Resource Capital Corp.
Form 10-Q
November 09, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2009

OR

o 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: 1-32733

RESOURCE CAPITAL CORP.
(Exact name of registrant as specified in its charter)

Maryland	20-2297134
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

712 5th Avenue, 10th Floor
New York, New York 10019
(Address of principal executive offices) (Zip code)
(212) 506-3870
(Registrant's telephone number, including area code)

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. x Yes o 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

x Yes o 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

The number of outstanding shares of the registrant's common stock on November 3, 2009 was 25,705,178 shares.

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
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ON FORM 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RESOURCE CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
Cash and cash equivalents	$ 15,828	$ 14,583
Restricted cash	66,997	60,394
Investment securities available-for-sale, pledged as collateral, at fair value	36,311	22,466
Investment securities available-for-sale, at fair value	4,288	6,794
Investment securities held-to-maturity, pledged as collateral	32,624	28,157
Loans, pledged as collateral and net of allowances of $59.4 million and $43.9 million	1,585,075	1,684,622
Loans held for sale	15,103	–
Direct financing leases and notes, pledged as collateral, net of allowance of $900,000 and $450,000 and net of unearned income	2,205	104,015
Investments in unconsolidated entities	1,548	1,548
Interest receivable	6,235	8,440
Other assets	2,901	5,012
Total assets	$ 1,769,115	$ 1,936,031
LIABILITIES		
Borrowings	$ 1,567,919	$ 1,699,763
Distribution payable	7,509	9,942
Accrued interest expense	2,018	4,712
Derivatives, at fair value	15,658	31,589
Accounts payable and other liabilities	6,639	3,720
Total liabilities	1,599,743	1,749,726
STOCKHOLDERS' EQUITY		
Preferred stock, par value $0.001: 100,000,000 shares authorized; no shares issued and outstanding	–	–
Common stock, par value $0.001: 500,000,000 shares authorized; 24,895,409 and 25,344,867 shares issued and outstanding (including 464,136 and 452,310 unvested restricted shares)	25	26
Additional paid-in capital	355,103	356,103
Accumulated other comprehensive loss	(68,266)	(80,707)
Distributions in excess of earnings	(117,490)	(89,117)
Total stockholders' equity	169,372	186,305
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,769,115	$ 1,936,031

The accompanying notes are an integral part of these financial statements

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
REVENUES				
Net interest income:				
Loans	$20,207	$28,578	$64,333	$88,885
Securities	1,906	1,387	4,674	4,544
Leases	11	1,995	4,337	5,946
Interest income – other	377	352	1,053	2,178
Total interest income	22,501	32,312	74,397	101,553
Interest expense	9,203	18,664	35,828	60,736
Net interest income	13,298	13,648	38,569	40,817
OPERATING EXPENSES				
Management fees – related party	3,954	1,915	5,880	4,824
Equity compensation – related party	721	157	1,074	779
Professional services	739	773	2,792	2,229
Insurance expenses	220	171	609	469
General and administrative	410	421	1,256	1,119
Income tax expense (benefit)	6	(33)	5	134
Total expenses	6,050	3,404	11,616	9,554
NET OPERATING INCOME	7,248	10,244	26,953	31,263
OTHER INCOME (EXPENSE)				
Impairment losses on investment securities	$(3,019)	$–	$(19,372)	$–
Recognized in other comprehensive loss	(2,124)	–	(12,812)	–
Net impairment losses recognized in earnings	(895)	–	(6,560)	–
Net realized and unrealized (losses) gains on loans and investments	(1,517)	242	(11,805)	(1,651)
Other (expense) income	(1,417)	27	(1,375)	86
Provision for loan and lease losses	(4,632)	(10,999)	(32,605)	(27,828)
Gain on the extinguishment of debt	12,741	–	19,641	1,750
Gain on the settlement of a loan	–	574	–	574
Total other income (expense)	4,280	(10,156)	(32,704)	(27,069)
NET INCOME (LOSS)	$11,528	$88	$(5,751)	$4,194
NET INCOME (LOSS) PER SHARE – BASIC	$0.48	$0.00	$(0.24)	$0.17
NET INCOME (LOSS) PER SHARE – DILUTED	$0.47	$0.00	$(0.24)	$0.17

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC	24,112,240	24,814,789	24,321,007	24,719,889
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – DILUTED	24,376,681	25,054,296	24,321,007	24,889,965
DIVIDENDS DECLARED PER SHARE	$0.30	$0.39	$0.90	$1.21

The accompanying notes are an integral part of these statements

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2009
(in thousands, except share data)
(Unaudited)

	Common Stock							
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Distributions in Excess of Earnings	Total Stockholders' Equity	Comprehensive Loss
Balance, January 1, 2009	25,344,867	$26	$356,103	$ (80,707)	$–	$ (89,117)	$ 186,305	
Net proceeds from dividend reinvestment and stock purchase plan	682,504	–	2,866	–	–	–	2,866	
Repurchase and retirement of treasury shares	(1,400,000)	(1)	(5,038)	–	–	–	(5,039)	
Stock based compensation	276,229	–	98	–	–	–	98	
Amortization of stock based compensation	–	–	1,074	–	–	–	1,074	
Forfeiture of unvested stock	(8,191)	–	–	–	–	–	–	
Net loss	–	–	–	–	(5,751)	–	(5,751)	$ (5,751)
Securities available-for-sale, fair value adjustment, net	–	–	–	(3,793)	–	–	(3,793)	(3,793)
Designated derivatives, fair value adjustment	–	–	–	16,234	–	–	16,234	16,234
Distributions on common stock	–	–	–	–	5,751	(28,373)	(22,622)	
Comprehensive loss	–	–	–	–	–	–	–	$ 6,690
Balance, September 30, 2009	24,895,409	$25	355,103	(68,266)	–	$ (117,490)	$ 169,372	

