

FRANKLIN CREDIT MANAGEMENT CORP/DE/  
Form 8-K  
March 29, 2005

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

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FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): March 23, 2005

0-17771  
(Commission File Number)

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FRANKLIN CREDIT MANAGEMENT CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)

75-2243266  
(IRS Employer Identification Number)

Six Harrison Street, New York, NY 10013  
(Address of registrant's principal executive office)

(212) 925-8745  
(Registrant's telephone number)

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Section 8 - Other Events

Item 8.01. Other Events

On March 29, 2005 Franklin Credit Management Corporation ("the Company"), issued a press release entitled "Franklin Credit Management Reports Revenue and Earnings for 2004." A copy of the Company's press release is attached as Exhibit

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99.1

Item 9.01 Exhibits

Exhibit No	Description
99.1	Press Release, dated March 29, 2005, entitled "Franklin Credit Management Corporation Reports Revenue and Earnings for 2004"

SIGNATURES

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

FRANKLIN CREDIT MANAGEMENT CORPORATION

By:           /s/ Jeffrey R. Johnson  
Name: Jeffrey R. Johnson  
Title: Chief Executive Officer

Date: March 29, 2005

Exhibit 99.1

For Immediate Release

Contact: Alan Joseph, CFO  
Franklin Credit Management Corporation  
(212) 925-8745 ext. 169  
ajoseph@franklincredit.com

FRANKLIN CREDIT MANAGEMENT REPORT  
REVENUE AND EARNINGS FOR 2004

FOURTH QUARTER DILUTED E.P.S. RISE 63% TO \$0.49 VS. \$0.30 IN  
PRIOR-YEAR PERIOD

NEW YORK, New York (March 29, 2005) - Franklin Credit Management Corporation (OTC BB: FCSC), a specialty consumer finance company primarily engaged in the acquisition, origination, servicing and resolution of performing, subperforming and nonperforming residential mortgage loans, today announced increased revenues and earnings for 2004.

For the three months ended December 31, 2004, revenues increased 77% to \$27.7 million, compared with \$15.6 million in the fourth quarter of 2003. Net Income increased 70% to \$3,314,212, or \$0.49 per diluted share, compared with \$1,953,412, or \$0.30 per diluted share, in the quarter ended December 31, 2003.

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For the twelve months ended December 31, 2004, the Company reported revenues of \$80.5 million, which represented an increase of 40% when compared with 2003 revenues of \$57.6 million. Net income increased 42% to a record \$9,506,310, or \$1.43 per diluted share in 2004, versus net income of \$6,685,457, or \$1.02 per diluted share, in the year ended December 31, 2003.

"We are very pleased to report substantially higher revenue and earnings for the quarter and year ended December 31, 2004," commented Jeffrey Johnson, Chief Executive Officer of Franklin Credit Management Corporation.

"Large portfolio acquisitions during the second half of the year, primarily related to bulk purchases of subprime mortgage loans from Bank One and Master Financial, allowed us to increase our notes receivable portfolio by more than 74% to \$811.9 million (face value) during 2004."

### About Franklin Credit Management Corporation

Franklin Credit Management Corporation (together with its wholly-owned subsidiaries, the "Company") is a specialty consumer finance company primarily engaged in the acquisition, origination, servicing and resolution of performing, subperforming and nonperforming residential mortgage loans. The Company acquires mortgage loans, generally in pools at discounts from their aggregate contractual balances, from a variety of mortgage bankers, banks, and other specialty finance companies, and, through its wholly-owned subsidiary, Tribeca Lending Corp., also originates subprime mortgage loans. Real estate is acquired in foreclosure or otherwise and is also generally acquired at a discount relative to the appraised value of the asset. The Company conducts its business from its executive and main office in New York City and through its website [www.franklincredit.com](http://www.franklincredit.com). Its common stock trades on the OTC Bulletin Board under the symbol "FCSC".

Statements contained herein that are not historical fact may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to a variety of risks and uncertainties. There are a number of important factors that could cause actual results to differ materially from those projected or suggested in forward-looking statements made by the Company. These factors include, but are not limited to: (i) unanticipated changes in the U.S. economy, including changes in business conditions such as interest rates, and changes in the level of growth in the finance and housing markets; (ii) the status of relations between the Company and its sole Senior Debt Lender and the Senior Debt Lender's willingness to extend additional credit to the Company; (iii) the availability for purchases of additional loans; (iv) the availability of sub-prime borrowers for the origination of additional loans; and (v) other risks detailed from time to time in the Company's SEC reports. Additional factors that would cause actual results to differ materially from those projected or suggested or suggested in any forward-looking statements are contained in the Company's filings with the Securities and Exchange Commission, including, but not limited to, those factors discussed under the caption "Real Estate Risk" in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which the Company urges investors to consider. The Company undertakes no obligation to publicly release the revisions to such forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrences of unanticipated events, except as otherwise required by securities and other applicable laws. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to release publicly the results on any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

