OSHMAN M KENNETH
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 7)*

Echelon Corporation

(Name of Issuer)

Common Stock, $0.01 par value

(Title of Class of Securities)

27874N 10 5

(CUSIP Number)

12/31/05

(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

¨ Rule 13d-1(b)

¨ Rule 13d-1(c)

x Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person s initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1745 (1-06)

CUSIP No.27874N 10 5

1. Names of Reporting Persons.

   I.R.S. Identification Nos. of above persons (entities only).

   M. Kenneth Oshman

2. Check the Appropriate Box if a Member of a Group (See Instructions)

   (a) ¨

   (b) x

3. SEC Use Only

4. Citizenship or Place of Organization

   United States of America

Number of Shares Beneficially Owned by Each Reporting Person With	5. Sole Voting Power	38, 520
	6. Shared Voting Power	5,306,861
	7. Sole Dispositive Power	38,520
	8. Shared Dispositive Power	5,306,861

9. Aggregate Amount Beneficially Owned by Each Reporting Person

   6,035,381*

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

    ¨

11. Percent of Class Represented by Amount in Row (9)

14.9%

12. Type of Reporting Person (See Instructions)

IN

* Includes 690,000 shares which may be acquired within 60 days of December 31, 2005 upon exercise of stock options by M. Kenneth Oshman.

CUSIP No.27874N 10 5

1. Names of Reporting Persons.

   I.R.S. Identification Nos. of above persons (entities only).

   Barbara S. Oshman

2. Check the Appropriate Box if a Member of a Group (See Instructions)

   (a) ¨

   (b) x

3. SEC Use Only

4. Citizenship or Place of Organization

   United States of America

Number of Shares Beneficially Owned by Each Reporting Person With	
5. Sole Voting Power	0
6. Shared Voting Power	5,306,861
7. Sole Dispositive Power	0
8. Shared Dispositive Power	5,306,861

9. Aggregate Amount Beneficially Owned by Each Reporting Person

   5,306,861

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) ¨

11. Percent of Class Represented by Amount in Row (9)

13.3%

12. Type of Reporting Person (See Instructions)

IN

Item 1. (a) Name of Issuer:

Echelon Corporation

(b) Address of Issuer s Principal Executive Offices:

550 Meridian Avenue, San Jose, CA 95126

Item 2. (a) Name of Person Filing:

M. Kenneth Oshman and Barbara S. Oshman, husband and wife

(b) Address of Principal Business Office or, if none, Residence:

550 Meridian Avenue, San Jose, CA 95126

(c) Citizenship:

United States of America

(d) Title of Class of Securities:

Common Stock, $0.01 par value

(e) CUSIP Number:

27874N 10 5

Item 3. If this statement is filed pursuant to §§240.13d 1(b) or 240.13d 2(b) or (c), check whether the person filing is a:

Not applicable.

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owed:

M. Kenneth Oshman: 6,035,381 shares*

Barbara S. Oshman: 5,306,861 shares

(b) Percent of class:

M. Kenneth Oshman: 14.9%, based on 39,800,492 outstanding shares of Common Stock of the Issuer as of December 31, 2005.

Barbara S. Oshman: 13.3%, based on 39,800,492 outstanding shares of Common Stock of the Issuer as of December 31, 2005.

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

M. Kenneth Oshman: 38,520 shares**

Barbara S. Oshman: 0 shares

(ii) Shared power to vote or to direct the vote

M. Kenneth Oshman: 5,306,861 shares***

Barbara S. Oshman: 5,306,861 shares***

(iii) Sole power to dispose or to direct the disposition of

M. Kenneth Oshman: 38,520 shares**

Barbara S. Oshman: 0 shares

(iv) Shared power to dispose or to direct the disposition of

M. Kenneth Oshman: 5,306,861 shares***

Barbara S. Oshman: 5,306,861 shares***

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* Includes 690,000 shares which may be acquired within 60 days of December 31, 2005 upon exercise of stock options by M. Kenneth Oshman.

** These 38,520 shares are registered in the name of M. Kenneth Oshman as trustee of trusts not for the benefit of Mr. Oshman.

*** 4,818,433 shares are held by M. Kenneth Oshman and Barbara S. Oshman, Trustees of the Oshman Trust Dated July 10, 1979 (the Oshman Trust). 488,428 shares are held by O-S Ventures, of which the Oshman Trust is general partner.

Item 5. Ownership of Five Percent or Less of a Class

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person

Not applicable.

Item 8. Identification and Classification of Members of the Group

Not applicable.

Item 9. Notice of Dissolution of Group

Not applicable.

