
**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 1934**

Date of Report (Date of earliest event reported): November 13, 2018

SACHEM CAPITAL CORP.

(Exact name of Registrant as specified in its charter)

New York

(State or other jurisdiction of
incorporation)

001-37997

(Commission File Number)

81-3467779

(IRS Employer Identification No.)

23 Laurel Street, Branford, Connecticut

(Address of Principal Executive Office)

06405

(Zip Code)

Registrant's telephone number, including area code (203) 433-4736

(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:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On November 13, 2018, Sachem Capital Corp. (the “Company”) issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference, announcing financial results for the three and nine months ended September 30, 2018.

Item 7.01. Regulation FD Disclosure.

On November 14, 2018, the Company hosted a conference call for investors to discuss its operating results for three and nine months ending September 30, 2018 and its financial condition at the date, as well as other relevant matters. A transcript of the call is attached hereto as Exhibit 99.2.

The information furnished pursuant to this Item 7.01 shall not be deemed to constitute an admission that such information is required to be furnished pursuant to Regulation FD or that such information or exhibits contain material information that is not otherwise publicly available. In addition, the Company does not assume any obligation to update such information in the future.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit

<u>No.</u>	<u>Description</u>
<u>99.1</u>	<u>Press release, dated November 13, 2018, announcing financial results for the three and nine months ended September 30, 2018.</u>
<u>99.2</u>	<u>Transcript of investor conference call held on November 14, 2018.</u>

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, furnished pursuant to Items 2.02 and 7.01, including Exhibits 99.1 and 99.2, respectively, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

* * * * *

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 hereunto duly authorized.

Sachem Capital Corp.

Dated: November 15, 2018

By: /s/ John L. Villano
John L. Villano, CPA
Co-Chief Executive Officer and
Chief Financial Officer

Exhibit Index

Exhibit

No.

Description

99.1 Press release, dated November 13, 2018, announcing financial results for the three and nine months ended September 30, 2018.

99.2 Transcript of investor conference call held on November 14, 2018.

**Contact:**

Sachem Capital Corp.
John L. Villano, Co-CEO & CFO
(203) 433-4736

FOR IMMEDIATE RELEASE**Sachem Capital Reports 57% Increase in Revenue and 49% Increase in Net Income for the Third Quarter of 2018**

Conference Call and Webcast to be Held at 8:00 AM (EST) on Wednesday, November 14, 2018

Branford, Connecticut, November 13, 2018 -- Sachem Capital Corp. (NYSE American: SACH) today announced today its financial results for the three- and nine-month periods ended September 30, 2018. In addition, the Company announced that it will host its investor conference call on Wednesday, November 14, 2018, beginning at 8:00 a.m. Eastern Standard Time (additional details below).

Operational highlights:

- Revenue for the third quarter increased approximately 57.4% to approximately \$3.05 million
- Net income for the third quarter increased approximately 48.9% to approximately \$1.96 million, or \$0.13 per share
- Revenue for the nine months increased approximately 85.6% to approximately \$8.81 million
- Net income for the nine months increased approximately 93.4% to approximately \$6.13 million, or \$0.40 per share

Balance Sheet highlights:

- Mortgages receivable at September 30, 2018, approximately \$77.81 million, increased approximately 23.0% from December 31, 2017
- Total assets at September 30, 2018, approximately \$85.03 million, increased approximately 26.0% from December 31, 2017
- Shareholders' equity at September 30, 2018, approximately \$55.79 million, increased approximately 2.25% from December 31, 2017

Based on its performance in the third quarter of 2018, the Company increased its quarterly dividend to \$0.12 per share. As a result, the dividend yield on the Company's common shares is currently approximately 11.48%.

John Villano CPA, co-chief executive officer and chief financial officer of Sachem Capital Corp., stated, "I am pleased to report another quarter of strong year-over-year revenue growth and improved profitability. Last month, we announced that we increased our quarterly dividend to \$0.12 per share, a 9% increase over our most recent quarterly dividend payment. We have also maintained a solid balance sheet and ended the quarter with almost \$56 million of shareholders' equity."

