INCOME OPPORTUNITY REALTY INVESTORS INC /TX/
Form 10-Q
August 14, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009

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 001-14784

INCOME OPPORTUNITY REALTY INVESTORS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada	75-2615944
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

1800 Valley View Lane, Suite 300, Dallas, Texas 75234

(Address of principal executive offices)

(Zip Code)

(469) 522-4200

(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. xYes ¨ 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

* The registrant has not yet been phased into the interactive data requirements

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 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 x (Do not check if smaller reporting company)	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 xNo

Indicate the number of shares outstanding of each of the issuer s classes of Common Stock, as of the latest practicable date.

Common Stock, $.01 par value	4,168,214
(Class)	(Outstanding at August 5, 2009)

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INCOME OPPORTUNITY REALTY INVESTORS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INCOME OPPORTUNITY REALTY INVESTORS, INC.

BALANCE SHEETS

(unaudited)

	June 30, 2009	December 31, 2008
	(dollars in thousands, except share and par value amounts)	
Assets		
Real estate, at cost	$ 39,319	$ 39,255
Less accumulated depreciation	(2,435)	(2,313)
Total real estate	36,884	36,942
Notes and interest receivable (including $39,071 in 2009 and $41,432 in 2008 from affiliated and related parties)	39,071	41,432
Less allowance for doubtful accounts	(1,825)	(1,826)
Total notes and interest receivable	37,246	39,606
Cash and cash equivalents	83	52
Investments in unconsolidated subsidiaries and investees	74	74
Affiliate receivable	34,948	38,203
Other assets	3,655	676
Total assets	$ 112,890	$ 115,553
Liabilities and Shareholders Equity		
Liabilities:		
Notes and interest payable	$ 42,056	$ 42,319
Accounts payable and other liabilities (including $3 in 2009 and 2008 from affiliated and related parties)	814	2,460
	42,870	44,779
Commitments and contingencies:		
Shareholders equity:		
Common Stock, $.01 par value, authorized 10,000,000 shares; issued 4,173,675 shares in 2009 and 2008	42	42
Treasury Stock at cost	(39)	(39)
Paid-in capital	61,955	61,955
Retained earnings	8,062	8,816

Total shareholders equity	70,020	70,774
Total liabilities and equity	$ 112,890	$ 115,553

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

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INCOME OPPORTUNITY REALTY INVESTORS, INC

STATEMENTS OF OPERATIONS

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
	(dollars in thousands, except share and per share amounts)			
Revenues:				
Rental and other property revenues (including $112 and $88 for the three months ended, $228 and $175 for the six months ended 2009 and 2008 respectively from affiliates and related parties)	$ 328	$ 304	$ 715	$ 629
Expenses:				
Property operating expenses (including $6 and $18 for the three months ended, $13 and $58 for the six months ended 2009 and 2008 respectively from affiliates and related parties)	60	125	265	900
Depreciation and amortization	63	60	123	123
General and administrative	118	169	167	414
Advisory fee to affiliate	222	222	447	449
Total operating expenses	463	576	1,002	1,886
Operating loss	(135)	(272)	(287)	(1,257)
Other income (expense):				
Interest income (including $317 and $836 for the three months ended $751 and $1,534 for the six months ended 2009 and 2008 respectively from affiliates and related parties)	317	836	751	1,534
Other income (expense)	63	230	58	230
Mortgage and loan interest	(559)	(981)	(1,286)	(1,863)
Earnings from unconsolidated subsidiaries and investees	-	(432)	-	(432)

Net income fee to affiliate	-	182	-	182
Total other expenses	(179)	(165)	(477)	(349)
Loss before gain on land sales, non-controlling interest, and taxes	(314)	(437)	(764)	(1,606)
Loss from continuing operations before tax	(314)	(437)	(764)	(1,606)
Income tax benefit (expense)	(72)	121	10	7,505
Net income (loss) from continuing operations	(386)	(316)	(754)	5,899
Discontinued operations:				
Loss from discontinued operations	-	(113)	-	(8,346)
Gain on sale of real estate from discontinued operations	-	422	-	29,789
Income tax expense from discontinued operations	-	(121)	-	(7,505)
Net income (loss)	(386)	(128)	(754)	19,837
Preferred dividend requirement	-	-	-	-
Net income (loss) applicable to common shares	$ (386)	$ (128)	$ (754)	$ 19,837
Earnings per share - basic				
Income (loss) from continuing operations	$ (0.09)	$ (0.08)	$ (0.18)	$ 1.42
Discontinued operations	-	0.05	-	3.35
Net income (loss) applicable to common shares	$ (0.09)	$ (0.03)	$ (0.18)	$ 4.77
Earnings per share - diluted				
Income (loss) from continuing operations	$ (0.09)	$ (0.08)	$ (0.18)	$ 1.42
Discontinued operations	-	0.05	-	3.35
Net income (loss) applicable to common shares	$ (0.09)	$ (0.03)	$ (0.18)	$ 4.77
Weighted average common share used in computing earnings per share	4,168,214	4,162,574	4,168,214	4,162,574
Weighted average common share used in computing diluted earnings per share	4,168,214	4,162,574	4,168,214	4,162,574

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

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INCOME OPPORTUNITY REALTY INVESTORS, INC.

