

Owens Realty Mortgage, Inc.
Form 8-K
June 08, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1933

Date of Report (Date of earliest event reported): June 7, 2016

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

Maryland
(State or Other Jurisdiction
of Incorporation)

000-54957
(Commission
File Number)

46-0778087
(IRS Employer
Identification No.)

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

94595
(Zip Code)

Registrant's telephone number, including area code: (925) 935-3840

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

1

Item 1.01 Entry into a Material Definitive Agreement.

On June 8, 2016, Owens Realty Mortgage, Inc. (the “Company”) issued a press release announcing amendments to the Purchase Agreement and Deposit Receipt with Interwest Capital Corporation (the “Buyer”). As previously reported, the Purchase Agreement (as amended, the “Amended Purchase Agreement”) covers the proposed sale to the Buyer by the Company’s subsidiaries, TOTB Miami, LLC and TOTB North, LLC (the “Sellers”), of the buildings, land and related assets commonly known as the “Treasures on the Bay”, which includes 169 condominium units and 160 apartment units (the “TOTB Property”).

Pursuant to the Seventh Amendment to Purchase Agreement and Deposit Receipt, dated as of June 7, 2016 (the “Amendment”) the purchase price for the TOTB Property has been reduced from \$82.0 million to \$75.5 million (subject to certain potential adjustments described in the Amended Purchase Agreement). Buyer’s obligation to close the transaction and purchase the TOTB Property is subject to a number of conditions including Buyer’s satisfactory completion of due diligence during a diligence period (the “Feasibility Period”) that has been extended to June 14, 2016 pursuant to the Amendment. Buyer previously paid an initial deposit into escrow of \$500,000 and this initial deposit is refundable if Buyer elects in its discretion to terminate the Amended Purchase Agreement prior to the end of the Feasibility Period. If the Buyer continues with the transaction after the Feasibility Period an additional deposit of \$4,500,000 by Buyer is required. Such deposits are thereafter non-refundable absent Sellers’ failure to timely satisfy certain key conditions or a default or breach of representations by Sellers, in which case Buyer may elect to terminate the transaction and receive a refund of the deposits and, in certain circumstances, may also be entitled to up to \$200,000 of transaction costs from Sellers.

The Amended Purchase Agreement also includes customary representations, indemnification provisions and certain closing conditions, including among other conditions: (i) the timely issuance by the responsible agency, Miami-Dade County Department of Regulatory and Economic Resources-Division of Environmental Resources Management, of a No Further Action Letter (the “NFA”) to Seller with respect to certain environmental matters as described in the Amended Purchase Agreement, (ii) the timely public filing and recording of certain revisions to certain Declarations covering covenants, easements, restrictions, parking areas and the clarification of certain definitions contained within the Declarations, and (iii) the timely cure by Sellers of certain code enforcement obligations and related violations at the TOTB Property (the foregoing being the “Key Conditions”). The closing of the transaction is expected to occur 15 days after issuance of the NFA and satisfaction of the other Key Conditions, provided that the closing will not occur earlier than July 14, 2016. There is no guarantee that the Key Conditions will be timely satisfied and there can be no assurance when or if a closing of this transaction will occur.

The foregoing description of the Amended Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the original Purchase Agreement attached as Exhibit 10.1 to the Current Report on Form 8-K filed on March 22, 2016 and the Amendment attached as Exhibit 10.1 to this Current Report on Form 8-K, which documents are incorporated herein by reference. A copy of a press release announcing the Amendment is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Forward-Looking Statements

This Current Report (including information included or incorporated by reference herein) contains “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements about the Company’s plans, strategies, prospects, and anticipated events,

including the transactions or other items discussed in this Current Report, are based on current information, estimates, and projections; they are subject to risks and uncertainties, as well as known and unknown risks, which could cause actual results to differ from expectations, estimates and projections and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "target," "assume," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believe," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements.

Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. The Company does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based. Additional information concerning these and other risk factors is contained in the Company's most recent filings with the Securities and Exchange Commission including those appearing under the heading "Item 1A. Risk Factors" in the Company's most recent Annual Report on Form 10-K and each subsequent Quarterly Report on Form 10-Q. All subsequent written and oral forward-looking statements concerning the Company or matters attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit

| No. | Description |
|------|--|
| 10.1 | Seventh Amendment to Purchase Agreement and Deposit Receipt, dated as of June 7, 2016, among TOTB Miami, LLC, TOTB North, LLC and Interwest Capital Corporation. |
| 99.1 | Press Release dated June 8, 2016. |

SIGNATURES

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.

OWENS REALTY MORTGAGE, INC.,
a Maryland corporation

Dated: June 8, 2016

By: /s/ Bryan H. Draper

Name: Bryan H. Draper

Title: President and Chief Executive Officer

EXHIBIT INDEX

| Exhibit No. | Description |
|----------------|--|
| 10.1 | Seventh Amendment to Purchase Agreement and Deposit Receipt, dated as of June 7, 2016, among TOTB Miami, LLC, TOTB North, LLC and Interwest Capital Corporation. |
| 99.1 | Press Release dated June 8, 2016. |