The accompanying notes are an integral part of this financial statement

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended September 30, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$(5,751)	$4,194
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Provision for loan and lease losses	32,605	27,828
Depreciation and amortization of term facilities	1,172	812
Accretion of net discount on investments	(4,589)	(873)
Amortization of discount on notes of CDOs	160	128
Amortization of debt issuance costs on notes of CDOs	2,787	2,345
Amortization of stock-based compensation	1,074	779
Amortization of terminated derivative instruments	367	92
Net realized gains on derivative instruments	–	(6)
Non-cash incentive compensation to the Manager	768	341
Unrealized losses on non-designated derivative instruments	70	–
Net realized and unrealized losses on investments	11,805	1,651
Net impairment losses recognized in earnings	6,560	–
Gain on the extinguishment of debt	(19,641)	(1,750)
Changes in operating assets and liabilities	12,343	614
Net cash provided by operating activities	39,730	36,155
CASH FLOWS FROM INVESTING ACTIVITIES:		
Restricted cash	(16,487)	38,724
Purchase of securities available-for-sale	(20,135)	–
Principal payments on securities available-for-sale	1	2,288
Proceeds from sale of securities available-for-sale	–	8,000
Distribution from unconsolidated entities	–	257
Purchase of loans	(139,095)	(161,299)
Principal payments received on loans	95,346	128,392
Proceeds from sales of loans	83,623	29,593
Purchase of direct financing leases and notes	–	(36,477)
Proceeds from payments received on direct financing leases and notes	8,629	23,563
Proceeds from sale of direct financing leases and notes	9,670	2,280
Net cash provided by investing activities	21,552	35,321
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock (net of offering costs of $0 and $22)	2,866	(22)
Repurchase of common stock	(5,039)	–
Proceeds from borrowings:		
Repurchase agreements	18	239
Collateralized debt obligations	–	21,319
Secured term facility	–	22,451
Payments on borrowings:		
Repurchase agreements	(17,054)	(55,557)

Secured term facility	(13,395)	(14,252)
Repurchase of issued bonds	(2,379)	(3,250)
Settlement of derivative instruments	–	(4,752)
Payment of debt issuance costs	–	(333)
Distributions paid on common stock	(25,054)	(31,238)
Net cash used in financing activities	(60,037)	(65,395)

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2009	2008
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,245	6,081
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,583	6,029
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$15,828	$12,110
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Distributions on common stock declared but not paid	$7,509	$9,928
Issuance of restricted stock	$242	$1,435
Transfer of direct financing leases and notes	$89,763	$–
Transfer of secured term facility	$82,319	$–
SUPPLEMENTAL DISCLOSURE:		
Interest expense paid in cash	$38,751	$72,835
Income taxes paid in cash	$–	$611

The accompanying notes are an integral part of these financial statements

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(Unaudited)

NOTE 1 – ORGANIZATION AND BASIS OF QUARTERLY PRESENTATION

Resource Capital Corp. and subsidiaries' (collectively the ''Company'') principal business activity is to purchase and manage a diversified portfolio of commercial real estate-related assets and commercial finance assets. The Company's investment activities are managed by Resource Capital Manager, Inc. (''Manager'') pursuant to a management agreement (the ''Management Agreement''). The Manager is a wholly-owned indirect subsidiary of Resource America, Inc. ("Resource America") (NASDAQ: REXI). The following variable interest entities ("VIEs") are consolidated on the Company's financial statements:

· RCC Real Estate, Inc. ("RCC Real Estate") holds real estate investments, including commercial real estate loans and commercial real estate-related securities. RCC Real Estate owns 100% of the equity of the following entities:

- Resource Real Estate Funding CDO 2006-1 ("RREF CDO 2006-1"), a Cayman Islands limited liability company and qualified real estate investment trust ("REIT") subsidiary ("QRS"). RREF CDO 2006-1 was established to complete a collateralized debt obligation ("CDO") issuance secured by a portfolio of commercial real estate loans and commercial mortgage-backed securities.

- Resource Real Estate Funding CDO 2007-1 ("RREF CDO 2007-1"), a Cayman Islands limited liability company and QRS. RREF CDO 2007-1 was established to complete a CDO issuance secured by a portfolio of commercial real estate loans and commercial mortgage-backed securities.

· RCC Commercial, Inc. ("RCC Commercial") holds bank loan investments and commercial real estate-related securities. RCC Commercial owns 100% of the equity of the following entities:

- Apidos CDO I, Ltd. ("Apidos CDO I"), a Cayman Islands limited liability company and taxable REIT subsidiary ("TRS"). Apidos CDO I was established to complete a CDO secured by a portfolio of bank loans.

- Apidos CDO III, Ltd. ("Apidos CDO III"), a Cayman Islands limited liability company and TRS. Apidos CDO III was established to complete a CDO secured by a portfolio of bank loans.

- Apidos Cinco CDO, Ltd. ("Apidos Cinco CDO"), a Cayman Islands limited liability company and TRS. Apidos Cinco CDO was established to complete a CDO secured by a portfolio of bank loans.

· Resource TRS, Inc. ("Resource TRS"), the Company's directly-owned TRS, holds all the Company's direct financing leases and notes.

