

Prospect Acquisition Corp
Form 10-Q
November 14, 2008
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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 September 30, 2008

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: 001-33824

Prospect Acquisition Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

26-0508760
(I.R.S. Employer
Identification No.)

695 East Main Street
Stamford, CT
(Address of Principal Executive Offices)

06901
(Zip Code)

Registrant's telephone number, including area code: **(203) 363-0885**

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 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 definitions 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

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 shares of common stock, par value \$0.0001 per share, outstanding as of October 23, 2008 was 31,250,000.

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PART I: FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

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Prospect Acquisition Corp.

(a development stage company)

Condensed Balance Sheets

	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)
Assets		
Current assets:		
Cash	\$ 4,884	\$ 58,075
Cash held in Trust Account	248,721,832	247,340,887
Accrued interest income on Trust Account	282,853	739,654
Prepaid expenses	84,122	22,605
Prepaid taxes	82,579	
Total current assets	249,176,270	248,161,221
Deferred tax asset	130,946	
Total assets	\$ 249,307,216	\$ 248,161,221
Liabilities and Stockholders Equity		
Current liabilities:		
Accrued expenses	\$ 75,720	\$ 45,407
Accrued offering costs		38,216
Income taxes payable		392,498
Deferred underwriting commission	10,000,000	10,000,000
Total liabilities	10,075,720	10,476,121
Common stock, subject to possible conversion, 7,499,999 shares at conversion value	74,099,990	74,099,990
Commitments and contingencies		
Stockholders equity		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding		
Common stock, \$0.0001 par value; 72,000,000 shares authorized; 31,250,000 shares (including 7,499,999 subject to possible conversion) issued and outstanding	3,125	3,125
Additional paid-in capital	162,966,787	162,966,787
Retained earnings accumulated during the development stage	2,161,594	615,198
Total stockholders equity	165,131,506	163,585,110
Total liabilities and stockholders equity	\$ 249,307,216	\$ 248,161,221

See notes to unaudited condensed financial statements.

Table of Contents**Prospect Acquisition Corp.****(a development stage company)****Condensed Statements of Operations****(Unaudited)**

	For the three months ended September 30, 2008	For the nine months ended September 30, 2008	For the period from July 9, 2007 (date of inception) through September 30, 2007	For the period from July 9, 2007 (date of inception) through September 30, 2008
Interest income	\$ 951,016	\$ 3,479,602	\$	\$ 4,560,143
Operating expenses:				
Capital & franchise taxes	339,080	412,253	467	431,438
Formation and operating costs	44,708	148,631	746	165,545
Professional fees	31,090	192,129		217,125
Rent and office expenses	22,500	67,500		79,250
	437,378	820,513	1,213	893,358
Net income (loss) before provision for income taxes	513,638	2,659,089	(1,213)	3,666,785
Provision for income taxes	235,427	1,112,693		1,505,191
Net income (loss)	\$ 278,211	\$ 1,546,396	\$ (1,213)	\$ 2,161,594
Weighted average number of common shares outstanding:				
Basic and diluted	31,250,000	31,250,000	7,187,500	24,197,522
Net income per share:				