STATEMENT OF SHAREHOLDERS EQUITY

For the Six Months Ended June 30, 2009

(unaudited)

(dollars in thousands)

	Total	Common Stock Shares	Common Stock Amount	Treasury Stock	Paid-in Capital	Retained Earnings
Balance, December 31, 2008	$ 70,774	4,173,675	$ 42	$ (39)	$ 61,955	$ 8,816
Net loss	(754)	-	-	-	-	(754)
Balance, June 30, 2009	$ 70,020	4,173,675	$ 42	$ (39)	$ 61,955	$ 8,062

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

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INCOME OPPORTUNITY REALTY INVESTORS, INC.

STATEMENTS OF CASH FLOWS

(unaudited)

	For the Six Months Ended June 30,	
	2009	2008
	(dollars in thousands)	
Cash Flow From Operating Activities:		
Net income (loss) applicable to common shares	$ (754)	$ 19,837
Adjustments to reconcile net loss applicable to common shares to net cash used in operating activities:		
Depreciation and amortization	123	172
Loss on non-controlling interest	-	(677)
Gain on sale of income producing properties	-	(29,789)
(Increase) decrease in assets:		
Accrued interest receivable	2,964	(559)
Other assets	(2,944)	2,084
Increase (decrease) in liabilities:		
Accrued interest payable	-	108
Other liabilities	(1,648)	1,812
Net cash used in operating activities	(2,259)	(7,012)
Cash Flow From Investing Activities:		
Proceeds from sales of income producing properties	-	46,399
Proceeds from notes receivable	(603)	-
Real estate improvements	(64)	-
Investment in unconsolidated real estate entities	-	433
Intercompany change	3,219	(14,478)
Net cash provided in investing activities	2,552	32,354
Cash Flow From Financing Activities:		
Payments on maturing notes payable	(262)	(25,215)
Stock buyback	-	(2)
Net cash used in financing activities	(262)	(25,217)
Net increase in cash and cash equivalents	31	125
Cash and cash equivalents, beginning of period	52	267
Cash and cash equivalents, end of period	$ 83	$ 392
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 1,286	$ 2,120
Cash paid for income taxes	$ 68	$ 16
Schedule of noncash investing and financing activities:		

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Income Opportunity Realty Investors, Inc. (IOT , We , Us , Our or the Company) a Nevada corporation, is the successor to a California busine trust organized on December 14, 1984. The Company invests in equity interests in real estate through acquisitions, leases and partnerships and in mortgage loans.

The Company is headquartered in Dallas, Texas and its Common Stock trades on the American Stock Exchange under the symbol IOT. Syntek West, Inc. (SWI), an affiliated entity, owns approximately 60.4% of the Company s outstanding stock. SWI serves as the Company s external advisor. We are an externally advised and managed real estate company. We have no employees.

Properties

At June 30, 2009, the Company owned or had or owned interests in an office building, a shopping center, 18 acres of land which includes a warehouse currently being used as storage and 211 acres of undeveloped land.

The accompanying interim financial statements are unaudited; however, the financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair statement of the financial statements for these interim periods have been included. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for other interim periods or for the full fiscal year. The yearend consolidated balance sheet data was derived from audited financial statements, but does not include all disclosure required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with the Company s financial statements and notes thereto contained in the Company s Annual Report in the Company s Form 10-K for its fiscal year ended December 31, 2008.

Dollar amounts in tables are in thousands, except per share amounts.

Certain prior period amounts have been reclassified to conform to current period presentation and to reflect discontinued operations.

Newly issued accounting standards

On January 1, 2009, we adopted SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements an amendment of ARB No. 51, (SFAS No. 160). SFAS No. 160 amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This standard defines a non-controlling interest, previously called a minority interest, as the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. SFAS No. 160 requires, among other items, that a non-controlling interest be included in the consolidated statement of financial position within equity separate from the parent s equity; consolidated net income to be reported at amounts inclusive of both the parent s and non-controlling interest s shares and, separately, the amounts of consolidated net income attributable to the parent and non-controlling interest all on the consolidated statement of operations; and if a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary be measured at fair value and a gain or loss be recognized in net income based on such fair value. The presentation and disclosure requirements of SFAS No. 160 were applied retrospectively. The adoption of SFAS No. 160 had no impact on the Financial Statements.

In April 2009, the FASB issued FSP FAS No. 141(R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies (FSP FAS No. 141(R)-1). This pronouncement amends SFAS No. 141-R to clarify the initial and subsequent recognition, subsequent accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. FSP SFAS No. 141(R)-1 requires that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value, as determined in accordance with SFAS No. 157, if the acquisition-date fair value can be reasonably estimated. If the acquisition-date fair value of an asset or liability cannot be reasonably estimated, the asset or liability would be measured at the amount that would be recognized in accordance with FASB Statement No. 5, Accounting for Contingencies (SFAS No. 5), and FASB Interpretation No. 14, Reasonable Estimation of the Amount of a Loss. FSP SFAS No. 141(R)-1 became effective for the Registrants as of January 1, 2009. As the provisions of FSP FAS 141(R)-1 are applied prospectively to business combinations with an acquisition date on or after the guidance became effective, the impact on our financials cannot be determined until the transactions occur.