The consolidated financial statements and the information and tables contained in the notes to the consolidated financial statements are unaudited. However, in the opinion of management, these interim financial statements include all adjustments necessary to fairly present the results of the interim periods presented. The unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008. The results of operations for the nine months ended September 30, 2009 may not necessarily be indicative of the results of operations for the full fiscal year ending December 31, 2009.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment Securities Available-for-Sale

The Company classifies its investment portfolio as either trading investments, available-for-sale or held-to-maturity. Although the Company generally plans to hold most of its investments to maturity, it may, from time to time, sell any of its investments due to changes in market conditions or in accordance with its investment strategy. Accordingly, the Company classifies all of its investment securities as available-for-sale and reports them at fair value, which is based on taking a weighted average of the following three measures:

i. an income approach utilizing an appropriate current risk-adjusted yield, time value and projected estimated losses from default assumptions based on analysis of underlying loan performance;

ii. quotes on similar-vintage, higher rate, more actively traded commercial mortgage-backed securities ("CMBS") adjusted for the lower subordination level of the Company's securities; and

iii. dealer quotes on the Company's securities for which there is not an active market.

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
SEPTEMBER 30, 2009
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Investment Securities Available-for-Sale – (Continued)

Unrealized gains and losses are reported as a component of accumulated other comprehensive loss in stockholders' equity.

On a quarterly basis, the Company evaluates its investments for other-than-temporary impairment. An investment is impaired when its fair value has declined below its amortized cost basis. An impairment is considered other-than-temporary when the amortized cost basis of the investment value will not be recovered over its remaining life. Where credit quality is believed to be the cause of the other-than-temporary impairment, that component of the impairment is recognized as impairment in the statement of operations. Where other market components are believed to be the cause of the other-than-temporary impairment, that component of the impairment is recognized on the balance sheet as other comprehensive loss.

Investment securities transactions are recorded on the trade date. Purchases of newly issued securities are recorded when all significant uncertainties regarding the characteristics of the securities are removed, generally shortly before settlement date. Realized gains and losses on investment securities are determined on the specific identification method.

Allowance for Loan and Lease Losses

The Company maintains an allowance for loan and lease losses. Loans and leases held for investment are first individually evaluated for impairment so specific reserves can be applied, and then evaluated for impairment as a homogeneous pool of loans with substantially similar characteristics so that a general reserve can be established, if needed. The reviews are performed at least quarterly.

The Company considers a loan to be impaired when, based on current information and events, management believes it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. When a loan is impaired, the allowance for loan losses is increased by the amount of the excess of the amortized cost basis of the loan over its fair value. Fair value may be determined based on the present value of estimated cash flows; on market price, if available; or on the fair value of the collateral less estimated disposition costs. When a loan, or a portion thereof, is considered uncollectible and pursuit of collection is not warranted, then the Company will record a charge-off or write-down of the loan against the allowance for loan and lease losses.

The total balance of impaired loans and leases was $124.6 million and $23.9 million at September 30, 2009 and December 31, 2008, respectively. The balance of impaired loans and leases with a valuation allowance was $117.2 million at September 30, 2009. The balance of impaired loans without a specific valuation allowance $7.4 million at September 30, 2009. All loans and leases deemed impaired at December 31, 2008 have an associated valuation allowance. The specific valuation allowance related to these impaired loans and leases was $44.2 million and $19.6 million at September 30, 2009 and December 31, 2008, respectively. The average balance of impaired loans and leases was $116.8 million and $24.9 million during the nine months ended September 30, 2009 and the year ended December 31, 2008, respectively. During the nine months ended September 30, 2009 and the year ended December 31, 2008, the Company did not recognize any income on impaired loans and leases.

An impaired loan or lease may remain on accrual status during the period in which the Company is pursuing repayment of the loan or lease; however, the loan or lease would be placed on non-accrual status at such time as (i) management believes that scheduled debt service payments will not be met within the coming 12 months; (ii) the loan or lease becomes 90 days delinquent; (iii) management determines the borrower is incapable of, or has ceased efforts toward, curing the cause of the impairment; or (iv) the net realizable value of the loan's underlying collateral approximates the Company's carrying value of such loan. While on non-accrual status, the Company recognizes interest income only when an actual payment is received.

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
SEPTEMBER 30, 2009
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Recent Accounting Pronouncements

In August 2009, the Financial Accounting Standards Board (“FASB”) issued new guidance for evaluating the fair value of liabilities. The guidance clarifies techniques for valuing liabilities in circumstances where a quoted price or a quoted price for an identical liability is not available. The provisions of this guidance were effective in the third quarter of 2009 and did not have a material impact on its consolidated financial statements.

In June 2009, the FASB issued guidance that establishes the FASB Accounting Standards Codification, the single source of authoritative GAAP, other than guidance put forth by the Securities and Exchange Commission (“SEC”). All other accounting literature not included in the codification will be considered non-authoritative. The Company adopted this guidance in the third quarter of 2009. Adoption impacted the disclosures for references to accounting guidance by putting such disclosures into plain English.

In June 2009, the FASB issued Statement of Financial Accounting Standards (“SFAS”) 167, “Amendments to FASB Interpretation No. 46(R) (“SFAS 167”). SFAS 167 amends FASB Interpretation No. 46(R), “Consolidation of Variable Interest Entities (“FIN 46(R)”) and changes the consolidation guidance applicable to a VIE. It also amends the guidance governing the determination of whether an enterprise is the primary beneficiary of a VIE and therefore, required to consolidate an entity, by requiring a qualitative analysis rather than a quantitative analysis. This standard also requires continuous reassessment of whether an enterprise is the primary beneficiary of a VIE. SFAS 167 also requires enhanced disclosures about an enterprise’s involvement with a VIE. SFAS 167 will be effective for interim and annual periods ending after November 15, 2009. The Company is evaluating the potential impact of adopting this statement.

