REALOGY HOLDINGS CORP.
Form 10-Q
May 04, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2015
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. 001-35674
REALOGY HOLDINGS CORP.
(Exact name of registrant as specified in its charter)
20-8050955
(I.R.S. Employer Identification Number)
Commission File No. 333-148153
REALOGY GROUP LLC
(Exact name of registrant as specified in its charter)
20-4381990
(I.R.S. Employer Identification Number)
Delaware
(State or other jurisdiction of incorporation or organization)
175 Park Avenue
Madison, NJ 07940
(Address of principal executive offices) (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 registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.
Realogy Holdings Corp. Yes þ No ¨ Realogy Group LLC Yes ¨ No þ
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 Registrants were required to submit and post such files).
Realogy Holdings Corp. Yes þ No ¨ Realogy Group LLC Yes þ 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	Accelerated filer	Non-accelerated filer	Smaller reporting

	filer		(Do not check if a smaller reporting company)	company
Realogy Holdings Corp.	þ	¨	¨	¨
Realogy Group LLC	¨	¨	þ	¨

Indicate by check mark whether the Registrants are a shell company (as defined in Rule 12b-2 of the Exchange Act).
Realogy Holdings Corp. Yes ¨ No þ Realogy Group LLC Yes ¨ No þ
There were 146,529,900 shares of Common Stock, $0.01 par value, of Realogy Holdings Corp. outstanding as of April 30, 2015.

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INTRODUCTORY NOTE

Except as otherwise indicated or unless the context otherwise requires, the terms "we," "us," "our," "our company," "Realogy," "Realogy Holdings" and the "Company" refer to Realogy Holdings Corp., a Delaware corporation, and its consolidated subsidiaries, including Realogy Intermediate Holdings LLC, a Delaware limited liability company ("Realogy Intermediate"), and Realogy Group LLC, a Delaware limited liability company ("Realogy Group"). Neither Realogy Holdings, the indirect parent of Realogy Group, nor Realogy Intermediate, the direct parent company of Realogy Group, conducts any operations other than with respect to its respective direct or indirect ownership of Realogy Group. As a result, the consolidated financial positions, results of operations and cash flows of Realogy Holdings, Realogy Intermediate and Realogy Group are the same.

Realogy Holdings is not a party to the senior secured credit facility and certain references in this report to our consolidated indebtedness exclude Realogy Holdings with respect to indebtedness under the senior secured credit facility. In addition, while Realogy Holdings is a guarantor of Realogy Group's obligations under its secured and unsecured notes, Realogy Holdings is not subject to the restrictive covenants in the indentures governing such indebtedness.

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FORWARD-LOOKING STATEMENTS

Forward-looking statements included in this report and our other public filings or other public statements that we make from time to time are based on various facts and derived utilizing numerous important assumptions and are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements include the information concerning our future financial performance, business strategy, projected plans and objectives, as well as projections of macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts. You should understand that the following important factors could affect our future results and cause actual results to differ materially from those expressed in the forward-looking statements:

- risks related to general business, economic, employment and political conditions and the U.S. residential real estate markets, either regionally or nationally, including but not limited to:
  - a lack of improvement or a decline in the number of homesales, stagnant or declining home prices and/or a deterioration in other economic factors that particularly impact the residential real estate market and the business segments in which we operate;
  - a decrease in consumer confidence;
  - the impact of recessions, slow economic growth, disruptions in the U.S. government or banking system and high levels of unemployment in the U.S. and abroad;
  - increasing mortgage rates and/or constraints on the availability of mortgage financing;
  - legislative, tax or regulatory changes that would adversely impact the residential real estate market, including potential reforms of Fannie Mae and Freddie Mac, and potential tax code reform, which could reduce or eliminate the amount that taxpayers would be allowed to deduct for home mortgage interest;
  - a decrease in housing affordability;
  - high levels of foreclosure activity;
  - insufficient or excessive home inventory levels by market;
  - changing attitudes towards home ownership, particularly among potential first-time homebuyers who may delay, or decide not to, purchase a home; and
  - the inability or unwillingness of current homeowners to purchase their next home due to various factors, including limited or negative equity in their current home, difficult mortgage underwriting standards, attractive rates on existing mortgages and the lack of available inventory;
- our geographic and high-end market concentration, particularly with respect to our company owned brokerage operations;
- our inability to enter into franchise agreements with new franchisees at current royalty rates or at all, or to realize royalty revenue growth from them;
- our inability to renew existing franchise agreements at current royalty rates or at all, or to maintain or enhance our value proposition to franchisees, including but not limited to our ability to successfully develop, license and scale our ZAP[SM] technology to our franchisees;
- the lack of revenue growth or declining profitability of our franchisees;
- disputes or issues with entities that license us their tradenames for use in our business that could impede our franchising of those brands;
- our inability to realize the benefits from acquisitions, including the 2014 acquisition of ZipRealty, due to the loss of key personnel of the acquired companies, as well as the possibility that expected benefits and synergies of the transactions may not be achieved in a timely manner or at all;
- actions by our franchisees that could harm our business or reputation, non-performance of our franchisees, controversies with our franchisees or actions against us by third parties with which our franchisees have business relationships;

- competition in our existing and future lines of business whether through traditional competitors or competitors with alternative business models, as well as competition for our independent sales associates;

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- loss or attrition among our senior executives or other key employees could adversely affect our financial performance;
- our failure to comply with laws, regulations and regulatory interpretations and any changes in laws, regulations and regulatory interpretations, including but not limited to (1) state or federal employment laws or regulations that would require reclassification of independent contractor sales associates to employee status for prior and future periods, the application of wage and hour regulations and the provision of employee benefits mandated by law; and (2) challenges to certain of our business arrangements under the Real Estate Settlement Procedures Act or state consumer protection or similar laws;
- any adverse resolution of litigation, governmental or regulatory proceedings or arbitration awards;
- the general impact of emerging technologies on our business;
- our inability to obtain new technologies and systems, to replace or introduce new technologies and systems as quickly as our competitors and in a cost-effective manner or to achieve the benefits anticipated from new technologies or systems;
- the failure or significant disruption of our operations from various causes related to our critical information technologies and systems including cybersecurity threats to our data and customer/franchisee data as well as reputational or financial risks associated with a loss of any such data;
- adverse effects of natural disasters or environmental catastrophes that affect local housing markets in which we operate;
- risks related to our international operations, including compliance with the Foreign Corrupt Practices Act and similar anti-corruption laws as well as risks relating to the master franchisor model that we deploy internationally;
- risks associated with our substantial indebtedness and interest obligations and restrictions contained in our debt agreements, including risks relating to having to dedicate a significant portion of our cash flows from operations to service our debt;
- risks relating to our ability to refinance our indebtedness or incur additional debt;
- changes in corporate relocation practices resulting in fewer employee relocations, reduced relocation benefits or the loss of a significant Affinity client;
- an increase in the claims rate of our title underwriter and an increase in mortgage rates could adversely impact the revenue stream of our title and settlement services segment;
- our inability to securitize certain assets of our relocation business, which would require us to find an alternative source of liquidity that may not be available, or if available, may not be on favorable terms;
- risks that could materially adversely impact our equity investment in PHH Home Loans LLC, our joint venture with PHH Corporation ("PHH"), including increases in mortgage interest rates, the impact of regulatory changes, litigation, investigations and inquiries, or a change in control of PHH;
- any remaining resolutions or outcomes with respect to Cendant Corporation's contingent liabilities under the Separation and Distribution Agreement and the Tax Sharing Agreement (each as defined in our Annual Report on Form 10-K for the year ended December 31, 2014), including any adverse impact on our future cash flows; and
- new types of taxes or increases in state, local or federal taxes that could diminish profitability or liquidity.

Other factors not identified above, including those described under the headings "Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Form 10-K"), filed with the Securities and Exchange Commission ("SEC"), may also cause actual results to differ materially from those described in our forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond our control. You should consider these factors in connection with considering any forward-looking statements that may be made by us and our businesses generally.

Except for our ongoing obligations to disclose material information under the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless we are required to do so by law. For any forward-looking statement contained in our public filings or other public statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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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. and its subsidiaries as of March 31, 2015, and the related condensed consolidated statements of operations and comprehensive loss for the three-month periods ended March 31, 2015 and March 31, 2014 and the condensed consolidated statements of cash flows for the three-month periods ended March 31, 2015 and March 31, 2014. 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, 2014, and the related consolidated statements of operations, comprehensive income (loss), equity (deficit), and cash flows for the year then ended (not presented herein), and in our report dated February 26, 2015, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2014, 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 4, 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of Realogy Group LLC:

We have reviewed the accompanying condensed consolidated balance sheet of Realogy Group LLC and its subsidiaries as of March 31, 2015, and the related condensed consolidated statements of operations and comprehensive loss for the three-month periods ended March 31, 2015 and March 31, 2014 and the condensed consolidated statements of cash flows for the three-month periods ended March 31, 2015 and March 31, 2014. 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, 2014, and the related consolidated statements of operations, comprehensive income (loss), equity (deficit), and cash flows for the year then ended (not presented herein), and in our report dated February 26, 2015, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2014, 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 4, 2015

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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Revenues		
Gross commission income	$ 781	$ 738
Service revenue	171	165
Franchise fees	67	63
Other	43	41
Net revenues	1,062	1,007
Expenses		
Commission and other agent-related costs	530	500
Operating	342	336
Marketing	56	51
General and administrative	78	70
Former parent legacy costs (benefit), net	—	1
Depreciation and amortization	46	46
Interest expense, net	68	70
Loss on the early extinguishment of debt	—	10
Total expenses	1,120	1,084
Loss before income taxes, equity in earnings and noncontrolling interests	(58)	(77)
Income tax benefit	(24)	(34)
Equity in (earnings) losses of unconsolidated entities	(2)	3
Net loss	(32)	(46)
Less: Net income attributable to noncontrolling interests	—	—
Net loss attributable to Realogy Holdings and Realogy Group	$ (32)	$ (46)
Loss per share attributable to Realogy Holdings:		
Basic loss per share	$ (0.22)	$ (0.32)
Diluted loss per share	$ (0.22)	$ (0.32)
Weighted average common and common equivalent shares of Realogy Holdings outstanding:		
Basic	146.3	145.8
Diluted	146.3	145.8

See Notes to Condensed Consolidated Financial Statements.

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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Net loss	$ (32)	$ (46)
Currency translation adjustment	(2)	1
Other comprehensive (loss) income, before tax	(2)	1
Income tax expense (benefit) related to items of other comprehensive income (loss) amounts	—	—
Other comprehensive (loss) income, net of tax	(2)	1
Comprehensive loss	(34)	(45)
Less: comprehensive income attributable to noncontrolling interests	—	—
Comprehensive loss attributable to Realogy Holdings and Realogy Group	$ (34)	$ (45)

See Notes to Condensed Consolidated Financial Statements.

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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 184	$ 313
Trade receivables (net of allowance for doubtful accounts of $26 and $27)	127	116
Relocation receivables	329	297
Deferred income taxes	190	180
Other current assets	122	120
Total current assets	952	1,026
Property and equipment, net	228	233
Goodwill	3,477	3,477
Trademarks	736	736
Franchise agreements, net	1,478	1,495
Other intangibles, net	332	341
Other non-current assets	229	230
Total assets	$ 7,432	$ 7,538
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 117	$ 128
Securitization obligations	250	269
Due to former parent	46	51
Current portion of long-term debt	19	19
Accrued expenses and other current liabilities	380	411
Total current liabilities	812	878
Long-term debt	3,887	3,891
Deferred income taxes	332	350
Other non-current liabilities	243	236
Total liabilities	5,274	5,355
Commitments and contingencies (Notes 7 and 9)		
Equity:		
Realogy Holdings preferred stock: $.01 par value; 50,000,000 shares authorized, none issued and outstanding at March 31, 2015 and December 31, 2014	—	—
Realogy Holdings common stock: $.01 par value; 400,000,000 shares authorized, 146,527,947 shares outstanding at March 31, 2015 and 146,382,923 shares outstanding at December 31, 2014	1	1
Additional paid-in capital	5,687	5,677
Accumulated deficit	(3,496)	(3,464)
Accumulated other comprehensive loss	(37)	(35)
Total stockholders' equity	2,155	2,179
Noncontrolling interests	3	4
Total equity	2,158	2,183
Total liabilities and equity	$ 7,432	$ 7,538

See Notes to Condensed Consolidated Financial Statements.

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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Operating Activities		
Net loss	$(32)	$(46)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	46	46
Deferred income taxes	(28)	(38)
Amortization of deferred financing costs and discount on unsecured notes	4	4
Non-cash portion of the loss on the early extinguishment of debt	—	4
Equity in (earnings) losses of unconsolidated entities	(2)	3
Stock-based compensation	11	9
Mark-to-market adjustments on derivatives	13	8
Other adjustments to net loss	(1)	1
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:		
Trade receivables	(12)	(10)
Relocation receivables	(33)	(7)
Other assets	(4)	(5)
Accounts payable, accrued expenses and other liabilities	(40)	(79)
Due to former parent	(5)	—
Dividends received from unconsolidated entities	1	—
Taxes paid related to net share settlement for stock-based compensation	(3)	—
Other, net	1	—
Net cash used in operating activities	(84)	(110)
Investing Activities		
Property and equipment additions	(19)	(13)
Payments for acquisitions, net of cash acquired	—	(23)
Change in restricted cash	2	4
Other, net	1	(5)
Net cash used in investing activities	(16)	(37)
Financing Activities		
Net change in revolving credit facilities	—	145
Repayments of term loan facility	(5)	(4)
Repurchases of First and a Half Lien Notes	—	(44)
Net change in securitization obligations	(18)	(58)
Debt transaction costs	—	(1)
Proceeds from exercise of stock options	1	1
Other, net	(6)	(9)
Net cash (used in) provided by financing activities	(28)	30
Effect of changes in exchange rates on cash and cash equivalents	(1)	—
Net decrease in cash and cash equivalents	(129)	(117)
Cash and cash equivalents, beginning of period	313	236
Cash and cash equivalents, end of period	$184	$119
Supplemental Disclosure of Cash Flow Information		
Interest payments (including securitization interest of $1 for both periods presented)	$57	$88

Income tax payments, net	1	2

See Notes to Condensed Consolidated Financial Statements.

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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unless otherwise noted, all amounts are in millions)
(Unaudited)

1. BASIS OF PRESENTATION

Realogy Holdings Corp. ("Realogy Holdings", "Realogy" or the "Company") is a holding company for its consolidated subsidiaries including Realogy Intermediate Holdings LLC ("Realogy Intermediate") and Realogy Group LLC ("Realogy Group") and its consolidated subsidiaries. Neither Realogy Holdings, the indirect parent of Realogy Group, nor Intermediate, the direct parent company of Realogy Group, conducts any operations other than with respect to its respective direct or indirect ownership of Realogy Group. As a result, the consolidated financial positions, results of operations, comprehensive income and cash flows of Realogy Holdings, Realogy Intermediate and Realogy Group are the same.