In April 2009, the FASB issued FSP FAS No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP FAS No. 157-4), which provides additional guidance for applying the provisions of SFAS No. 157. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions. This FSP requires an evaluation of whether there has been a significant decrease in the volume and level of activity for the asset or

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liability in relation to normal market activity for the asset or liability. If there has, transactions or quoted prices may not be indicative of fair value and a significant adjustment may need to be made to those prices to estimate fair value. Additionally, an entity must consider whether the observed transaction was orderly (that is, not distressed or forced). If the transaction was orderly, the obtained price can be considered a relevant observable input for determining fair value. If the transaction is not orderly, other valuation techniques must be used when estimating fair value. FSP FAS No. 157-4 must be applied prospectively for interim periods ending after June 15, 2009. We are currently assessing the impact that FSP FAS No. 157-4 may have on our financial statements.

In April 2009, the FASB issued FSP FAS No. 107-1 and Accounting Principles Board (APB) 28-1, Interim Disclosures about Fair Value of Financial Instruments, which amends SFAS No. 107, Disclosures about Fair Value of Financial Instruments, (SFAS No. 107) and APB Opinion No. 28, Interim Financial Reporting, respectively, to require disclosures about fair value of financial instruments in interim financial statements, in addition to the annual financial statements as already required by SFAS No. 107. FSP FAS No. 107-1 and APB No. 28-1 will be required for interim periods ending after June 15, 2009. As FSP FAS No. 107-1 and APB No. 28-1 provides only disclosure requirements; the application of this standard will not have a material impact on our financial statements.

In April 2009, the FASB issued FSP FAS No. 115-2 and FAS No. 124-2, Recognition and Presentation of Other-Than-Temporary Impairments (FSP FAS No. 115-2 and FAS No. 124-2), which amends SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities and SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations . This standard establishes a different other-than-temporary impairment indicator for debt securities than previously prescribed. If it is more likely than not that an impaired security will be sold before the recovery of its cost basis, either due to the investor s intent to sell or because it will be required to sell the security, the entire impairment is recognized in earnings. Otherwise, only the portion of the impaired debt security related to estimated credit losses is recognized in earnings, while the remainder of the impairment is recorded in other comprehensive income and recognized over the remaining life of the debt security. In addition, the standard expands the presentation and disclosure requirements for other-than-temporary-impairments for both debt and equity securities. FSP FAS No. 115-2 and FAS No. 124-2 must be applied prospectively for interim periods ending after June 15, 2009. We are currently assessing the impact that FSP FAS No. 115-2 and FAS No. 124-2 may have on our financial statements.

NOTE 2. REAL ESTATE ACTIVITY

We neither sold nor acquired properties during the six months ended June 30, 2009. Our properties consist of an office building, a shopping center, 18 acres of land which includes a warehouse currently being used as storage and 211 acres of undeveloped land.

NOTE 3. DISCONTINUED OPERATIONS

The Company applies the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 requires that long-lived assets that are to be disposed of by sale be measured at the lesser of (1) book value or (2) fair value less cost to sell. In addition, it requires that one accounting model be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions.

Income from discontinued operations includes seven properties that were sold in 2008. There were no properties sold or classified as held for sale as of June 30, 2009. The discontinued operations for the three and six months ended 2008 includes the gain on sale of the properties previously sold. The following table summarizes income from discontinued operations (dollars in thousands).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue				
Rental	$ -	$ 166	$ -	$ 982
Property operations	-	240	-	945
	-	(74)	-	37
Expenses				
Interest	-	(7)	-	(2,558)
General and administration	-	(12)	-	(867)
Depreciation	-	(20)	-	(49)
	-	(39)	-	(3,474)

Net loss from discontinued operations before gains on sale of real estate, taxes, fees and minority interest	-	(113)	-	(3,437)
Gain on sale of discontinued operations	-	422	-	29,789
Net income or sales fee to affiliate	-	-	-	(4,909)
Income from discontinued operations, net of minority interest before tax	-	309	-	21,443
Tax expense	-	(121)	-	(7,505)
Income from discontinued operations, net of minority interest	$ -	$ 188	$ -	$ 13,938

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The Company s application of SFAS No. 144 results in the presentation of the net operating results of these qualifying properties sold or held for sale as of June 30, 2008 as income from discontinued operations. The application of SFAS No. 144 does not have an impact on net income available to common shareholders. SFAS No. 144 only impacts the presentation of these properties within the Consolidated Statements of Operation.

NOTE 4. NOTES AND INTEREST RECEIVABLE AFFILIATED

The notes receivable consists of twelve notes aggregating $39.1 million, including accrued interest. The notes accrue interest ranging from Prime + 2% to 12.00% with maturity dates ranging from August 2009 to December 2013. The notes are primarily excess cash flow notes. The allowance on the notes was a purchase allowance that was netted against the notes when acquired (dollars in thousands).

Borrower	Maturity	Principal Balance	Interest Rate
Housing for Seniors of Humble, LLC	12/27/09	$ 2,000	11.50%
Housing for Seniors of Humble, LLC	12/27/09	6,363	11.50%
Unified Housing Foundation, Inc. (Marquis at VR)	12/10/13	2,805	12.00%
Unified Housing Foundation, Inc. (Echo Station)	12/26/13	1,872	12.00%
Unified Housing Foundation, Inc. (Cliffs of El Dorado)	09/15/10	2,990	10.00%
Unified Housing Foundation, Inc. (Parkside Crossing)	12/29/13	1,416	12.00%
Unified Housing Foundation, Inc. (Tivoli)	12/31/13	1,825	12.00%
Unified Housing Foundation, Inc. (Timbers of Terrell)	12/18/13	2,172	12.00%
Unified Housing Foundation, Inc. (Sendero Ridge)	12/31/13	5,228	12.00%
Unified Housing Foundation, Inc. (Limestone Ranch)	12/29/13	2,320	12.00%
Unified Housing Foundation, Inc. (Limestone Canyon)	12/19/13	3,080	12.00%
Centura Land Mortgage (due from Transcontinental Realty Investors, Inc. - a related party)	08/10/09	7,000	Prime + 2.00%
Less: purchase allowance		(1,825)	
		$ 37,246	