Item 10. Certification

Not applicable.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 6, 2006

Date

/s/ M. Kenneth Oshman

Signature

M. Kenneth Oshman

Name/Title

February 6, 2006

Date

/s/ Barbara S. Oshman

Signature

Barbara S. Oshman

Name/Title

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	83,989
	92,934
Commitments and contingencies	
	-
	-
Shareholders' equity	
Preferred shares, $1 par value:	
Authorized 10,000 shares, none issued	

-

-

Shares of beneficial interest, $3 par value:

Authorized number of shares, unlimited, issued 12,711 and 12,249 shares

38,133

36,746

Additional paid-in capital

166,381

160,162

Accumulated other comprehensive income –net unrealized gain on available-for-sale securities

13,751

25,097

(Distributions in excess of net income)/retained earnings

(953
)

23,191

Cost of 1,162 and 1,163 treasury shares of beneficial interest

(10,010
)

(10,021
)

Total shareholders' equity

207,302

235,175

Total Liabilities and Shareholders' Equity

$

291,291

$

328,109

See Accompanying Notes to Consolidated Financial Statements.

BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Dollar amounts in thousands except per share amounts)

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Nine Months Ended June 30, 2008	Nine Months Ended June 30, 2007
Revenues:				
Interest on real estate loans, including $0 and $15 from related parties for the nine month periods, respectively	$ 3,821	$ 8,310	$ 13,436	$ 27,237
Loan fee income	547	1,280	1,657	3,909
Operating income from real estate properties	551	362	1,495	1,112
Other, primarily investment income	390	592	1,532	2,025
Total Revenues	5,309	10,544	18,120	34,283
Expenses:				
Interest –borrowed funds	1,734	1,953	5,179	8,190
Advisor's fees, related party	451	477	1,372	1,835
Provision for loan loss	6,400	1,000	11,700	1,000
Impairment charges	4,019	-	4,019	-
Foreclosure related professional fees	438	115	1,664	290
General and administrative –including $263 and $203 to related parties for the three month periods, respectively, and $781 and $659 for the nine month periods, respectively	1,669	1,490	5,173	4,665
Other taxes	130	446	230	1,231
Operating expenses relating to real estate properties including interest on mortgage payable of $37 and $38 for the three month periods, respectively, and $112 and $115 for the nine month periods, respectively	1,384	190	2,431	593
Amortization and depreciation	191	43	469	121
Total Expenses	16,416	5,714	32,237	17,925
(Loss) Income before equity in earnings of unconsolidated joint ventures, gain on disposition of real estate related to unconsolidated joint ventures, gain on sale of available-for-sale securities, minority interest and discontinued operations	(11,107)	4,830	(14,117)	16,358
Equity in earnings of unconsolidated joint ventures	171	470	1,322	651
Gain on disposition of real estate related to unconsolidated venture	-	-	-	1,819
	(10,936)	5,300	(12,795)	18,828

(Loss) Income before gain on sale of available-for-sale securities minority interest and discontinued operations								
Gain on sale of available-for-sale securities		7,885		4,121		11,703		19,419
Minority interest		(41)		(15)		(95)		(46)
(Loss) Income from continuing operations		(3,092)		9,406		(1,187)		38,201
Discontinued Operations								
Income from operations		213		-		78		6
Impairment charges		(2,781)		-		(2,781)		-
(Loss) Gain on sale of real estate assets		(22)		-		1,424		352
(Loss) income from discontinued operations		(2,590)		-		(1,279)		358
Net (loss) income	$	(5,682)	$	9,406	$	(2,466)	$	38,559
(Loss) Earnings per share of beneficial interest:								
(Loss) Income from continuing operations	$	(.26)	$	.85	$	(.10)	$	3.72
(Loss) income from discontinued operations		(.22)		-		(.11)		.03
Basic and diluted (loss) earnings per share	$	(.48)	$	.85	$	(.21)	$	3.75
Cash distributions per common share	$	.62	$	.62	$	1.86	$	1.82
Weighted average number of common shares outstanding:								
Basic		11,768,857		11,107,212		11,623,249		10,271,267
Diluted		11,768,857		11,124,022		11,623,249		10,288,928

See Accompanying Notes to Consolidated Financial Statements.

BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(Dollar amounts in thousands except for per share amounts)

	Shares of Beneficial Interest	Additional Paid-in Capital	Accumulated Other Comprehensive Income	(Distributions In Excess of Net Income)/ Retained Earnings	Treasury Shares	Total
Balances, September 30, 2007	$ 36,746	$ 160,162	$ 25,097	$ 23,191	$ (10,021)	$ 235,175
Shares issued – dividend reinvestment and stock purchase plan (462,315 shares)	1,387	5,584	-	-	-	6,971
Distributions – common share ($1.86 per share)	-	-	-	(21,678)	-	(21,678)
Exercise of stock options	-	(1)	-	-	11	10
Compensation expense – restricted stock	-	636	-	-	-	636
Net loss	-	-	-	(2,466)	-	(2,466)
Other comprehensive loss - net unrealizedloss on available-for-sale securities (net of reclassification adjustment for gains included in net income of $11,006)	-	-	(11,346)	-	-	(11,346)
Comprehensive loss	-	-	-	-	-	(13,812)
Balances, June 30, 2008	$ 38,133	$ 166,381	$ 13,751	$ (953)	$ (10,010)	$ 207,302

See Accompanying Notes to Consolidated Financial Statements.

BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Amounts in Thousands)

	Nine Months Ended June 30, 2008		Nine Months Ended June 30, 2007	
Cash flows from operating activities:				
Net (loss) income	$	(2,466)	$	38,559
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for loan loss		11,700		1,000
Impairment charges		6,800		-
Amortization and depreciation		1,020		822
Amortization of deferred fee income		(1,613)		(3,612)
Amortization of restricted stock and stock options		636		576
Gain on sale of available-for-sale securities		(11,703)		(19,419)
Net gain on sale of real estate assets from discontinued operations		(1,424)		(352)
Equity in earnings of unconsolidated joint ventures		(1,322)		(651)
Gain on disposition of real estate related to unconsolidated real estate venture		-		(1,819)
Distribution of earnings of unconsolidated joint ventures		1,666		5,334
Increase in straight line rent		(12)		(124)
Increases and decreases from changes in other assets and liabilities:				
Decrease in interest and dividends receivable		1,308		817
Increase in prepaid expenses		(170)		(1,524)
Decrease in accounts payable, accrued liabilities and deposits payable		(1,227)		(2,630)
Increase in deferred costs		(463)		(309)
Other		56		(32)
Net cash provided by operating activities	$	2,786	$	16,636
Cash flows from investing activities:				
Collections from real estate loans	$	32,399	$	116,338
Sale or additions of participation interests		-		(5,750)
Repurchase of participation interest		-		635
Additions to real estate loans		(35,791)		(85,200)
Net costs capitalized to real estate owned		(1,284)		(60)
Collection of loan fees		1,300		2,243
Proceeds from sale of real estate owned		5,480		625
Purchase of available-for-sale securities		-		(49)
Proceeds from sale of available-for-sale securities		15,541		24,506
Contributions to unconsolidated ventures		(1,068)		(12,238)
Distributions of capital of unconsolidated ventures		1,293		5,397
Net cash provided by investing activities	$	17,870	$	46,447
Cash flows from financing activities:				
Proceeds from borrowed funds	$	31,000	$	103,000
Repayment of borrowed funds		(39,000)		(227,464)
Mortgage amortization		(59)		(57)

Cash distribution –common shares		(21,337)		(16,032)
Exercise of stock options		10		20
Proceeds from issuance of shares – dividend reinvestment and stock purchase plan		6,971		3,480
Net proceeds from secondary offering		-		77,094
Net cash used in financing activities	$	(22,415)	$	(59,959)
Net (decrease) increase in cash and cash equivalents		(1,759)		3,124
Cash and cash equivalents at beginning of period		17,103		8,393
Cash and cash equivalents at end of period	$	15,344	$	11,517
Supplemental disclosure of cash flow information:				
Cash paid during the period for interest	$	4,741	$	8,398
Non cash investing and financing activity:				
Seller financing provided for sale of real estate	$	-	$	2,560
Reclassification of loans to real estate upon foreclosure	$	64,446		-
Accrued distributions	$	7,297	$	6,891

See Accompanying Notes to Consolidated Financial Statements.

BRT REALTY TRUST AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1 – Organization and Background

BRT Realty Trust is a real estate investment trust organized as a business trust in 1972 under the laws of the Commonwealth of Massachusetts. Our principal business is to generate income by originating and holding for investment, for our own account, senior and junior real estate mortgage loans secured by real property. The Trust may also participate as both an equity investor in, and as a mortgage lender to, joint ventures which acquire income producing properties.

Note 2 - Basis of Preparation

The accompanying interim unaudited consolidated financial statements as of June 30, 2008 and for the nine months ended June 30, 2008 and June 30, 2007 reflect all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for such interim periods. The results of operations for the nine months ended June 30, 2008 are not necessarily indicative of the results for the full year.

Certain items on the consolidated financial statements for the preceding period have been reclassified to conform with the current consolidated financial statements.