Realogy Holdings was incorporated on December 14, 2006. On April 10, 2007, Realogy Holdings, then wholly owned by investment funds affiliated with, or co-investment vehicles managed by, Apollo Management VI, L.P., an entity affiliated with Apollo Management, L.P. (collectively referred to as "Apollo"), acquired the outstanding shares of Realogy Group (then known as Realogy Corporation, a Delaware corporation) pursuant to a merger of its wholly owned subsidiary Domus Acquisition Corp., with and into Realogy Group with Realogy Holdings becoming the indirect parent company of Realogy Group. Prior to the consummation of the Realogy Holdings initial public offering and related transactions in October 2012, Realogy Holdings was owned by Apollo and members of the Company’s management.

Realogy is a global provider of residential real estate services. Realogy Group (then Realogy Corporation) was incorporated in January 2006 to facilitate a plan by Cendant Corporation (now known as Avis Budget Group, Inc.) to separate into four independent companies—one for each of Cendant's business units—real estate services (Realogy), travel distribution services ("Travelport"), hospitality services, including timeshare resorts ("Wyndham Worldwide"), and vehicle rental ("Avis Budget Group"). On July 31, 2006, the separation ("Separation") from Cendant became effective.

The accompanying Condensed Consolidated Financial Statements include the financial statements of Realogy Holdings and Realogy Group. Realogy Holdings' only asset is its investment in the common stock of Realogy Intermediate, and Realogy Intermediate's only asset is its investment in Realogy Group. Realogy Holdings' only obligations are its guarantees of certain borrowings and certain franchise obligations of Realogy Group. All expenses incurred by Realogy Holdings and Realogy Intermediate are for the benefit of Realogy Group and have been reflected in Realogy Group's Condensed Consolidated Financial Statements.

The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America and with Article 10 of Regulation S-X. Interim results may not be indicative of full year performance because of seasonal and short-term variations. The Company has eliminated all material intercompany transactions and balances between entities consolidated in these financial statements. In presenting the Condensed Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and the related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ materially from those estimates.

In management's opinion, the accompanying Condensed Consolidated Financial Statements reflect all normal and recurring adjustments necessary to present fairly Realogy Holdings and Realogy Group's financial position as of March 31, 2015 and the results of operations and comprehensive loss for the three months ended March 31, 2015 and 2014 and cash flows for the three months ended March 31, 2015 and 2014. As the interim Condensed Consolidated Financial Statements are prepared using the same accounting principles and policies used to prepare the annual consolidated financial statements, they should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2014 included in the Annual Report on Form 10-K for the year ended December 31, 2014.

The Condensed Consolidated Financial Statements as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014 have been reviewed by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Their reports, dated May 4, 2015, are included on pages 4 and 5. The reports of

PricewaterhouseCoopers LLP state that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a "report" or a "part" of the

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registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

Financial Instruments

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

Level Input:	Input Definitions:
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The availability of observable inputs can vary from asset to asset and is affected by a wide variety of factors, including, for example, the type of asset, whether the asset is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level III. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of financial instruments is generally determined by reference to quoted market values. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques, as appropriate. The fair value of interest rate swaps is determined based upon a discounted cash flow approach.

The following table summarizes fair value measurements by level at March 31, 2015 for assets and liabilities measured at fair value on a recurring basis:

	Level I	Level II	Level III	Total
Interest rate swaps (included in other non-current liabilities)	$—	$52	$—	$52
Deferred compensation plan assets (included in other non-current assets)	2	—	—	2

The following table summarizes fair value measurements by level at December 31, 2014 for assets and liabilities measured at fair value on a recurring basis:

	Level I	Level II	Level III	Total
Interest rate swaps (included in other non-current liabilities)	$—	$40	$—	$40
Deferred compensation plan assets (included in other non-current assets)	2	—	—	2

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The following table summarizes the carrying amount of the Company's indebtedness compared to the estimated fair value, primarily determined by quoted market values, at:

Debt	March 31, 2015 Carrying Amount	March 31, 2015 Estimated Fair Value (a)	December 31, 2014 Carrying Amount	December 31, 2014 Estimated Fair Value (a)
Senior Secured Credit Facility:				
Revolving credit facility	$—	$—	$—	$—
Term loan facility	1,867	1,867	1,871	1,834
7.625% First Lien Notes	593	637	593	633
9.00% First and a Half Lien Notes	196	213	196	215
3.375% Senior Notes	500	503	500	500
4.50% Senior Notes	450	456	450	449
5.25% Senior Notes	300	306	300	291
Securitization obligations	250	250	269	269

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(a) The fair value of the Company's indebtedness is categorized as Level I.

Investment in PHH Home Loans and Transactions with PHH Corporation

The Company owns 49.9% of PHH Home Loans, which was created for the purpose of originating and selling mortgage loans primarily sourced through the Company's real estate brokerage and relocation businesses. PHH Corporation ("PHH") owns the remaining percentage. The Company has an agreement with PHH and PHH Home Loans regarding the operation of the venture and a marketing agreement with PHH whereby PHH is the recommended provider of mortgage products and services promoted by the Company to its independently owned and operated franchisees. The Company also entered into a license agreement with PHH whereby PHH Home Loans was granted a license to use certain of the Company's real estate brand names. The Company also maintains a relocation agreement with PHH whereby PHH outsources its employee relocation function to the Company and the Company subleases office space to PHH Home Loans. In connection with these agreements, the Company recorded net revenues of $1 million for the three months ended March 31, 2015 and 2014. In addition, the Company recorded equity earnings related to its investment in PHH Home Loans of $2 million for the three months ended March 31, 2015 and equity losses related to its investment in PHH Home Loans of $3 million for the three months ended March 31, 2014. The Company received no cash dividends from PHH Home Loans during the three months ended March 31, 2015 and 2014.

Income Taxes

The Company's provision for income taxes in interim periods is computed by applying its estimated annual effective tax rate against the income before income taxes for the period. In addition, non-recurring or discrete items are recorded during the period in which they occur. The provision for income taxes was a benefit of $24 million and $34 million for the three months ended March 31, 2015 and 2014, respectively.

Derivative Instruments

The Company uses foreign currency forward contracts largely to manage its exposure to changes in foreign currency exchange rates associated with its foreign currency denominated receivables and payables. The Company primarily manages its foreign currency exposure to the Euro, Swiss Franc, Canadian Dollar and British Pound. The Company has elected not to utilize hedge accounting for these forward contracts; therefore, any change in fair value is recorded in the Condensed Consolidated Statements of Operations. However, the fluctuations in the value of these forward contracts generally offset the impact of changes in the value of the underlying risk that they are intended to economically hedge. As of March 31, 2015, the Company had outstanding foreign currency forward contracts with a fair value of less than $1 million and a notional value of $19 million. As of December 31, 2014, the Company had outstanding foreign currency forward contracts with a fair value of less than $1 million and a notional value of $27 million.

The Company also enters into interest rate swaps to manage its exposure to changes in interest rates associated with its variable rate borrowings. The Company has five interest rate swaps with an aggregate notional value of $1,025 million to offset the variability in cash flows resulting from the term loan facility. The first swap, with a notional value of $225 million, commenced in July 2012 and expires in February 2018 and the second swap, with a notional value of $200 million, commenced in January 2013 and expires in February 2018. In the third quarter of 2013, the Company entered into three

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new interest rate swaps, each with a notional value of $200 million, to commence in August 2015 and expire in August 2020. The Company has not elected to utilize hedge accounting for these interest rate swaps; therefore, any change in fair value is recorded in the Condensed Consolidated Statements of Operations.

The fair value of derivative instruments was as follows:

Liability Derivatives		Fair Value	
Not Designated as Hedging Instruments	Balance Sheet Location	March 31, 2015	December 31, 2014
Interest rate swap contracts	Other non-current liabilities	$52	$40

The effect of derivative instruments on earnings was as follows:

Derivative Instruments Not Designated as Hedging Instruments	Location of (Gain) or Loss Recognized for Derivative Instruments	(Gain) or Loss Recognized on Derivatives Three Months Ended March 31,	
		2015	2014
Interest rate swap contracts	Interest expense	$14	$8
Foreign exchange contracts	Operating expense	(1)	—

Restricted Cash

Restricted cash primarily relates to amounts specifically designated as collateral for the repayment of outstanding borrowings under the Company’s securitization facilities. Such amounts approximated $8 million and $10 million at March 31, 2015 and December 31, 2014, respectively and are included within Other current assets on the Company’s Condensed Consolidated Balance Sheets.

Supplemental Cash Flow Information

Significant non-cash transactions during the three months ended March 31, 2015 included $2 million in capital lease additions, which resulted in non-cash additions to fixed assets and other long-term liabilities.

Defined Benefit Pension Plan

The net periodic pension cost for the three months ended March 31, 2015 was less than $1 million and was comprised of interest cost and amortization of actuarial loss of $2 million offset by a benefit of $2 million for the expected return on assets. The net periodic pension benefit for the three months ended March 31, 2014 was less than $1 million and was comprised of a benefit of $2 million for the expected return on assets offset by interest cost and amortization of actuarial loss of $2 million.

Recently Issued Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASU"). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position or results of operations.

In May 2014, the FASB and IASB issued a converged standard on revenue recognition that will have an effect on most companies to some extent. The objective of the revenue standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and the timing of revenue recognition. The new standard, as initially released, would be effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and early adoption would not be permitted. In April 2015, the FASB issued a proposal to defer the effective date of the new revenue standard. The proposal, if adopted, would result in the new revenue standard being effective for fiscal years and interim periods beginning after December 15, 2017 and would allow entities to adopt one year earlier if they so elect. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

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2. ACQUISITIONS

2015 Acquisitions

See Note 11, "Subsequent events", for information on 2015 acquisitions subsequent to March 31, 2015.

2014 Acquisitions

On August 14, 2014, the Company acquired all of the outstanding shares of common stock of ZipRealty, Inc., (“ZipRealty”) for a cash purchase price of $167 million. The Company acquired ZipRealty's residential brokerage operations with 23 offices across the United States and its integrated real estate technology platform. The estimated fair values of the assets acquired and liabilities assumed resulted in goodwill of $92 million, software and fixed assets of $18 million, deferred tax assets of $46 million, customer relationships intangibles of $1 million, pendings and listings of $3 million, other intangibles of $7 million, other assets of $6 million and other liabilities of $6 million.

During the year ended December 31, 2014, in addition to the ZipRealty acquisition discussed above, the Company acquired sixteen real estate brokerage and property management operations through its wholly owned subsidiary, NRT, for cash consideration of $44 million and established $19 million of liabilities related to contingent consideration. These acquisitions resulted in goodwill of $45 million, trademarks of $4 million, pendings and listings of $4 million, other intangibles of $8 million, other assets of $3 million and other liabilities of $1 million.

During the year ended December 31, 2014, the Company acquired three title and settlement operations through its wholly owned subsidiary, TRG, for cash consideration of $6 million. These acquisitions resulted in goodwill of $5 million and pendings and listings of $1 million.

None of the 2014 acquisitions were significant to the Company’s results of operations, financial position or cash flows individually or in the aggregate.

3. INTANGIBLE ASSETS

Goodwill by segment and changes in the carrying amount are as follows:

	Real Estate Franchise Services	Company Owned Brokerage Services	Relocation Services	Title and Settlement Services	Total Company
Gross goodwill as of December 31, 2014	$3,315	$905	$641	$402	$5,263
Accumulated impairment losses	(1,023)	(158)	(281)	(324)	(1,786)
Balance at December 31, 2014	2,292	747	360	78	3,477
Goodwill acquired	—	—	—	—	—
Balance at March 31, 2015	$2,292	$747	$360	$78	$3,477

Intangible assets are as follows:

	As of March 31, 2015			As of December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable—Franchise agreements (a)	$2,019	$ 541	$1,478	$2,019	$ 524	$1,495
Unamortizable—Trademarks (b)	$736		$736	$736		$736
Other Intangibles						
Amortizable—License agreements (c)	$45	$ 8	$37	$45	$ 7	$38
Amortizable—Customer relationships (d)	530	263	267	530	256	274
Unamortizable—Title plant shares (e)	10		10	10		10
Amortizable—Pendings and listings (f)	—	—	—	2	2	—
Amortizable—Other (g)	25	7	18	25	6	19
Total Other Intangibles	$610	$ 278	$332	$612	$ 271	$341

(a) Generally amortized over a period of 30 years.

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(b) Relates to the Century 21, Coldwell Banker, ERA, The Corcoran Group, Coldwell Banker Commercial and Cartus tradenames, which are expected to generate future cash flows for an indefinite period of time.

(c) Relates to the Sotheby's International Realty and Better Homes and Gardens Real Estate agreements which are being amortized over 50 years (the contractual term of the license agreements).

(d) Relates to the customer relationships at the Relocation Services segment, the Title and Settlement Services segment and the Real Estate Franchise Services segment. These relationships are being amortized over a period of 2 to 20 years.

(e) Primarily relates to the Texas American Title Company title plant shares. Ownership in a title plant is required to transact title insurance in certain states. The Company expects to generate future cash flows for an indefinite period of time.

(f) Generally amortized over a period of 5 months.

(g) Consists of covenants not to compete which are amortized over their contract lives and other intangibles which are generally amortized over periods ranging from 5 to 10 years.

Intangible asset amortization expense is as follows:

	Three Months Ended March 31,	
	2015	2014
Franchise agreements	$17	$17
License agreements	1	—
Customer relationships	7	9
Pendings and listings	—	3
Other	1	—
Total	$26	$29

Based on the Company's amortizable intangible assets as of March 31, 2015, the Company expects related amortization expense for the remainder of 2015, the four succeeding years and thereafter to be approximately $75 million, $98 million, $94 million, $93 million, $92 million and $1,348 million, respectively.

4. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of:

	March 31, 2015	December 31, 2014
Accrued payroll and related employee costs	$91	$120
Accrued volume incentives	26	32
Accrued commissions	27	21
Deferred income	70	73
Accrued interest	40	44
Other	126	121
	$380	$411

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5. SHORT AND LONG-TERM DEBT

Total indebtedness is as follows:

	March 31, 2015	December 31, 2014
Senior Secured Credit Facility:		
Revolving credit facility	$—	$—
Term loan facility	1,867	1,871
7.625% First Lien Notes	593	593
9.00% First and a Half Lien Notes	196	196
3.375% Senior Notes	500	500
4.50% Senior Notes	450	450
5.25% Senior Notes	300	300
Total Short Term & Long Term Debt	$3,906	$3,910
Securitization Obligations:		
Apple Ridge Funding LLC	$240	$255
Cartus Financing Limited	10	14
Total Securitization Obligations	$250	$269

Indebtedness Table

As of March 31, 2015, the total capacity, outstanding borrowings and available capacity under the Company’s borrowing arrangements were as follows:

	Interest Rate	Expiration Date	Total Capacity	Outstanding Borrowings	Available Capacity
Senior Secured Credit Facility:					
Revolving credit facility (1)	(2)	March 2018	$475	$—	$475
Term loan facility	(3)	March 2020	1,882	1,867	—
First Lien Notes	7.625%	January 2020	593	593	—
First and a Half Lien Notes	9.00%	January 2020	196	196	—
Senior Notes	3.375%	May 2016	500	500	—
Senior Notes	4.50%	April 2019	450	450	—
Senior Notes	5.25%	December 2021	300	300	—
Securitization obligations: (4)					
Apple Ridge Funding LLC		June 2015	325	240	85
Cartus Financing Limited (5)		August 2015	37	10	27
Total (6)			$4,758	$4,156	$587

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(1) On April 30, 2015, the Company had $93 million outstanding borrowings on the revolving credit facility, leaving $382 million of available capacity.

(2) Interest rates with respect to revolving loans under the senior secured credit facility are based on, at Realogy Group’s option, (a) adjusted LIBOR plus 2.75% or (b) JPMorgan Chase Bank, N.A.'s prime rate ("ABR") plus 1.75%.

(3) Consists of a $1,882 million term loan, less a discount of $15 million. There is 1% per annum amortization of principal. The interest rate with respect to the term loan under the senior secured credit facility is based on, at Realogy Group’s option, (a) adjusted LIBOR plus 3.00% (with a LIBOR floor of 0.75%) or (b) JPMorgan Chase Bank, N.A.’s prime rate ("ABR") plus 2.00% (with an ABR floor of 1.75%).

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

(5) Consists of a £20 million facility and a £5 million working capital facility.

(6) Not included in this table, the Company had $125 million of outstanding letters of credit at March 31, 2015, of which $53 million was under the synthetic letter of credit facility with a rate of 4.25% and $72 million was under the unsecured letter of credit facility with a rate of 3.0%.

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Maturities Table

As of March 31, 2015, the combined aggregate amount of maturities for long-term borrowings, excluding securitizations, for the remainder of 2015 and each of the next four years is as follows:

Year	Amount
Remaining 2015	$14
2016	519
2017	19
2018	19
2019	469

Senior Secured Credit Facility

The senior secured credit agreement, as amended (the "Amended and Restated Credit Agreement") provides for:

(a) a term loan facility initially issued in the aggregate principal amount of $1,905 million with a maturity date of March 5, 2020. The term loan facility has quarterly amortization payments totaling 1% per annum of the $1,905 million of term loan principal. The interest rate with respect to the term loan is based on, at Realogy Group's option, adjusted LIBOR plus 3.00% (with a LIBOR floor of 0.75%) or ABR plus 2.00% (with an ABR floor of 1.75%); and

(b) a $475 million revolving credit facility with a maturity date of March 5, 2018, which includes (i) a $250 million letter of credit subfacility and (ii) a swingline loan subfacility. The interest rate with respect to revolving loans under the revolving credit facility is based on, at Realogy Group's option, adjusted LIBOR plus 2.75% or ABR plus 1.75%.

The Amended and Restated Credit Agreement provides for a synthetic letter of credit facility which matures on October 10, 2016. The synthetic letter of credit facility may be utilized for general corporate purposes, including the support of Realogy Group’s obligations with respect to Cendant contingent and other liabilities assumed under the Separation and Distribution Agreement. The synthetic letter of credit facility has quarterly amortization payments totaling 1% per annum of the principal amount of the synthetic letter of credit facility outstanding with the balance payable upon the final maturity date. As of March 31, 2015, the capacity under the synthetic letter of credit facility was $55 million and the facility was being utilized for a $53 million letter of credit with Cendant for potential contingent obligations.

The Amended and Restated Credit Agreement permits the Company to obtain up to $500 million of additional credit facilities from lenders reasonably satisfactory to the administrative agent and us, without the consent of the existing lenders under the new senior secured credit facility, plus an unlimited amount if Realogy Group's senior secured leverage ratio is less than 3.50 to 1.00 on a pro forma basis. Subject to certain restrictions, the Amended and Restated Credit Agreement also permits us to issue senior secured or unsecured notes in lieu of any incremental facility.

The obligations under the Amended and Restated Credit Agreement are secured to the extent legally permissible by substantially all of the assets of Realogy Group, Realogy Intermediate and all of their domestic subsidiaries, other than certain excluded subsidiaries.

Realogy Group’s Amended and Restated Credit Agreement contains financial, affirmative and negative covenants and requires Realogy Group to maintain a senior secured leverage ratio, in certain circumstances, not to exceed 4.75 to 1.00. Maintenance of this ratio is required if the amount of borrowings outstanding under the revolving credit facility together with the amount of letters of credit issued under the revolving credit facility at the end of the quarter, exceed 25% of the revolving credit facility capacity. In this report, the Company refers to the term "Adjusted EBITDA" to mean EBITDA as so defined for purposes of determining compliance with the senior secured leverage covenant. The senior secured leverage ratio measured at any applicable quarter end is Realogy Group's total senior secured net debt divided by the trailing twelve month adjusted EBITDA. Total senior secured net debt does not include the First and a Half Lien Notes, other indebtedness secured by a lien that is pari passu or junior in priority to the First and a Half Lien Notes, unsecured indebtedness, including the Unsecured Notes, as well as the securitization obligations. At March 31, 2015, Realogy Group’s borrowings and outstanding letters of credit issued under the revolving credit facility did not exceed 25% of the revolving credit facility capacity; however the Company has continued to calculate the senior secured leverage ratio. At March 31, 2015, Realogy Group’s senior secured leverage ratio was 2.96 to 1.00.

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First Lien Notes
The First Lien Notes are senior secured obligations of Realogy Group and mature on January 15, 2020. The First Lien Notes bear interest at a rate of 7.625% per annum and interest is payable semiannually on January 15 and July 15 of each year. The First Lien Notes are guaranteed on a senior secured basis by Realogy Intermediate and each domestic subsidiary of Realogy Group that is a guarantor under the Senior Secured Credit Facility and Realogy Group's outstanding debt securities. The First Lien Notes are also guaranteed by Realogy Holdings, on an unsecured senior subordinated basis. The First Lien Notes are secured by the same collateral as the Company’s existing secured obligations under its Senior Secured Credit Facility and the First and a Half Lien Notes. The priority of the collateral liens securing the First Lien Notes is (i) equal to the collateral liens securing the Company's first lien obligations under the Senior Secured Credit Facility and (ii) senior to the collateral liens securing the Company’s other secured obligations not secured by a first priority lien, including the First and a Half Lien Notes.
First and a Half Lien Notes
The First and a Half Lien Notes are senior secured obligations of Realogy Group and mature in January 2020. The First and a Half Lien Notes bear interest at a rate of 9.00% per annum and interest is payable semiannually on January 15 and July 15 of each year. The First and a Half Lien Notes are guaranteed on a senior secured basis by Realogy Intermediate and each domestic subsidiary of Realogy Group that is a guarantor under the Senior Secured Credit Facility and Realogy Group's outstanding debt securities. The First and a Half Lien Notes are also guaranteed by Realogy Holdings, on an unsecured senior subordinated basis. The First and a Half Lien Notes are secured by the same collateral as the Company’s existing secured obligations under its Senior Secured Credit Facility and the First Lien Notes. The priority of the collateral liens securing the First and a Half Lien Notes is junior to the collateral liens securing the Company’s first lien obligations under its Senior Secured Credit Facility and the First Lien Notes.
Unsecured Notes
The 3.375% Senior Notes, 4.50% Senior Notes and 5.25% Senior Notes (collectively the "Unsecured Notes") are unsecured senior obligations of Realogy Group that mature on May 1, 2016, April 15, 2019 and December 1, 2021, respectively. Interest on the Unsecured Notes is payable each year semiannually on May 1 and November 1 for the 3.375% Senior Notes, April 15 and October 15 for the 4.50% Senior Notes and June 1 and December 1 for the 5.25% Senior Notes. The Unsecured Notes are guaranteed on an unsecured senior basis by each domestic subsidiary of Realogy Group that is a guarantor under the Senior Secured Credit Facility and Realogy Group's outstanding debt securities. The Unsecured Notes are guaranteed by Realogy Holdings on an unsecured senior subordinated basis.
Other Debt Facilities
The Company has entered into an unsecured letter of credit facility with $81 million of capacity to provide for the issuance of letters of credit required for general corporate purposes by the Company. $27 million of capacity of the unsecured letter of credit facility expires in June 2017 and the remaining $54 million expires in August 2017. The fixed pricing to the Company is based on a spread above the credit default swap rate for senior unsecured debt obligations of the Company over the applicable letter of credit period. Realogy Group's obligations under the unsecured letter of credit facility are guaranteed on an unsecured senior basis by each domestic subsidiary of Realogy Group that is a guarantor under the Senior Secured Credit Facility and Realogy Group's outstanding debt securities. As of March 31, 2015, $72 million of the facility is being utilized.
Securitization Obligations
Realogy Group has secured obligations through Apple Ridge Funding LLC under a securitization program with an expiration date in June 2015. At March 31, 2015, Realogy Group has $240 million of outstanding borrowings under the facility with a total borrowing capacity of $325 million.
Realogy Group, through a special purpose entity known as Cartus Financing Limited, has agreements providing for a £20 million revolving loan facility and a £5 million working capital facility, both of which expire in August 2015. There are $10 million of outstanding borrowings on the facilities at March 31, 2015. These Cartus Financing Limited facilities are secured by the relocation assets of a U.K. government contract in this special purpose entity and are therefore classified as permitted securitization financings as defined in Realogy Group’s senior secured credit facility and the indentures governing the Unsecured Notes and the First and a Half Lien Notes.

The Apple Ridge entities and the Cartus Financing Limited entity are consolidated special purpose entities that are utilized to securitize relocation receivables and related assets. These assets are generated from advancing funds on behalf of clients of Realogy Group’s relocation business in order to facilitate the relocation of their employees. Assets of these special purpose entities are not available to pay Realogy Group’s general obligations. Under the Apple Ridge program, provided no termination or amortization event has occurred, any new receivables generated under the designated relocation management agreements are sold into the securitization program and as new eligible relocation management agreements are entered into, the new agreements are designated to the program. The Apple Ridge program has restrictive covenants and trigger events, including performance triggers linked to the age and quality of the underlying assets, foreign obligor limits, multicurrency limits, financial reporting requirements, restrictions on mergers and change of control, any uncured breach of Realogy Group’s senior secured leverage ratio under Realogy Group’s senior secured credit facility, and cross-defaults to Realogy Group’s material indebtedness. The occurrence of a trigger event under the Apple Ridge securitization facility could restrict our ability to access new or existing funding under this facility or result in termination of the facility, either of which would adversely affect the operation of our relocation business.

Certain of the funds that Realogy Group receives from relocation receivables and related assets must be utilized to repay securitization obligations. These obligations were collateralized by $332 million and $286 million of underlying relocation receivables and other related relocation assets at March 31, 2015 and December 31, 2014, respectively. Substantially all relocation related assets are realized in less than twelve months from the transaction date. Accordingly, all of Realogy Group’s securitization obligations are classified as current in the accompanying Condensed Consolidated Balance Sheets.

Interest incurred in connection with borrowings under these facilities amounted to $1 million for the three months ended March 31, 2015 and 2014. This interest is recorded within net revenues in the accompanying Condensed Consolidated Statements of Operations as related borrowings are utilized to fund Realogy Group's relocation business where interest is generally earned on such assets. These securitization obligations represent floating rate debt for which the average weighted interest rate was 2.2% and 2.9% for the three months ended March 31, 2015 and 2014, respectively.

Loss on the Early Extinguishment of Debt and Write-Off of Deferred Financing Costs

As a result of refinancing activity and repurchases of debt during the first quarter 2014, the Company recorded a loss on the early extinguishment of debt of $10 million during the three months ended March 31, 2014.

6. STOCK-BASED COMPENSATION

The Company has stock-based compensation plans available under which incentive equity awards such as non-qualified stock options, rights to purchase shares of common stock, restricted stock, restricted stock units and performance share units may be issued to employees, consultants or directors of Realogy.

Consistent with the 2014 long-term incentive equity awards, the 2015 awards include a mix of performance share unit awards ("PSUs"), restricted stock units (performance restricted stock units for the CEO and direct reports) and options.

The 2015 PSUs are incentives that reward grantees based upon the Company's financial performance over a three-year performance period ending December 31, 2017. There are two PSU awards, one, based upon the total stockholder return of Realogy's common stock relative to the total stockholder return of the SPDR S&P Homebuilders Index ("XHB") (the "RTSR award"), and the other based upon the achievement of cumulative free cash flow goals. The number of shares that may be issued under the PSUs is variable and based upon the extent to which the performance goals are achieved over the performance period (with a range of payout from 0% to 175% of target for the RTSR award and 0% to 200% of target for the achievement of cumulative free cash flow award). The shares earned will be distributed in early 2018.

The restricted stock units vest over three years, with 33.33% vesting on each anniversary of the grant date. Time-vesting of performance restricted stock units for the CEO and direct reports is conditioned upon achievement of a minimum EBITDA performance goal for 2015.

The stock options have a maximum term of ten years and vest over four years, with 25% vesting on each anniversary date of the grant date. The options have an exercise price equal to the closing sale price of our common stock on the date of grant.

The total number of shares authorized for issuance under the plans is 9.6 million shares. As of March 31, 2015, the total number of shares available for future grants under the plans was 1.3 million shares.

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The fair value of restricted stock, restricted stock units and performance share units without a market condition have a fair value equal to the closing sale price of our common stock on the date of grant. The fair value of the RTSR PSU award was estimated on the date of grant using the Monte Carlo Simulation method utilizing the following assumptions. Expected volatility was based on historical volatilities of the Company and select comparable companies.

	2015 RTSR PSU	
Grant date fair value	$ 41.13	
Expected volatility	25.1	%
Volatility of XHB	21.1	%
Correlation coefficient	0.57	
Risk-free interest rate	1.0	%
Dividend yield	—	

A summary of restricted stock, restricted stock unit and performance share unit activities for the three months ended March 31, 2015 is presented below (number of shares in millions):

	Restricted Stock	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value	Performance Share Units (b)	Weighted Average Grant Date Fair Value
Unvested at January 1, 2015	0.09	$ 27.14	0.74	$ 45.83	0.37	$ 46.63
Granted	—	—	0.58	46.46	0.41	44.71
Vested (a)	—	—	(0.15)	47.49	—	—
Forfeited	—	—	—	—	—	—
Unvested at March 31, 2015	0.09	$ 27.14	1.17	$ 45.93	0.78	$ 45.62

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(a) The total fair value of restricted stock units which vested during the three months ended March 31, 2015 was $7 million.