NOTE 5. NOTES AND INTEREST PAYABLE

The following table lists the mortgage notes payable as of June 30, 2009 (dollars in thousands):

Project	Maturity	Principal Balance	
2010 Valley View	05/22/12	$ 2,040	
Centura Land	08/22/08	7,000	*
Eagle Crest	11/01/11	2,398	
Parkway Center	06/01/36	2,624	
Travelers Land	08/10/09	27,994	**
		$ 42,056	

* The bank was taken over by FDIC, new bank is establishing term.

**This mortgage note represents the allocation of a note with an aggregate outstanding balance of $36.5 million as of June 30, 2009. The remaining balance of this note of $8.5 million is held on the books of Transcontinental Realty Investors, Inc., (TCI) an affiliated entity. As a joint grantor of the mortgage loan, we have joint and several liability of the obligations and liabilities of the loan in its entirety, which include but are not limited to payment of all unpaid and accrued interest and principal for the entire outstanding loan balance.

NOTE 6. ADVISORY AGREEMENT

The Company has an Advisory Agreement with Syntek West, Inc. (SWI). SWI is responsible for the Company s day-to-day operations. SWI must formulate and submit to IOT s Board of Directors for approval an annual budget and business plan containing a twelve-month forecast of operations and cash flow with a general plan for asset sales and purchases, borrowing activity and other investments. SWI reports to the Board quarterly on IOT s performance against the business plan. The Advisory Agreement further places SWI in a fiduciary relationship to IOT s stockholders and contains a broad standard governing SWI s liability for any losses incurred by IOT.

SWI receives, as compensation for its management and advice, monthly advisory fees based on 0.0625% of IOT s assets annually as

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well as specific fees for assisting IOT in obtaining financing and completing acquisitions. If IOT s operating expenses exceed limits specified in the Advisory Agreement, SWI is obligated to refund a portion of the advisory fees.

The Company and SWI entered into a Cash Management Agreement to further define the administration of the Company s day-to-day investment operations, relationship contacts, flow of funds and deposit and borrowing of funds. Under the Cash Management Agreement, all funds of the Company are delivered to SWI which has a deposit liability to the Company and is responsible for investment of all excess funds, which earn interest at the *Wall Street Journal* Prime rate plus one percent per annum, set quarterly on the first day of each calendar quarter. Borrowings for the benefit of the Company bear the same interest rate. The Cash Management Agreement and the Advisory Agreement are automatically renewed each year unless terminated by SWI and IOT. SWI also receives a net income fee calculated as 7.50% of IOT s net income.

Effective July 1, 2009, the agreement with Syntek has been terminated. IOT has engaged Prime Income Asset Management, LLC (Prime) as Advisor under the substantially same terms as under the SWI Agreement.

Revenues, fees, interest on cash advances and cost reimbursements to SWI (dollars in thousands):

	For the Six Months Ended June 30,	
	2009	**2008**
Advisory fee	$ 447	449
Net sales fee	-	3,100
Net income fee	-	1,627
Income on cash advances from IORI	(835)	(1,346)
	$ (388)	$ 3,830

NOTE 7. RECEIVABLE FROM AND PAYABLE TO AFFILIATES

From time to time, IOT and its affiliates and related parties have made unsecured advances to each other which include transactions involving the purchase, sale, and financing of property. In addition, we have a cash management agreement with our advisor. The agreement provides for excess cash to be invested in and managed by our advisor SWI, an affiliated entity. The table below reflects the various transactions between IOT, SWI, and Transcontinental Realty Investors, Inc. (dollars in thousands).

	SWI	**TCI**	**Total**
Balance, December 31, 2008	$ 35,704	$ 2,499	$ 38,203
Cash receipts	(796)	-	(796)
Cash payments	131	-	131
Other additions	1,531	200	1,731
Other repayments	(4,198)	(123)	(4,321)
Balance, June 30, 2009	$ 32,372	$ 2,576	$ 34,948

NOTE 8. OPERATING SEGMENTS

The Company s segments are based on the Company s method of internal reporting which classifies its operations by property type. The Company s segments are commercial, apartments, land and other. Significant differences between and among the accounting policies of the operating segments as compared to the Consolidated Financial Statements principally involve the calculation and allocation of administrative expenses. Management evaluates the performance of each of the operating segments and allocates resources to them based on their operating income and cash flow. There are no intersegment revenues and expenses and IOT conducted all of its business within the United States. Presented below is operating segment information for the three and six months ended June 30, 2009 and 2008 (dollars in thousands):

