PHH CORP
Form 424B5
August 06, 2013

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As filed pursuant to Rule 424(b)(5)
Registration No. 333-177723

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities is filed with the Securities and Exchange Commission and is effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale thereof is not permitted.

Subject to completion
Preliminary prospectus supplement dated August 6, 2013

Prospectus supplement
(To prospectus dated November 3, 2011)

$300,000,000

PHH Corporation

% Senior Notes due 2021

We are offering $300,000,000 aggregate principal amount of % Senior Notes due 2021, which we refer to as the "notes." We will pay interest on the notes on and of each year, beginning , 2014. The notes will mature on , 2021. We may redeem some or all of the notes on or after , 2017 at the prices and as described under the caption "Description of Notes Optional Redemption," plus accrued and unpaid interest, if any, to, but not including, the date of redemption. Prior to , 2017, we may redeem some or all of the notes, at our option, at a "make-whole" redemption price specified under "Description of Notes Optional Redemption," plus accrued and unpaid interest, if any, to, but not including, the date of redemption. If a change of control triggering event as described in this prospectus supplement under the heading "Description of Notes Repurchase of Notes upon a Change of Control" occurs, we will be required to offer to purchase the notes from holders at 101% of their principal amount plus accrued and unpaid interest, if any, to, but not including, the date of purchase.

Initially, the notes will not be guaranteed by any of our subsidiaries. The notes will be our unsecured and unsubordinated obligations and will rank equally with our existing and future unsecured and unsubordinated obligations. The notes will be effectively subordinated to all of our secured obligations to the extent of the value of the collateral securing such indebtedness and structurally subordinated to any existing and future obligations of our subsidiaries that do not guarantee the notes, including obligations under our Tranche A Credit Facility (as defined in "Description of Other Indebtedness Unsecured Debt Revolving Credit Facility"), which is guaranteed by all of our existing and future domestic subsidiaries, subject to certain exceptions, and PHH Vehicle Management Services, Inc.'s ("PHH VMS Canada") Canadian Credit Facility (as defined in "Description of Other Indebtedness Secured Debt Canadian Credit Facility"), which is guaranteed by us and all of PHH VMS Canada's existing and future subsidiaries, subject to certain exceptions. The notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

We intend to use the net proceeds from the sale of the notes, along with cash on hand, to fund our cash tender offer (the "Tender Offer") to repurchase up to $300 million aggregate principal amount of our outstanding 91/4% Senior Notes due 2016 (the "2016 Senior Notes") pursuant to the Offer to Purchase, dated August 6, 2013, setting forth the terms of the Tender Offer, together with related fees and expenses. Any proceeds in excess of the amounts needed to fund the Tender Offer will be used for general corporate purposes. See "Summary Recent Developments Tender for 2016 Senior Notes" for a description of the Tender Offer.

Investing in the notes involves risks that are described in the "Risk Factors" section beginning on page S-19 of this prospectus supplement.

	Per note	Total
Public offering price(1)	%	$
Underwriting discount(2)	%	$
Proceeds to PHH Corporation (before expenses)	%	$

(1) Plus accrued interest, if any, from , 2013, if settlement occurs after that date.

(2) See "Underwriting."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme, on or about , 2013.

Joint Book-Running Managers

J.P. Morgan **RBS**

BofA Merrill Lynch **Barclays** **Citigroup** **Deutsche Bank Securities** **RBC Capital Markets** **Wells Fargo Securities**

Co-Managers

BNY Mellon Capital Markets, LLC **CIBC** **Goldman, Sachs & Co.** **Scotiabank**

The date of this prospectus supplement is , 2013.

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Prospectus supplement

Prospectus

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About this prospectus supplement

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf registration process, we may, from time to time, offer, issue and sell shares of common stock, shares of preferred stock, debt securities or warrants to purchase common stock, preferred stock or debt securities, or any combination of the foregoing, either individually or as units comprised of one or more of the other securities. In the accompanying prospectus, we provide you with a general description of the securities we may offer from time to time under our shelf registration statement. In this prospectus supplement, we provide you with specific information about the notes that we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include or incorporate by reference important information about us, our debt securities and other information you should know before investing. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus and the incorporated documents. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus or the incorporated documents, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus as well as additional information described under "Incorporation of Certain Documents by Reference" before investing in the notes.