(b) The PSU amounts in the table are shown at the target amount of the award.

The fair value of the options was estimated on the date of grant using the Black-Scholes option-pricing model utilizing the following assumptions. Expected volatility was based on historical volatilities of the Company and select comparable companies. The expected term of the options granted represents the period of time that options were expected to be outstanding and is based on the "simplified method" in accordance with accounting guidance. The Company utilizes the simplified method to determine the expected life of options as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The risk-free interest rate was based on the U.S. Treasury yield curve in effect at the time of the grant, which corresponds to the expected term of the options.

	2015 Options	
Grant date fair value	$ 17.68	
Expected volatility	36.1	%
Expected term (years)	6.25	
Risk-free interest rate	1.6	%
Dividend yield	—	

A summary of stock option unit activity for the three months ended March 31, 2015 is presented below (number of shares in millions):

	Options	Weighted Average Exercise Price
Outstanding at January 1, 2015	3.22	$ 30.02

Granted	0.17	46.47
Exercised (a) (b)	(0.05)	22.89
Forfeited/Expired	(0.01)	23.59
Outstanding at March 31, 2015 (c)	3.33	$ 30.99

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(a) The intrinsic value of options exercised during the three months ended March 31, 2015 was $1 million.
(b) Cash received from options exercised during the three months ended March 31, 2015 was $1 million.
(c) Options outstanding at March 31, 2015 have an intrinsic value of $57 million and have a weighted average remaining contractual life of 7.4 years.

Stock-Based Compensation Expense

As of March 31, 2015, based on current performance achievement expectations, there was $77 million of unrecognized compensation cost related to incentive equity awards under the plans which will be recorded in future periods as compensation expense over a remaining weighted average period of 1.4 years. The Company recorded stock-based compensation expense related to the incentive equity awards of $11 million and $9 million and for the three months ended March 31, 2015 and 2014, respectively.

7. TRANSACTIONS WITH FORMER PARENT AND SUBSIDIARIES

Transfer of Cendant Corporate Liabilities and Issuance of Guarantees to Cendant and Affiliates

The Company has certain guarantee commitments with Cendant (pursuant to the assumption of certain liabilities and the obligation to indemnify Cendant, Wyndham Worldwide and Travelport for such liabilities). These guarantee arrangements primarily relate to certain contingent litigation liabilities, contingent tax liabilities, and other corporate liabilities, of which the Company assumed and is generally responsible for 62.5%. Upon separation from Cendant, the liabilities assumed by the Company were comprised of certain Cendant corporate liabilities which were recorded on the historical books of Cendant as well as additional liabilities which were established for guarantees issued at the date of Separation related to certain unresolved contingent matters that could arise during the guarantee period. Regarding the guarantees, if any of the companies responsible for all or a portion of such liabilities were to default in its payment of costs or expenses related to any such liability, the Company would be responsible for a portion of the defaulting party or parties' obligation. To the extent such recorded liabilities are in excess or are not adequate to cover the ultimate payment amounts, such excess or deficiency will be reflected in the results of operations in future periods.

The due to former parent balance was $46 million and $51 million at March 31, 2015 and December 31, 2014, respectively. The due to former parent balance was comprised of the Company's portion of the following: (i) Cendant's remaining state and foreign contingent tax liabilities, (ii) accrued interest on contingent tax liabilities, (iii) potential liabilities related to Cendant's terminated or divested businesses, and (iv) potential liabilities related to the residual portion of accruals for Cendant operations.

8. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share attributable to Realogy Holdings

Basic earnings per share is computed based on net income attributable to Realogy Holdings stockholders divided by the basic weighted-average shares outstanding during the period. Dilutive earnings per share is computed consistently with the basic computation while giving effect to all dilutive potential common shares and common share equivalents that were outstanding during the period. Realogy Holdings uses the treasury stock method to reflect the potential dilutive effect of unvested stock awards and unexercised options.

The Company was in a net loss position for the three months ended March 31, 2015 and 2014, and therefore the impact of incentive equity awards were excluded from the computation of dilutive loss per share as the inclusion of such amounts would be anti-dilutive. At March 31, 2015 and 2014, the number of shares of common stock issuable for incentive equity awards, with performance awards based on the achievement of 100% of target amounts, was 5.4 million and 4.9 million, respectively.

9. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is involved in claims, legal proceedings, alternative dispute resolution and governmental inquiries related to alleged contract disputes, business practices, intellectual property and other commercial, employment, regulatory and tax matters. Examples of such matters include but are not limited to allegations:

- that the Company is vicariously liable for the acts of franchisees under theories of actual or apparent agency;

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- by former franchisees that franchise agreements were breached including improper terminations;
- that residential real estate sales associates engaged by NRT—in certain states—are potentially employees instead of independent contractors, and therefore may bring claims against NRT for breach of contract, wage and hour classification claims, wrongful discharge and unemployment and workers' compensation and obtain benefits, back wages, indemnification, penalties related to classification practices and expense reimbursement available to employees;
- concerning claims for alleged RESPA or state real estate law violations including but not limited to claims challenging the validity of sales associates indemnification, and administrative fees;
- concerning claims generally against the company owned brokerage operations for negligence, misrepresentation or breach of fiduciary duty in connection with the performance of real estate brokerage or other professional services; and
- concerning claims generally against the title company contending that, as the escrow company, the company knew or should have known that a transaction was fraudulent or concerning other title defects or settlement errors.

Real Estate Business Litigation

Bararsani v. Coldwell Banker Residential Brokerage Company. On November 15, 2012, plaintiff Ali Bararsani filed a putative class action complaint in Los Angeles Superior Court, California, against Coldwell Banker Residential Brokerage Company ("CBRBC") alleging that CBRBC had misclassified current and former affiliated sales associates as independent contractors when they were actually employees. The complaint, as amended, further alleges that, because of the misclassification, CBRBC has violated several sections of the California Labor Code including one for failing to reimburse the plaintiff and purported class for business related expenses and a second for failing to keep proper records. The amended complaint also asserts an Unfair Business Practices claim for misclassifying the sales associates. The Plaintiff, on behalf of a purported class, seeks the benefit of the California labor laws for expenses and other sums, plus asserted penalties, attorneys' fees and interest. The Company believes that CBRBC has properly classified the sales associates as independent contractors and that it has and continues to operate in a manner consistent with applicable law, and longstanding, widespread industry practice for many decades.

On July 31, 2013, CBRBC filed a Demurrer with the Court seeking to dismiss the amended complaint. The Demurrer asserted that the claims raised by the plaintiff were without basis under California law because the California Business and Professions Code sets out the applicable three-part test for classification of real estate sales associates as independent contractors and all elements of the test have been satisfied by CBRBC and the affiliated sales associates. Plaintiff filed an Opposition on August 12, 2013 and a hearing was held on August 28, 2013. The Court denied the Demurrer and stated that it would look to the more complex multi-factor common law test to determine whether the plaintiff was misclassified. CBRBC filed a Petition for a Writ of Mandate with the California Court of Appeal seeking its discretionary review of that decision on September 30, 2013 and on November 8, 2013, the Court of Appeal denied the Petition.

On March 25, 2014, the Court denied plaintiff's ex parte application which sought, in part, to invalidate, for purposes of this litigation, arbitration clauses with class action waivers in independent contractor agreements executed by some putative members of the class following the commencement of the litigation. Plaintiffs filed a Writ of Mandate with the California Court of Appeal seeking its discretionary review of the Court's decision to deny plaintiff's application. On June 2, 2014, the Court of Appeal summarily denied the petition. The case is now in the discovery phase. The first mediation session is currently scheduled for May 5, 2015. The parties have not held any pre-mediation discussions nor exchanged demands.

The case raises significant classification claims that potentially apply to the real estate industry in general and that have not been previously challenged in any significant manner in California or many other jurisdictions. As with all class action litigation, the case is inherently complex and subject to many uncertainties. We believe that CBRBC has properly classified the current and former affiliated sales associates. There can be no assurance, however, that if the action continues and a large class is subsequently certified, the plaintiffs will not seek a substantial damage award, penalties and other remedies. Given the stage of this case, the novel claims and issues presented and the great uncertainties regarding which sales associates, if any, may be part of a class, if one is certified, we cannot estimate a range of reasonably potential losses for this litigation. The Company believes it has complied with all applicable laws and regulations and will vigorously defend this action.

The Company is involved in certain other claims and legal actions arising in the ordinary course of our business. Such litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, franchising arrangements, actions against our title company alleging it knew or should have known that others were committing mortgage fraud, standard brokerage disputes like the failure to disclose hidden defects in the property such as mold, vicarious liability based upon conduct of individuals or entities outside of our control, including franchisees and independent sales associates, antitrust and anti-competition claims, general fraud claims, employment law claims, including claims challenging the classification of our sales associates as independent contractors, and claims alleging violations of RESPA or state consumer fraud statutes. While the results of such claims and legal actions cannot be predicted with certainty, we do not believe based on information currently available to us that the final outcome of current proceedings against the Company will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Cendant Corporate Litigation

Pursuant to the Separation and Distribution Agreement dated as of July 27, 2006 among Cendant, Realogy, Wyndham Worldwide and Travelport, each of Realogy, Wyndham Worldwide and Travelport have assumed certain contingent and other corporate liabilities (and related costs and expenses), which are primarily related to each of their respective businesses. In addition, Realogy has assumed 62.5% and Wyndham Worldwide has assumed 37.5% of certain contingent and other corporate liabilities (and related costs and expenses) of Cendant or its subsidiaries, which are not primarily related to any of the respective businesses of Realogy, Wyndham Worldwide, Travelport and/or Cendant's vehicle rental operations, in each case incurred or allegedly incurred on or prior to the date of the separation of Travelport from Cendant.

* * *

The Company believes that it has adequately accrued for legal matters as appropriate. The Company records litigation accruals for legal matters which are both probable and estimable. For legal proceedings for which (1) there is a reasonable possibility of loss (meaning those losses for which the likelihood is more than remote but less than probable) and (2) the Company is able to estimate a range of reasonably possible loss, the Company estimates the range of reasonably possible losses to be between zero and $5 million at March 31, 2015.

Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur. In addition, class action lawsuits can be costly to defend and, depending on the class size and claims, could be costly to settle. As such, the Company could incur judgments or enter into settlements of claims with liability that are materially in excess of amounts accrued and these settlements could have a material adverse effect on the Company's financial condition, results of operations or cash flows in any particular period.

Tax Matters

The Company is subject to income taxes in the United States and several foreign jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and recording related assets and liabilities. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities whereby the outcome of the audits is uncertain. The Company believes there is appropriate support for positions taken on its tax returns. The liabilities that have been recorded represent the best estimates of the probable loss on certain positions and are adequate for all open years based on an assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. However, the outcomes of tax audits are inherently uncertain.

Under the Tax Sharing Agreement with Cendant, Wyndham Worldwide and Travelport, the Company is generally responsible for 62.5% of payments made to settle claims with respect to tax periods ending on or prior to December 31, 2006 that relate to income taxes imposed on Cendant and certain of its subsidiaries, the operations (or former operations) of which were determined by Cendant not to relate specifically to the respective businesses of Realogy, Wyndham Worldwide, Avis Budget or Travelport.

With respect to any remaining legacy Cendant tax liabilities, the Company and its former parent believe there is appropriate support for the positions taken on Cendant's tax returns. However, tax audits and any related litigation, including disputes or litigation on the allocation of tax liabilities between parties under the Tax Sharing Agreement, could result in outcomes for the Company that are different from those reflected in the Company's historical financial statements.

Contingent Liability Letter of Credit

In April 2007, the Company established a standby irrevocable letter of credit for the benefit of Avis Budget Group in accordance with the Separation and Distribution Agreement. The synthetic letter of credit was utilized to support the Company’s payment obligations with respect to its share of Cendant contingent and other corporate liabilities. The stated

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amount of the standby irrevocable letter of credit is subject to periodic adjustment to reflect the then current estimate of Cendant contingent and other liabilities. The letter of credit was $53 million at March 31, 2015 and December 31, 2014. The standby irrevocable letter of credit will be terminated if (i) the Company's senior unsecured credit rating is raised to BB by Standard and Poor's or Ba2 by Moody's or (ii) the aggregate value of the former parent contingent liabilities falls below $30 million.

Escrow and Trust Deposits

As a service to its customers, the Company administers escrow and trust deposits which represent undisbursed amounts received for the settlement of real estate transactions. With the passage of the Dodd-Frank Act in July 2010, deposits at FDIC-insured institutions are permanently insured up to $250 thousand. These escrow and trust deposits totaled $404 million at March 31, 2015 and $251 million at December 31, 2014. These escrow and trust deposits are not assets of the Company and, therefore, are excluded from the accompanying Condensed Consolidated Balance Sheets. However, the Company remains contingently liable for the disposition of these deposits.

10. SEGMENT INFORMATION

The reportable segments presented below represent the Company's operating segments for which separate financial information is available and which is utilized on a regular basis by its chief operating decision maker to assess performance and to allocate resources. In identifying its reportable segments, the Company also considers the nature of services provided by its operating segments. Management evaluates the operating results of each of its reportable segments based upon revenue and EBITDA, which is defined as net income (loss) before depreciation and amortization, interest (income) expense, net (other than Relocation Services interest for relocation receivables and securitization obligations) and income taxes, each of which is presented in the Company's Condensed Consolidated Statements of Operations. The Company's presentation of EBITDA may not be comparable to similar measures used by other companies.

	Revenues (a) (b)	
	Three Months Ended March 31,	
	2015	2014
Real Estate Franchise Services	$151	$144
Company Owned Real Estate Brokerage Services	796	750
Relocation Services	85	86
Title and Settlement Services	87	81
Corporate and Other (c)	(57)	(54)
Total Company	$1,062	$1,007

(a) Transactions between segments are eliminated in consolidation. Revenues for the Real Estate Franchise Services segment include intercompany royalties and marketing fees paid by the Company Owned Real Estate Brokerage Services segment of $57 million and $54 million for the three months ended March 31, 2015 and 2014, respectively. Such amounts are eliminated through the Corporate and Other line.

(b) Revenues for the Relocation Services segment include intercompany referral commissions paid by the Company Owned Real Estate Brokerage Services segment of $8 million and $7 million for the three months ended March 31, 2015 and 2014, respectively. Such amounts are recorded as contra-revenues by the Company Owned Real Estate Brokerage Services segment. There are no other material intersegment transactions.

