

Walker & Dunlop, Inc.
Form 10-Q
November 04, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark
One)

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from to

Commission File Number: 001-35000

Walker & Dunlop, Inc.

(Exact name of registrant as specified in its charter)

Maryland 80-0629925
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)
7501 Wisconsin Avenue, Suite 1200E

Bethesda, Maryland 20814

(301) 215-5500

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(Address of principal executive offices and registrant's telephone number, including area code)

Not Applicable

(Former name, former address, and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 29, 2015, there were 30,566,233 total shares of common stock outstanding.

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

Walker & Dunlop, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

September 30, 2015 and December 31, 2014

(In thousands, except per share data)

	September 30, 2015 (unaudited)	December 31, 2014
Assets		
Cash and cash equivalents	\$ 60,163	\$ 113,354
Restricted cash	7,726	13,854
Pledged securities, at fair value	71,042	67,719
Loans held for sale, at fair value	1,101,772	1,072,116
Loans held for investment, net	344,897	223,059
Servicing fees and other receivables, net	27,653	23,234
Derivative assets	15,821	14,535
Mortgage servicing rights	403,950	375,907
Goodwill and other intangible assets	91,962	76,586
Other assets	44,210	29,026
Total assets	\$ 2,169,196	\$ 2,009,390
Liabilities		
Accounts payable and other liabilities	\$ 154,584	\$ 145,141
Performance deposits from borrowers	7,085	13,668
Derivative liabilities	6,833	4,877
Guaranty obligation, net of accumulated amortization	27,702	24,975
Allowance for risk-sharing obligations	3,304	3,904
Warehouse notes payable	1,338,220	1,214,279
Note payable	164,549	169,095
Total liabilities	\$ 1,702,277	\$ 1,575,939
Equity		
Preferred shares, Authorized 50,000, none issued.	\$ —	\$ —
Common stock, \$0.01 par value. Authorized 200,000; issued and outstanding 29,184 shares at September 30, 2015 and 31,822 shares at December 31, 2014	292	318

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Additional paid-in capital	210,321	224,164
Retained earnings	251,619	208,969
Total stockholders' equity	\$ 462,232	\$ 433,451
Noncontrolling interests	4,687	—
Total equity	\$ 466,919	\$ 433,451
Commitments and contingencies (Note 8)	—	—
Total liabilities and equity	\$ 2,169,196	\$ 2,009,390

See accompanying notes to condensed consolidated financial statements.

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Walker & Dunlop, Inc. and Subsidiaries

Condensed Consolidated Statements of Income

(In thousands, except per share data)

(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2015	2014	2015	2014
Revenues				
Gains from mortgage banking activities	\$ 70,810	\$ 63,280	\$ 213,480	\$ 150,107
Servicing fees	29,328	25,036	84,227	72,341
Net warehouse interest income	6,860	5,045	17,824	11,177
Escrow earnings and other interest income	1,166	1,127	3,123	3,322
Other	12,622	3,567	28,179	11,227
Total revenues	\$ 120,786	\$ 98,055	\$ 346,833	\$ 248,174
Expenses				
Personnel	\$ 49,328	\$ 41,919	\$ 135,366	\$ 100,507
Amortization and depreciation	25,644	19,818	73,788	57,374
Provision for credit losses	94	1,487	576	1,595
Interest expense on corporate debt	2,484	2,592	7,433	7,786
Other operating expenses	9,790	7,745	28,176	23,577
Total expenses	\$ 87,340	\$ 73,561	\$ 245,339	\$ 190,839
Income from operations	\$ 33,446			