In June 2009, the FASB issued SFAS 166 “Accounting for Transfers of Financial Assets – an Amendment of FASB Statement 140” (SFAS “166”). SFAS 166 eliminates the concept of a “qualifying special-purpose entity,” changes the requirements for derecognizing financial assets and requires greater transparency of related disclosures. SFAS 166 is effective for fiscal years beginning after November 15, 2009. The Company does not expect adoption will have a material impact on its consolidated financial statements.

In May 2009, the FASB issued guidance which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the issuance of the financial statements. The Company adopted this guidance in the second quarter of 2009. Adoption did not have a material impact on the Company’s consolidated financial statements. The required disclosures upon adoption of this statement can be found in Note 15.

On April 9, 2009, the FASB issued guidance intended to provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities. It provides guidelines for making fair value measurements more consistent with the fair value measurement principles when the volume and level of activity for the asset or liability have decreased significantly. It also enhances consistency in financial reporting by increasing the frequency of fair value disclosures. Finally, it provides additional guidance designed to create greater clarity and consistency in accounting for and presenting impairment losses on securities. Provisions for this guidance are effective for interim periods ending after June 15, 2009, with early adoption permitted in the first quarter of 2009. Although adoption did not have a significant impact on the Company’s financial statements, additional disclosures were added in Note 13 to the consolidated financial statements.

In March 2008, the FASB issued guidance that requires enhanced disclosures for derivative instruments, including those used in hedging activities. It is effective for fiscal years and interim periods beginning after November 15, 2008 and is applicable to the Company in the first quarter of fiscal 2009. Although the adoption did not have a significant impact on the Company's financial statements, additional disclosures were added in Note 14 to the consolidated financial statements.

In February 2008, the FASB issued guidance which provides direction on accounting for a transfer of a financial asset and repurchase financing. The guidance addresses whether transactions where assets purchased from a particular counterparty and financed through a repurchased agreement with the same counterparty can be considered and accounted for as separate transactions, or should be required to be "linked" transactions and considered derivatives. Provisions of this guidance are effective for fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. Adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
SEPTEMBER 30, 2009
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Reclassifications

Certain reclassifications have been made to the 2008 consolidated financial statements to conform to the 2009 presentation.

NOTE 3 – INVESTMENT SECURITIES AVAILABLE-FOR-SALE

The following tables summarize the Company's mortgage-backed securities ("MBS") and other asset-backed securities ("ABS"), including those pledged as collateral and classified as available-for-sale, which are carried at fair value (in thousands):

	Amortized Cost (1)	Unrealized Gains	Unrealized Losses	Fair Value (1)
September 30, 2009:				
Commercial MBS private placement	$91,257	$3,352	$(54,010)	$40,599
Total	$91,257	$3,352	$(54,010)	$40,599
December 31, 2008:				
Commercial MBS private placement	$70,458	$–	$(41,243)	$29,215
Other ABS	5,665	–	(5,620)	45
Total	$76,123	$–	$(46,863)	$29,260

(1) As of September 30, 2009 and December 31, 2008, $36.3 million and $22.5 million were pledged as collateral security under related financings, respectively.

The following tables summarize the estimated maturities of the Company's MBS and other ABS according to their estimated weighted average life classifications (in thousands, except percentages):

Weighted Average Life	Fair Value	Amortized Cost	Weighted Average Coupon
September 30, 2009:			
Less than one year	$ 11,712 (1)	$ 32,063	1.72%
Greater than five years	28,887	59,194	5.81%
Total	$ 40,599	$ 91,257	4.37%
December 31, 2008:			
Less than one year	$ 5,088	$ 10,465	3.17%
Greater than one year and less than five years	9,954	21,596	3.75%
Greater than five years	14,218	44,062	5.05%
Total	$ 29,260	$ 76,123	4.36%

(1) All of the $11.7 million of CMBS maturing in these categories are collateralized by floating-rate loans and are expected to extend for up to a minimum of two additional years as the loans in the floating-rate structures have a contractual right to extend with options ranging from two one-year options to three one-year options.

The contractual maturities of the securities available-for-sale range from January 2017 to March 2051.

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
SEPTEMBER 30, 2009
(Unaudited)

NOTE 3 – INVESTMENT SECURITIES AVAILABLE-FOR-SALE – (Continued)

The following tables show the fair value and gross unrealized losses, aggregated by investment category and length of time, of those individual securities that have been in a continuous unrealized loss position during the indicated periods (in thousands):

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
September 30, 2009:						
Commercial MBS private placement	$2,500	$(303)	$17,081	$(53,707)	$19,581	$(54,010)
Total temporarily impaired securities	$2,500	$(303)	$17,081	$(53,707)	$19,581	$(54,010)
December 31, 2008:						
Commercial MBS private placement	$–	$–	$29,215	$(41,243)	$29,215	$(41,243)
Other ABS	–	–	45	(5,620)	45	(5,620)
Total temporarily impaired securities	$–	$–	$29,260	$(46,863)	$29,260	$(46,863)

The determination of other-than-temporary impairment is a subjective process, and different judgments and assumptions could affect the timing of loss realization. The Company reviews its portfolios monthly and the determination of other-than-temporary impairment is made at least quarterly. The Company considers the following factors when determining if there is an other-than-temporary impairment on a security:

- the length of time the market value has been less than amortized cost;
- the severity of the impairment;
- the expected loss of the security as generated by third party software;
- credit ratings from the rating agencies;
- underlying credit fundamentals of the collateral backing the securities; and
- the Company's intent to sell as well as the likelihood that the Company will be required to sell the security before the recovery of the amortized cost basis.