"Despite some challenging market conditions such as rising interest rates, flat or declining real estate values, and our continuing need for growth capital, the demand for our products remains strong and, accordingly, we remain optimistic in the outlook for the business and our ability to continue to deliver attractive risk-adjusted returns to our shareholders. Our optimism stems from the fact that, as a non-bank real estate lender, we have more flexibility than traditional lenders to structure loans to suit the needs of our clients and to respond to changes in the market. We continue, as always, to adhere to our strict underwriting criteria, extensive due diligence into the borrowers and the collateral and a conservative loan-to-value ratio."

Results of operations -- three months ended September 30, 2018

Total revenue for the three months ended September 30, 2018 was approximately \$3.05 million compared to approximately \$1.94 million for the three months ended September 30, 2017, an increase of \$1.11 million, or 57.4%. The company recorded increases in all revenue categories, including interest income, net origination fees, other income (which includes modification fees, lender fees, income on borrower charges) and gains on the sale of real estate.

Total operating costs and expenses for three months ended September 30, 2018 were approximately \$1.09 million compared to approximately \$621,000 for the three months ended September 30, 2017, an increase of approximately 75.3%. The company recorded increases in all major cost and expense categories, including interest expense and amortization of deferred financing costs, compensation and related costs, professional fees and general and administrative expenses.

Net income for the third quarter of 2018 was approximately \$1.96 million compared to approximately \$1.32 million for the third quarter of 2017, an increase of approximately 48.9%. Basic and diluted net income per weighted average common share outstanding for the third quarter of 2018 was \$0.13 compared to \$0.12 per share for the third quarter of 2017.

Results of operations – nine months ended September 30, 2018

Total revenue for the nine months ended September 30, 2018 was approximately \$8.81 million compared to approximately \$4.75 million for the nine months ended September 30, 2017, an increase of \$4.06 million, or 85.6%. The company recorded increases in all revenue categories, including interest income, origination fees, other income and gain on sale of real estate.

Total operating costs and expenses for nine months ended September 30, 2018 were \$2.68 million compared to approximately \$1.57 million for the nine months ended September 30, 2017, an increase of approximately 69.9%. The company recorded increases in all major operating costs and expense categories, including interest expense and amortization of deferred financing costs, compensation and related costs, professional fees and general and administrative expenses.

Net income for the nine months ended September 30, 2018 was approximately \$6.13 million, compared to approximately \$3.17 million, for the nine months ended September 30, 2017, an increase of approximately 93.4%. Basic and diluted net income per weighted average common share outstanding for the nine months ended September 30, 2018 was \$0.40 per share, compared to \$0.26 per share for the corresponding 2017 period. Net income per share data for the nine months ended September 30, 2017 does not include the net income per share for the period prior to February 9, 2017, the date of the company's initial public offering

2018 Third Quarter Conference Call

The Company will host a conference call on Wednesday, November 14, 2018 at 8:00 a.m., Eastern Standard Time, to discuss its operating results for three and nine month periods ending September 30, 2018 and its financial condition at the date, as well as other relevant matters.

Interested parties can access the conference call by dialing 877-407-8033 for U.S. callers, or +201-689-8033 for international callers. The call will be available on the Company's website via webcast at <https://www.sachemcapitalcorp.com>. John Villano, the Company's Co-Chief Executive Officer and Chief Financial Officer, will lead the conference call and will also be available to answer questions.

A webcast will also be archived on the Company's website and a telephone replay of the call will be available approximately one hour following the termination of the call, through 8:00 a.m. on February 14, 2019, and can be accessed by dialing: 877-481-4010 for U.S. callers or +919-882-2331 for international callers and entering conference ID: 41211.

About Sachem Capital, Corp.