The consolidated financial statements include the accounts and operations of BRT Realty Trust, its wholly owned subsidiaries and its majority-owned or controlled real estate entities. With respect to its unconsolidated joint ventures, as the Trust (i) is primarily the managing member but does not exercise substantial operating control over these entities pursuant to EITF 04-5 “Determining Whether a General Partner, or the General Partners as a Group Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights”, and (ii) such entities are not variable-interest entities pursuant to FASB Interpretation No. 46(R), “Consolidation of Variable Interest Entities –an interpretation of ARB No.5,” it has determined that such joint ventures should be accounted for under the equity method of accounting for financial statement purposes. Material intercompany items and transactions have been eliminated. BRT Realty Trust and its subsidiaries are hereinafter referred to as "BRT" or the "Trust."

These statements should be read in conjunction with the consolidated financial statements and related notes which are included in BRT’s Annual Report on Form 10-K for the year ended September 30, 2007.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Note 3 - Shareholders' Equity

Distributions

During the quarter ended June 30, 2008, BRT declared a cash distribution to shareholders of $.62 per share. This distribution totaled $7,297,000 and was paid July 7, 2008 to shareholders of record on June 25, 2008.

Stock Options

As of June 30, 2008, there were 22,500 stock options outstanding. All of these options are exercisable. During the quarter and nine months ended June 30, 2008, 1,250 options were exercised. Proceeds from these options totaled approximately $10,000.

Dividend Reinvestment and Stock Purchase Plan

During the quarter ended March 31, 2008, the Trust suspended the dividend reinvestment provision and terminated the stock purchase provision of the plan.

Note 3 - Shareholders' Equity (Continued)

Restricted Shares

As of June 30, 2008, 231,340 restricted shares were issued under the Trust’s 2003 incentive plan. The total number of shares allocated to this plan is 350,000. The shares issued vest five years from the date of issuance and under certain circumstances may vest earlier. Since inception of the plan, 33,050 shares have vested. For accounting purposes, the restricted stock is not included in the outstanding shares shown on the balance sheet until they vest, but is included in the earnings per share computation. In 2006, the Trust adopted the provisions of Financial Accounting Standards Board (“FASB”) No. 123 (R), “Share-Based Payment (revised 2004).” These provisions require that the estimated fair value of restricted stock at the date of grant be amortized ratably into expense over the appropriate vesting period. For the three months ended June 30, 2008 and 2007, the Trust recorded $226,000 and $148,000 of compensation expense, respectively and for the nine months ended June 30, 2008 and June 30, 2007, the Trust recorded $636,000 and $576,000 of compensation expense, respectively, as a result of the outstanding restricted shares. At June 30, 2008, $2,549,000 has been deferred as unearned compensation and will be charged to expense over the remaining weighted average vesting period of approximately three years.

Per Share Data

Basic earnings per share were determined by dividing net (loss) income for the period by the weighted average number of common shares outstanding during each period.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares or resulted in the issuance of common shares that then shared in the earnings of the Trust.

The following table sets forth the computation of basic and diluted shares:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2008	2007	2008	2007
Basic	11,768,857	11,107,212	11,623,249	10,271,267
Effect of dilutive securities	-	16,810	-	17,661
Diluted (1)	11,768,857	11,124,022	11,623,249	10,288,928

(1) The impact of dilutive securities is not included in the computation of loss per share for the three and nine months ended June 30, 2008, as the inclusion of such common share equivalents would be anti-dilutive.

Note 4 - Real Estate Loans

At June 30, 2008, information as to real estate loans is summarized as follows (dollar amounts in thousands):

First mortgage loans	Earning Interest	Non-Earning Interest	Total	Allowance For Possible Losses (1)	Real Estate Loans, Net
Multi-family residential	$ 2,687	$ 52,495	$ 55,182	$ (11,730)	$ 43,452
Condominium units (existing rental multi-family units)	31,348	7,568	38,916	(2,115)	36,801
Hotel condominium units	5,254	-	5,254	-	5,254
Land	21,160	6,164	27,324	(425)	26,899
Shopping center/retail	30,691	-	30,691	-	30,691
Office	13,500	-	13,500	-	13,500
Residential	23	2,700	2,723	-	2,723
Industrial	1,055	-	1,055	-	1,055
Second mortgage loans					
Multi-family residential	5,250	-	5,250	-	5,250
Shopping center/retail	-	1,902	1,902	-	1,902
	110,968	70,829	181,797	(14,270)	167,527
Deferred fee income	(454)	(175)	(629)	-	(629)
Real estate loans, net	$ 110,514	$ 70,654	$ 181,168	$ (14,270)	$ 166,898

(1) All allowance for possible losses relate to non-earning loans.

At June 30, 2008, 11 non-earning loans were outstanding to eight separate, unrelated borrowers having an aggregate outstanding principal balance of $70,829,000, representing 39% of total real estate loans and 24% of total assets, compared with seven non-earning loans with an aggregate principal balance of $63,627,000, representing 26% of total real estate loans and 19% of total assets at September 30, 2007. The Trust recognized $195,000 cash basis interest on non-earning loans in the three month period ended June 30, 2008 and recognized $244,000 in the nine month period ended June 30, 2008.

