

Resource Capital Corp.  
Form 10-Q  
November 14, 2007

---

---

**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, 2007

**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: 1-32733

**RESOURCE CAPITAL CORP.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or  
other jurisdiction  
of incorporation or  
organization)  
**712 5<sup>th</sup> Avenue, 10<sup>th</sup>  
Floor**  
**New York, NY**  
(Address of principal  
executive offices)

**20-2287134**  
(I.R.S. Employer  
Identification No.)

**10019**

(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 " No

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

Edgar Filing: Resource Capital Corp. - Form 10-Q

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

The number of outstanding shares of the registrant's common stock on November 9, 2007 was 24,923,866 shares.

---

**RESOURCE CAPITAL CORP. AND SUBSIDIARIES  
INDEX TO QUARTERLY REPORT  
ON FORM 10-Q**

		<b>PAGE</b>
<b>PART I</b>	<b>FINANCIAL INFORMATION</b>	
<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets – September 30, 2007 (unaudited) and December 31, 2006</u>	<u>3</u>
	<u>Consolidated Statements of Operations</u>	
	<u>Three and Nine Months Ended September 30, 2007 and 2006 (unaudited)</u>	<u>4</u>
	<u>Consolidated Statement of Changes in Stockholders’ Equity and Comprehensive Loss</u>	<u>5</u>
	<u>Nine Months Ended September 30, 2007 (unaudited)</u>	
	<u>Consolidated Statements of Cash Flows</u>	
	<u>Nine Months Ended September 30, 2007 and 2006 (unaudited)</u>	<u>6</u>
	<u>Notes to Consolidated Financial Statements – September 30, 2007 (unaudited)</u>	<u>8 – 31</u>
<u>Item 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>32 – 55</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>56 – 57</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>58</u>
<b>PART II</b>	<b>OTHER INFORMATION</b>	
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>59</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>60</u>
<b><u>SIGNATURES</u></b>		<b><u>61</u></b>

**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

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

	September 30, 2007 (Unaudited)	December 31, 2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,138	\$ 5,354
Restricted cash	76,887	32,731
Securities available-for-sale, at fair value	323,017	420,997
Loans held for investment, net	1,806,912	1,240,288
Direct financing leases and notes, net	82,605	88,970
Investments in unconsolidated entities	1,548	1,548
Accrued interest receivable	14,002	8,839
Principal paydown receivables	427	503
Other assets	5,700	3,599
<b>Total assets</b>	<b>\$ 2,326,236</b>	<b>\$ 1,802,829</b>
<b>LIABILITIES</b>		
Borrowings	2,115,381	1,463,853
Distribution payable	10,257	7,663
Accrued interest expense	13,819	6,523
Derivatives, at fair value	8,571	2,904
Accounts payable and other liabilities	3,910	4,335
<b>Total liabilities</b>	<b>2,151,938</b>	<b>1,485,278</b>
<b>STOCKHOLDERS' EQUITY</b>		
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; 25,136,866 and 23,821,434 shares issued (including 357,382 and 234,224 unvested restricted shares)	25	24
Additional paid-in capital	357,184	341,400
Deferred equity compensation	-	(1,072)
Accumulated other comprehensive loss	(143,166)	(9,279)
Treasury stock, at cost; 118,900 and 0 shares, respectively	(1,280)	-
Distributions in excess of earnings	(38,465)	(13,522)
<b>Total stockholders' equity</b>	<b>174,298</b>	<b>317,551</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,326,236</b>	<b>\$ 1,802,829</b>

See accompanying notes to consolidated financial statements

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>REVENUES</b>				
Securities	\$ 8,768	\$ 16,248	\$ 24,072	\$ 48,673
Loans	37,125	19,905	100,117	46,625
Leases	1,856	1,589	5,667	3,391
Interest income – other	769	1,406	2,080	4,788
Interest income	48,518	39,148	131,936	103,477
Interest expense				