

CIT GROUP INC
Form 8-K
June 04, 2018

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

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): June 4, 2018 (May 31, 2018)

CIT GROUP INC.
(Exact name of registrant as specified in its charter)

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| Delaware (State or other jurisdiction of incorporation) | 001-31369 (Commission File Number) | 65-1051192 (IRS Employer Identification No.) |
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11 West 42nd Street

New York, New York 10036

(Address of registrant's principal executive office)

Registrant's telephone number, including area code: (212) 461-5200

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 8 Other Events

Item 8.01 Other Events

Sale of Financial Freedom and Reverse Mortgage Portfolio

On June 4, 2018, CIT Group Inc., a Delaware corporation (the Company or CIT) issued a press release announcing that CIT Bank, N.A. has completed the previously announced sale of Financial Freedom, its reverse mortgage servicing business, which is reported in discontinued operations, and a portfolio of approximately \$879 million of reverse mortgage whole loans and other real estate owned, as of April 30, 2018, which is reported in continuing operations, to an undisclosed buyer (the Transaction). The terms of the Transaction have not been disclosed. Certain assets and liabilities of Financial Freedom may remain in discontinued operations until additional investor consents are received, although the economic benefit and risk of the business has been transferred to the buyer. A copy of the press release is attached as Exhibit 99.1 and incorporated herein by reference.

In connection with the Transaction, CIT is currently estimating a pre-tax net gain in continuing operations in the second quarter of 2018 of \$20 million to \$30 million, before any incremental indemnification liabilities. CIT has agreed to indemnify the buyer for certain potential loan defects and servicing deficiencies related to the transferred servicing rights, both of which are capped and subject to time limitations. The amounts of gain recognition and any indemnification liability each will be finalized based on a final review of the transaction data.

Outsourcing Mortgage Servicing Operations

CIT also announced that it has outsourced the payment, servicing and administration duties of its ongoing mortgage portfolio to a leading national provider of residential servicing. The portfolio is approximately \$5.2 billion as of March 31, 2018. A copy of the press release is attached as Exhibit 99.1 and incorporated herein by reference.

Section 9 Financial Statements and Exhibits

Item 9.01.Financial Statements and Exhibits.

(d) Exhibits.

- 99.1 Press release issued by CIT Group Inc. on June 4, 2018 announcing the sale of Financial Freedom, its reverse mortgage servicing business, and a reverse mortgage portfolio.

Forward-Looking Statements

This Form 8-K contains forward-looking statements within the meaning of applicable federal securities laws that are based upon our current expectations and assumptions concerning future events, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. The words expect, anticipate, estimate, forecast, initiative, objective, plan, goal, project, outlook, priorities, target, pursue, commence, seek, may, would, could, should, believe, potential, continue, or the negative words or similar expressions is intended to identify forward-looking statements. All statements contained in this Form 8-K, other than statements of historical fact, including without limitation, statements about our plans, strategies, prospects and expectations regarding future events, our pending or potential acquisition and disposition plans, including the timing and results of the sale of one or more of our businesses or our assets, and our financial performance, are forward-looking statements that involve certain risks and uncertainties. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and our actual results may differ materially. Important factors that could cause our actual results to be materially different from our expectations include, among others, the risk that (i) CIT is unsuccessful in implementing its strategy and business plan, (ii) CIT is unable to react to and address key business and regulatory issues, (iii) CIT is unable to achieve the projected revenue growth from its new business initiatives or the projected expense reductions from efficiency improvements, (iv) CIT is unable to achieve the projected gains from the sale of one or more of its businesses or assets, (v) CIT becomes subject to liquidity constraints and higher funding costs, or (vi) the parties to a transaction do not receive or satisfy regulatory or other approvals or conditions on a timely basis or approvals are subject to conditions that are not anticipated. We describe these and other risks that could affect our results in Item 1A, Risk Factors, of our latest Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission. Accordingly, you should not place undue reliance on the forward-looking statements contained in this Form 8-K. These forward-looking statements speak only as of the date on which the statements were made. CIT undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except where expressly required by law.

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 hereunto duly authorized.

CIT GROUP INC.
(Registrant)

By: /s/ John Fawcett
John Fawcett
Executive Vice President & Chief Financial Officer

Dated: June 4, 2018