On July 7, 2008, the Trust acquired by foreclosure title to six properties in the Nashville, Tennessee area. These properties, which were subject to a cancelled contract of sale, were the collateral for four non-earning loans with an aggregate principal balance of $36,430,000, before loan loss allowances of $4,450,000, on two of the four loans, recorded in the quarter ended June 30, 2008. These properties were owned by separate borrowers controlled by an individual, who is currently incapacitated. These properties are all multi-family residential properties containing an aggregate of 788 units.

On July 21, 2008, the Trust acquired by foreclosure, title to a 483 multi-family apartment complex in Fort Wayne, Indiana. At June 30, 2008, the gross principal balance of this loan, reported as non-earning, was $13,672,000, before loan loss allowances of $5,330,000 recorded in prior periods and $1,100,000 recorded in the quarter ended June 30, 2008.

Note 4 - Real Estate Loans (Continued)

A summary of the changes in non-earning loans before allowance for possible losses of $14,270,000 for the three and nine months ended June 30, 2008 is as follows (dollar amounts in thousands):

	Three Months Ended		Nine Months Ended	
	June 30, 2008			
Beginning principal balance	$	72,698	$	63,627
Additions		-		58,680
Protective advances		(415)		905
Total additions	$	(415)	$	59,585
Payoffs and paydowns		1,454		5,678
Reclassified to performing		-		1,138
Transferred to owned real estate		-		45,567
Total reductions	$	1,454	$	52,383
Principal balance at June 30, 2008	$	70,829	$	70,829

At June 30, 2008, five separate, unaffiliated borrowers had loans outstanding in excess of 5% of the total portfolio. Information regarding these loans is set forth in the table below:

Balance	# of Loans	% of Gross Loans	% of Assets	Type / Number	State / (Number)	Status
$39,130,000	5	21.52%	13.43%	Multi-family(4)/ residential (1)	TN (4)) NY (1	Non-earning(a)
36,691,000	19	20.18%	12.60%	Existing office with retail land/assemblage	NJ	Performing
26,075,000	1	14.34%	8.95%	Multi-family, condo redevelopment	NY	Performing
13,672,000	1	7.52%	4.69%	Multi-family	IN	Non-earning(b)
12,000,000	1	6.60%	4.12%	Office	MD	Performing

(a) All of the Tennessee properties were acquired by foreclosure on July 7, 2008.
(b) This property was acquired by foreclosure on July 21, 2008.

Note 5 - Allowance for Possible Loan Losses

The Trust added an additional $6,400,000 to its existing loan loss allowance in the quarter ended June 30, 2008.
An analysis of the loan loss allowance for the three and nine months ended June 30, 2008 is as follows (dollar amounts in thousands):

	Three Months Ended		Nine Months Ended	
	June 30, 2008			
Balance at beginning of period	$	7,870	$	8,917
Provision for loan loss		6,400		11,700
Charge-offs		-		(6,347)
Balance at end of period	$	14,270	$	14,270

The allowance for possible losses applies to six loans aggregating $50,357,000 at June 30, 2008, all of which are non-earning.

Note 6 – Impairment Charges

The Trust recorded $6,800,000 in impairment charges in the quarter and nine months ended June 30, 2008 as follows:

Real estate properties	$ 2,969,000
Investment in unconsolidated joint venture at equity	1,050,000
	4,019,000
Real estate properties held for sale	2,781,000
Total impairment charges	$ 6,800,000

The Trust reviews each real estate asset owned, including investments in unconsolidated joint ventures, for which indicators of impairment are present to determine whether the carrying amount of the asset can be recovered. Measurement is based upon the fair value of the asset. Real estate assets held for sale are valued at the lower of cost or fair value, less costs to sell, on an individual asset basis. Based on current market conditions and the market value of its properties the Trust recorded an impairment charge of $ 6,800,000 in connection with certain real estate properties, real estate properties held for sale and investment in unconsolidated joint ventures.

Note 7 - Real Estate Properties

A summary of changes in the real estate properties is shown below (dollar amounts in thousands):

	Balance 9/30/07	Additions (2)	Improvements	Depreciation	Transfers to held for sale	Impairment Charges	Balance 6/30/08
Commercial	$ 3,272	-	-	$ (85)	-	-	$ 3,187
Multi-family (1)	64	$ 28,619	$ 1,249	(330)	$ (10,387)	$ (2,969)	16,246
Land	-	10,437	-	-	-	-	10,437
Total	$ 3,336	$ 39,056	$ 1,249	$ (415)	$ (10,387)	$ (2,969)	$ 29,870

(1) Includes cooperative and condominium units.
(2) Represents additions by foreclosure or deed in lieu of foreclosure.

