Measurement Specialties Inc
Form 4
July 25, 2013

FORM 4

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

OMB APPROVAL	
OMB Number:	3235-0287
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Measurement Specialties Inc

(Last) (First) (Middle)

1000 LUCAS WAY

(Street)

HAMPTON, VA 23666

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Measurement Specialties Inc [MEAS]

3. Date of Earliest Transaction (Month/Day/Year)
07/23/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Executive Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

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

(925) 935-3840
Registrant’s Telephone Number,
Including Area Code

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered

Common Stock, par value $0.01 per share	NYSE MKT

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

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

The aggregate market value of voting and non-voting equity held by non-affiliates of the registrant on July 1, 2013, based on the closing price of $8.55 for shares of the registrant's common stock as reported by the NYSE MKT, was approximately $94,183,000. The registrant has elected to use July 1, 2013 as the calculation date, which was the initial trading date of the registrant's common stock on the NYSE MKT, because on June 28, 2013 (the last business day of the registrant's second fiscal quarter in 2013), the registrant's equity was not trading on an exchange. For this computation, the registrant has excluded the market value of all shares of its common stock reported as beneficially owned by executive officers and directors of the registrant and certain other stockholders; such an exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the registrant.

As of March 24, 2014, there were approximately 10,768,000 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2014 Annual Meeting of Stockholders to be filed within 120 days after the registrants Fiscal Year ended December 31, 2013, are incorporated by reference into certain sections of Part III of this Annual Report on Form 10-K.

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EXPLANATORY NOTE REGARDING THIS ANNUAL REPORT

As previously announced, as part of a plan to reorganize our business operations so that, among other things, we could elect to qualify as a real estate investment trust (a “REIT”) for federal income tax purposes, effective May 20, 2013, Owens Mortgage Investment Fund, a California Limited Partnership (the “Predecessor” or “OMIF”) merged with and into Owens Realty Mortgage, Inc., a Maryland corporation (the “Registrant”) with the Registrant as the surviving corporation (the “Merger”) and the Registrant commenced conducting all of the business conducted by the Predecessor. Upon consummation of the Merger, limited partners of the Predecessor received one share of common stock, par value $0.01 per share, of the Registrant (the “Common Stock”), for every 25 limited partner units of the Predecessor that they owned, and certain units of the Predecessor representing the general partner interest of Owens Financial Group, Inc. were also exchanged for Common Stock as is discussed in further detail in our consolidated financial statements under “Note 1 - Organization” of this Annual Report on Form 10-K. The rights of the stockholders of the Registrant are governed by Maryland law and the charter, bylaws and other governing documents of the Registrant.

The shares of Common Stock issued pursuant to the Merger were registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-4 (File No. 333-184392), which was declared effective by the Securities and Exchange Commission on February 12, 2013. Pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Registrant is deemed to be the successor issuer to the Predecessor and the Registrant’s Common Stock was subsequently registered under Section 12(b) of the Exchange Act and is listed on the NYSE MKT, LLC.

References to Owens Realty Mortgage, Inc. and its subsidiaries, “ORM,” the “Company,” “we”, “us”, or “our” in this Annual Report on Form 10-K (including in the consolidated financial statements and notes thereto in this report) have the following meanings, unless we specifically state or the context requires otherwise:

- For periods prior to May 20, 2013: the Predecessor and its subsidiaries;

- For periods from and after May 20, 2013: ORM and its subsidiaries.

PART I

Item 1. BUSINESS

We are a specialty finance company that focuses on the origination, investment and management of commercial real estate loans, primarily in the Western U.S. We provide customized, short-term loans to small and middle-market investors and developers that require speed and flexibility. We also hold investments in real estate property. Our investment objective is to provide investors with attractive current income and long-term shareholder value. Our Common Stock is traded on the NYSE MKT under the symbol “ORM”.

We are externally managed and advised by Owens Financial Group, Inc. ("OFG" or “the Manager”), a specialized commercial real estate management company that has originated, serviced and managed alternative commercial real estate investments since 1951. OFG provides us with all of the services vital to our operations and our executive officers and other staff are all employed by OFG pursuant to the management agreement between the Company and the Manager (the “Management Agreement”) and the Company’s charter. The Management Agreement requires OFG to manage our business affairs in conformity with the policies and investment guidelines that are approved and monitored by our Board of Directors. Our Board of Directors is composed of a majority of independent directors. The Audit, Nominating and Corporate Governance and Compensation Committees of the Board are composed exclusively of independent directors.