At September 30, 2009 and December 31, 2008, the Company held $40.6 million and $29.2 million, respectively, net of net unrealized losses of $50.7 million and $41.2 million, respectively, of CMBS at fair value which is based on taking a weighted average of the following three measures:

i. an income approach utilizing an appropriate current risk-adjusted yield, time value and projected estimated losses from default assumptions based on historical analysis of underlying loan performance;

ii. quotes on similar-vintage, higher rated, more actively traded CMBS adjusted for the lower subordination level of our securities; and

iii. dealer quotes on the Company's securities for which there is not an active market.

While the Company's CMBS investments have continued to decline in fair value, the decline continues to be temporary. The Company performs an on-going review of third-party reports and updated financial data on the underlying property financial information to analyze current and projected loan performance. All securities but two are current with respect to interest and principal payments, but these defaults are considered technical and therefore, the Company does not believe these securities are other-than temporarily impaired. Rating agency downgrades are considered with respect to the Company's income approach when determining other-than-temporary impairment and when inputs are stressed, the resulting projected cash flows reflect a full recovery of principal.

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NOTE 3 – INVESTMENT SECURITIES AVAILABLE-FOR-SALE – (Continued)

During the three months ended March 31, 2009, a collateral position that supported the other-ABS investment weakened to the point that default of that position became probable. The assumed default of this collateral position in the Company's cash flow model yielded a value of less than full recovery of the Company's cost basis and, as a result, the Company recognized a $5.6 million other-than-temporary impairment on its other-ABS investment as of March 31, 2009. During the three months ended June 30, 2009, an additional $45,000 of other-than-temporary impairment was recognized on this investment bringing the fair value to $0. As a result of the impairment charges, the cost of this security was written down to fair value through the statement of operations.

The Company does not believe that any other of its securities classified as available-for-sale were other-than-temporarily impaired as of September 30, 2009.

NOTE 4 – INVESTMENT SECURITIES HELD-TO-MATURITY

The following tables summarize the Company's securities held-to-maturity which are carried at amortized cost (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
September 30, 2009:				
Securities held-to-maturity	$32,624	$592	$(16,372)	$16,844
Total	$32,624	$592	$(16,372)	$16,844
December 31, 2008:				
Securities held-to-maturity	$28,157	$–	$(23,339)	$4,818
Total	$28,157	$–	$(23,339)	$4,818

The following tables summarize the estimated maturities of the Company's securities held-to-maturity according to their contractual lives (in thousands):

Contractual Life	Fair Value	Amortized Cost
September 30, 2009:		
Greater than five years and less than ten years	$12,439	$20,533
Greater than ten years	4,405	12,091
Total	$16,844	$32,624
December 31, 2008:		
Greater than five years and less than ten years	$3,093	$12,487
Greater than ten years	1,725	15,670
Total	$4,818	$28,157

During the three months ended September 30, 2009, based on the cash flow analysis performed, a collateral position that supported the investments held-to-maturity became impaired as the Company's cash flow model yielded a value of less than full recovery of the Company's cost basis. As a result, the Company recognized an $895,000 other-than-temporary impairment on one of its investments held-to-maturity as of September 30, 2009. As a result of the impairment charges, the cost of this security was written down to fair value through the statement of operations.

The Company does not believe that any other of its investments classified as held-to-maturity were other-than-temporarily impaired as of September 30, 2009.

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NOTE 5 – LOANS HELD FOR INVESTMENT

The following is a summary of the Company's loans (in thousands):

Loan Description	Principal	Unamortized (Discount) Premium	Carrying Value (1)
September 30, 2009:			
Bank loans, including $15.1 million in loans held for sale	$899,864	$ (21,921)	$877,943
Commercial real estate loans:			
Whole loans	490,088	(481)	489,607
B notes	81,586	36	81,622
Mezzanine loans	214,914	(4,474)	210,440
Total commercial real estate loans	786,588	(4,919)	781,669
Subtotal loans before allowances	1,686,452	(26,840)	1,659,612
Allowance for loan loss	(59,434)	–	(59,434)
Total	$1,627,018	$ (26,840)	$1,600,178
December 31, 2008:			
Bank loans, including $9.0 million in loans held for sale .	$916,966	$ (7,616)	$909,350
Commercial real estate loans:			
Whole loans	521,015	(1,678)	519,337
B notes	89,005	64	89,069
Mezzanine loans	215,255	(4,522)	210,733
Total commercial real estate loans	825,275	(6,136)	819,139
Subtotal loans before allowances	1,742,241	(13,752)	1,728,489
Allowance for loan loss	(43,867)	–	(43,867)
Total	$1,698,374	$ (13,752)	$1,684,622

(1) Substantially all loans are pledged as collateral under various borrowings at September 30, 2009 and December 31, 2008.

At September 30, 2009, the Company's bank loan portfolio consisted of $847.0 million (net of allowance of $31.0 million) of floating rate loans, which bear interest ranging between the London Interbank Offered Rate ("LIBOR") plus 0.96% and LIBOR plus 12% with maturity dates ranging from May 2010 to December 2016.

At December 31, 2008, the Company's bank loan portfolio consisted of $880.6 million (net of an allowance of $28.8 million) of floating rate loans, which bear interest ranging between LIBOR plus 0.97% and LIBOR plus 9.50% with maturity dates ranging from March 2009 to January 2016.

