

Owens Realty Mortgage, Inc.  
Form 10-Q  
August 08, 2018  
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 June 30, 2018

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 000-54957

OWENS REALTY MORTGAGE, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Maryland 46-0778087  
(State or Other Jurisdiction (I.R.S. Employer Identification No.)  
of Incorporation or Organization)

2221 Olympic Boulevard  
Walnut Creek, California 94595  
(Address of Principal Executive Offices) (Zip Code)

(925) 935-3840  
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 such shorter period that the registrant was required to submit and post such files). Yes  No



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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class Outstanding as of August 3, 2018

Common Stock, \$.01 par value 8,594,644 shares

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Part I. FINANCIAL INFORMATIONItem 1. Financial StatementsOWENS REALTY MORTGAGE, INC.  
Consolidated Balance Sheets  
(UNAUDITED)

	June 30, 2018	December 31, 2017
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash	\$5,606,546	\$5,670,816
Loans, net of allowance for loan losses of \$1,751,700 in 2018 and \$1,827,806 in 2017	167,288,673	144,343,844
Interest and other receivables	1,279,875	2,430,457
Other assets, net of accumulated depreciation and amortization of \$333,681 in 2018 and \$309,686 in 2017	544,732	725,341
Deferred financing costs, net of accumulated amortization of \$292,099 in 2018 and \$265,276 in 2017	—	26,823
Deferred tax assets, net	3,041,512	3,207,322
Investment in limited liability company	2,140,444	2,140,545
Real estate held for sale	44,914,582	56,110,472
Real estate held for investment, net of accumulated depreciation of \$2,358,186 in 2018 and \$3,316,753 in 2017	22,870,357	24,355,653
Total assets	\$247,686,721	\$239,011,273
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES:</u>		
Dividends payable	\$1,746,713	\$1,572,047
Due to Manager	236,934	277,671
Accounts payable and accrued liabilities	1,201,459	1,390,329
Deferred gains on sales of real estate	—	302,895
Forward contract liability – share repurchase	—	2,731,171
Lines of credit payable	29,612,700	1,555,000
Notes and loans payable on real estate	19,951,868	30,192,433
Total liabilities	52,749,674	38,021,546
Commitments and Contingencies (Note 14)		
<u>EQUITY:</u>		
Stockholders' equity:		
Preferred stock, \$.01 par value per share, 5,000,000 shares authorized, no shares issued and outstanding at June 30, 2018 and December 31, 2017	—	—
Common stock, \$.01 par value per share, 50,000,000 shares authorized, 11,198,119 shares issued, 8,733,564 and 9,095,454 shares outstanding at June 30, 2018 and December 31, 2017	111,981	111,981
Additional paid-in capital	182,437,522	182,437,522
Treasury stock, at cost – 2,464,555 and 2,102,665 shares at June 30, 2018 and December 31, 2017	(37,490,700)	(31,655,119)
Retained earnings	49,878,244	50,095,343
Total stockholders' equity	194,937,047	200,989,727
Total liabilities and equity	\$247,686,721	\$239,011,273

The accompanying notes are an integral part of these consolidated financial statements.

OWENS REALTY MORTGAGE, INC.  
Consolidated Statements of Income  
(UNAUDITED)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenues:				
Interest and related income from loans	\$3,086,829	\$2,641,363	\$5,976,397	\$5,188,405
Rental and other income from real estate properties	1,210,152	1,179,835	2,280,388	2,126,206
Other income	49,063	46,092	81,179	90,084
Total revenues	4,346,044	3,867,290	8,337,964	7,404,695
Expenses:				
Management fees to Manager	730,353	1,006,680	1,467,715	1,954,194
Servicing fees to Manager	—	91,516	95,143	177,654
General and administrative expense	390,738	545,872	919,934	1,029,686
Rental and other expenses on real estate properties	949,579	1,436,001	2,408,751	2,639,320
Depreciation and amortization	206,128	303,782	423,199	613,742
Interest expense	586,799	362,174	1,122,705	648,975
Provision for loan losses	114,633	137,244	34,368	175,280
Impairment losses on real estate properties	—	281,626	—	281,626
Total expenses	2,978,230	4,164,895	6,471,815	7,520,477
Operating income (loss)	1,367,814	(297,605 )	1,866,149	(115,782 )
Gain on sales of real estate, net	957,239	13,877,715	1,111,815	13,877,534
Income before income taxes	2,325,053	13,580,110	2,977,964	13,761,752
Income tax benefit (expense)	17,635	(824,163 )	(165,810 )	(814,127 )
Net income	\$2,342,688	\$12,755,947	\$ 2,812,154	\$ 12,947,625
Per common share data:				
Basic and diluted earnings per common share	\$0.26	\$1.24	\$ 0.31	\$ 1.26
Basic and diluted weighted average number of common shares outstanding	8,922,280	10,247,477	9,005,314	10,247,477
Dividends declared per share of common stock	\$0.20	\$0.10	\$ 0.36	\$ 0.18

The accompanying notes are an integral part of these consolidated financial statements.

OWENS REALTY MORTGAGE, INC.  
Consolidated Statements of Stockholders' Equity  
Six Months Ended June 30, 2018 and 2017  
(UNAUDITED)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount		
Balances, December 31, 2016	11,198,119	\$ 111,981	\$ 182,437,522	(950,642 )	\$(12,852,058)	\$45,830,432	\$ 215,527,877
Net income	—	—	—	—	—	12,947,625	12,947,625
Dividends declared	—	—	—	—	—	(1,844,546 )	(1,844,546 )
Balances, June 30, 2017	11,198,119	\$ 111,981	\$ 182,437,522	(950,642 )	\$(12,852,058)	\$56,933,511	\$ 226,630,956
Balances, December 31, 2017	11,198,119	\$ 111,981	\$ 182,437,522	(2,102,665 )	(31,655,119)	\$50,095,343	\$ 200,989,727
Net income	—	—	—	—	—	2,812,154	2,812,154
Net effect of adoption of new accounting standards	—	—	—	—	—	166,895	166,895
Dividends declared	—	—	—	—	—	(3,196,148 )	(3,196,148 )
Purchase of treasury stock	—	—	—	—	—	—	—