Sachem Capital Corp. (SCC), is the successor to Sachem Capital Partners, LLC (SCP) having acquired all of SCP's assets and assumed all of SCP's liabilities in February 2017. Immediately thereafter, SCC completed an underwritten initial public offering of its shares. (Except where otherwise stated to the contrary, SCC and SCP are, collectively, referred to as the "Company".) The Company specializes in originating, underwriting, funding, servicing and managing a portfolio of first mortgage loans. It offers short term (*i.e.*, three years or less) secured, nonbanking loans (sometimes referred to as "hard money" loans) to real estate investors to fund their acquisition, renovation, development, rehabilitation or improvement of properties located primarily in Connecticut. The Company does not lend to owner occupants. The Company's primary underwriting criteria is a conservative loan to value ratio. The properties securing the Company's loans are generally classified as residential or commercial real estate and, typically, are held for resale or investment. Each loan is secured by a first mortgage lien on real estate and may also be secured with additional real estate collateral. Each loan is also personally guaranteed by the principal(s) of the borrower, which guaranty may be collaterally secured by a pledge of the guarantor's interest in the borrower. The Company also makes opportunistic real estate purchases apart from its lending activities. SCC believes that it qualifies as a real estate investment trust (REIT) for federal income tax purposes and has elected to be taxed as a REIT beginning with its 2017 tax year.

Forward Looking Statements

This press release may contain forward-looking statements. All statements other than statements of historical facts contained in this press release, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words "anticipate," "estimate," "expect," "project," "plan," "seek," "intend," "believe," "may," "might," "will," "should," "could," "likely," "continue," "design," and the negative of such terms and other words and terms of similar expressions are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to several risks, uncertainties and assumptions as described in our Annual Report on Form 10-K for 2017 filed with the U.S. Securities and Exchange Commission on April 2, 2018. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this press release may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We disclaim any duty to update any of these forward-looking statements.

All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in this press release. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

Investor & Media Contact:

Crescendo Communications, LLC

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Tel: (212) 671-1021

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SACHEM CAPITAL CORP.
BALANCE SHEETS

	September 30, 2018	December 31, 2017
	(unaudited)	(audited)
Assets:		
Cash	\$ 543,903	\$ 954,223
Escrow deposits	-	111,189
Mortgages receivable	76,835,852	62,166,937
Mortgages receivable, affiliate	969,457	1,104,022
Interest and fees receivable	1,381,536	645,493
Other receivables	385,090	234,570
Due from borrowers	357,810	451,795
Prepaid expenses	27,613	4,520
Property and equipment, net	812,903	501,819
Real estate owned	3,145,532	1,224,409
Pre-Offering Costs	853	-
Deferred financing costs, net	572,281	95,560
Total assets	\$ 85,032,830	\$ 67,494,537
Liabilities and Shareholders' Equity:		
Liabilities:		
Line of credit	\$ 27,260,147	\$ 9,841,613
Mortgage payable	293,566	301,101
Accounts payable and accrued expenses	95,024	390,758
Security deposit held	2,550	2,550
Advances from borrowers	276,377	519,764
Due to note purchaser	-	723,478
Deferred revenue	1,152,665	1,108,400
Accrued interest	157,720	40,592
Total liabilities	29,238,049	12,928,256
Shareholders' equity:		
Preferred shares - \$.001 par value; 5,000,000 shares authorized; no shares issued	-	-
Common shares - \$.001 par value; 50,000,000 shares authorized; 15,436,914 and 15,415,737 issued and outstanding, respectively	15,437	15,416
Paid-in capital	53,345,001	53,315,772
Retained earnings	2,434,343	1,235,093
Total shareholders' equity	55,794,781	54,566,281
Total liabilities and shareholders' equity	\$ 85,032,830	\$ 67,494,537