In the quarter ended June 30, 2008, the Trust transferred $6,459,000 of real estate properties to held for sale.

Note 8 – Real Estate Properties Held for Sale

During the quarter ended June 30, 2008, the Trust sold a parcel of vacant land in Stuart, Florida, acquired by deed in lieu of foreclosure in July 2007. This property had a book value of $1,714,000 at the time of sale. The Trust also sold three condominium units, which had an aggregate book basis of $289,000, at the time of sale. The Trust recognized an aggregate gain of $25,000 on these sales.

In July 2008, the Trust sold a shopping center in Stuart, Florida. This property was sold for its approximate book value of $5,645,000 after an impairment charge of $630,000 recorded during the quarter ended June 30, 2008.

Note 8 –Real Estate Properties Held for Sale (Continued)

A summary of changes in real estate properties held for sale is shown below (dollar amounts in thousands):

	Balance 9/30/07	Additions (4)	Transfers from Real Estate Properties	Improvements	Sales	Impairment Charges	Balance 6/30/08
Commercial	$ 7,982	-	-	$ 7	$ (1,714)	$ (630)	$ 5,645
Industrial	1,373	-	-	-	(1,373) (1)	-	-
Multi-family (3)	-	$ 25,361	$ 10,387	28	(969) (2)	(2,151)	32,656
Total	$ 9,355	$ 25,361	$ 10,387	$ 35	$ (4,056)	$ (2,781)	$ 38,301

(1) Includes $1,373 sold in prior quarters
(2) Includes $680 sold in prior quarters
(3) Includes cooperative and condominium units
(4) Represents additions by foreclosure or deed in lieu of foreclosure

Note 9 – Investment in Unconsolidated Joint Ventures at Equity

BRT Funding LLC

On November 2, 2006, BRT Joint Venture I LLC, a wholly owned subsidiary of the Trust (which is referred to as the BRT member), entered into a joint venture agreement with and among (1) CIT Capital USA, Inc., which is referred to as the CIT member and which is a wholly owned subsidiary of CIT Group, Inc., which is involved in the real estate lending business, and (2) BRT Funding LLC, a limited liability company established under the laws of the State of Delaware, which is referred to as the joint venture. The joint venture engages in the business of investing in short-term commercial real estate loans for terms of six months to three years, commonly referred to as bridge loans. The BRT member is the managing member of the joint venture. The agreement provides for capitalization of the joint venture to be funded 25% by the BRT member and 75% by the CIT member, and all major decisions require the approval of both members.

The BRT member is responsible for the payment of a fee to a merchant bank for arranging the transaction and securing capital from the CIT member. The fee, which is 4% of the CIT member's capital and is paid as the CIT member funds its capital contribution, is being amortized over five years. The CIT member has contributed $37,277,000 in capital to the joint venture as of June 30, 2008 and a fee of $1,491,000 has been incurred. Amortization of the fee totaled $76,000 and $230,000 for the three and nine month periods ended June 30, 2008, respectively, and is shown as a reduction in equity in earnings of unconsolidated joint ventures.

The Trust has agreed to present all loan proposals received by it to the joint venture for its consideration on a first refusal basis, under procedures set forth in the joint venture agreement, until the joint venture originates loans with an aggregate principal amount of $100 million (or, in the event that a line of credit at the maximum level is obtained, $150 million).

Note 9 –Investment in Unconsolidated Joint Ventures at Equity (Continued)

Unaudited condensed financial information regarding the joint venture is shown below (dollar amounts in thousands):

Condensed Balance Sheet	June 30, 2008
Cash	$ 1,699
Real estate loans, net of deferred fees	44,227
Accrued interest receivable	59
Owned real estate	1,405
Other assets	20
Total assets	$ 47,410
Escrow and deposits payable	$ 214
Other liabilities	57
Equity	47,139
Total liabilities and equity	$ 47,410

	Three Months Ended June 30, 2008	Nine Months Ended June 30, 2008	Three Months Ended June 30, 2007	Nine Months Ended June 30, 2007
Condensed Statement of Operations				
Interest and fees on loan	$ 833	$ 3,713	$ 1,624	$ 2,307
Operating expenses	214	370	1	1
Net income attributable to members	$ 619	$ 3,343	$ 1,623	$ 2,306
Company share of net income	$ 217	$ 1,231	$ 509	$ 722
Amount recorded in income statement (1)	$ 141	$ 1,269	$ 455	$ 593

(1) This amount is net of $76,000 and $230,000 in the three and nine months ended June 30, 2008, respectively, and $54,000 and $129,000 in the three and nine months ended June 30, 2007, respectively, of amortization of the fee that the Trust paid to a merchant bank for arranging the transaction with the CIT member**.** This amount also includes a management allocation equal to 1% per annum of the loan portfolio, as defined, of $51,000 and $528,000 in the three and nine month periods ended June 30, 2008, respectively, paid to the BRT member. The nine month period includes an out of period adjustment of $268,000 pertaining to the fiscal year ended September 30, 2007.