(c) Includes the elimination of transactions between segments.

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	EBITDA	
	Three Months Ended March 31,	
	2015	2014 (a)
Real Estate Franchise Services	$ 86	$ 79
Company Owned Real Estate Brokerage Services	(16)	(20)
Relocation Services	7	7
Title and Settlement Services	(3)	(5)
Corporate and Other (b)	(16)	(25)
Total Company	$ 58	$ 36
Less:		
Depreciation and amortization	$ 46	$ 46
Interest expense, net	68	70
Income tax benefit	(24)	(34)
Net loss attributable to Realogy Holdings and Realogy Group	$ (32)	$ (46)

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(a) Includes $10 million related to the loss on early extinguishment of debt, $1 million related to the Phantom Value Plan (refer to the 2014 Form 10-K for a description of the Phantom Value Plan) and a net cost of $1 million of former parent legacy items for the three months ended March 31, 2014.

(b) Includes the elimination of transactions between segments.

11. SUBSEQUENT EVENTS

In April 2015, NRT acquired three real estate brokerage related operations, including a large franchisee of the Real Estate Franchise Segment, for aggregate cash consideration of $77 million. None of the acquisitions were significant to the Company's results of operations, financial position or cash flows individually or in the aggregate.

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

The following discussion and analysis should be read in conjunction with our Condensed Consolidated Financial Statements and accompanying notes thereto included elsewhere herein and with our Consolidated Financial Statements and accompanying notes included in the 2014 Form 10-K. Unless otherwise noted, all dollar amounts in tables are in millions. Neither Realogy Holdings, the indirect parent of Realogy Group, nor Realogy Intermediate, the direct parent company of Realogy Group, conducts any operations other than with respect to its respective direct or indirect ownership of Realogy Group. As a result, the condensed consolidated financial positions, results of operations and cash flows of Realogy Holdings, Realogy Intermediate and Realogy Group are the same. This Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements. See "Forward-Looking Statements" in this report and "Forward-Looking Statements" and "Risk Factors" in our 2014 Form 10-K for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those contained in any forward-looking statements.

OVERVIEW

We are a global provider of real estate and relocation services and report our operations in the following four segments:

- Real Estate Franchise Services (known as Realogy Franchise Group or RFG)—franchises the Century 21®, Coldwell Banker®, Coldwell Banker Commercial®, ERA®, Sotheby's International Realty® and Better Homes and Gardens® Real Estate brand names. As of March 31, 2015, our franchise systems had approximately 13,500 franchised and company owned offices and approximately 251,200 independent sales associates operating under our franchise and proprietary brands in the U.S. and 104 other countries and territories around the world, which included approximately 725 of our company owned and operated brokerage offices with approximately 44,400 independent sales associates. In 2014, we acquired ZipRealty, an innovative residential real estate brokerage and developer of proprietary technology platforms for real estate brokerages, independent sales associates and customers. During 2015, we expect to introduce ZipRealty's comprehensive, turnkey integrated ZAP℠ technology platform to certain of our franchisees, ahead of a broader rollout of these tools which we believe will increase the value proposition to our franchisees, their independent sales associates and their customers.
- Company Owned Real Estate Brokerage Services (known as NRT)—operates a full-service real estate brokerage business principally under the Coldwell Banker®, Corcoran Group®, Sotheby’s International Realty®, Citi Habitats and ZipRealty® brand names in more than 45 of the 100 largest metropolitan areas in the U.S. This segment also includes the Company's share of earnings for our PHH Home Loans venture.
- Relocation Services (known as Cartus)—primarily offers clients employee relocation services such as homesale assistance, providing home equity advances to transferees (generally guaranteed by the client), home finding and other destination services, expense processing, relocation policy counseling and consulting services, arranging household goods moving services, coordinating visa and immigration support, intercultural and language training and group move management services.
- Title and Settlement Services (known as Title Resource Group or TRG)—provides full-service title, settlement and vendor management services to real estate companies, affinity groups, corporations and financial institutions with many of these services provided in connection with the Company's real estate brokerage and relocation services business.

CURRENT INDUSTRY TRENDS

Commencing in the second half of 2005 and continuing through 2011, the U.S. residential real estate industry was in a significant and lengthy downturn. Based upon data published by NAR from 2005 to 2011, the number of annual U.S. existing homesale units declined by 40% and the median existing homesale price declined by 24%.

Beginning in 2012, the U.S. residential real estate industry began its current recovery. According to NAR, in the first two years of the current housing recovery—2012 and 2013—homesale transaction volume (average homesale price multiplied by homesale transactions) improved 15% and 19%, respectively, and the industry experienced significant refinancing activity. We believe that the improvement in 2012 and 2013 was driven by high affordability of home ownership and demand that built up during an extended period of economic uncertainty, as well as historically low mortgage rates and lower home inventory levels leading to increases in homesale prices.

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During 2014, homesale transaction volume growth slowed to 1% in 2014 compared to 2013 according to NAR. The homesale transaction volume gain in 2014 was primarily driven by increasing average home prices, while the number of homesale transactions in 2014 declined year-over-year.

In the first quarter of 2015, according to NAR homesale transaction volume increased 12% due to an increase in homesale transactions, as well as homesale price growth partially due to constrained inventory levels.

During the first three months of 2015, we experienced an increase in homesale transaction volume of 10% primarily due to strong demand at the mid to high end of the housing market coinciding with lower inventory levels causing the average homesale price to increase. At the low end of the market, we believe there continues to be a limitation on first-time buyer activity due to various factors, including low inventory levels, rising home prices and a continuation of difficult mortgage underwriting standards. For the first three months of 2015, NAR reported in their monthly Realtor Confidence Survey that first time home buyers accounted for 29% of transactions compared to 33% for the period from August 2009 (when NAR began compiling this information) through December 2014. These factors resulted in a shift in the mix of business away from lower-priced homes, thereby leading to a higher average homesale price.

According to NAR, the inventory of existing homes for sale in the U.S. was 2.0 million homes at the end of March 2015 and is 2% above March 2014. The March 2015 inventory represents a national average supply of 4.6 months at the current homesales pace which is below the 6.4 month 25-year average.

As reported by NAR, the housing affordability index has continued to be at historically favorable levels as a result of the cumulative homesale price declines that began in 2007 and historically low interest rates. An index above 100 signifies that a family earning the median income has sufficient income to purchase a median-priced home, assuming a 20 percent down payment and ability to qualify for a mortgage. The composite housing affordability index was 179 for February 2015, 164 for 2014, 177 for 2013 and 197 for 2012. The housing affordability index, which has declined over the past two years as housing prices and mortgage rates increased, is still significantly higher than the average of 117 for the period from 1970 through 2005. In addition, as rental prices have continued to rise, the cost of owning a home is lower than the rental of a comparable property in the vast majority of U.S. metropolitan areas.

Mortgage rates continue to be at low levels by historical standards, which we believe has helped stimulate demand in the residential real estate market. According to Freddie Mac, mortgage rates on commitments for a 30-year, conventional, fixed-rate first mortgage averaged 6.5% for 2000 to 2005, 5.7% for 2006 to 2010 and 4.1% for 2011 through 2014. While the average mortgage rate increased during 2014 to an annual average of 4.2%, the mortgage rate for March 2015 was 3.8%. In addition, consumers continue to have financing alternatives such as adjustable rate mortgages which can be utilized to obtain a lower mortgage rate than a 30-year fixed-rate mortgage.

Partially offsetting the positive impact of low mortgage rates are low housing inventory levels and the ongoing rise in home prices, conservative mortgage underwriting standards, increased down payment requirements and certain homeowners having limited or negative equity in homes. Mortgage credit conditions tightened significantly during the recent housing downturn, with banks limiting credit availability to more creditworthy borrowers and requiring larger down payments, stricter appraisal standards, and more extensive mortgage documentation. Although mortgage credit conditions appear to be easing slightly, mortgages remain less available to some borrowers and it frequently takes longer to close a homesale transaction due to current mortgage and underwriting requirements.

Mortgage refinancing activity declined significantly in 2014 compared to levels experienced in 2013 and 2012. According to Fannie Mae, in 2012 refinancing originations totaled $1,540 billion and decreased to $1,123 billion in 2013. In 2014, refinancing originations significantly declined further to $507 billion resulting in a 55% decline from 2013 levels. The reduction in refinancing activity in 2014 adversely impacted our share of earnings from our PHH Home Loans venture as well as refinancing related revenue and profitability at our title and settlement services operations. According to Fannie Mae, during the first quarter of 2015, refinancing originations totaled $188 million resulting in an increase of 62% from the first quarter of 2014 due to lower mortgage rates. These lower rates positively impacted our share of earnings from our PHH Home Loans venture as well as refinancing related revenue at our title and settlement services operations in the first quarter of 2015.

Final regulations under the Dodd-Frank Act pertaining to qualified mortgages and qualified residential mortgages became effective in 2014, which we believe is a positive step towards expanding credit availability. In addition, regulators have put into effect many programs during the last quarter of 2014 and January 2015 that could result in greater homesale levels including a reduction of FHA fees charged to qualified buyers, greater clarity around guidelines for lenders being

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required to repurchase imperfect loans and lower down payment requirements for loans generated by Fannie Mae and Freddie Mac which we believe will help to increase the number of first-time homebuyers.

Homesales

According to NAR, homesale transactions for 2014 decreased to 4.9 million homes or down 3% compared to 2013. As of the most recent NAR forecast for 2015, seasonally adjusted annualized homesale transactions are expected to increase 7% to 5.3 million homes. For the three months ended March 31, 2015, RFG and NRT homesale transactions increased 4% and 6%, respectively, due to an overall increase in homebuyer activity compared to the first quarter of 2014. The quarterly and annual year-over-year trends in homesale transactions are as follows:

		2015 vs. 2014				
	Full Year 2014 vs. 2013	First Quarter	Second Quarter Forecast	Third Quarter Forecast	Fourth Quarter Forecast	Full Year Forecast 2015 vs. 2014
Number of Homesales						
Industry						
NAR	(3)% (a)	7% (a)	8% (b)	6% (b)	8% (b)	7% (b)
Fannie Mae (c)	(3)%	6%	5%	1%	2%	3%
Realogy						
Real Estate Franchise Services	(2)%	4%				
Company Owned Real Estate Brokerage Services	(3)%	6%				

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(a) Historical existing homesale data is as of the most recent NAR press release.

(b) Forecasted existing homesale data, on a seasonally adjusted basis, is as of the most recent NAR forecast.

(c) Existing homesale data, on a seasonally adjusted basis, is as of the most recent Fannie Mae press release.

As of their most recent releases, NAR is forecasting existing homesales to increase 7% in 2015 compared to 2014 while Fannie Mae is forecasting an increase in existing homesale transactions of 3% for 2015 compared to 2014. In addition, NAR and Fannie Mae are forecasting an increase of 4% and 3% in existing homesale transactions for 2016 compared to 2015, respectively. NAR believes that the improvement in the number of homesale transactions in 2015 will be due to a strengthening economy and solid job gains. We also believe that more consumer friendly mortgage underwriting standards, a recent decline in mortgage rates below 2014 levels and improving consumer confidence may contribute to an increase in homesale transactions in 2015.

Homesale Price

In 2014, the percentage change in the average price of homes brokered by our franchisees and company owned offices increased 7% and 6%, respectively. In the first quarter of 2015, NAR existing homesale average price increased 5% compared to the same period in 2014. For the three months ended March 31, 2015 compared to the same period in 2014, average homesale price was up 6% for RFG and 3% for NRT. The quarterly and annual year-over-year trends in the price of homes are as follows:

		2015 vs. 2014				
	Full Year 2014 vs. 2013	First Quarter	Second Quarter Forecast	Third Quarter Forecast	Fourth Quarter Forecast	Full Year Forecast 2015 vs. 2014
Price of Homes						
Industry						
NAR	4% (a)	5% (a)	7% (b)	5% (b)	5% (b)	6% (b)

Fannie Mae (c)	6 %	4 %	3 %	4 %	4 %	3 %
Realogy						
Real Estate Franchise Services	7 %	6 %				
Company Owned Real Estate Brokerage Services	6 %	3 %				

(a) Historical homesale price data is for existing homesale average price and is as of the most recent NAR press release.
(b) Forecasted homesale price data is for median price and is as of the most recent NAR forecast.

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(c) Existing homesale price data is for median price and is as of the most recent Fannie Mae press release.
As of their most recent releases, NAR and Fannie Mae are forecasting a 6% and 3% increase in the 2015 median existing homesale price compared to 2014, respectively. For 2016, NAR and Fannie Mae are forecasting a 4% and 5% increase in median existing homesale price compared to 2015, respectively.
* * *
We believe that long-term demand for housing and the growth of our industry are primarily driven by the affordability of housing, the economic health of the U.S. economy, positive demographic trends such as population growth, the increase in household formation, interest rate levels, job growth, the inherent attributes of homeownership vs. renting and the influence of local housing dynamics of supply vs. demand. Factors that may negatively affect a sustained housing recovery include:

- higher mortgage rates due to increases in long-term interest rates as well as reduced availability of mortgage financing;
- insufficient inventory levels leading to lower unit sales;
- changing attitudes towards home ownership, particularly among potential first-time homebuyers who may delay, or decide not to, purchase homes;
- the impact of limited or negative equity of current homeowners, as well as the lack of available inventory may limit their proclivity to purchase an alternative home;
- reduced affordability of homes;
- high levels of unemployment and associated lack of consumer confidence;
- unsustainable economic recovery in the U.S. or a weak recovery resulting in only modest economic growth;
- a decline in home ownership levels in the U.S.;
- geopolitical and economic instability; and
- legislative or regulatory reform, including but not limited to reform that adversely impacts the financing of the U.S. housing market or amends the Internal Revenue Code in a manner that negatively impacts home ownership such as reform that reduces the amount that certain taxpayers would be allowed to deduct for home mortgage interest.