SACHEM CAPITAL CORP.
STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue:				
Interest income from loans	\$ 2,272,100	\$ 1,570,877	\$ 6,610,273	\$ 3,831,636
Origination fees, net	383,322	196,811	1,071,921	464,211
Late and other fees	59,949	34,998	144,031	100,453
Processing fees	30,680	30,480	101,480	84,855
Rental income, net	10,136	9,637	87,865	58,865
Other income	175,271	80,196	674,830	205,775
Gain on sale of real estate	119,666	15,931	119,666	178
Total revenue	<u>3,051,124</u>	<u>1,938,930</u>	<u>8,810,066</u>	<u>4,745,973</u>
Operating costs and expenses:				
Interest and amortization of deferred financing costs	493,992	302,548	1,098,912	589,457
Compensation, fees and taxes	344,266	195,673	886,024	466,497
Stock-based compensation	29,250	-	29,250	-
Compensation to manager	-	-	-	35,847
Professional fees	54,330	47,202	212,789	179,344
Other fees and taxes	7,669	-	67,668	-
Exchange fees	10,000	31,548	26,667	69,213
Depreciation	6,834	8,734	20,302	21,624
General and administrative expenses	142,119	35,338	314,839	212,676
Excise tax	-	-	19,000	-
Total operating costs and expenses	<u>1,088,460</u>	<u>621,043</u>	<u>2,675,451</u>	<u>1,574,658</u>
Net income	<u>\$ 1,962,664</u>	<u>\$ 1,317,887</u>	<u>\$ 6,134,615</u>	<u>\$ 3,171,315</u>
Basic and diluted net income per common share outstanding:				
Basic	<u>\$.13</u>	<u>\$.12</u>	<u>\$.40</u>	<u>\$.26*</u>
Diluted	<u>\$.13</u>	<u>\$.12</u>	<u>\$.40</u>	<u>\$.26*</u>
Weighted average number of common shares outstanding:				
Basic	<u>15,433,000</u>	<u>11,103,237</u>	<u>15,421,555</u>	<u>11,103,237</u>
Diluted	<u>15,433,000</u>	<u>11,103,237</u>	<u>15,421,555</u>	<u>11,103,237</u>

* Basic and diluted net income per common share outstanding and weighted average number of common shares outstanding are calculated for the period beginning February 9, 2017 (*i.e.*, the effective date of the company's initial public offering) and ending September 30, 2017.

SACHEM CAPITAL CORP.
STATEMENTS OF CASH FLOW
(unaudited)

	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 6,134,615	\$ 3,171,315
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred financing costs	90,165	43,677
Depreciation expense	20,302	21,624
Gain on sale of real estate	(119,666)	(179)
Adjustment to loss for sale of collateral	-	(42,231)
Stock-based compensation	29,250	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Escrow deposit	111,189	-
Interest and fees receivable	(916,672)	(154,877)
Other receivables	(150,520)	14,227
Due from borrowers	(308,866)	(278,694)
Prepaid expenses	(23,093)	(38,342)
(Decrease) increase in:		
Due to member	-	(656,296)
Due to shareholder	-	16,957
Due to note purchaser	(723,478)	-
Accrued interest	117,128	55,071
Accrued expenses	(295,734)	(118,183)
Deferred revenue	44,265	580,741
Advances from borrowers	(243,387)	154,888
Total adjustments	(2,369,117)	(401,617)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,765,498	2,769,698
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of real estate owned	672,538	530,181
Acquisitions of and improvements to real estate owned	(104,799)	(424,023)
Escrow deposit	-	(46,440)
Purchase of property and equipment	(331,386)	(132,729)
Security deposit	-	1,750
Principal disbursements for mortgages receivable	(37,278,346)	(33,792,878)
Principal collections on mortgages receivable	20,958,280	14,849,831
NET CASH USED FOR INVESTING ACTIVITIES	(16,083,713)	(19,014,308)

SACHEM CAPITAL CORP.
STATEMENTS OF CASH FLOW (Continued)
(unaudited)