For further information, please contact:

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Alan Joseph, CFO of Franklin Credit Management Corporation  
at 212-925-8745 (Ext. 169)

Financial Highlights to Follow

## FRANKLIN CREDIT MANAGEMENT CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months ended December 31,		For the Years Ended December 31,	
	2004	2003	2004	2003
<b>REVENUES:</b>				
Interest income	\$20,862,689	\$10,977,942	\$59,481,422	\$42,699,710
Purchase discount earned	3,195,894	1,787,926	9,234,896	5,154,601
Gain on sale of notes receivable	626,372	485,134	1,701,113	1,118,239
Gain on sale of loans held for sale	517,814	933,797	3,689,616	3,236,616
Gain on sale of other real estate owned	314,651	99,285	542,202	1,027,130
Rental income	8,625	9,582	42,300	113,255
Prepayment penalties and other income	2,146,584	1,317,988	5,793,466	4,217,008
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	27,672,629	15,611,654	80,485,015	57,566,559
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<b>OPERATING EXPENSES:</b>				
Interest expense	12,061,839	5,570,976	32,795,347	21,672,993
Collection, general and administrative	7,153,902	4,869,059	23,321,659	17,864,786
Recovery of a special charge				-
Provision for loan losses	1,268,570	795,804	3,705,333	3,164,103
Amortization of deferred financing costs	1,023,434	622,333	2,761,476	1,979,208
Depreciation	126,676	177,270	494,890	505,012
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	21,634,421	12,035,442	63,078,705	45,186,102
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<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	<b>6,038,208</b>	<b>3,576,212</b>	<b>17,406,310</b>	<b>12,380,457</b>
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<b>PROVISION FOR INCOME TAXES</b>	<b>2,723,996</b>	<b>1,622,800</b>	<b>7,900,000</b>	<b>5,695,000</b>
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NET INCOME	\$ 3,314,212	\$1,953,412	\$9,506,310	\$6,685,457
	=====	=====	=====	=====
NET INCOME PER COMMON SHARE:				
Basic	\$ 0.56	\$ 0.33	\$ 1.60	\$ 1.13
	=====	=====	=====	=====
Diluted	\$ 0.49	\$ 0.30	\$ 1.43	\$ 1.02
	=====	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC	5,941,462	5,916,527	5,941,462	5,916,527
	=====	=====	=====	=====
OUTSTANDING, DILUTED	6,726,259	6,573,879	6,648,381	6,536,639
	=====	=====	=====	=====

FRANKLIN CREDIT MANAGEMENT CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2004 AND 2003

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ASSETS	2004	2003
CASH AND CASH EQUIVALENTS	\$ 19,519,659	\$ 14,418,876
RESTRICTED CASH	128,612	413,443
NOTES RECEIVABLE:		
Principal	811,885,856	465,553,870
Purchase discount	(32,293,669)	(25,678,165)
Allowance for loan losses	(89,628,299)	(46,247,230)
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Net notes receivable	689,963,888	393,628,475
ORIGINATED LOANS HELD FOR SALE	16,851,041	27,372,779
ORIGINATED LOANS HELD FOR INVESTMENT	110,496,274	9,536,669
ACCRUED INTEREST RECEIVABLE	8,506,252	4,332,419
OTHER REAL ESTATE OWNED	20,626,156	13,981,665
OTHER RECEIVABLES	5,366,500	2,893,735
DEFERRED TAX ASSET	583,644	681,398
OTHER ASSETS	10,577,344	3,922,234
BUILDING, FURNITURE AND EQUIPMENT - Net	1,290,442	1,252,711

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DEFERRED FINANCING COSTS - Net	7,600,942	4,298,942
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TOTAL ASSETS	\$ 891,510,754	\$ 476,733,346
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 11,572,764	\$ 4,979,806
Financing agreements	39,540,205	23,315,301
Notes payable	807,718,038	427,447,844
Tax Liability:		
Deferred	3,123,865	1,311,089
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Total liabilities	861,954,872	457,054,040
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COMMITMENTS AND CONTINGENCIES		
STOCKHOLDER" EQUITY		
Preferred stock, \$.01 par value; authorized 3,000,000 issued-none		
Common stock, \$.01 par value, 22,000,000 authorized shares; issued and outstanding: 6,062,295 in 2004 and 5,916,527 in 2003	60,623	59,167
Additional paid-in capital	7,354,778	6,985,968
Retained earnings	22,140,481	12,634,171
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Total stockholders' equity	29,555,882	19,679,306
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 891,510,754	\$ 476,733,346
	=====	=====

See notes to consolidated financial statements