Many of the trends impacting our businesses that derive revenue from homesales also impact our Relocation Services business, which is a global provider of outsourced employee relocation services. In addition to general residential housing trends, key drivers of our Relocation Services business are global corporate spending on relocation services, which has not returned to levels that existed prior to the most recent recession, as well as employment relocation trends. Our Relocation Services business is subject to a competitive pricing environment and lower average revenue per relocation as a result of a shift in the mix of services and number of services being delivered per move. These factors have, and may continue to, put pressure on the growth and profitability of this segment.
* * *
While data provided by NAR and Fannie Mae are two indicators of the direction of the residential housing market, we believe that homesale statistics will continue to vary between us and NAR and Fannie Mae because they use survey data in their historical reports and forecasting models whereas we use data based on actual reported results. In addition to the differences in calculation methodologies, there are geographical differences and concentrations in the markets in which we operate versus the national market. For instance, comparability is impaired due to NAR's utilization of seasonally adjusted annualized rates whereas we report actual period-over-period changes and their use of median price for their forecasts compared to our average price. Additionally, NAR historical data is subject to periodic review and revision and these revisions could be material. NAR and Fannie Mae generally update their forecasts on a monthly basis and a subsequent forecast may change materially from a forecast that was previously issued. While we believe that the industry data presented herein is derived from the most widely recognized sources for reporting U.S. residential housing market statistical data, we do not endorse or suggest reliance on this data alone. We also note that forecasts are inherently uncertain or speculative in nature and actual results for any period could materially differ.

KEY DRIVERS OF OUR BUSINESSES

Within our Real Estate Franchise Services segment and our Company Owned Real Estate Brokerage Services segment, we measure operating performance using the following key operating statistics: (i) closed homesale sides, which represents either the "buy" side or the "sell" side of a homesale transaction, (ii) average homesale price, which represents the average selling price of closed homesale transactions, (iii) average homesale broker commission rate, which represents the average commission rate earned on either the "buy" side or "sell" side of a homesale transaction and (iv) net effective royalty rate which represents the average percentage of our franchisees’ commission revenues payable to our Real Estate Franchise Services segment, net of volume incentives achieved.

From 2007 through December 2013, the average broker commission rate remained fairly stable; however, in 2014 and in the first quarter of 2015 we had a modest decline in the average broker commission rate. We expect that over the long term the average brokerage commission rates could modestly decline as a result of increases in average homesale prices. A continuing housing recovery should result in an increase in our revenues but could put pressure on brokerage commissions.

In general, most of our third-party franchisees are entitled to volume incentives. These incentives decrease during times of declining homesale transaction volumes and increase during market recoveries when there is a corresponding increase in homesale transaction volume. As a result, the net effective royalty rate may be impacted by the cyclical residential housing market. In addition, these tiered volume incentives only impact the incremental revenues recorded and the calculation of the net effective royalty rate. From 2009 to 2013, the net effective royalty rate declined due to several factors including, a consolidation of distressed franchisees into viable affiliates and company owned operations, the termination of certain franchisees who generally were not sizable enough to earn significant rebates, and in 2012 and 2013, an increase in overall homesale transaction volume. In 2014, the net effective royalty rate remained at the 2013 level and in the first quarter of 2015 the net effective royalty rate increased modestly compared to the first quarter of 2014.

Royalty fees are charged to all franchisees pursuant to the terms of the relevant franchise agreements and are included in each of the real estate brands' franchise disclosure documents. Non-standard incentives are sometimes used as consideration for new or renewing franchisees. Most of our franchisees do not receive these non-standard incentives and in contrast to royalties and volume incentives they are not homesale transaction based. We have accordingly excluded the non-standard incentives from the calculation of the net effective royalty rate. Had these non-standard incentives been included for the years ended December 31, 2014 and 2013 the net effective royalty rate would be lower by approximately 18 and 16 basis points, respectively.

Our Company Owned Real Estate Brokerage Services segment has a significant concentration of real estate brokerage offices and transactions in geographic regions where home prices are at the higher end of the U.S. real estate market, particularly the east and west coasts, while our Real Estate Franchise Services segment has franchised offices that are more widely dispersed across the United States. Accordingly, operating results and homesale statistics may differ between our Company Owned Real Estate Brokerage Services segment and our Real Estate Franchise Services segment based upon geographic presence and the corresponding homesale activity in each geographic region. In addition, the share of commissions earned by sales associates directly impacts the margin earned by our Company Owned Real Estate Brokerage Services segment. Such share of commissions earned by sales associates varies by region and can increase as sales associates increase their level of homesale transactions. It also is impacted by the level of recruitment by competitors of sales associates affiliated with our brokerage. Competitive pressures can increase the commissions necessary to attract and maintain relationships with productive sales associates. Commission schedules are generally progressive to incentivize sales associates to achieve higher levels of production. The level of commissions earned by sales associates are generally subject to review and reset on the anniversary of the sales associates' engagement with the broker.

Within our Relocation Services segment, we measure operating performance using the following key operating statistics: (i) initiations, which represent the total number of new transferees and the total number of real estate closings for affinity members and (ii) referrals, which represent the number of referrals from which we earn revenue from real estate brokers.

In our Title and Settlement Services segment, operating performance is evaluated using the following key metrics: (i) purchase title and closing units, which represent the number of title and closing units we process as a result of home purchases, (ii) refinance title and closing units, which represent the number of title and closing units we process as a result of homeowners refinancing their home loans, and (iii) average fee per closing unit, which represents the average fee we earn on purchase title and refinancing title sides. An increase or decrease in homesale transactions will impact the financial results of our Title and Settlement Services segment; however, the financial results are not significantly impacted by a change in homesale price. In addition, although mortgage rates declined in the first quarter of 2015 and refinancing

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transactions increased as a result, we believe that an increase in mortgage rates in the future will most likely have a negative impact on refinancing title and closing units.

A decline in the number of homesale transactions and decline in homesale prices could adversely affect our results of operations by: (i) reducing the royalties we receive from our franchisees, (ii) reducing the commissions our company owned brokerage operations earn, (iii) reducing the demand for our title and settlement services, (iv) reducing the referral fees we earn in our relocation services business, and (v) increasing the risk of franchisee default due to lower homesale volume. Our results could also be negatively affected by a decline in commission rates charged by brokers or greater commission payments to sales associates.

The following table presents our drivers for the three months ended March 31, 2015 and 2014. See "Results of Operations" below for a discussion as to how these drivers affected our business for the periods presented.

	Three Months Ended March 31,		
	2015	2014	% Change
Real Estate Franchise Services (a) (d)			
Closed homesale sides	212,139	203,972	4 %
Average homesale price	$251,373	$236,711	6 %
Average homesale broker commission rate	2.52 %	2.53 %	(1) bps
Net effective royalty rate	4.52 %	4.49 %	3 bps
Royalty per side	$302	$282	7 %
Company Owned Real Estate Brokerage Services (d)			
Closed homesale sides (b)	60,187	56,685	6 %
Average homesale price (c)	$502,597	$489,053	3 %
Average homesale broker commission rate	2.43 %	2.50 %	(7) bps
Gross commission income per side	$13,019	$13,041	— %
Relocation Services			
Initiations	38,168	37,898	1 %
Referrals	18,022	16,496	9 %
Title and Settlement Services			
Purchase title and closing units	21,643	20,775	4 %
Refinance title and closing units	9,496	7,199	32 %
Average fee per closing unit	$1,751	$1,715	2 %

(a) Includes all franchisees except for our Company Owned Real Estate Brokerage Services segment.

(b) Closed homesale sides, excluding the impact of larger acquisitions with an individual purchase price greater than $20 million, would have increased 3% for the quarter ended March 31, 2015 compared to 2014.

(c) Average homesale price, excluding the impact of larger acquisitions with an individual purchase price greater than $20 million, would have increased 4% for the quarter ended March 31, 2015 compared to 2014.

(d) In April 2015, the Company owned real estate brokerage operations acquired a large franchisee of the Real Estate Franchise Services segment. As a result of the acquisition, the drivers of the acquired entity will shift between the segments in future periods and will impact the comparison of homesale sides and average homesale price.

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RESULTS OF OPERATIONS

Discussed below are our condensed consolidated results of operations and the results of operations for each of our reportable segments. The reportable segments presented below represent our operating segments for which separate financial information is available and which is utilized on a regular basis by our chief operating decision maker to assess performance and to allocate resources. In identifying our reportable segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon revenue and EBITDA. EBITDA is defined as net income (loss) before depreciation and amortization, interest (income) expense, net (other than Relocation Services interest securitization assets and securitization obligations) and income taxes, each of which is presented on our Condensed Consolidated Statements of Operations. Our presentation of EBITDA may not be comparable to similarly titled measures used by other companies.

Three Months Ended March 31, 2015 vs. Three Months Ended March 31, 2014

Our consolidated results comprised the following:

	Three Months Ended March 31,		
	2015	2014	Change
Net revenues	$ 1,062	$ 1,007	$ 55
Total expenses (1)	1,120	1,084	36
Loss before income taxes, equity in earnings and noncontrolling interests	(58)	(77)	19
Income tax benefit	(24)	(34)	10
Equity in earnings of unconsolidated entities	(2)	3	(5)
Net loss attributable to Realogy Holdings and Realogy Group	$ (32)	$ (46)	$ 14

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(1) Total expenses for the three months ended March 31, 2014 includes $10 million related to the loss on the early extinguishment of debt, $1 million related to the Phantom Value Plan and $1 million of former parent legacy costs.

Net revenues increased $55 million (5%) for the three months ended March 31, 2015 compared with the three months ended March 31, 2014, principally due to an increase in revenue at the Company Owned Real Estate Brokerage Services segment primarily driven by an increase in the number of homesale transactions and an increase in average homesale price.

Total expenses increased $36 million (3%) primarily due to:

- a $30 million increase in commission and other sales associate-related costs due to the increase in the number of homesale transactions and average homesale price; and
- a $14 million increase in operating and general and administrative expenses primarily driven by a $12 million increase in employee-related costs related to $6 million of incremental accruals for incentive compensation and $3 million of additional costs associated with acquisitions completed after the first quarter of 2014;

partially offset by,

- a $10 million decrease in the loss on the early extinguishment of debt related to refinancing and repayment transactions in first quarter of 2014.

Equity in earnings of unconsolidated entities improved $5 million primarily due to an increase in earnings from PHH Home Loans.

The Company's provision for income taxes in interim periods is computed by applying its estimated annual effective tax rate against the income or loss before income taxes for the period. In addition, non-recurring or discrete items are recorded during the period in which they occur. The provision for income taxes was a $24 million benefit for the three months ended March 31, 2015 compared to a $34 million benefit for the three months ended March 31, 2014. Our effective tax rate was 43% for the three months ended March 31, 2015 and 2014.

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Following is a more detailed discussion of the results of each of our reportable segments during the three months ended March 31, 2015 and 2014:

	Revenues (a)			EBITDA (b)			Margin		
	2015	2014	% Change	2015	2014	% Change	2015	2014	Change
Real Estate Franchise Services	$151	$144	5 %	$86	$79	9 %	57 %	55 %	2
Company Owned Real Estate Brokerage Services	796	750	6	(16)	(20)	20	(2)	(3)	1
Relocation Services	85	86	(1)	7	7	—	8	8	—
Title and Settlement Services	87	81	7	(3)	(5)	40	(3)	(6)	3
Corporate and Other	(57)	(54)	*	(16)	(25)	*			
Total Company	$1,062	$1,007	5 %	$58	$36	61 %	5 %	4 %	1
Less: Depreciation and amortization				46	46				
Interest expense, net				68	70				
Income tax benefit				(24)	(34)				
Net loss attributable to Realogy Holdings and Realogy Group				$(32)	$(46)				

* not meaningful

(a) Includes the elimination of transactions between segments, which consists of intercompany royalties and marketing fees paid by our Company Owned Real Estate Brokerage Services segment of $57 million and $54 million during the three months ended March 31, 2015 and 2014.

(b) EBITDA for the three months ended March 31, 2014 includes $10 million related to the loss on early extinguishment of debt, $1 million related to the Phantom Value Plan and $1 million of former parent legacy costs. Excluding the items noted above, the Total Company margin would have been 5% for the three months ended March 31, 2014.

As described in the aforementioned table, EBITDA margin for "Total Company" expressed as a percentage of revenues increased 1 percentage point to 5% from 4% for the three months ended March 31, 2015 compared to the same period in 2014. The increase was primarily driven by an improvement in the operating results of the Real Estate Franchise Services segment, a $5 million increase in equity earnings related to our investment in PHH Home Loans and a $10 million decrease in the loss on the early extinguishment of debt related to refinancing and repayment transactions in the first quarter of 2014.

On a segment basis, the Real Estate Franchise Services segment margin increased 2 percentage points to 57% from 55%. The three months ended March 31, 2015 reflected an increase in the number of homesale transactions and average homesale price. The Company Owned Real Estate Brokerage Services segment margin increased 1 percentage point to negative 2% from negative 3% due to an increase in equity earnings related to our investment in PHH Home Loans. The Relocation Services segment margin remained flat at 8%. The Title and Settlement Services segment margin increased 3 percentage points to negative 3% from negative 6% primarily due to the positive margin impact related to an increase in refinancing and refinance-related underwriter revenue.

Corporate and Other EBITDA for the three months ended March 31, 2015 improved $9 million to negative $16 million primarily due to the absence in 2015 of a $10 million loss on the early extinguishment of debt related to refinancing and repayment transactions that occurred during the three months ended March 31, 2014.

Real Estate Franchise Services

Revenues increased $7 million to $151 million and EBITDA increased $7 million to $86 million for the three months ended March 31, 2015 compared with the same period in 2014.

The increase in revenue was primarily driven by a $7 million increase in third-party domestic franchisee royalty revenue due to a 6% increase in the average homesale price and a 4% increase in the number of homesale transactions, as well as a $3 million increase in royalties received from our Company Owned Real Estate Brokerage Services segment. The increases in revenue were partially offset by a $3 million decrease in international revenues.

The intercompany royalties received from our Company Owned Real Estate Brokerage Services segment of $54 million and $51 million during the first quarter of 2015 and 2014, respectively, are eliminated in consolidation. See "Company Owned Real Estate Brokerage Services" for a discussion of the drivers related to intercompany royalties paid to the Real Estate Franchise Services segment.

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The $7 million increase in EBITDA was principally due to the $7 million in revenues discussed above.

Company Owned Real Estate Brokerage Services

Revenues increased $46 million to $796 million and EBITDA improved $4 million to negative $16 million for the three months ended March 31, 2015 compared with the same period in 2014.

Revenue increased $46 million primarily due to an increase in commission income earned on homesale transactions which was driven by a 6% increase in the number of homesale transactions and a 3% increase in the average price of homes. The 6% increase in homesale transactions was due to higher activity in most of the geographic regions we serve. The 3% increase in the average price of homes is benefiting from a shift in activity away from the low end of the housing market and is the result of constrained inventory in many of our markets.

EBITDA increased $4 million primarily due to the increase in revenue discussed above and a $5 million increase in equity earnings related to our investment in PHH Home Loans, partially offset by:

- a $30 million increase in commission expenses paid to independent real estate sales associates as a result of the increase in revenues;
- a $9 million increase in employee-related costs, of which $3 million is for employee-related costs for acquisitions completed after the first quarter of 2014 and $3 million for incremental incentive compensation;
- a $4 million increase in marketing expenses, of which $2 million relates to lead generation costs associated with ZipRealty; and
- a $3 million increase in royalties paid to our Real Estate Franchise Services segment.

