

FRANKLIN CREDIT MANAGEMENT CORP/DE/
Form NT 10-K
April 01, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 12b-25

NOTIFICATION OF LATE FILING

(Check One): Form 10-K Form 11-K Form
20-F Form 10-Q Form 10D
 Form N-SAR Form N-CSR

For Period Ended: December 31, 2007

Transition Report on Form 10-K
 Transition Report on Form 20-F
 Transition Report on Form 11-K
 Transition Report on Form 10-Q
 Transition Report on Form N-SAR

For the Transition Period Ended: _____

Read attached instruction sheet before preparing form. Please print or type.

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates:

PART I
REGISTRANT INFORMATION

F r a n k l i n C r e d i t M a n a g e m e n t
Corporation

Full Name of Registrant

Former Name if Applicable

1 0 1 H u d s o n
Street

Address of Principal Executive Office (Street and Number)

J e r s e y C i t y , N e w
Jersey 07302

City, State and Zip Code

PART II
RULE 12b-25(b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reasons described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.
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PART III
NARRATIVE

State below in reasonable detail why the Form 10-K, 20-F, 11-K, 10-Q, 10D, N-SAR, N-CSR or the transition report or portion thereof, could not be filed within the prescribed time period.

The Registrant has not completed its financial statements for the 2007 fiscal year, and the Registrant's independent registered public accounting firm has not yet completed its year-end financial statement audit. Accordingly, the Registrant's annual report on Form 10-K for the fiscal year ended December 31, 2007 could not be filed within the prescribed time period without unreasonable effort or expense.

PART IV
OTHER INFORMATION

(1) Name and telephone number of person to contact in regard to this notification
P a u l D . C o l a s o n o 2 0 1 6 0 4 - 4 4 0 2

(Name) (Area Code) (Telephone Number)

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

Yes [] No

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes [] No

If so: attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

The Registrant's net loss is expected to increase to approximately \$8.5 million for the year ended December 31, 2007, compared with a net loss of \$1.8 million for the year ended December 31, 2006. In addition, stockholders' equity is expected to decrease to approximately \$39 million at the end of 2007 from \$47.6 million at December 31, 2006. Due principally to the rapid and substantial deterioration in the housing and subprime mortgage markets and deterioration in the performance of the Registrant's portfolios of acquired and originated loans, including particularly the portfolio of acquired second-lien mortgage loans, the Registrant reassessed its allowance for loan losses in the quarter ended September 30, 2007, which resulted in significantly increased estimates of inherent losses in its portfolios during the quarter ended September 30, 2007. As a result of the Forbearance Agreements entered into on December 28, 2007 between the Registrant and its lead lending bank, \$300 million of outstanding borrowings owed to the bank was forgiven and will not have to be repaid. The effect of the debt forgiveness on the Registrant's December 31, 2007 financial statements is expected to result in a pre-tax gain of approximately \$284 million.

The Registrant has not completed its financial statements for the 2007 year, principally due to the finalization of taxes related to the provision for loan losses and the gain on debt forgiveness, which are rather complex, and the Registrant's independent registered public accounting firm has not yet completed its year-end financial statement audit. Accordingly, there can be no assurance that the financial information publicly announced at a later date will not differ from the above disclosure.

Franklin Credit Management Corporation

(Name of Registrant as Specified in Charter)

Has caused this notification to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 1, 2008

By: /s/ Paul D. Colasono

Name: Paul D. Colasono

Title: Chief Financial Officer and Executive Vice President