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For the Three Months Ended June 30, 2009	Commercial Properties	Apartments	Land	Other	Total
Operating revenue	$ 328	$ -	$ -	$ -	$ 328
Operating expenses	44	-	21	(5)	60
Depreciation and amortization	63	-	-	-	63
Mortgage and loan interest	145	-	414	-	559
Interest income	-	-	-	317	317
Gain on land sales	-	-	-	-	-
Segment operating income (loss)	$ 76	$ -	$ (435)	$ 322	$ (37)
Capital expenditures	-	-	-	-	-
Assets	9,191	-	27,693	-	36,884
Property Sales					
Sales price	$ -	$ -	$ -	$ -	$ -
Cost of sale	-	-	-	-	-
Deferred current gain	-	-	-	-	-
Recognized prior deferred gain	-	-	-	-	-
Gain on sale	$ -	$ -	$ -	$ -	$ -

	Commercial Properties	Apartments	Land	Other	Total
For the Three Months Ended June 30, 2008					
Operating revenue	$ 304	$ -	$ -	$ -	$ 304
Operating expenses	155	-	1	(31)	125
Depreciation and amortization	60	-	-	-	60
Mortgage and loan interest	142	-	821	18	981
Interest income	-	-	-	836	836
Gain on land sales	-	-	-	-	-
Segment operating income (loss)	$ (53)	$ -	$ (822)	$ 849	$ (26)
Capital expenditures	-	-	-	-	-
Assets	13,742	-	23,399	-	37,141
Property Sales					
Sales price	$ -	$ -	$ -	$ -	$ -
Cost of sale	-	(422)	-	-	(422)
Deferred current gain	-	-	-	-	-
Recognized prior deferred gain	-	-	-	-	-
Gain on sale	$ -	$ 422	$ -	$ -	$ 422

The tables below reconcile the segment information to the corresponding amounts in the Consolidated Statements of Operations:

	For the Three Months Ended	
	Jun-09	Jun-08
Segment operating income (loss)	$ (37)	$ (26)
Other non-segment items of income (expense)		
General and administrative	(118)	(169)
Other income	63	230
Equity in income of investee	-	(250)
Advisory fee	(222)	(222)
Deferred tax benefit (expense)	(72)	121
Loss from continuing operations	$ (386)	$ (316)

SEGMENT ASSET RECONCILIATION TO TOTAL ASSETS

	For the Three Months Ended	
	Jun-09	Jun-08
Segment assets	$ 36,884	$ 37,141
Investments in real estate partnerships	74	99
Other assets and receivables	75,932	74,929
Total assets	$ 112,890	$ 112,169

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For the Six Months Ended June 30, 2009	Properties	Apartments	Land	Other	Total
Operating revenue	$ 715	$ -	$ -	$ -	$ 715
Operating expenses	242	-	23	-	265
Depreciation and amortization	123	-	-	-	123
Mortgage and loan interest	286	-	1,000	-	1,286
Interest income	-	-	-	751	751
Gain on land sales	-	-	-	-	-
Segment operating income (loss)	$ 64	$ -	$ (1,023)	$ 751	$ (208)
Capital expenditures	-	-	-	-	-
Assets	9,191	-	27,693	-	36,884
Property Sales					
Sales price	$ -	$ -	$ -	$ -	$ -
Cost of sale	-	-	-	-	-
Deferred current gain	-	-	-	-	-
Recognized prior deferred gain	-	-	-	-	-
Gain on sale	$ -	$ -	$ -	$ -	$ -

	Commercial Properties	Apartments	Land	Other	Total
For the Six Months Ended June 30, 2008					
Operating revenue	$ 629	$ -	$ -	$ -	$ 629
Operating expenses	513	-	320	67	900
Depreciation and amortization	123	-	-	-	123
Mortgage and loan interest	283	-	1,544	36	1,863
Interest income	-	-	-	1,534	1,534
Gain on land sales	-	-	-	-	-
Segment operating income (loss)	$ (290)	$ -	$ (1,864)	$ 1,431	$ (723)
Capital expenditures	-	-	-	-	-
Assets	13,742	-	23,399	-	37,141
Property Sales					
Sales price	$ -	$ 49,563	$ -	$ -	$ 49,563
Cost of sale	-	19,774	-	-	19,774
Deferred current gain	-	-	-	-	-
Recognized prior deferred gain	-	-	-	-	-
Gain on sale	$ -	$ 29,789	$ -	$ -	$ 29,789

The tables below reconcile the segment information to the corresponding amounts in the Consolidated Statements of Operations:

	For the Six Months Ended	
	Jun-09	Jun-08
Segment operating loss	$ (208)	$ (723)
Other non-segment items of income (expense)		

General and administrative	(167)	(414)
Other income	58	230
Equity in income of investee	-	(250)
Advisory fee	(447)	(449)
Deferred tax benefit	10	7,505
Income (loss) from continuing operations	$ (754)	$ 5,899

SEGMENT ASSET RECONCILIATION TO TOTAL ASSETS

	For the Six Months Ended	
	Jun-09	**Jun-08**
Segment assets	$ 36,884	$ 37,141
Investments in real estate partnerships	74	99
Other assets and receivables	75,932	74,929
Total assets	$ 112,890	$ 112,169

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NOTE 9. RELATED PARTY TRANSACTIONS

We have historically engaged in and will continue to engage in certain business transactions with related parties, including but not limited to asset acquisitions and dispositions. Transactions involving related parties cannot be presumed to be carried out on an arm s length basis due to the absence of free market forces that naturally exist in business dealings between two or more unrelated entities. Related party transactions may not always be favorable to our business and may include terms, conditions and agreements that are not necessarily beneficial to or in the best interests of our company.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Litigation. IOT is involved in various lawsuits arising in the ordinary course of business. Management is of the opinion that the outcome of these lawsuits will have no material impact on the Company s financial condition, results of operations or liquidity.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

WARNING CONCERNING FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report.