Relocation Services

Revenues decreased $1 million to $85 million and EBITDA remained flat at $7 million for the three months ended March 31, 2015 compared with the same quarter in 2014.

The decrease in revenues was primarily driven by a $2 million decrease in international revenue primarily due to the impact of foreign exchange rates and lower volume and a $1 million decrease in at-risk revenue due to lower transaction volume. The decreases were partially offset by a $2 million increase in referral revenue primarily due to affinity referrals driven by higher volume.

EBITDA remained flat as a result of the decrease in revenues discussed above, offset by a $1 million net positive impact from foreign currency exchange rates in the first quarter of 2015 compared to the first quarter of 2014.

Title and Settlement Services

Revenues increased $6 million to $87 million and EBITDA increased $2 million to negative $3 million for the three months ended March 31, 2015 compared with the same quarter in 2014.

The increase in revenues was driven by a $3 million increase in refinance-related underwriter revenue and a $2 million increase in refinancing revenue as a result of the 32% increase in refinance title and closing units. Resale title and closing units increased 4% resulting in $2 million of additional revenue in 2015 compared to the same period in 2014.

EBITDA increased $2 million as a result of the $6 million increase in revenues discussed above, partially offset by an increase of $4 million in variable operating costs as a result of the increase in volume discussed above.

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FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

	March 31, 2015	December 31, 2014	Change
Total assets	$7,432	$7,538	$(106)
Total liabilities	5,274	5,355	(81)
Total equity	2,158	2,183	(25)

For the three months ended March 31, 2015, total assets decreased $106 million primarily due to a $129 million decrease in cash and $26 million related to the amortization of franchise agreements and other intangible assets, partially offset by a $43 million increase in relocation and trade receivables.

Total liabilities decreased $81 million due to a $31 million reduction in accrued expenses and other current liabilities primarily due to the payment of 2014 bonuses in the first quarter of 2015, a $19 million decrease in securitization obligations, an $18 million decrease in deferred tax liabilities and an $11 million decrease in accounts payable.

Total equity decreased $25 million primarily due to a $32 million net loss for the three months ended March 31, 2015 offset by $10 million of additional paid in capital related to stock-based compensation.

Liquidity and Capital Resources

In October 2012, the Company raised net proceeds of approximately $1,176 million in the initial public offering of its common stock. In addition, in connection with the initial public offering, holders of approximately $2,110 million of Convertible Notes converted all of their Convertible Notes into common stock.

After giving effect to the application of net proceeds from the initial public offering, conversion of our Convertible Notes, the debt refinancing transactions completed during 2013 and 2014 and debt repurchases from cash generated from operations, our outstanding indebtedness has been reduced by approximately $3.3 billion since September 30, 2012. As a result of these transactions, our liquidity position has significantly improved but continues to be impacted by our remaining interest expense and would be adversely impacted by: (i) a halt in the recovery of the residential real estate market, (ii) a significant increase in LIBOR or ABR, or (iii) our inability to access our relocation securitization programs.

Our primary liquidity needs have been to service our debt and finance our working capital and capital expenditures, which we have historically satisfied with cash flows from operations and funds available under our revolving credit facilities and securitization facilities. Given the significant reduction in our indebtedness and annual interest expense that resulted from our October 2012 initial public offering and related transactions, as well as our indebtedness repayments and refinancings, we generated positive cash flows from operations in 2013 and 2014. We expect to continue to generate positive cash flows in 2015. We intend to use future cash flow primarily to further reduce indebtedness. We may from time to time seek to repurchase our outstanding notes, through tender offers, open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

We believe that we are experiencing a recovery in the residential real estate market; however, we are not certain of the length, timing or improvement level that may be associated with this recovery. Moreover, if the residential real estate market or the economy as a whole does not continue to improve or worsens, our business, financial condition and liquidity may be materially adversely affected, including our ability to access capital and grow our business.

Historically, operating results and revenues for all of our businesses have been strongest in the second and third quarters of the calendar year. A significant portion of the expenses we incur in our real estate brokerage operations are related to marketing activities and commissions and therefore, are variable. However, many of our other expenses, such as interest payments, facilities costs and certain personnel-related costs, are fixed and cannot be reduced during a seasonal slowdown. Consequently, our debt balances are generally at their highest levels at or around the end of the first quarter of every year.

We will continue to evaluate potential refinancing and financing transactions. There can be no assurance as to which, if any, of these alternatives we may pursue as the choice of any alternative will depend upon numerous factors such as market conditions, our financial performance and the limitations applicable to such transactions under our existing financing agreements and the consents we may need to obtain under the relevant documents. There can be no assurance that financing will be available to us on acceptable terms or at all.

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Cash Flows

At March 31, 2015, we had $184 million of cash and cash equivalents, a decrease of $129 million compared to the balance of $313 million at December 31, 2014. The following table summarizes our cash flows for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,		
	2015	2014	Change
Cash provided by (used in):			
Operating activities	$(84)	$(110)	$26
Investing activities	(16)	(37)	21
Financing activities	(28)	30	(58)
Effects of change in exchange rates on cash and cash equivalents	(1)	—	(1)
Net change in cash and cash equivalents	$(129)	$(117)	$(12)

For the three months ended March 31, 2015, $26 million less cash was used by operating activities compared to the same period in 2014. The change was principally due to $20 million more cash provided by operating results and $39 million less cash used for accounts payable, accrued expenses and other liabilities, partially offset by $28 million less cash due to an increase in relocation and trade receivables.

For the three months ended March 31, 2015, we used $21 million less cash for investing activities compared to the same period in 2014. The change was primarily due to the absence in 2015 of $23 million of acquisition related payments which occurred in the first quarter of 2014.

For the three months ended March 31, 2015, $28 million of cash was used by financing activities compared to $30 million of cash provided during the same period in 2014. During the three months ended March 31, 2015, the Company had $18 million of net securitization obligation repayments, $5 million of repayments of the term loan facility and $6 million of other financing related payments. In comparison during the three months ended March 31, 2014, the Company had an increase in net revolver borrowings of $145 million, partially offset by $58 million of net securitization obligation repayments, the repurchase of $44 million of First and a Half Lien Notes and $9 million of other financing related payments.

Financial Obligations

Indebtedness Table

As of March 31, 2015, the total capacity, outstanding borrowings and available capacity under the Company’s borrowing arrangements were as follows:

	Interest Rate	Expiration Date	Total Capacity	Outstanding Borrowings	Available Capacity
Senior Secured Credit Facility:					
Revolving credit facility (1)	(2)	March 2018	$475	$—	$475
Term loan facility	(3)	March 2020	1,882	1,867	—
First Lien Notes	7.625%	January 2020	593	593	—
First and a Half Lien Notes	9.00%	January 2020	196	196	—
Senior Notes	3.375%	May 2016	500	500	—
Senior Notes	4.50%	April 2019	450	450	—
Senior Notes	5.25%	December 2021	300	300	—
Securitization obligations: (4)					
Apple Ridge Funding LLC		June 2015	325	240	85
Cartus Financing Limited (5)		August 2015	37	10	27
Total (6)			$4,758	$4,156	$587

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(1) On April 30, 2015, the Company had $93 million outstanding borrowings on the revolving credit facility, leaving $382 million of available capacity.

(2) Interest rates with respect to revolving loans under the senior secured credit facility are based on, at Realogy Group’s option, (a) adjusted LIBOR plus 2.75% or (b) JPMorgan Chase Bank, N.A.'s prime rate ("ABR") plus 1.75%.

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(3) Consists of a $1,882 million term loan, less a discount of $15 million. There is 1% per annum amortization of principal. The interest rate with respect to the term loan under the senior secured credit facility is based on, at Realogy Group's option, (a) adjusted LIBOR plus 3.00% (with a LIBOR floor of 0.75%) or (b) JPMorgan Chase Bank, N.A.'s prime rate ("ABR") plus 2.00% (with an ABR floor of 1.75%).

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

(5) Consists of a £20 million revolving loan facility and a £5 million working capital facility.

(6) Not included in this table, the Company had $125 million of outstanding letters of credit at March 31, 2015, of which $53 million was under the synthetic letter of credit facility with a rate of 4.25% and $72 million was under the unsecured letter of credit facility with a rate of 3.0%.

See Note 5, "Short and long-term debt", in the condensed consolidated financial statements for additional information on the Company's indebtedness.

Covenants under the Senior Secured Credit Facility and Indentures

The Senior Secured Credit Facility and the indentures governing the Secured Notes and the Unsecured Notes contain various covenants that limit (subject to certain exceptions) Realogy Group's ability to, among other things:

- incur or guarantee additional debt or issue disqualified stock or preferred stock;
- pay dividends or make distributions to Realogy Group's stockholders, including Realogy Holdings;
- repurchase or redeem capital stock;
- make loans, investments or acquisitions;
- incur restrictions on the ability of certain of Realogy Group's subsidiaries to pay dividends or to make other payments to Realogy Group;
- enter into transactions with affiliates;
- create liens;
- merge or consolidate with other companies or transfer all or substantially all of Realogy Group's and its material subsidiaries' assets;
- transfer or sell assets, including capital stock of subsidiaries; and
- prepay, redeem or repurchase subordinated indebtedness.

As a result of the covenants to which we remain subject, we are limited in the manner in which we conduct our business and we may be unable to engage in favorable business activities or finance future operations or capital needs. In addition, the senior secured credit facility requires us to maintain a senior secured leverage ratio in certain circumstances. See Note 5, "Short and long-term debt—Senior Secured Credit Facility" in the condensed consolidated financial statements for additional information.

Non-GAAP Financial Measures

The SEC has adopted rules to regulate the use in filings with the SEC and in public disclosures of "non-GAAP financial measures," such as EBITDA and Adjusted EBITDA and the ratios related thereto. These measures are derived on the basis of methodologies other than in accordance with GAAP.

EBITDA is defined by us as net income (loss) before depreciation and amortization, interest expense, net (other than relocation services interest for securitization assets and securitization obligations) and income taxes. Adjusted EBITDA calculated for a twelve-month period is presented to demonstrate our compliance with the senior secured leverage ratio covenant in the senior secured credit facility. Adjusted EBITDA calculated for a twelve-month period corresponds to the definition of "EBITDA," calculated on a "pro forma basis," used in the senior secured credit facility to calculate the senior secured leverage ratio. Adjusted EBITDA includes adjustments to EBITDA for restructuring costs, former parent legacy cost (benefit) items, net, loss on the early extinguishment of debt, non-cash charges and incremental securitization interest costs, as well as pro forma cost savings for restructuring initiatives, the pro forma effect of business optimization initiatives and the pro forma effect of acquisitions and new franchisees, in each case calculated as of the beginning of the twelve-month period. Adjusted EBITDA calculated for a three-month period adjusts for the same items as for a twelve-month period, except that the pro forma effect of cost savings, business optimizations and acquisitions and new franchisees are calculated as of the beginning of the three-month period instead of the twelve-month period.

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We present EBITDA and Adjusted EBITDA because we believe EBITDA and Adjusted EBITDA are useful as supplemental measures in evaluating the performance of our operating businesses and provide greater transparency into our results of operations. Our management, including our chief operating decision maker, uses EBITDA as a factor in evaluating the performance of our business. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for net income or other statement of operations data prepared in accordance with GAAP. We believe EBITDA facilitates company-to-company operating performance comparisons by backing out potential differences caused by variations in capital structures (affecting net interest expense), taxation, the age and book depreciation of facilities (affecting relative depreciation expense) and the amortization of intangibles, which may vary for different companies for reasons unrelated to operating performance. We further believe that EBITDA is frequently used by securities analysts, investors and other interested parties in their evaluation of companies, many of which present an EBITDA measure when reporting their results.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider EBITDA or Adjusted EBITDA either in isolation or as substitutes for analyzing our results as reported under GAAP. Some of these limitations are:

- these measures do not reflect changes in, or cash required for, our working capital needs;
- these measures do not reflect our interest expense (except for interest related to our securitization obligations), or the cash requirements necessary to service interest or principal payments on our debt;
- these measures do not reflect our income tax expense or the cash requirements to pay our taxes;
- these measures do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often require replacement in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies may calculate these measures differently so they may not be comparable.

In addition to the limitations described above, Adjusted EBITDA includes pro forma cost savings, the pro forma effect of business optimization initiatives and the pro forma full period effect of acquisitions and new franchisees. These adjustments may not reflect the actual cost savings or pro forma effect recognized in future periods.

A reconciliation of net income attributable to Realogy Group to EBITDA and Adjusted EBITDA for the twelve months ended March 31, 2015 is set forth in the following table:

	Year Ended December 31, 2014	Less Three Months Ended March 31, 2014	Equals Nine Months Ended December 31, 2014	Plus Three Months Ended March 31, 2015	Equals Twelve Months Ended March 31, 2015
Net income (loss) attributable to Realogy Group (a)	$ 143	$ (46)	$ 189	$ (32)	$ 157
Income tax (benefit) expense	87	(34)	121	(24)	97
Income (loss) before income taxes	230	(80)	310	(56)	254
Interest expense, net	267	70	197	68	265
Depreciation and amortization	190	46	144	46	190
EBITDA (b)	687	36	651	58	709
Covenant calculation adjustments:					
Restructuring costs (reversals) and former parent legacy costs (benefit), net (c)					(12)
Loss on the early extinguishment of debt					37
Pro forma effect of business optimization initiatives (d)					13
Non-cash charges (e)					36
Pro forma effect of acquisitions and new franchisees (f)					7
Incremental securitization interest costs (g)					4
Adjusted EBITDA					$ 794

Total senior secured net debt (h)	$2,353	
Senior secured leverage ratio (i)	2.96	x

(a) Net income (loss) attributable to Realogy consists of: (i) income of $68 million for the second quarter of 2014, (ii) income of $100 million for the third quarter of 2014, (iii) income of $21 million for the fourth quarter of 2014 and (iv) a loss of $32 million for the first quarter of 2015.

(b) EBITDA consists of: (i) $238 million for the second quarter of 2014, (ii) $273 million for the third quarter of 2014, (iii) $140 million for the fourth quarter of 2014 and (iv) $58 million for the first quarter of 2015.

(c) Consists of a net benefit of $1 million for the reversal of a restructuring reserve and a net benefit of $11 million for former parent legacy items.

(d) Represents the twelve-month pro forma effect of business optimization initiatives including $9 million of transaction and integration costs incurred for the ZipRealty acquisition, $1 million related to business cost cutting initiatives, $1 million related to vendor renegotiations and $2 million of other items.