The following table shows the changes in the allowance for all loan losses (in thousands):

Allowance for loan loss at January 1, 2008	$5,918
Provision for loan loss	45,259

Loans charged-off	(7,310)
Recoveries	–
Allowance for loan loss at December 31, 2008	43,867
Provision for loan loss	31,183
Loans charged-off	(15,616)
Recoveries	–
Allowance for loan loss at September 30, 2009	$ 59,434

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NOTE 5 LOANS HELD FOR INVESTMENT – (Continued)

The following is a summary of the Company's commercial real estate loans (in thousands):

Description	Quantity	Amortized Cost	Contracted Interest Rates	Range of Maturity Dates
September 30, 2009:				
Whole loans, floating rate (1)	31	$ 410,107	LIBOR plus 1.50% to LIBOR plus 4.40%	February 2010 (3) to December 2016
Whole loans, fixed rate (1)	6	79,500	6.98% to 10.00%	February 2010 to August 2012
B notes, floating rate	3	26,500	LIBOR plus 2.50% to LIBOR plus 3.01%	July 2010 to October 2010
B notes, fixed rate	3	55,122	7.00% to 8.68%	July 2011 to July 2016
Mezzanine loans, floating rate	10	129,107	LIBOR plus 2.15% to LIBOR plus 3.45%	December 2009 to October 2010
Mezzanine loans, fixed rate	7	81,333	5.78% to 11.00%	November 2009 to September 2016
Total (2)	60	$ 781,669		
December 31, 2008:				
Whole loans, floating rate (1)	29	$ 431,985	LIBOR plus 1.50% to LIBOR plus 4.40%	April 2009 to August 2011
Whole loans, fixed rates (1)	7	87,352	6.98% to 10.00%	May 2009 to August 2012
B notes, floating rate	4	33,535	LIBOR plus 2.50% to LIBOR plus 3.01%	March 2009 to October 2009
B notes, fixed rate	3	55,534	7.00% to 8.68%	July 2011 to July 2016
Mezzanine loans, floating rate	10	129,459	LIBOR plus 2.15% to LIBOR plus 3.45%	May 2009 to February 2010
Mezzanine loans, fixed rate	7	81,274	5.78% to 11.00%	November 2009 to September 2016
Total (2)	60	$ 819,139		

(1) Whole loans had $10.6 million and $26.6 million in unfunded loan commitments as of September 30, 2009 and December 31, 2008, respectively, that are funded as the loans require additional funding and the related borrowers have satisfied the requirements to obtain this additional funding.

(2) The total does not include an allowance for loan losses of $28.4 million and $15.1 million recorded as of September 30, 2009 and December 31, 2008, respectively.

(3) Excludes two floating rate whole loans. One whole loan matured in July 2009 and is in foreclosure. The other whole loan matured and is on a month-to-month extension. This loan is current with respect to interest.

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NOTE 5 – LOANS HELD FOR INVESTMENT– (Continued)

As of September 30, 2009, the Company had recorded an allowance for loan losses of $59.4 million consisting of a $31.0 million allowance on the Company's bank loan portfolio and a $28.4 million allowance on the Company's commercial real estate portfolio as a result of the Company classifying twelve bank loans and three commercial real estate as loans impaired as well as the result of the maintenance of a general reserve for each portfolio.

As of December 31, 2008, the Company had recorded an allowance for loan losses of $43.9 million consisting of a $28.8 million allowance on the Company's bank loan portfolio and a $15.1 million allowance on the Company's commercial real estate portfolio as a result of the Company classifying ten bank loans and one commercial real estate loan as impaired. The Company also established a general reserve on each of these portfolios.

NOTE 6 –DIRECT FINANCING LEASES AND NOTES

On June 30, 2009, the Company sold a membership interest in a subsidiary that primarily held a pool of leases valued at $89.8 million and transferred the $82.3 million balance of the related secured term facility to Resource America. No gain or loss was recognized on the sale. The Company received a note of $7.5 million from Resource America for the equity in the portfolio on June 30, 2009. The promissory note from the subsidiary bore interest at LIBOR plus 3%. On July 1, 2009, $4.5 million of the promissory note was repaid. The remaining outstanding principal balance of the note of $3.0 million was paid in full on August 3, 2009. The balance of direct financing leases and notes was $104.0 million as of December 31, 2008.

At September 30, 2009, the Company had three leases that were sufficiently delinquent with respect to scheduled payments of interest to require a provision for lease loss. As a result, the Company recorded an allowance for lease losses of $348,000. The Company also recorded a general reserve of $300,000 during the three months ended September 30, 2009 to bring the total general reserve to $900,000 at September 30, 2009. At December 31, 2008, the Company had seven leases that were sufficiently delinquent with respect to scheduled payments of interest to require a provision for lease losses. As a result, the Company recorded an allowance for lease losses of $451,000. The Company also recorded a general reserve of $300,000 during the three months ended December 31, 2008 to bring the general reserve to $450,000 at December 31, 2008.

The following table shows the changes in the allowance for lease loss (in thousands):

Allowance for lease loss at January 1, 2008	$–
Provision for lease loss	901
Leases charged-off	(451)
Recoveries	–
Allowance for lease loss at December 31, 2008	450
Provision for lease loss	1,428
Leases charged-off	(978)
Recoveries	–
Allowance for lease loss at September 30, 2009	$900

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NOTE 7 – BORROWINGS

The Company has financed the acquisition of its investments, including securities available-for-sale, securities held-to-maturity, loans and equipment leases and notes, primarily through the use of secured and unsecured borrowings in the form of CDOs, repurchase agreements, a secured term facility, warehouse facilities, trust preferred securities issuances and other secured and unsecured borrowings. Certain information with respect to the Company's borrowings at September 30, 2009 and December 31, 2008 is summarized in the following table (dollars in thousands):