At June 30, 2008, information as to real estate loans held by the joint venture is summarized as follows (dollar amounts in thousands):

First mortgage loans	Total	Earning Interest	Not Earning Interest
Multi-family residential	$ 38,475	$ 11,633	$ 26,842
Land	5,928	5,928	-
	44,403	17,561	26,842
Deferred fee income	(176)	(34)	(142)
Real estate loans, net	$ 44,227	$ 17,527	$ 26,700

Note 9 –Investment in Unconsolidated Joint Ventures at Equity (Continued)

Other Real Estate Ventures

The Trust is also a partner in unconsolidated joint ventures which own and operate six properties.

The real estate ventures generated $30,000 and $15,000 in equity earnings for the three months ended June 30, 2008 and 2007, respectively, and $53,000 and $57,000 for the nine months ended June 30, 2008 and 2007, respectively.

Note 10 –Available-For-Sale Securities

Included in available-for-sale securities are 332,576 shares of Entertainment Properties Trust (NYSE:EPR), which have a cost basis of $4,369,000 and a fair market value at June 30, 2008 of $16,443,000.

During the quarter ended June 30, 2008, BRT sold 190,824 shares of Entertainment Properties Trust for $10,391,000. The book basis of these securities was $2,506,000. Accordingly, the Trust recognized a gain from these sales of $7,885,000.

Subsequent to the quarter end and through August 5, 2008, the Trust sold 191,287 shares of Entertainment Properties Trust for $10,331,000. The book basis of these securities was $2,513,000. Accordingly, the Trust will recognize a gain from these sales of approximately $7,818,000.

Note 11 –Borrowed Funds

The Trust has a $185 million revolving credit facility with Capital One Bank, VNB New York Corp., Signature Bank and Manufacturers and Traders Trust Company. The credit facility bears interest at LIBOR + 225 basis points. The credit facility matures on February 2, 2009. At its option the Trust may extend the term of the credit facility for one year for a fee of $462,500. Under the credit facility, the Trust is required to maintain cash or marketable securities at all times of not less than $15 million. The amount which can be outstanding under the revolving credit facility may not exceed an amount equal to the sum of (1) 65% of our earning first mortgages, plus (2) 50% of our earning second mortgages and (3) 50% of the fair market value of certain of our owned real estate, all of which are pledged to the lending banks as collateral and the sum of (2) and (3) may not exceed 15% of the borrowing base or $22.5 million. At June 30, 2008, $63 million was available and $12 million was outstanding. As of the date of this filing, there was no outstanding balance on the credit facility.

The following is summary information relating to our credit facility.

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2008	2007	2008	2007
Average balance	$ 28,967,000	$ 26,747,000	$ 22,234,000	$ 62,751,000
Outstanding balance at period end	$ 12,000,000	$ 17,000,000	$ 12,000,000	$ 17,000,000
Weighted average interest rate during the period	4.89%	7.58%	5.78%	7.56%
Weighted average interest rate at period end	4.71%	7.57%	4.71%	7.57%

The weighted average interest rates do not reflect the effect of deferred fee amortization of $116,000 and $170,000 for the three months ended June 30, 2008 and 2007, respectively, and $419,000 and $484,000 for the nine months ended June 30, 2008 and 2007, respectively, which is a component of interest expense. These fees are being amortized over the life of the credit facility. At June 30, 2008, there was $270,000 of unamortized deferred fees, which is included in other assets.

Note 11 –Borrowed Funds (Continued)

In addition to the credit facility, the Trust has the ability to borrow funds through its two margin accounts. In order to maintain one of the accounts, the Trust pays an annual fee equal to .3% of the market value of the pledged securities, which is included in interest expense. Marketable securities, with a fair market value at June 30, 2008 of approximately $19.8 million, were pledged as collateral. The following is a summary information relating to the margin accounts:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2008	2007	2008	2007
Average balance	-	-	-	$ 4,935,000
Outstanding balance at period end	-	-	-	-
Weighted average interest rate during the period	N/A	N/A	N/A	7.51%
Weighted average interest rate at period end	N/A	N/A	N/A	N/A

Note 12 –Junior Subordinated Notes

In April 2006, BRT issued $30,928,000 principal amount 30-year subordinated notes to BRT Realty Trust Statutory Trust II, an unconsolidated affiliate of BRT. Statutory Trust II was formed to issue $928,000 of its common securities to BRT and to sell $30 million of preferred securities to third party investors. The notes pay interest quarterly at a fixed rate of 8.49% per annum for ten years at which time they convert to a floating rate of LIBOR plus 290 basis points. Dividends are paid to the security holders under the same terms as the subordinated notes. The notes and preferred securities mature in April 2036 and may be redeemed in whole or in part anytime after April 2011, without penalty, at BRT's option. Issuance costs of $944,500 are being amortized over the intended 10-year holding period of the notes. At June 30, 2008 unamortized issuance costs totaled $739,000.