This Report on Form 10-Q may contain forward-looking statements within the meaning of the federal securities laws, principally, but not only, under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations. We caution investors that any forward-looking statements in this report, or which management may make orally or in writing from time to time, are based on management s beliefs and on assumptions made by, and information currently available to, management. When used, the words anticipate , believe , expect , intend , may , might , plan , estimate , project , should , will , result and similar expressions which do not relate solely to historical ma intended to identify forward-looking statements. These statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the factors listed and described in Part I Item 1A Risk Factors in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which investors should review.

Other sections of this report may also include suggested factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for management to predict all such matters; nor can we assess the impact of all such matters on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the Securities and Exchange Commission (SEC) and to other materials we may furnish to the public from time to time through Forms 8-K or otherwise.

Overview

IOT invests in equity interests in real estate through acquisitions, leases, partnerships and in mortgage loans. IOT is the successor to a California business trust organized on December 14, 1984, which commenced operations on April 10, 1985.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to use judgment in the application of accounting policies, including making estimates and assumptions. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied resulting in a different presentation of our financial statements. From time-to-time, we evaluate our estimates and assumptions. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current information. Below is a discussion of accounting policies that we consider critical in that they may require complex judgment in their application or require estimates about matters that are inherently uncertain.

Real Estate Held for Investment

Real estate held for investment is carried at cost. Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. (SFAS No. 144), requires that a property be considered impaired if the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the property. If impairment exists, an impairment loss is recognized, by a charge against earnings, equal to the amount by which the carrying amount of the property exceeds the fair value less cost to

sell the property. If impairment of a property is recognized, the carrying amount of the property is reduced by the amount of the impairment, and a new cost for the property is established. Such new cost is depreciated over the property s remaining useful life. Depreciation is provided by the straight-line method over estimated useful lives, which ranges from the life of the lease to 40 years.

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We review the carrying values of our properties at least annually or whenever events or a change in circumstances indicate that impairment may exist. Impairment is considered to exist if in the case of a property, the future cash flow from the property (undiscounted and without interest) is less than the carrying amount of the property. If impairment is found to exist, a provision for loss is recorded by a charge against earnings. The property review generally includes selective property inspections, discussions with the manager of the property, visits to selected properties in the area and a review of the following: (1) the property s current rents compared to market rents, (2) the property s expenses, (3) the property s maintenance requirements, and (4) the property s cash flows.

Real Estate Held-for-Sale

Foreclosed real estate is initially recorded at new cost, defined as the lower of original cost or fair value minus estimated costs of sale. SFAS No. 144 also requires that properties held-for-sale be reported at the lower of carrying amount or fair value less costs of sale. If a reduction in a held-for-sale property s carrying amount to fair value less costs of sale is required, a provision for loss is recognized by a charge against earnings. Subsequent revisions, either upward or downward, to a held-for-sale property s estimated fair value less costs of sale are recorded as an adjustment to the property s carrying amount, but not in excess of the property s carrying amount when originally classified as held-for-sale. In addition, a corresponding charge against or credit to earnings is recognized. Properties held for sale are not depreciated.

Investments in Equity Investees

IOT may be considered to have the ability to exercise significant influence over the operating and investment policies of certain of its investees. Those investees are accounted for using the equity method. Under the equity method, an initial investment, recorded at cost, is increased by a proportionate share of the investee s operating income and any additional investment and decreased by a proportionate share of the investee s operating losses and distributions received.

Recognition of Rental Income

Rental income for commercial property leases is recognized on a straight-line basis over the respective lease terms. Rental income for residential property leases is recorded when due from residents and is recognized monthly as earned, which is not materially different than on a straight-line basis as lease terms are generally for periods of one year or less.

Revenue Recognition on the Sale of Real Estate

Sales of real estate are recognized when and to the extent permitted by Statement of Financial Accounting Standards No. 66, Accounting for Sales of Real Estate. (SFAS No. 66), as amended by SFAS No. 144. Until the requirements of SFAS No. 66 for full profit recognition have been met, transactions are accounted for using the deposit, installment, cost recovery or financing method, whichever is appropriate. When IOT provides seller financing, gain is not recognized at the time of sale unless the buyer s initial investment and continuing investment are deemed to be adequate as determined by SFAS No. 66 guidelines.

Interest Recognition on Notes Receivable

Interest income is accrued when due, except for cash flow notes. With respect to cash flow notes, accrued but unpaid interest income is only recognized to the extent that cash is received.

Allowance for Estimated Losses

A valuation allowance is provided for estimated losses on notes receivable considered to be impaired. Impairment is considered to exist when it is probable that all amounts due under the terms of the note will not be collected. Valuation allowances are provided for estimated losses on notes receivable to the extent that the investment in the note exceeds management s estimate of the fair value of the collateral securing such note.

Liquidity and Capital Resources

General

Our principal liquidity needs are:

meeting debt service requirements including balloon payments;

funding normal recurring expenses;

funding capital expenditures; and

funding new property acquisitions.

Our primary source of cash is from the refinancing of existing mortgages, rents, receivables, and sale of assets. We will refinance debt

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obligations as they become due and generate excess cash from operations and sale of properties. However, if refinancing and excess cash from operations does not prove to be sufficient to satisfy all our obligations as they mature, we may sell income-producing real estate, refinance real estate, and incur additional borrowings secured by real estate to meet our cash requirements.