	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from line of credit	61,067,401	25,341,633
Repayment of line of credit	(43,648,867)	(17,534,390)
Principal payments on mortgage payable	(7,535)	(6,432)
Proceeds from IPO	-	13,000,000
Dividends paid	(4,935,365)	(1,720,997)
Pre-offering costs incurred	(853)	(1,486,798)
Financing costs incurred	(566,886)	(87,202)
Member contributions	-	653,646
Member distributions	-	(2,460,125)
NET CASH PROVIDED BY INVESTING ACTIVITIES	11,907,895	15,699,335
NET DECREASE IN CASH	(410,320)	(545,275)
CASH – BEGINNING OF PERIOD	954,223	1,561,863
CASH – END OF PERIOD	\$ 543,903	\$ 1,016,588
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Interest paid	\$ 1,008,747	\$ 545,782

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

During the nine months ended September 30, 2018, the Company purchased a mortgage receivable from a third party at a discount in the amount of \$21,433.

Real estate acquired in connection with the foreclosure of certain mortgages, inclusive of interest and other fees receivable, during the nine months ended September 30, 2018 amounted to \$2,369,196.

The reversal of previously accrued capitalized costs during the nine months ended September 30, 2018, amounted to \$6,212.

During the nine months ended September 30, 2017, the Company issued notes payable in the amount of \$169,338 for the acquisition of mortgages receivable.

On February 8, 2017, Sachem Capital Partners, LLC transferred all its assets and liabilities to the Company in exchange for 6,283,237 shares of the Company's Common stock.



***Transcript of
Sachem Capital***
**Third Quarter 2018 Business Update Call
November 14, 2018**

Participants

David Waldman – Investor Relations
John Villano - Co-CEO and CFO

Presentation**Operator**

Greetings, and welcome to the Sachem Capital Third Quarter 2018 Business Update. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions]. As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Mr. David Waldman, Investor Relations for Sachem Capital. Thank you. You may begin.

David Waldman – Investor Relations

Good morning, and thank you for joining Sachem Capital Corp's Third Quarter 2018 Business Update Conference Call. On the call with us today is John Villano CPA, Co-Chief Executive Officer and Chief Financial Officer of Sachem Capital.

The company issued a press release yesterday containing third quarter 2018 financial results, which is also posted on the company's website. In addition, the company filed its quarterly report on Form 10-Q with the U.S. Securities and Exchange Commission yesterday, which can be accessed on the company's website as well as the SEC's website at www.sec.gov. If you have any questions after the call or would like any additional information about the company, please contact Crescendo Communications at 212-671-1021.

Before Mr. Villano reviews the company's operating results for the third quarter of 2018 and the company's financial condition at September 30, 2018, we would like to remind everyone that this conference call may contain forward-looking statements. All statements other than statements of historical facts contained in this conference call, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements.

The words anticipate, estimate, expect, project, plan, seek, intend, believe, may, might, will, should, could, likely, continue, design, and the negative of such terms and other words and terms of similar expressions are intended to identify forward-looking statements. These forward-looking statements are based largely on the company's current expectations and projections about future events and trends that it believes may affect its financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs.

These forward-looking statements are subject to several risks, uncertainties and assumptions as described in the company's Annual Report on Form 10-K for 2017 filed with the U.S. Securities and Exchange Commission on April 2, 2018. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this conference call may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although, the company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, level of activity, performance or achievements. In addition, neither the company nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements.

The company disclaims any duty to update any of these forward-looking statements. All forward-looking statements attributable to the company are expressly qualified in their entirety by these cautionary statements, as well as others made in this conference call. You should evaluate all forward-looking statements made by the company in the context of these risks and uncertainties.

With that, I will now turn the call over to John Villano. Please go ahead, John.