	Outstanding Borrowings	Weighted Average Borrowing Rate	Weighted Average Remaining Maturity	Fair Value of Collateral
September 30, 2009:				
Repurchase Agreements (1)	$ 54	3.50%	25.0 days	$ 3,894
RREF CDO 2006-1 Senior Notes (2)	240,052	1.12%	36.9 years	293,992
RREF CDO 2007-1 Senior Notes (3)	378,649	0.88%	37.0 years	442,927
Apidos CDO I Senior Notes (4)	318,942	1.08%	7.8 years	292,408
Apidos CDO III Senior Notes (5)	260,028	0.75%	10.7 years	229,183
Apidos Cinco CDO Senior Notes (6)	318,646	0.96%	10.6 years	291,607
Unsecured Junior Subordinated Debentures (7)	51,548	4.49%	26.9 years	–
Total	$ 1,567,919	1.07%	21.0 years	$ 1,554,011
December 31, 2008:				
Repurchase Agreements (1)	$ 17,112	3.50%	18.0 days	$ 39,703
RREF CDO 2006-1 Senior Notes (2)	261,198	1.38%	37.6 years	322,269
RREF CDO 2007-1 Senior Notes (3)	377,851	1.15%	37.8 years	467,310
Apidos CDO I Senior Notes (4)	318,469	4.03%	8.6 years	206,799
Apidos CDO III Senior Notes (5)	259,648	2.55%	11.5 years	167,933
Apidos Cinco CDO Senior Notes (6)	318,223	2.64%	11.4 years	207,684
Secured Term Facility	95,714	4.14%	1.3 years	104,015
Unsecured Junior Subordinated Debentures (7)	51,548	6.42%	27.7 years	–
Total	$ 1,699,763	2.57%	20.6 years	$ 1,515,713

(1) At September 30, 2009, collateral consisted of a RREF CDO 2007-1 Class H bond that was retained at closing with a carrying value of $3.9 million. At December 31, 2008, collateral consisted of the RREF CDO 2007-1 Class H bond with a carrying value of $3.9 million and loans with a fair value of $35.8 million.

(2) Amount represents principal outstanding of $243.5 million less unamortized issuance costs of $3.5 million as of September 30, 2009. Amount represents principal outstanding of $265.5 million less unamortized issuance costs of $4.3 million as of December 31, 2008. This CDO transaction closed in August 2006.

(3) Amount represents principal outstanding of $383.9 million less unamortized issuance costs of $5.3 million as of September 30, 2009 and principal outstanding of $383.8 million less unamortized issuance costs of $5.9 million as of December 31, 2008. This CDO transaction closed in June 2007.

(4) Amount represents principal outstanding of $321.5 million less unamortized issuance costs of $2.6 million as of September 30, 2009 and $3.0 million as of December 31, 2008. This CDO transaction closed in August 2005.
(5) Amount represents principal outstanding of $262.5 million less unamortized issuance costs of $2.5 million as of September 30, 2009 and $2.9 million as of December 31, 2008. This CDO transaction closed in May 2006.
(6) Amount represents principal outstanding of $322.0 million less unamortized issuance costs of $3.4 million as of September 30, 2009 and $3.8 million as of December 31, 2008. This CDO transaction closed in May 2007.
(7) Amount represents junior subordinated debentures issued to Resource Capital Trust I and RCC Trust II in May 2006 and September 2006, respectively.

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NOTE 7 – BORROWINGS – (Continued)

During the three months ended September 30, 2009, the Company acquired $14.5 million of senior notes, issued at par, by RREF 2006-1 at a weighted average price of 12.25%, or $1.8 million, resulting in a gain on extinguishment of debt of $12.7 million.

The Company had repurchase agreements with the following counterparties at the dates indicated (dollars in thousands):

	Amount at Risk (1)	Weighted Average Maturity in Days	Weighted Average Interest Rate
September 30, 2009:			
Credit Suisse Securities (USA) LLC	$3,842	25	3.50%
December 31, 2008:			
Natixis Real Estate Capital Inc.	$18,992	18	3.50%
Credit Suisse Securities (USA) LLC	$3,793	23	4.50%

(1) Equal to the estimated fair value of securities or loans sold, plus accrued interest income, minus the sum of repurchase agreement liabilities plus accrued interest expense.

Repurchase and Credit Facilities

Commercial Real Estate Loan – Term Repurchase Facility

In April 2007, the Company's indirect wholly-owned subsidiary, RCC Real Estate SPE 3, LLC, entered into a master repurchase agreement with Natixis Real Estate Capital, Inc. to be used as a warehouse facility to finance the purchase of commercial real estate loans and commercial mortgage-backed securities. The Company has guaranteed RCC Real Estate SPE 3, LLC's performance of its obligations under the repurchase agreement. At September 30, 2009, all borrowings under the repurchase agreement were repaid. At December 31, 2008, RCC Real Estate SPE 3 had borrowed $17.0 million, all of which the Company had guaranteed. At December 31, 2008, borrowings under the repurchase agreement were secured by commercial real estate loans with an estimated fair value of $35.8 million and had a weighted average interest rate of one-month LIBOR plus 2.30%, which was 3.50% at December 31, 2008.

Through a series of amendments entered into in 2008 and 2009 between RCC Real Estate SPE 3 and Natixis, the term repurchase facility and the related Guaranty have been amended as follows:

The amount of the facility was reduced from $150,000,000 to $100,000,000.

The amount of the facility will further be reduced to the amount outstanding on October 18, 2009.

Beginning on November 25, 2008, any further repurchase agreement transactions may be made in Natixis' sole discretion. In addition, premiums over new repurchase prices are required for early repurchase by RCC Real Estate SPE 3 of the Existing Assets that represent collateral under the facility; however, the premiums will reduce the repurchase price of the remaining Existing Assets.