Cash flow summary

The following summary discussion of our cash flows is based on the consolidated statement of cash flows from Item 1 Financial Statements and is not meant to be an all inclusive discussion of the changes in our cash flows for the periods presented. The changes in our cash flows are shown below (dollars in thousands):

	2009	2008	Variance
Net cash used in operating activities	(2,259)	(7,012)	4,753
Net cash provided in investing activities	2,552	32,354	(29,802)
Net cash used in financing activities	(262)	(25,217)	24,955

The variance in the operating cash is primarily due the additional cash used for both continued and discontinued operations in the prior period. In the prior period, we had total of ten income producing properties, and there were non-continuing costs incurred prior to the sale of the properties.

The variance in investing cash is due to no proceeds from sales in the current period. In addition, we withdrew cash previously invested with our advisor. In the prior period, we had cash from investing activities due to the sale of six apartment complexes, offset by investing a portion of the proceeds with our advisor.

The variance in financing cash was due to prior period pay down on notes. In the prior period, we paid off the mortgages secured by the apartments with the cash received from the sale of the Midland/Odessa properties. In the current period, the pay down on debt is due to monthly recurring debt payments.

We did not pay quarterly dividends in 2009 or 2008.

Results of Operations

Our current operations consist of an office building, a shopping center and 18 acres of land which includes a warehouse currently being used as storage. Our discontinued operations consist of seven apartment complexes sold in 2008. No properties were sold or held for sale during or subsequent to the quarter ended June 30, 2009.

The discussion below is not a line by line explanation of the variances within the classifications of our income and expense items. Instead, we have focused on significant fluctuations within our operations that we feel are relevant to obtain an overall understanding of the change in income applicable to common shares. This discussion should be read in conjunction with our Consolidated Statements of Operations as presented in Part I, Item 1 of this 10-Q.

We reported a net loss applicable to common shares of ($754,000) or ($0.18) per diluted earnings per share for the six months ended June 30, 2009, as compared to a net income of $19.8 million or $4.77 per diluted earnings per share which includes a $29.8 million gain on sale from discontinued operations before tax expense for the same period ended 2008. Our net loss applicable to common shares for the three months ended June 30, 2009 was ($386,000) or ($.09) per diluted earnings per shares as compared to a net loss of ($128,000) or ($.03) diluted earnings per share for the same period ended 2008.

Results of operations for the three months ended June 30, 2009 as compared to the same period ended 2008

Revenues

Rental and other property revenues increased slightly due to an increase within our commercial property portfolio. Our commercial portfolio experienced an increase in occupancy as compared to the prior year.

Operating Expenses

Property operating expenses decreased by $65,000 as compared to the same period ended 2008. The decrease is principally due to a refund of prior year s real estate taxes of $90,000.

Other Income (Expense)

Interest income decreased by $519,000 as compared to the same period ended 2008. The decrease is due to the receipt of cash on the receivables from Unified Housing Foundation, Inc. The notes are excess cash flow notes. Interest on the notes is recorded as cash is received. Less cash was received in the current period as compared to the prior period.

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Other income (expenses) decreased by $167,000 principally due to an insurance refund in 2008.

Mortgage loan and interest expense decreased by $422,000 as compared to prior year. The decrease is due to refinancing 2010 Valley View mortgage and the continued pay down on the mortgage balance and thus effectively reducing the interest expense.

Discontinued Operations

Discontinued operations relate to seven apartment complexes sold in 2008. No apartment complexes were sold or held for sale during the three months ended June 30, 2009. The results of discontinued operations are shown below (dollars in thousands).

	For the Three Months Ended June 30,	
	2009	2008
Revenue		
Rental	$ -	$ 166
Property operations	-	240
	-	(74)
Expenses		
Interest	-	(7)
General and administration	-	(12)
Depreciation	-	(20)
	-	(39)
Net loss from discontinued operations before gains on sale of real estate, taxes, fees and minority interest	-	(113)
Gain on sale of discontinued operations	-	422
Net income or sales fee to affiliate	-	-
Income from discontinued operations, net of minority interest before tax	-	309
Tax expense	-	(121)
Income from discontinued operations, net of minority interest	$ -	$ 188

The Company has historically engaged in and may continue to engage in certain business transactions with related parties, including but not limited to asset acquisition and dispositions. Transactions involving related parties cannot be presumed to be carried out on an arm s length basis due to the absence of free market forces that naturally exist in business dealings between two or more unrelated entities. Related party transactions may not always be favorable to our business and may include terms, conditions and agreements that are not necessarily beneficial to or in the best interest of our Company.

Results of operations for the six months ended June 30, 2009 as compared to the same period ended 2008;

Revenues

Rental and other property revenues increased slightly due to an increase within our commercial property portfolio. Our commercial portfolio experienced an increase in occupancy as compared to prior year.

Operating Expenses

Property operating expenses decreased by $635,000 as compared to the same period ended 2008. The decrease is principally due to $90,000 in property tax refunds received in 2009 for taxes paid in 2008 as compared to $500,000 in additional tax payments paid in 2008 for 2007.

Other Income (Expense)

Interest income decreased by $783,000 as compared to the same period ended 2008. The decrease is due to the receipt of cash on the receivables from Unified Housing Foundation, Inc. The notes are excess cash flow notes. Interest on the notes is recorded as cash is received. Less cash was received in the current period as compared to the prior period.