(e) Represents the elimination of non-cash expenses, including $46 million of stock-based compensation expense less $9 million for the change in the allowance for doubtful accounts and notes reserves and $1 million of other items from April 1, 2014 through March 31, 2015.

(f) Represents the estimated impact of acquisitions and new franchisees as if they had been acquired or signed on April 1, 2014. Franchisee sales activity is comprised of new franchise agreements as well as growth acquired by existing franchisees with our assistance. We have made a number of assumptions in calculating such estimates and there can be no assurance that we would have generated the projected levels of EBITDA had we owned the acquired entities or entered into the franchise contracts as of April 1, 2014.

(g) Incremental borrowing costs incurred as a result of the securitization facilities refinancing for the twelve months ended March 31, 2015.

(h) Represents total borrowings under the senior secured credit facility and borrowings secured by a first priority lien on our assets of $2,475 million plus $18 million of capital lease obligations less $140 million of readily available cash as of March 31, 2015. Pursuant to the terms of our senior secured credit facility, total senior secured net debt does not include the First and a Half Lien Notes, other indebtedness secured by a lien on our assets that is pari passu or junior in priority to the First and a Half Lien Notes our securitization obligations or unsecured indebtedness, including the Unsecured Notes.

(i) Realogy Group’s borrowings and outstanding letters of credit issued under the revolving credit facility did not exceed 25% of the revolving credit facility's borrowing capacity at March 31, 2015, and accordingly the covenant was not applicable.

Set forth in the table below is a reconciliation of net income attributable to Realogy Group to Adjusted EBITDA for the three-month periods ended March 31, 2015 and 2014:

	Three Months Ended	
	March 31, 2015	March 31, 2014
Net loss attributable to Realogy	$ (32)	$ (46)
Income tax benefit	(24)	(34)
Loss before income taxes	(56)	(80)
Interest expense, net	68	70
Depreciation and amortization	46	46
EBITDA	58	36
Former parent legacy costs, net	—	1
Loss on the early extinguishment of debt	—	10
Pro forma effect of business optimization initiatives	1	2
Non-cash charges	9	2
Pro forma effect of acquisitions and new franchisees	1	1
Incremental securitization interest costs	1	1
Adjusted EBITDA	$ 70	$ 53

Contractual Obligations

Our future contractual obligations as of March 31, 2015 have not changed materially from the amounts reported in our 2014 Form 10-K.

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Critical Accounting Policies

In presenting our financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. However, events that are outside of our control cannot be predicted and, as such, they cannot be contemplated in evaluating such estimates and assumptions. If there is a significant unfavorable change to current conditions, it could result in a material adverse impact to our combined results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2014, which includes a description of our critical accounting policies that involve subjective and complex judgments that could potentially affect reported results.

Recently Issued Accounting Pronouncements

See Note 1 of the Notes to the Condensed Consolidated Financial Statements for a discussion of recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures about Market Risks.

We are exposed to market risk from changes in interest rates primarily through our senior secured credit facilities. At March 31, 2015, our primary interest rate exposure was to interest rate fluctuations, specifically LIBOR, due to its impact on our variable rate borrowings of our revolving and term loan facilities under the senior secured credit agreement. Given that our borrowings under the senior secured credit agreement are generally based upon LIBOR, this rate will be the Company's primary market risk exposure for the foreseeable future. We do not have significant exposure to foreign currency risk nor do we expect to have significant exposure to foreign currency risk in the foreseeable future.

We assess our market risk based on changes in interest rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact on earnings, fair values and cash flows based on a hypothetical change (increase and decrease) in interest rates. We exclude the fair values of relocation receivables and advances and securitization borrowings from our sensitivity analysis because we believe the interest rate risk on these assets and liabilities is mitigated as the rate we earn on relocation receivables and advances and the rate we incur on our securitization borrowings are based on similar variable indices.

At March 31, 2015, we had variable interest rate long-term debt from our outstanding term loan of $1,882 million excluding $250 million of securitization obligations. The weighted average interest rate on the outstanding term loan at March 31, 2015 was 3.75%. The interest rate with respect to the term loan is based on adjusted LIBOR plus 3.00% (with a LIBOR floor of 0.75%). At March 31, 2015 the one-month LIBOR rate was 0.18%; therefore we have estimated that a 0.25% increase in LIBOR would have no impact on our annual interest expense due to the 0.75% LIBOR floor.

We have entered into five interest rate swaps to manage a portion of our exposure to changes in interest rates associated with our variable rate borrowings. The first swap, with a notional value of $225 million, commenced in July 2012 and expires in February 2018, the second swap, with a notional value of $200 million, commenced in January 2013 and expires in February 2018, and the remaining three swaps each have a notional value of $200 million, commence in August 2015 and expire in August 2020. The five swaps with an aggregate notional value of $1,025 million help to protect our outstanding variable rate borrowings from future interest rate volatility. The fixed interest rates on the swaps range from 2.24% to 2.89%. The Company has recognized a liability of $52 million for the fair value of the interest rate swaps at March 31, 2015. The fair value of these interest rate swaps is subject to movements in LIBOR and will fluctuate in future periods. We have estimated that a 0.25% increase in the LIBOR yield curve would increase the fair value of our interest rate swaps by $9 million and would decrease interest expense. While these results may be used as a benchmark, they should not be viewed as a forecast of future results.

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Item 4. Controls and Procedures.

Controls and Procedures for Realogy Holdings Corp.

(a) Realogy Holdings Corp. ("Realogy Holdings") maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Realogy Holdings' management, including the Chief Executive Officer and the Chief Financial Officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

(b) As of the end of the period covered by this quarterly report on Form 10-Q, Realogy Holdings has carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Realogy Holdings' disclosure controls and procedures are effective at the "reasonable assurance" level.

(c) There has not been any change in Realogy Holdings' internal control over financial reporting during the period covered by this quarterly report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Controls and Procedures for Realogy Group LLC

(a) Realogy Group LLC ("Realogy Group") maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Realogy Group's management, including the Chief Executive Officer and the Chief Financial Officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

(b) As of the end of the period covered by this quarterly report on Form 10-Q, Realogy Group has carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Realogy Group's disclosure controls and procedures are effective at the "reasonable assurance" level.

(c) There has not been any change in Realogy Group's internal control over financial reporting during the period covered by this quarterly report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Legal—Real Estate Business

Bararsani v. Coldwell Banker Residential Brokerage Company. On November 15, 2012, plaintiff Ali Bararsani filed a putative class action complaint in Los Angeles Superior Court, California, against Coldwell Banker Residential Brokerage Company ("CBRBC") alleging that CBRBC had misclassified current and former affiliated sales associates as independent contractors when they were actually employees. The complaint, as amended, further alleges that, because of the misclassification, CBRBC has violated several sections of the California Labor Code including one for failing to reimburse the plaintiff and purported class for business related expenses and a second for failing to keep proper records. The amended complaint also asserts an Unfair Business Practices claim for misclassifying the sales associates. The Plaintiff, on behalf of a purported class, seeks the benefit of the California labor laws for expenses and other sums, plus asserted penalties, attorneys' fees and interest. The Company believes that CBRBC has properly classified the sales associates as independent contractors and that it has and continues to operate in a manner consistent with applicable law, and longstanding, widespread industry practice for many decades.

On July 31, 2013, CBRBC filed a Demurrer with the Court seeking to dismiss the amended complaint. The Demurrer asserted that the claims raised by the plaintiff were without basis under California law because the California Business and Professions Code sets out the applicable three-part test for classification of real estate sales associates as independent contractors and all elements of the test have been satisfied by CBRBC and the affiliated sales associates. Plaintiff filed an Opposition on August 12, 2013 and a hearing was held on August 28, 2013. The Court denied the Demurrer and stated that it would look to the more complex multi-factor common law test to determine whether the plaintiff was misclassified. CBRBC filed a Petition for a Writ of Mandate with the California Court of Appeal seeking its discretionary review of that decision on September 30, 2013 and on November 8, 2013, the Court of Appeal denied the Petition.

On March 25, 2014, the Court denied plaintiff's ex parte application which sought, in part, to invalidate, for purposes of this litigation, arbitration clauses with class action waivers in independent contractor agreements executed by some putative members of the class following the commencement of the litigation. Plaintiffs filed a Writ of Mandate with the California Court of Appeal seeking its discretionary review of the Court's decision to deny plaintiff's application. On June 2, 2014, the Court of Appeal summarily denied the petition. The case is now in the discovery phase. The first mediation session is currently scheduled for May 5, 2015. The parties have not held any pre-mediation discussions nor exchanged demands.

The case raises significant classification claims that potentially apply to the real estate industry in general and that have not been previously challenged in any significant manner in California or many other jurisdictions. As with all class action litigation, the case is inherently complex and subject to many uncertainties. We believe that CBRBC has properly classified the current and former affiliated sales associates. There can be no assurance, however, that if the action continues and a large class is subsequently certified, the plaintiffs will not seek a substantial damage award, penalties and other remedies. Given the stage of this case, the novel claims and issues presented and the great uncertainties regarding which sales associates, if any, may be part of a class, if one is certified, we cannot estimate a range of reasonably potential losses for this litigation. The Company believes it has complied with all applicable laws and regulations and will vigorously defend this action.

The Company is involved in certain other claims and legal actions arising in the ordinary course of our business. Such litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, franchising arrangements, actions against our title company alleging it knew or should have known that others were committing mortgage fraud, standard brokerage disputes like the failure to disclose hidden defects in the property such as mold, vicarious liability based upon conduct of individuals or entities outside of our control, including franchisees and independent sales associates, antitrust and anti-competition claims, general fraud claims, employment law claims, including claims challenging the classification of our sales associates as independent contractors, wage and hour classification claims and claims alleging violations of RESPA or state consumer fraud statutes. While the results of such claims and legal actions cannot be predicted with certainty, we do not believe based on information currently available to us that the final outcome of current proceedings against the

Company will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

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Legal—Cendant Corporate Litigation

Pursuant to the Separation and Distribution Agreement dated as of July 27, 2006 among Cendant, Realogy Group, Wyndham Worldwide and Travelport, each of Realogy Group, Wyndham Worldwide and Travelport have assumed certain contingent and other corporate liabilities (and related costs and expenses), which are primarily related to each of their respective businesses. In addition, Realogy Group has assumed 62.5% and Wyndham Worldwide has assumed 37.5% of certain contingent and other corporate liabilities (and related costs and expenses) of Cendant or its subsidiaries, which are not primarily related to any of the respective businesses of Realogy Group, Wyndham Worldwide, Travelport and/or Cendant's vehicle rental operations, in each case incurred or allegedly incurred on or prior to the date of the separation of Travelport from Cendant.

* * *

The Company believes that it has adequately accrued for legal matters as appropriate. The Company records litigation accruals for legal matters which are both probable and estimable. For legal proceedings for which (1) there is a reasonable possibility of loss (meaning those losses for which the likelihood is more than remote but less than probable) and (2) the Company is able to estimate a range of reasonably possible loss, the Company estimates the range of reasonably possible losses to be between zero and $5 million at March 31, 2015.

Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur. In addition, class action lawsuits can be costly to defend and, depending on the class size and claims, could be costly to settle. As such, the Company could incur judgments or enter into settlements of claims with liability that are materially in excess of amounts accrued and these settlements could have a material adverse effect on the Company's financial condition, results of operations or cash flows in any particular period.

Litigation and claims against other participants in the residential real estate industry may impact the Company when the rulings in those cases cover practices common to the broader industry. Examples may include claims associated with RESPA compliance, broker fiduciary duties, and sales agent classification. Similarly, the Company may be impacted by litigation and other claims against companies in other industries. Rulings on matters such as the enforcement of arbitration agreements and worker classification may adversely affect the Company and other residential real estate industry participants as a result of the classification of sales agents as independent contractors, irrespective of the fact that the parties subject to the rulings are in a different industry. There is active worker classification litigation in numerous jurisdictions, including Massachusetts, California, New Jersey and New York, against a variety of industries where the plaintiffs seek to reclassify independent contractors as employees or to challenge the use of federal and state minimum wage and overtime exemptions. The decision in one such matter involving the real estate industry is expected in the very near future. To the extent the defendants are unsuccessful in these types of litigation matters, and we or our franchisees cannot distinguish our or their practices (or our industry's practices), we and our franchisees could face significant liability and we and our franchisees could be required to modify certain business relationships, either of which could materially and adversely impact our financial condition and results of operations.

Item 6. Exhibits.

See Exhibit Index.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REALOGY HOLDINGS CORP.
and
REALOGY GROUP LLC
(Registrants)

Date: May 4, 2015 /S/ ANTHONY E. HULL
Anthony E. Hull
Executive Vice President and
Chief Financial Officer

Date: May 4, 2015
/S/ TIMOTHY B. GUSTAVSON
Timothy B. Gustavson
Senior Vice President,
Chief Accounting Officer and
Controller

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EXHIBIT INDEX

Exhibit	Description
4.1	Supplemental Indenture No. 5 dated as of January 2, 2015 to the First Lien Note Indenture (Incorporated by reference to Exhibit 4.6 to Registrants' Form 10-K for the year ended December 31, 2014).
4.2	Supplemental Indenture No. 5 dated as of January 2, 2015 to the 9.000% Senior Secured Note Indenture (Incorporated by reference to Exhibit 4.13 to Registrants' Form 10-K for the year ended December 31, 2014).
4.3	Supplemental Indenture No. 4 dated as of January 2, 2015 to the 3.375% Senior Note Indenture (Incorporated by reference to Exhibit 4.19 to Registrants' Form 10-K for the year ended December 31, 2014).
4.4	Supplemental Indenture No. 4 dated as of January 2, 2015 to the 4.500% Senior Note Indenture (Incorporated by reference to Exhibit 4.25 to Registrants' Form 10-K for the year ended December 31, 2014).
4.5	Supplemental Indenture No. 1 dated as of January 2, 2015 to the 5.250% Senior Note Indenture (Incorporated by reference to Exhibit 4.28 to Registrants' Form 10-K for the year ended December 31, 2014).
15.1*	Letter Regarding Unaudited Interim Financial Statements.
31.1*	Certification of the Chief Executive Officer of Realogy Holdings Corp. 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 of Realogy Holdings Corp. pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.3*	Certification of the Chief Executive Officer of Realogy Group LLC pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.4*	Certification of the Chief Financial Officer of Realogy Group LLC pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32.1*	Certification for Realogy Holdings Corp. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification for Realogy Group LLC pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS ^	XBRL Instance Document.
101.SCH ^	XBRL Taxonomy Extension Schema Document.
101.CAL^	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF ^	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB ^	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE ^	XBRL Taxonomy Extension Presentation Linkbase Document.

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*Filed herewith.

^Furnished electronically with this report.