We have not authorized any dealer, agent or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus supplement and the accompanying prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate on any date subsequent to the date set forth on the front of the document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference (as our business, financial condition, results of operations and prospects may have changed since that date), even though this prospectus supplement and the accompanying prospectus is delivered or securities are sold on a later date.

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Cautionary note regarding forward-looking statements

This prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein may include forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Generally, forward-looking statements are not based on historical facts but instead represent only our current beliefs regarding future events. All forward-looking statements are, by their nature, subject to risks, uncertainties and other factors. Investors are cautioned not to place undue reliance on these forward-looking statements. Such statements may be identified by words such as "expects," "anticipates," "intends," "projects," "estimates," "plans," "may increase," "may fluctuate" and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could." Forward-looking statements contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein include, but are not limited to, statements concerning the following:

- the impact of the adoption of recently issued accounting pronouncements on our financial statements;
- our expectations of the impacts of regulatory changes on our businesses;
- our expected cost reductions and responses to the changing mortgage production environment;
- our expectations regarding improvements in our systems and processes, including our information technology infrastructure and systems;
- future origination volumes and loan margins in the mortgage industry;
- our expectations of origination volumes from our retail platform, including from our private label relationships and our relationship with Realogy Corporation;
- our ability to generate mortgage originations in excess of voluntary prepayments;
- potential acquisitions, dispositions, partnerships, joint ventures and changes in product offerings to achieve disciplined growth in our franchise platforms and to optimize our mortgage and fleet management services businesses;
- our belief that sources of liquidity will be adequate to fund operations;
- mortgage repurchase and indemnification requests and associated reserves and provisions; and
- our assessment of legal proceedings and associated reserves and provisions.

Actual results, performance or achievements may differ materially from those expressed or implied in forward-looking statements due to a variety of factors, including but not limited to

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the factors listed and discussed in "Risk Factors" in this prospectus supplement and those factors described below:

- the effects of market volatility or macroeconomic changes on the availability and cost of our financing arrangements and the value of our assets;
- the effects of any further declines in the volume of U.S. home sales and home prices, due to adverse economic changes or otherwise, on our Mortgage Production and Mortgage Servicing segments;
- the effects of changes in current interest rates on our business and our financing costs;
- our decisions regarding the use of derivatives related to mortgage servicing rights, if any, and the resulting potential volatility of the results of operations of our Mortgage Servicing segment;
- the impact of the failure to maintain our credit ratings, including the impact on our cost of capital and ability to incur new indebtedness or refinance our existing indebtedness, as well as our current or potential customers' assessment of our counterparty credit risk;
- the effects of continued elevated volumes or increases in our actual and projected repurchases of, indemnification given in respect of, or related losses associated with, sold mortgage loans for which we have provided representations and warranties or other contractual recourse to purchasers and insurers of such loans, including increases in our loss severity and reserves associated with such loans;
- the effects of any significant adverse changes in the underwriting criteria or existence or programs of government-sponsored entities, including Fannie Mae and Freddie Mac, including any changes caused by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other actions of the federal government;
- the effects of any inquiries and investigations by attorneys general of certain states and the U.S. Department of Justice, the Bureau of Consumer Financial Protection, U.S. Department of Housing and Urban Development or other state or federal regulatory agencies related to foreclosure procedures or other mortgage origination or servicing activities, any litigation related to our mortgage origination or servicing activities, or any related fines, penalties and increased costs;
- the ability to maintain our status as a government sponsored entity-approved seller and servicer, including the ability to continue to comply with the respective selling and servicing guides, including any changes caused by the Dodd-Frank Act;
- the effects of changes in, or our failure to comply with, laws and regulations, including mortgage- and real estate-related laws and regulations (including changes caused by the Dodd-Frank Act), changes in the status of government sponsored-entities and changes in state, federal and foreign tax laws and accounting standards;
- the effects of the insolvency of any of the counterparties to our significant customer contracts or financing arrangements or the inability or unwillingness of such counterparties to perform their respective obligations under, or to renew on terms favorable to us, such