The Company was incorporated in Maryland on August 9, 2012. Effective May 20, 2013, OMIF, a California Limited Partnership formed in 1984 merged with and into the Company, with the Company as the surviving corporation (the “Merger”), and the Company commenced conducting all of the business conducted by OMIF at the effective time of the Merger. The Merger was conducted to reorganize our business operations so that, among other things, we could elect to qualify as a real estate investment trust (a “REIT”) for federal income tax purposes As a qualified REIT we are generally not subject to federal income tax on that portion of our REIT taxable income that is distributed to our stockholders, provided that at least 90% of taxable income is distributed and provided that certain other requirements are met. Certain of our assets that produce non-qualifying income are held in taxable REIT subsidiaries. Unlike other subsidiaries of a REIT, the income of a taxable REIT subsidiary is subject to federal and state income taxes.

OFG arranges, services and maintains the loan and real estate portfolios for the Company. Our loans are secured by mortgages or deeds of trust on unimproved, improved, income-producing and non-income-producing real property, such as condominium projects, apartment complexes, shopping centers, office buildings, and other commercial or industrial properties. No single Company loan may exceed 10% of our assets as of the date the loan is made.

The following table shows the total Company stockholders' equity, loans, real estate properties and net income (loss) attributable to the Company as of and for the years ended December 31, 2013, 2012, 2011, 2010, 2009 and 2008:

	ORM Stockholders' Equity	Loans	Real Estate Properties	Net Income (Loss)
2013………………………...	$ 179,874,410	$ 58,796,293	$ 135,315,964	$ 8,732,897
2012.......................................	$ 179,459,931	$ 70,262,262	$ 127,773,349	$ (1,679,820)
2011………………………...	$ 181,045,959	$ 69,421,876	$ 145,591,660	$ (24,744,255)
2010.......................................	$ 219,101,364	$ 157,665,495	$ 97,066,199	$ (22,837,520)
2009.......................................	$ 243,850,605	$ 211,783,760	$ 79,888,536	$ (20,136,105)
2008.......................................	$ 273,203,409	$ 262,236,201	$ 58,428,572	$ 2,163,164

As of December 31, 2013, we held investments in 22 loans, secured by liens on title and leasehold interests in real property. Fifty-five percent (55%) of the loans are located in Northern California. The remaining 45% are located in Southern California, Arizona, Hawaii, Louisiana, Pennsylvania, Utah, and Washington.

The following table sets forth the types and maturities of loans held by us as of December 31, 2013:

TYPES AND MATURITIES OF LOANS
(As of December 31, 2013)

	Number of Loans	Amount	Percent
Senior loans	20	$52,876,293	89.93%
Junior loans*	2	5,920,000	10.07%
	22	$58,796,293	100.00%

* The junior loans in our portfolio at December 31, 2013 are junior to existing senior loans held by us and are secured by the same collateral.

Maturing on or before December 31, 2013	8	$18,197,733	30.95%
Maturing on or between January 1, 2014 and December 31, 2015	8	24,847,942	42.26%
Maturing on or between January 1, 2016 and March 1, 2028	6	15,750,618	26.79%
	22	$58,796,293	100.00%
Commercial	14	$26,158,878	44.49%
Residential	5	27,461,913	46.71%
Land	3	5,175,502	8.80%
	22	$58,796,293	100.00%

We have established an allowance for loan losses of approximately $4,739,000 as of December 31, 2013. The above amounts reflect the gross amounts of our loans without regard to such allowance.

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The average loan balance of the loan portfolio is $2,673,000 as of December 31, 2013. Of such investments, 17.5% earn a variable rate of interest and 82.5% earn a fixed rate of interest. All were negotiated according to our investment standards.

