PHH Corporation

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January 10, 2007

Private and Confidential
Mr. Robert H. Hertz
Chairman, Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

LETTER OF COMMENT NO. 304

Dear Chairman Hertz:

On behalf of PHH Corporation ("PHH" or "Company"), I strongly urge the Financial Accounting Standards Board to delay the effective date of FIN 48 on *Accounting for Uncertainty in Income Taxes* to allow sufficient time to address the substantive, procedural, and documentation challenges posed by the new interpretation. Specifically, I recommend that the effective date of FIN 48 be deferred to fiscal years beginning after December 15, 2007. In addition to the challenges of implementing FIN 48 that were articulated by Tax Executive Institute in a letter sent to you on December 12, 2006, I would also like to emphasize the following challenges of implementing FIN 48 that are specific to our Company:

- Effective February 1, 2005, PHH began operating as an independent, publicly traded company pursuant to a spin-off ("Spin-off") from Cendant Corporation ("Cendant"). Prior to the Spin-off, our business was operated by Cendant as part of its broader corporate organization. Cendant or one of its affiliates performed various corporate functions for PHH, including accounting functions, external reporting, treasury administration, investor relations, internal audit, tax administration and information technology. In addition to the routine functions mentioned above, PHH is still evaluating and determining the tax effects from the several complex transactions resulting from the Spin-off, including but not limited to:

  (i) The uncertainty in the allocation and reimbursement of tax liabilities resulting from the Spin-off and/or prior tax years between Cendant and PHH pursuant to a tax sharing agreement: and

  (ii) The uncertainty in the allocation and reimbursement of tax liabilities resulting from the internal reorganization prior to the Spin-off of PHH from Cendant.

- Currently, Cendant and its subsidiaries are subject to an Internal Revenue Service ("IRS") audit for the tax years ended December 31, 1998 through 2002, and PHH since it was a subsidiary of Cendant in those years, is included in this IRS audit of Cendant. Depending on the final outcome and terms of the global settlement with the IRS, our tax attributes allocated from Cendant may vary significantly. Our Company is not privy to Cendant's financial or tax information and, as such, is unable to reasonably assess or project the potential tax impact from the final outcome of the IRS audit at this time. A delay in FIN 48 implementation would allow sufficient time to scope Cendant's IRS audit uncertainties for 1998 through 2005 that impact PHH, and comply with the requirements of FIN 48.

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- There is considerable complexity and variance in industry practice with regard to the tax accounting methods associated with our derivatives, and mark to market values. Due to the complexity of the transactions and the substantial amount of documentation required, additional time is needed to reach a more accurate assessment of the income tax liabilities resulting from these uncertainties.

In summary, extending the deadline for implementing FIN 48 will permit companies and their independent auditors to resolve unanswered questions and thus reduce the likelihood of diversity in practice, which in part prompted the development of FIN 48 in the first instance. Please feel free to call me to discuss any of these issues at (410) 771-2383.

Sincerely,

Clair M. Raubenstine
Executive Vice President and Chief Financial Officer
PHH Corporation

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