of Class A Common Stock, \$0.01 par value, and 8,017,080 shares of Class B Common Stock, \$0.01 par value, of Realogy Holdings Corp. outstanding as of May 2, 2012. There were 100 shares of Common Stock, \$0.01 par value, of Realogy Corporation outstanding as of May 2, 2012.

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EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A amends the Quarterly Report on Form 10-Q of Realogy Holdings Corp. ("Holdings")(formerly known as Domus Holdings Corp.) and its indirect, wholly owned subsidiary, Realogy Corporation ("Realogy") for the quarter ended March 31, 2012, as filed with the Securities and Exchange Commission on May 2, 2012 (the "Original Form 10-Q"). Except as otherwise indicated or unless the context otherwise requires, the terms "we," "us," "our," "our company" and the "Company" refer to Holdings and its consolidated subsidiaries. Except as otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Original Form 10-K.

In connection with the preparation of Holdings' initial public offering of shares filed on a Registration Statement on Form S-1, we identified and corrected an error in the manner in which we had allocated the purchase price paid by Apollo subsequent to their 2007 acquisition. Specifically, we inappropriately identified the discounted cash flows generated from the Real Estate Franchise Services franchise agreement with NRT as a separately identifiable indefinite lived intangible asset. We concluded that the value ascribed to this agreement should have been attributed to the Real Estate Franchise Services business unit as goodwill. Accordingly, we corrected our error through the elimination of the Real Estate Franchise Services franchise agreement with NRT intangible asset and increased the value associated with our goodwill, which resulted in a concurrent decrease in our deferred income tax liability. In accordance with accounting guidance found in ASC 250-10 (SEC Staff Accounting Bulletin No. 99, Materiality), we assessed the materiality of the error and concluded that the error was not material to any of our previously issued financial statements. This non-cash error had no impact to our condensed consolidated statement of operations or cash flows for any of the periods presented in these financial statements.

On September 11, 2012, the Board of Directors of Holdings approved an amendment to its Certificate of Incorporation to effect a change in its name of Domus Holdings Corp. to "Realogy Holdings Corp.", to amend and restate its authorized capital stock and to approve a reverse stock split of the Company's Class A Common Stock and Class B Common Stock at a ratio of 1 to 25 (the "Reverse Stock Split"). On the same day, the stockholders of Holdings approved the foregoing amendments to Holdings' Certificate of Incorporation.

On September 27, 2012, Holdings filed a Certificate of Amendment to its Certificate of Incorporation (the "Certificate of Amendment") with the Secretary of State of the State of Delaware to effect the change in authorized capital stock, the Reverse Stock Split and the name change. The Certificate of Amendment provides that the Reverse Stock Split became effective upon filing, at which time every twenty five (25) issued and outstanding shares of the Company's Class A Common Stock and Class B Common Stock were automatically combined into one (1) issued and outstanding share of the respective class of Holdings' Common Stock, without any change in par value. Immediately following the Reverse Stock Split, there were 4,200 shares of Class A Common Stock issued and outstanding and 8,017,080 shares of Class B Common stock issued and outstanding. Holdings did not issue any fractional shares in connection with the Reverse Stock Split, but rounded those shares up to the next whole share. Pursuant to the terms of the Convertible Notes, the stated conversion rates applicable to each series of Convertible Notes were adjusted to reflect the Reverse Stock Split. In addition, pursuant to the terms of the 2007 Stock Incentive Plan, the number of shares reserved there under, as well as the number of options outstanding and their stated exercise prices, was adjusted to reflect the Reverse Stock Split. All amounts and per share data presented in the accompanying consolidated financial statements and related notes give retroactive effect to the Reverse Stock Split for all periods presented.

No other information in the Original Form 10-Q is amended hereby. Except for the amended disclosure described above, the information in this Form 10-Q/A has not been updated to reflect events that occurred after May 2, 2012, the filing date of the Original Form 10-Q. Accordingly, the Amendment should be read in conjunction with our other filings made with the SEC subsequent to the filing of the Original Form 10-Q.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 8th of October 2012.