John Villano - Co-CEO and CFO

Thank you, David, and thanks to everyone for joining us today. I'd like to start by providing an update on our financial condition and our operating results for the three months ended September 30, 2018. Operating results for the nine months ended September 30, 2018 are available in our press release and our recently filed 10-Q. I will gladly answer any questions relating to the nine month performance during the Q&A at the end of this call.

I'm pleased to report that Sachem continues to deliver strong top and bottom line results. We reported another quarter of strong year-over-year revenue growth and improved profitability. Total revenues and net income for the three months ended September 30, 2018 were approximately \$3.05 million and \$1.96 million, respectively, reflecting a 57% and 49% increase in comparison to the third quarter of 2017.

Net income per share for the 2018 period was \$0.13, compared to \$0.12 for the 2017 period, an 8.3% increase. This EPS increase reflects our continued ability to put capital to work in a profitable and an accretive manner, particularly as the weighted average of basic and fully dilutive number of shares outstanding increased 39% over the 2017 period.

We believe the key factors to our continued success are disciplined underwriting, extensive due diligence and flexibility in structuring loans to suit the needs of our borrowers, providing us a distinct advantage in this market. On an ongoing basis, we closely monitor all borrower activity throughout the loan term. Finally, since we portfolio all of our loans, we look to strengthen our relationship with the borrower.

As a result of our continuing operational success, we recently paid an increased quarterly dividend of \$0.12 per share, a 9% increase over our most recent quarterly dividend payment. We have also maintained a solid balance sheet, and ended the quarter with over \$55 million in shareholders' equity.

With that as the background, I'm going to give a little more detail on our third quarter performance and then provide some more color on our strategy and outlook. For the third quarter of 2018, total revenues were approximately \$3.05 million compared to approximately \$1.9 million for the third quarter of 2017, an increase of approximately \$1.1 million, or 57.4%. This increase in revenue reflects strong originations and an overall increase in our lending operations. At the end of the quarter our loan portfolio included 395 loans compared to 311 at September 30, 2017.

This increase in revenue was spread across every line item. Interest income from mortgage loans was approximately \$2.27 million compared to approximately \$1.57 million for the same period last year. This increase was approximately 44.6%. Origination fees for the quarter were approximately \$383,000 compared to approximately \$197,000 in the corresponding 2017 period.

Income from late fees, processing fees and other loan closing fees increased by approximately \$25,000. And, finally, other income, which includes in-house legal fees, income on borrower charges, loan modification fees and other income, which includes expedite fees, increased by approximately \$95,000.

Total operating costs and expenses for the third quarter of 2018 were approximately \$1.09 million compared to approximately \$621,000 in the same period last year. This increase in operating costs and expenses was due to the growth of our loan portfolio and an increase in lending operations. Basically, we utilized our credit facility to fund more loans.

Interest and amortization of deferred financing costs increased by \$191,000 during the September 2018 quarter. This was an increase of 64% over prior period. Another operating expense that had a significant increase was compensation, which includes stock-based compensation and payroll-related costs of approximately \$374,000 in the 2018 quarter compared to \$196,000 in the 2017 quarter.

As noted in our 10-Q, this increase was due to an increase in the number of employees and adjustments to the compensation payable to our employees, including management, as well as stock-based compensation for independent board members. We will continue to build the infrastructure necessary to service our portfolio, protect our capital and expand operations.

Net income for the 2018 quarter was \$1.96 million compared to \$1.32 million for the 2017 quarter. This was a 48.9% increase. Basic and diluted net income per weighted average common share outstanding for the third quarter of 2018 was \$0.13, compared to \$0.12 per share for the third quarter of 2017.

Turning now to our balance sheet as of September 30, 2018, total assets were approximately \$85 million compared to approximately \$67.5 million as of December 31, 2017. Our loan portfolio was approximately \$77.8 million compared to approximately \$63.3 million as of December 31, 2017. This increase was approximately 23%.