RCC Real Estate SPE 3's obligation to pay non-usage fees was terminated.

The weighted average undrawn balance (as defined in the agreement) threshold exempting payment of the non-usage fee was reduced from $75,000,000 to $56,250,000.

The minimum net worth covenant amount was reduced from $250,000,000 to $125,000,000.

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NOTE 7 – BORROWINGS – (Continued)

Repurchase and Credit Facilities – (Continued)

Commercial Real Estate Loans – Non-term Repurchase Facilities

In March 2005, the Company entered into a master repurchase agreement with Credit Suisse Securities (USA) LLC to finance the purchase of agency residential MBS ("RMBS") securities. Each repurchase transaction specifies its own terms, such as identification of the assets subject to the transaction, sales price, repurchase price, rate and term. These are one-month contracts. At September 30, 2009, the Company had borrowed $54,000 with a weighted average interest rate of 3.50% and borrowings under the repurchase agreement were secured by a RREF CDO 2007-1 Class H bond that was retained at closing with a carrying value of $3.9 million. At December 31, 2008, the Company had borrowed $90,000 with a weighted average interest rate of 4.50% and borrowings under the repurchase agreement were secured by a RREF CDO 2007-1 Class H bond that was retained at closing with a carrying value of $3.9 million.

NOTE 8 – SHARE ISSURANCE AND REPURCHASE

Under a dividend reinvestment plan authorized by the board of directors on June 12, 2008, the Company is authorized to issue up to $5.5 million shares of common stock. During the three months ended September 30, 2009, the Company issued 658,963 shares of common stock at a weighted average price of $4.23 per share and received proceeds of $2.8 million.

Under a share repurchase plan authorized by the board of directors on July 26, 2007, the Company is authorized to repurchase up to 2.5 million of its outstanding common shares. In January and February of 2009, the Company bought back 400,000 and 300,000 shares, respectively, at a weighted average price of $4.00 per share. In July 2009, the Company bought back 700,000 shares at a weighted average price of $3.20 per share. The Company has repurchased a total of 1,663,000 shares under this program.

NOTE 9 – SHARE-BASED COMPENSATION

The following table summarizes restricted common stock transactions:

	Non-Employee Directors	Non-Employees	Total
Unvested shares as of January 1, 2009	17,261	435,049	452,310
Issued	52,632	197,500	250,132
Vested	(17,261)	(212,854)	(230,115)
Forfeited	–	(8,191)	(8,191)
Unvested shares as of September 30, 2009	52,632	411,504	464,136

The Company is required to value any unvested shares of restricted common stock granted to non-employees at the current market price. The estimated fair value of the unvested shares of restricted stock granted during the nine months ended September 30, 2009 and year ended December 31, 2008, including shares issued to the five non-employee directors, was $709,000 and $1.5 million, respectively.

On January 26, 2009, the Company issued 40,452 shares of restricted common stock under its 2007 Omnibus Equity Compensation Plan. These restricted shares will vest in full on January 26, 2010.

On January 29, 2009, the Company issued 37,500 shares of restricted common stock under its 2007 Omnibus Equity Compensation Plan. These restricted shares will vest 33.3% on January 29, 2010. The balance will vest annually thereafter through January 29, 2012.

On February 1, 2009 and March, 9 2009, the Company granted 6,716 and 45,916 shares of restricted stock, respectively, under its 2005 Stock Incentive Plan and 2007 Omnibus Equity Compensation Plan, respectively, to the Company's non-employee directors as part of their annual compensation. These shares will vest in full on the first anniversary of the date of grant.

On February 2, 2009, the Company granted 60,000 shares of restricted stock under its 2007 Omnibus Equity Compensation Plan. These restricted shares vested 25% on issuance and 12.5% on March 31, 2009, June 30, 2009 and September 30, 2009. The balance will vest quarterly thereafter through September 30, 2010.

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NOTE 9 – SHARE-BASED COMPENSATION – (Continued)

On February 2, 2009, the Company granted 60,000 shares of restricted stock under its 2007 Omnibus Equity Compensation Plan. These restricted shares vested 25% on issuance and 12.5% on March 31, 2009, June 30, 2009 and September 30, 2009. The balance will vest quarterly thereafter through September 30, 2010.

On February 20, 2009, the Company granted 35,046 shares of restricted stock under its 2007 Omnibus Equity Compensation Plan. These restricted shares will vest in full on February 20, 2010.

On July 30, 2009, the Company granted 24,502 shares of restricted stock under its 2007 Omnibus Equity Compensation Plan. These restricted shares will vest in full on July 30, 2010.

The following table summarizes stock option transactions:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of January 1, 2009	624,166	$14.99		
Granted	–	–		
Exercised	–	–		
Forfeited	–	–		
Outstanding as of September 30, 2009	624,166	$14.99	6	$588
Exercisable at September 30, 2009	602,500	$14.99	6	$567

The stock options have a remaining contractual term of six years. Upon exercise of options, new shares are issued.

The following table summarizes the status of the Company's unvested stock options as of September 30, 2009:

Unvested Options	Options	Weighted Average Grant Date Fair Value
Unvested at January 1, 2009	43,333	$14.88
Granted	–	–
Vested	(21,667)	$14.88
Forfeited	–	–
Unvested at September 30, 2009	21,666	$14.88

The weighted average period the Company expects to recognize the remaining expense on the unvested stock options is less than one year.

The following table summarizes the status of the Company's vested stock options as of September 30, 2009:

Vested Options	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Vested as of January 1, 2009	580,833	$ 15.00		
Vested	21,667	$ 14.88		
Exercised	–	–		
Forfeited	–	$ –		
Vested as of September 30, 2009	602,500	$		