In March 2006, BRT issued $25,774,000 principal amount 30-year subordinated notes to BRT Realty Trust Statutory Trust I, an unconsolidated affiliate of BRT. Statutory Trust I was formed to issue $774,000 of its common securities to BRT and to sell $25 million of preferred securities to third party investors. The notes pay interest quarterly at a fixed rate of 8.23% per annum for ten years at which time they convert to a floating rate of LIBOR plus 300 basis points. Dividends are paid to security holders under the same terms as the subordinated notes. The notes and preferred securities mature in April 2036 and may be redeemed in whole or in part anytime after March 2011, without penalty, at BRT's option. Issuance costs of $822,000 are being amortized over the intended 10- year holding period of the notes. At June 30, 2008 unamortized issuance costs totaled $635,000.

BRT Realty Trust Statutory Trusts I and II are variable interest entities under FIN 46R. Under the provisions of FIN 46R, BRT has determined that the holders of the preferred securities are the primary beneficiaries of the two Statutory Trusts. Accordingly, BRT does not consolidate the Statutory Trusts and has reflected the obligations of the Statutory Trusts under the caption "Junior Subordinated Notes." The investment in the common securities of the Statutory Trusts is reflected in other assets and is accounted under the equity method of accounting.

Note 13 –Comprehensive Income

Comprehensive (loss) income for the three and nine month periods was as follows (dollar amounts in thousands):

	Three Months Ended June 30,	Nine Months Ended June 30,

	2008	2007	2008	2007
Net (loss) income	$ (5,682)	$ 9,406	$ (2,466)	$ 38,559
Other comprehensive loss –Unrealized loss on available for- sale securities	(6,816)	(8,452)	(11,346)	(11,443)
Comprehensive (loss) income	$ (12,498)	$ 954	$ (13,812)	$ 27,116

Note 14 –New Accounting Pronouncements

In September 2006, the FASB issued Statement No. 157, "*Fair Value Measurements*" ("SFAS No. 157"). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. SFAS No.157 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. SFAS No. 157 applies whenever other standards require assets or liabilities to be measured at fair value. This statement is effective in fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Trust is evaluating this statement and believes that the adoption of this standard on October 1, 2008 will not have a material effect on the Trust's consolidated financial statements.

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (FAS 159.) FAS 159 permits entities to elect to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. FAS 159 is effective for the Trust commencing October 1, 2008 on a prospective basis, as the Trust did not elect to early adopt FAS 159. A decision to elect the fair value option for an eligible financial instrument, which can be made on an instrument by instrument basis, is irrevocable. The Trust is currently evaluating the impact that the adoption of FAS 159 will have on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations –a replacement of FASB Statement No. 141", which applies to all transactions or events in which an entity obtains control of one or more businesses. SFAS 141(R) (i) establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, (ii) requires expensing of most transaction costs, and (iii) requires the acquirer to disclose to investors and other users all of the information needed to evaluate and understand the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008 and early adoption is not permitted. The Trust is currently evaluating the impact of SFAS No. 141(R) and the effect that such pronouncement will have on its financial statements.

In December 2007, the FASB issued Statement No. 160 "Non-controlling Interests in Consolidated Financial Statements an amendment of ARB No 51". SFAS 160 requires non-controlling interest in a consolidated subsidiary to be displayed in the statement of financial position as a separate component of equity and earnings and losses attributable to non-controlling interests are no longer reported as part of consolidated earnings, rather they are disclosed on the face of the income statement. This statement is effective in fiscal years beginning after December 15, 2008. Adoption is prospective and early adoption is not permitted. The Trust is currently evaluating the impact that the adoption of FAS 160 will have on its consolidated financial statements.

PART II – OTHER INFORMATION

Item 6. Exhibits

Exhibit 31.1 Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification of Senior Vice President-Finance pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.3 Certification of Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certification of Senior Vice President-Finance pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.3 Certification of Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRT REALTY TRUST
(Registrant)

August 18, 2008 Date	/s/ Jeffrey A. Gould Jeffrey A. Gould, President and Chief Executive Officer
August 18, 2008 Date	/s/ George Zweier George Zweier, Vice President and Chief Financial Officer (principal financial officer)