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contracts, or our ability to continue to comply with the terms of our significant customer contracts, including service level agreements;

the effects of competition in our existing and potential future lines of business, including the impact of consolidation within the industries in which we operate and competitors with greater financial resources and broader product lines;

the ability to obtain alternative funding sources for our mortgage servicing rights or to obtain financing (including refinancing and extending existing indebtedness) on acceptable terms, if at all, to finance our operations or growth strategies, to operate within the limitations imposed by our financing arrangements and to maintain the amount of cash required to service our indebtedness;

the impact of fees, expenses and charges related to our refinancing activities or the impact on the prices of our outstanding debt and equity securities, including the transactions contemplated herein and any similar activities that we may undertake in the future;

the ability to maintain our relationships with our existing clients, including our efforts to amend the terms of certain of our private label client agreements, and to establish relationships with new clients;

the effects of any failure in or breach of our technology infrastructure, or those of our outsource providers, or any failure to implement changes to our information systems in a manner sufficient to comply with applicable law and our contractual obligations;

the ability to attract and retain key employees;

a deterioration in the performance of assets held as collateral for secured borrowings;

any failure to comply with covenants under our financing arrangements;

the impact of changes in the U.S. financial condition and fiscal and monetary policies, or any actions taken or to be taken by the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System on the credit markets and the U.S. economy; and

other risks and uncertainties described from time to time in our filings with the SEC.

Forward-looking statements speak only as of the date on which they are made. Factors and assumptions discussed above, and other factors not identified above, may have an impact on the continued accuracy of any forward-looking statements that we make. 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. For any forward-looking statements contained in any document, 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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Where you can find more information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including us. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005 or on our internet site at http://www.phh.com. Information on our website is not incorporated into this prospectus supplement or the accompanying prospectus.

Incorporation of certain documents by reference

We are "incorporating by reference" certain documents that we have filed with the SEC under the Exchange Act, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus, except for any information superseded by information contained directly in this prospectus supplement and the accompanying prospectus, or any subsequently filed document deemed incorporated by reference. This prospectus supplement and the accompanying prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC (other than information deemed furnished and not filed in accordance with SEC rules, including Items 2.02 and 7.01 of Form 8-K):

- Annual Report on Form 10-K for the year ended December 31, 2012 (the "2012 Form 10-K") (filed with the SEC on February 28, 2013), including portions of our Definitive Proxy Statement on Schedule 14A (filed with the SEC on April 30, 2013) incorporated by reference therein;

- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 (filed with the SEC on May 2, 2013) and June 30, 2013 (filed with the SEC on August 1, 2013) (the "2013 Second Quarter Form 10-Q"); and

- Current Reports on Form 8-K or 8-K/A filed with the SEC on March 5, 2013, March 20, 2013, May 24, 2013, June 18, 2013, July 16, 2013, July 31, 2013 and August 5, 2013.

Any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement are incorporated herein by reference until completion of the offering; provided, however, that we are not incorporating any information we furnish rather than file. Any statement contained in this prospectus supplement and the accompanying prospectus or in a document incorporated by reference shall be deemed to be modified or superseded to the extent that a statement contained in a subsequently filed document modifies or supersedes that statement. Any statement so modified or superseded will not be deemed to constitute a part of this prospectus supplement or the accompanying prospectus except as so modified or superseded. Statements contained in this prospectus supplement or the accompanying prospectus as to the contents of any contract or other document referred to in this prospectus supplement or the accompanying prospectus do

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not purport to be complete, and, where reference is made to the particular provisions of such contract or other document, such provisions are qualified in all respects by reference to all of the provisions of such contract or other document.

We will provide without charge upon written or oral request to each person, to whom this prospectus supplement and the accompanying prospectus are delivered, a copy of any or all of the documents we incorporate by reference (other than exhibits to those documents unless such exhibits are specifically incorporated by reference as an exhibit in the registration statement of which this prospectus supplement and the accompanying prospectus form a part). Requests should be directed to:

PHH Corporation
3000 Leadenhall Road
Mt. Laurel, NJ 08054
(856) 917-7405
Attention: Investor Relations

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Summary

This summary highlights selected information more fully described elsewhere (or incorporated by reference) in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before investing in the notes. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein carefully before making any investment decision, especially the risks of investing in the notes discussed in the section entitled "Risk Factors" below and in the incorporated documents.