Mortgage loan and interest expense decreased by $577,000 as compared to prior year. The decrease is due to refinancing the 2010 Valley View mortgage and the continued pay down on the mortgage balance and thus effectively reducing the interest expense.

Discontinued Operations

Discontinued operations relate to seven apartment complexes sold in 2008. No apartment complexes were sold or held for sale during the six months ended June 30, 2009. The results of discontinued operations are shown below (dollars in thousands).

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	For the Six Months Ended June 30, 2009	2008
Revenue		
Rental	$ -	$ 982
Property operations	-	945
	-	37
Expenses		
Interest	-	(2,558)
General and administration	-	(867)
Depreciation	-	(49)
	-	(3,474)
Net loss from discontinued operations before gains on sale of real estate, taxes, fees and minority interest	-	(3,437)
Gain on sale of discontinued operations	-	29,789
Net income or sales fee to affiliate	-	(4,909)
Income from discontinued operations, net of minority interest before tax	-	21,443
Tax expense	-	(7,505)
Income from discontinued operations, net of minority interest	$ -	$ 13,938

Taxes

Financial statement income varies from taxable income principally due to the accounting for income and losses of investees, gains and losses from asset sales, depreciation on owned properties, amortization of discounts on notes receivable and payable and the difference in the allowance for estimated losses. IOT has alternative minimum tax credit carry forwards available for 2009 and has a loss for federal income tax purposes for the first six months of 2009; therefore, it recorded no provision for income taxes.

At June 30, 2009, IOT had a net deferred tax asset of approximately $3.1 million due to tax deductions available to it in future years. However, as management cannot determine that it is more likely than not that IOT will realize the benefit of the deferred tax asset, a 100% valuation allowance has been established.

Inflation

The effects of inflation on IOT s operations are not quantifiable. Revenues from apartment operations tend to fluctuate proportionately with inflationary increases and decreases in housing costs. Fluctuations in the rate of inflation also affect the sales value of properties and the ultimate gain to be realized from property sales. To the extent that inflation affects interest rates, earnings from short-term investments and the cost of new financings, as well as the cost of variable interest rate debt, will be affected.

Environmental Matters

Under various federal, state and local environmental laws, ordinances and regulations, IOT may be potentially liable for removal or remediation costs, as well as certain other potential costs, relating to hazardous or toxic substances (including governmental fines and injuries to persons and property) where property-level managers have arranged for the removal, disposal or treatment of hazardous or toxic substances. In addition, certain environmental laws impose liability for release of asbestos-containing materials into the air and third parties may seek recovery for personal injury associated with such materials.

Management is not aware of any environmental liability relating to the above matters that would have a material adverse effect on IOT s business, assets or results of operations.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES REGARDING MARKET RISK

At June 30, 2009, IOT s exposure to a change in interest rates on its debt was as follows (dollars in thousands except per share):

	Balance	Weighted Average Interest Rate	Effect of 1% Increase In Base Rates
Notes payable:			
Variable rate	$ 7,000,000	7.25%	$ 70,000
Total decrease in IOT s annual net income			70,000
Per share			$ 0.02

ITEM 4T. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, our management, with the participation of our Principal Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Principal Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control Over Financial Reporting. No change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the first quarter of our fiscal year ending 2009, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the quarter ended by this Report, no equity securities of Income Opportunity Realty Investors, Inc. s stock were purchased. The following table sets forth a summary of the repurchases made during the quarter ended by this Report, and the specified number of shares that may yet be purchased under the program as specified below:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program[(a)]
Balance as of March 31, 2009			810,272	89,728
April 30, 2009	-	-	810,272	89,728
May 31, 2009	-	-	810,272	89,728
June 30, 2009	-	-	810,272	89,728
Total	-			

(a) On June 23, 2000, the IOT Board of Directors approved a share repurchase program for up to 900,000 shares of our common stock. This repurchase program has no termination date.

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ITEM 6. EXHIBITS

The following documents are filed herewith as exhibits or incorporated by reference as indicated:

Exhibit Number	Description
3.0	Articles of Incorporation of Income Opportunity Realty Investors, Inc., (incorporated by reference to Appendix C to the Registrant s Registration Statement on Form S-4, dated February 12, 1996).
3.1	Bylaws of Income Opportunity Realty Investors, Inc. (incorporated by reference to Appendix D to the Registrant s Registration Statement on Forms S-4 dated February 12, 1996).
10.2	Advisory Agreement dated as of July 17, 2009 between Income Opportunity Realty Investors, Inc. and Syntek West, Inc. (incorporated by reference to Exhibit 10.2 to the registrant s current report on Form 10-Q for event occurring July 1, 2009).
31.1*	Certification by President and Chief Operating Officer and Principal Executive Officer Pursuant to Rule 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.
31.2*	Certification by the Chief Accounting Officer and Principal Financial Officer pursuant to Rule 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.
32.1*	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* filed herewith

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SIGNATURE PAGE

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 thereunto duly authorized.

INCOME OPPORTUNITY REALTY INVESTORS, INC.

Date: August 14, 2009

By: /s/ Daniel J. Moos
Daniel J. Moos
President and Chief Operating Officer (Principal Executive Officer)

Date: August 14, 2009

By: /s/ Gene S. Bertcher
Gene S. Bertcher
Executive Vice President and Chief Accounting Officer (Principal Financial Officer)