We have other assets in addition to its loans, comprised principally of the following:

- $12,254,000 in cash and cash equivalents required to transact our business and/or in conjunction with contingency and escrow reserve requirements;
- $135,316,000 in real estate held for sale and investment;
- $2,143,000 in investment in limited liability company;
- $1,674,000 in interest and other receivables; and
- $1,198,000 in other assets.

Delinquencies

Management does not regularly examine the existing loan portfolio to see if acceptable loan-to-value ratios are being maintained because the majority of loans in our portfolio are currently past maturity or mature in a period of only 1-3 years. Management performs an internal review on a loan secured by property in the following circumstances:

- payments on the loan become delinquent;
- the loan is past maturity;
- it learns of physical changes to the property securing the loan or to the area in which the property is located; or
- it learns of changes to the economic condition of the borrower or of leasing activity of the property securing the loan.

A review normally includes conducting a physical evaluation of the property securing the loan and the area in which the property is located, and obtaining information regarding the property’s occupancy. In some circumstances, management may determine that a more extensive review is warranted, and may obtain an updated appraisal, updated financial information on the borrower or other information. As of December 31, 2013, we obtained updated appraisals on the majority of the properties securing our trust deed investments and our wholly- and majority- owned real estate properties.

As of December 31, 2013 and 2012, we had ten and sixteen loans, respectively, that were impaired totaling approximately $31,738,000 and $49,252,000, respectively. This included five and thirteen matured loans totaling $16,908,000 and $46,057,000, respectively. In addition, three and one loans totaling approximately $1,290,000 and $690,000 were past maturity but less than 90 days delinquent in monthly payments as of December 31, 2013 and 2012, respectively (combined total of impaired and past maturity loans of $33,028,000 and $49,942,000, respectively). Of the impaired and past maturity loans, approximately $6,981,000 and $28,225,000, respectively, were in the process of foreclosure and $0 and $4,493,000, respectively, involved borrowers who were in bankruptcy as of December 31, 2013 and 2012. We foreclosed on six and one loan(s) during the years ended December 31, 2013 and 2012, respectively, with aggregate principal balances totaling $26,187,000 and $2,000,000, respectively, and obtained the properties via the trustee’s sales.

During the year ended December 31, 2013, the terms of two impaired loans were modified as troubled debt restructurings. One such impaired loan was modified to combine all principal, delinquent interest and advances into principal and provide for amortizing payments at a reduced interest rate over an extended maturity of 15 years. The borrower is now delinquent in making payments on this modified loan. The other impaired loan was rewritten during the year whereby the Company repaid the unrelated first deed of trust on the subject property of approximately $5,899,000 and refinanced its second deed of trust by combining them into one first deed of trust in the amount of $9,625,000 with interest at 10% per annum due in five years. As part of the modification, approximately $659,000 of past due interest on our original note was paid from the proceeds of the rewritten loan, which was recorded as a discount against the principal balance of the new loan because the loan was impaired (net principal balance of $8,966,000). In addition, we loaned the borrower an additional $2,500,000 to fund certain improvements to the property (aggregate principal balance of $11,466,000). Management believes that no specific loan loss allowance is needed on either of these modified loans given the estimated underlying collateral values.

During the year ended December 31, 2012, we executed extension and modification agreements on two impaired loans with aggregate principal balances totaling approximately $3,485,000. The interest rates on both loans were lowered from 11% to 8% and 5%, respectively, and the maturity dates were extended to April 2014. In addition, all past due interest on one of the loans of approximately $240,000 was waived.

Of the $49,252,000 in loans that were impaired as of December 31, 2012, $23,085,000 remained impaired as of December 31, 2013, $26,066,000 of such loans were foreclosed and became real estate owned by the Company during 2013, and $101,000 were paid off by the borrowers.

Following is a table representing our delinquency/impairment experience and foreclosures as of and during the years ended December 31, 2013, 2012, 2011 and 2010:

	2013	2012	2011	2010
Delinquent/Impaired Loans	$ 31,738,000	$ 49,252,000	$ 52,327,000	$ 121,565,000
Loans Foreclosed	$ 26,187,000	$ 2,000,000	$ 61,438,000	$ 36,174,000
Total Loans	$ 58,796,000	$ 70,262,000	$ 69,422,000	$ 157,665,000
Percent of Delinquent Loans to Total Loans				