In this prospectus supplement and the accompanying prospectus, except as otherwise indicated or the context otherwise requires, "PHH," "the Company," "we," "our," and "us" refer to PHH Corporation and its consolidated subsidiaries. All references to the "notes" refer to the % Senior Notes due 2021, except as otherwise indicated.

Our company

We are a leading outsource provider of residential mortgage production, residential mortgage servicing and fleet management services, and we conduct our business through three operating segments: Mortgage Production, Mortgage Servicing and Fleet Management Services.

Mortgage Production

Our Mortgage Production segment originates, purchases and sells mortgage loans through PHH Mortgage Corporation and its subsidiaries (collectively, "PHH Mortgage"), primarily providing private-label mortgage services to wealth management firms, banks, other financial institutions and real estate brokers throughout the United States. According to *Inside Mortgage Finance*, for the first quarter of 2013, we were the 6th largest retail originator of residential mortgages in the United States. We source mortgage loans through our retail and wholesale/correspondent platforms. Within our retail platform, we operate through two principal business channels: (i) private label services (outsourced mortgage services for wealth management firms, banks and other financial institutions); and (ii) real estate (mortgage services for brokers associated with brokerages owned or franchised by Realogy Corporation ("Realogy") and third-party brokers). We believe many consumers rely upon the recommendation of a financial advisor or real estate broker when they are in the market for a mortgage and that we benefit from access to a variety of trusted brands within each of our channels, such as Barclays, HSBC, Merrill Lynch, Morgan Stanley, Coldwell Banker, Century 21 and ERA.

We believe we are the largest outsourcing solution provider of private-label mortgage origination services in the United States for wealth management firms, banks and other financial institutions. Many financial institutions view the provision of mortgage origination services as a primary consumer product offering; however, increasing regulatory complexity and the resulting increases in mortgage origination costs have caused many of these institutions to consider outsourcing due to a lack of scale or expertise to efficiently originate and service residential mortgages. We believe our deep expertise in residential mortgage origination and servicing, our scale and our intimate knowledge of the residential mortgage regulatory framework provide us with competitive advantages. In addition, as a non-bank mortgage originator and servicer, we do not compete with our bank clients, which allows us to serve

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their clients in their name on a private-label basis and without risk of cross-marketing their consumer relationships. Our real estate channel primarily consists of our joint venture and strategic relationship with Realogy, the largest real estate brokerage and franchise business in the United States. Pursuant to our agreements with Realogy, loan officers of PHH Home Loans, LLC, our indirect majority owned subsidiary ("PHH Home Loans"), have exclusive access to the residential real estate offices owned by Realogy, and through marketing agreements with Realogy and its franchisees, we are able to conduct business under Realogy's brand names, including Coldwell Banker Mortgage and Century 21 Mortgage. Our private label services and real estate channels together comprised 82% and 89% of our total originations for the year ended December 31, 2012 and the six months ended June 30, 2013, respectively.

We also maintain wholesale and correspondent relationships with a variety of financial institutions, including credit unions and community banks, which accounted for 18% and 11% of our total originations for the year ended December 31, 2012 and the six months ended June 30, 2013, respectively. During 2012, we narrowed our focus in our wholesale/correspondent platform to business partners we believed would benefit from a collaborative and customer focused business partnership and would consistently deliver high quality loans.

We do not generally carry loans on our balance sheet as portfolio investments. It is our intent to sell all mortgage loans we originate and acquire from our clients into the secondary market, and mortgage loans held for sale are generally sold within 30 days of their origination date. Of our $55.6 billion of total originations in 2012, 35% were fee-based closings and 65% were originated for sale into the secondary market, primarily on a servicing retained basis. During the six months ended June 30, 2013, we had $28.1 billion of total originations, of which 44% were fee-based closings and 56% were originated for sale into the secondary market. During 2012 and the six months ended June 30, 2013, 85% and 82%, respectively, of our mortgage loans were sold to, or were sold pursuant to programs sponsored by, Fannie Mae, Freddie Mac or Ginnie Mae.