REALOGY HOLDINGS CORP.

and

REALOGY CORPORATION

(Registrants)

By: /S/ ANTHONY E. HULL

Name: Anthony E. Hull

Title: Executive Vice President,

Chief Financial Officer and Treasurer

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Realogy Holdings Corp.:

We have reviewed the accompanying condensed consolidated balance sheet of Realogy Holdings Corp. (formerly known as Domus Holdings Corp.) and its subsidiaries as of March 31, 2012, and the related condensed consolidated statements of operations and comprehensive loss for the three-month periods ended March 31, 2012 and March 31, 2011 and the condensed consolidated statements of cash flows for the three-month periods ended March 31, 2012 and March 31, 2011. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2011, and the related consolidated statements of operations, comprehensive loss, equity (deficit), and cash flows for the year then ended (not presented herein), and in our report dated March 2, 2012, except with respect to our opinion on the consolidated financial statements insofar as it relates to the effects of the reverse stock split and the NRT franchise agreement matter as described in Note 1, as to which the date is September 27, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2011, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Florham Park, New Jersey

May 2, 2012, except for the effects of the reverse stock split and the NRT franchise agreement matter as described in Note 1 to the condensed consolidated financial statements, as to which the date is September 27, 2012.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of Realogy Corporation:

We have reviewed the accompanying condensed consolidated balance sheet of Realogy Corporation and its subsidiaries as of March 31, 2012, and the related condensed consolidated statements of operations and comprehensive loss for the three-month periods ended March 31, 2012 and March 31, 2011 and the condensed consolidated statements of cash flows for the three-month periods ended March 31, 2012 and March 31, 2011. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2011, and the related consolidated statements of operations, comprehensive loss, equity (deficit), and cash flows for the year then ended (not presented herein), and in our report dated March 2, 2012, except with respect to our opinion on the consolidated financial statements insofar as it relates to the effects of the reverse stock split and the NRT franchise agreement matter as described in Note 1 as to which the date is September 27, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2011, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey

May 2, 2012 except for the effects of the reverse stock split and the NRT franchise agreement matter as described in Note 1 to the condensed consolidated financial statements, as to which the date is September 27, 2012.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Revenues		
Gross commission income	\$ 606	\$ 575
Service revenue	172	164
Franchise fees	54	51
Other	43	41
Net revenues	875	831
Expenses		
Commission and other agent-related costs	402	374
Operating	318	318
Marketing	51	43
General and administrative	77	71
Former parent legacy costs (benefit), net	(3) (2
Restructuring costs	3	2
Depreciation and amortization	45	46
Interest expense, net	170	179
Loss on the early extinguishment of debt	6	36
Other (income)/expense, net	1	—
Total expenses	1,070	1,067
Loss before income taxes, equity in earnings and noncontrolling interests	(195) (236
Income tax expense	7	1
Equity in earnings of unconsolidated entities	(10) —
Net loss	(192) (237
Less: Net income attributable to noncontrolling interests	—	—
Net loss attributable to Realogy Holdings and Realogy	\$ (192) \$ (237
Earnings (loss) per share attributable to Realogy Holdings:		
Basic loss per share:	(23.95) (29.56
Diluted loss per share:	(23.95) (29.56
Weighted average common and common equivalent shares of Realogy Holdings outstanding:		
Basic:	8.0	8.0
Diluted:	8.0	8.0

See Notes to Condensed Consolidated Financial Statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In millions)

(Unaudited)

	Three Months Ended March	
	31,	
	2012	2011
Net loss	\$ (192) \$ (237)
Currency Translation Adjustment	2	1
Defined Benefit Pension Plan - amortization of actuarial loss to periodic pension cost	1	—
Cash Flow Hedges:		
Less: interest rate hedge losses to interest expense	—	(1)
Less: de-designation of interest rate hedges to interest expense	—	(17)
Cash flow hedges	—	18
Other comprehensive income, before tax	3	19
Income tax expense related to other comprehensive income amounts	1	8
Other comprehensive income, net of tax	2	11
Comprehensive loss	(190) (226)
Less: comprehensive income attributable to noncontrolling interests	—	—
Comprehensive loss attributable to Realogy Holdings and Realogy	\$ (190) \$ (226)

See Notes to Condensed Consolidated Financial Statements.

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