Interest and fees receivable from borrowers were approximately \$1.38 million compared to approximately \$645,000 at December 31, 2017. Real estate owned increased to \$3.1 million from \$1.2 million as of September 30, 2018 compared to September 30, 2017. Of the \$3.1 million of REO, approximately \$900,000 is classified as real estate held for rental and \$2.2 million as real estate held for sale. Of the nine properties held for sale at September 30, 2018, two have since been sold and the other seven are being actively marketed.

Total liabilities were approximately \$29.2 million, including approximately \$27.3 million outstanding under our Webster credit facility and approximately \$294,000 outstanding under the term mortgage loan from Bankwell Bank, compared to total liabilities of approximately \$12.9 million as of December 31, 2017, including approximately \$9.8 million outstanding under the Bankwell credit facility and \$301,000 outstanding on the Bankwell mortgage loan. And finally, shareholders' equity was approximately \$55.8 million compared to approximately \$54.6 million as of December 31, 2017.

Finally, as a REIT we are required under the relevant tax rules to distribute at least 90% of our taxable income to our shareholders in the form of dividends. Year-to-date we have distributed \$0.335 per share, or approximately 84% of our net income of \$0.40 per share. Historically, we have paid dividends equal to 100% of our earnings.

Overall, we are very encouraged by the outlook for the business and remain fully committed to our goal of providing investors with attractive risk adjusted returns. As a non-bank real estate lender, we have more flexibility than traditional lenders to structure loans to suit the needs of our clients and those of a changing market environment. We have maintained strict underwriting criteria and conduct extensive due diligence to ensure our loans are of the highest quality, are well secured by collateral and personal guarantees.

We all know interest rates are rising, and will continue to do so for some time. In fact, rising interest rates are a positive for Sachem, as it makes it more difficult for investors purchasing real property to meet the underwriting requirements of banks and other traditional lending sources. In addition, as banks and other traditional lenders have raised their rates, we have not raised our loan costs, which makes our loan programs more competitive.

In terms of outlook, we continue to see strong demand for our loan products. Our biggest challenge right now is we are nearing our borrowing limit with Webster Bank. As such, we have started to explore other avenues for raising growth capital.

To that end, we recently went effective on a universal S-3 registration statement covering the sale of up to \$100 million of our securities, which can include common shares, preferred shares and debt instruments. Within the registration statement is a prospectus supplement covering the sale of up to \$16 million of common shares in an at-the-market offering.

There are a number of differences between an ATM and other equity or debt structures, but importantly, there are no discounts, warrants or other mechanisms providing a preference over other common stockholders. I would also like to point out that this facility simply provides us with a vehicle, if and when we want to raise capital, to do so in an efficient manner. But it's important to note we have no requirement to use this facility. In addition, under our credit agreement with Webster, we have the right to separately finance the loans in our portfolio that are secured by commercial properties. Currently these loans have an aggregate principal balance of approximately \$25 million.

To wrap up, our lending platform is solid and sustainable. The demand for our loan products and services in the markets we already service continues to be strong, especially loans under \$500,000, as traditional lenders are unable to satisfy demand in this fast paced environment. In addition, we believe our vertically integrated loan origination platform and increased flexibility to structure loans to suit the needs of our borrowers provides us a distinct market advantage over our competitors.

And even though the long-term robust trend in real estate has slowed somewhat, we intend to continue our conservative lending practices and adjust our lending criteria and financing strategies to appropriately address any future trends in the real estate and capital markets. We realize our shareholders have many investment choices. To this end, we will continue to work with diligence and purpose to achieve our longstanding goal of providing excellent risk-adjusted returns.

I would like to thank you all for joining the call today. At this point, we would like to open the call to questions.

Operator

Thank you. [Operator instructions]. Mr. Villano, there are no questions at this time. I'll turn the floor back to you for any final comments.

John Villano - Co-CEO and CFO

Once again, I'd like to thank everyone for participating on our third quarter conference call. We look forward to updating you again next quarter. Thank you again.

Operator

Thank you. This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.