Mortgage Servicing

Our Mortgage Servicing segment services mortgage loans for which we own the servicing rights and subservices mortgage loans for certain clients that own the underlying mortgage servicing rights. According to *Inside Mortgage Finance*, for the second quarter of 2013, we had the 8th largest U.S. residential mortgage servicing portfolio. Mortgage loan servicing primarily consists of collecting loan payments, remitting principal and interest payments to investors, managing escrow funds for the payment of mortgage-related expenses, such as taxes and insurance, and otherwise administering our mortgage loan servicing portfolio. As of June 30, 2013, our total mortgage loan servicing portfolio consisted of loans with an aggregate unpaid principal balance ("UPB") of $228.6 billion, including $93.3 billion in aggregate UPB of loans subserviced for others and $133.0 billion in aggregate UPB of loans, excluding home equity lines of credit, related to our capitalized servicing portfolio. The loans underlying our capitalized servicing portfolio are well diversified geographically, with no state representing more than 11% of the UPB of our capitalized servicing portfolio as of June 30, 2013. In addition, 88% of the UPB of our capitalized servicing portfolio as of June 30, 2013 was comprised of loans underlying mortgage-backed securities guaranteed by, or otherwise serviced on behalf of, Fannie Mae, Freddie Mac and Ginnie Mae. As of June 30, 2013, 81% of the UPB of our capitalized servicing portfolio was originated at FICO scores of 680 or higher, and 54% of the UPB of our capitalized servicing portfolio was originated at FICO scores of 740 or higher.

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Finally, as of June 30, 2013, 69% of the UPB of our capitalized servicing portfolio was originated since January 1, 2009.

The table below provides the geographic composition of our capitalized servicing portfolio as of June 30, 2013.

Capitalized servicing portfolio by geography

(In millions)

State		Unpaid principal balance(1)	% of unpaid principal balance
California	$	15,117	11%
New Jersey		8,616	7%
New York		8,478	7%
Florida		8,363	6%
Texas		6,872	5%
Virginia		5,630	4%
Pennsylvania		5,050	4%
Illinois		5,038	4%
Minnesota		4,196	3%
Massachusetts		4,180	3%
Others		61,420	46%
Total	$	132,960	100%

(1) Excludes Home Equity Lines of Credit.

The table below provides the composition of our capitalized servicing portfolio as of June 30, 2013 by FICO score at origination.

Capitalized servicing portfolio by FICO at origination

(In millions)

FICO score		Unpaid principal balance(1)	% of unpaid principal balance
659 or less	$	13,910	10%
660-679		7,975	6%
680-699		10,026	8%
700-719		11,830	9%
720-739		12,842	10%
740+		72,286	54%
Unknown		4,091	3%
Total	$	132,960	100%

(1) Excludes Home Equity Lines of Credit.

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The table below provides the composition of our capitalized servicing portfolio as of June 30, 2013 by year of origination.

Capitalized servicing portfolio by year of origination

(In millions)

Year of origination	Unpaid principal balance(1)	% of unpaid principal balance
2004 and prior	$ 18,053	14%
2005	7,120	5%
2006	5,687	4%
2007	6,433	5%
2008	4,324	3%
2009	10,783	8%
2010	20,038	15%
2011	23,190	18%
2012	26,447	20%
2013	10,885	8%
Total	$ 132,960	100%

(1) Excludes Home Equity Lines of Credit.

The table below provides the composition of our capitalized servicing portfolio as of June 30, 2013 by interest rate and year of origination.

Capitalized servicing portfolio interest rate by year of origination(1)

(In millions)

Interest rate	Six months ended June 30, 2013	Year ended December 31, 2012	2011	2010	2009	2008	2007	2006	2005	2004 and prior
< 4.00	$ 8.915	$ 17,414	$ 6,212	$ 2,171	$ 11	$ 201	$ 514	$ 461	$ 400	$ 378
4.00 - 4.99	1,385	5,958	13,296	13,434	5,372	183	211	165	152	942
5.00 - 5.99	22	294	1,566	3,680	5,038	1,494	547	334	1,816	5,346
6.00 - 6.99		11	21	46	208	1,541	2,667	1,795	1,230	3,464
7.00 +					9	138	510	596	238	1,279
Adjustable Rate Mortgage	563	2,770	2,095							