AMERICAN MORTGAGE ACCEPTANCE CO
Form 10-Q
November 09, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X ----- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2005

OR

----- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-23972

AMERICAN MORTGAGE ACCEPTANCE COMPANY
(Exact name of Registrant as specified in its charter)

Massachusetts	13-6972380
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
625 Madison Avenue, New York, New York	10022
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (212) 317-5700

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No
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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No X

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As of October 31, 2005, 8,311,226 shares of the Registrant's shares of beneficial interest, $0.10 par value, were outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except per share amounts)

ASSETS

	September 30, 2005	De

	(Unaudited)	
Cash and cash equivalents	$ 16,959	$
Investments		
Debt securities	202,938	
Mortgage loans, net	54,052	
Notes receivable, net	13,725	
Revenue bonds	6,559	
ARCap preferred shares	20,240	
Real estate owned - held and used, net	50,842	
Real estate owned - held for sale	19,390	
Accounts receivable	25,757	
Other assets	1,599	
Total assets	$ 412,061	$
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Repurchase facilities payable	$ 214,645	$
Warehouse facility payable	4,070	
Mortgages payable on real estate owned	40,618	
Preferred shares of subsidiary (subject to mandatory repurchase)	25,000	
Line of credit - due to related party	--	
Accounts payable and accrued expenses	1,622	
Due to Advisor and affiliates	2,429	
Distributions payable	3,324	
Total liabilities	291,708	
Commitments and contingencies		
Shareholders' equity:		
Shares of beneficial interest; $.10 par value; 25,000 shares authorized; 8,717 issued and 8,311 outstanding in 2005 and 8,716 issued and 8,337 outstanding in 2004	872	
Treasury shares of beneficial interest at par; 406 shares in 2005 and 379 shares in 2004	(41)	
Additional paid-in capital	126,414	
Share - based compensation	--	
Distributions in excess of net income	(13,979)	
Accumulated other comprehensive income	7,087	
Total shareholders' equity	120,353	
Total liabilities and shareholders' equity	$ 412,061	$

See accompanying notes to condensed consolidated financial statements.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Month Septembe
	2005	2004	2005
Revenues:			
Interest income:			
Debt securities	$ 3,351	$ 2,426	$ 9,722
Mortgage loans	1,734	394	3,497
Notes receivable	365	699	1,222
Revenue bonds	145	149	438
Temporary investments	48	12	132
Rental income of real estate owned - held and used	1,654	1,873	5,159
Fees related to prepayment of investments	5,314	173	5,314
Other revenues	155	39	883
Total revenues	12,766	5,765	26,367
Expenses:			
Interest	1,937	1,053	4,854
Interest - distributions to preferred shareholders of subsidiary (subject to mandatory repurchase)	461	--	961
Mortgage interest for real estate owned - held and used	601	--	1,808
Property operations of real estate owned - held and used	794	959	2,420
General and administrative	608	372	1,513
Fees to Advisor	1,906	618	3,280
Depreciation	336	59	1,038
Amortization and other	68	55	292
Total expenses	6,711	3,116	16,166
Other income:			
Equity in earnings of ARCap	600	600	1,800
Income from real estate owned - held for sale	403	--	1,024
Net gain on repayment of debt securities	254	--	183
Total other income	1,257	600	3,007
Net income	$ 7,312	$ 3,249	$13,208
Net income per share (basic and diluted)	$ 0.88	$ 0.39	$ 1.59
Dividends per share	$ 0.40	$ 0.40	$ 1.20

Weighted average shares outstanding:			
Basic	8,311	8,336	8,320
Diluted	8,314	8,336	8,323

See accompanying notes to condensed consolidated financial statements.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2005	2004
Cash flows from operating activities:		
Net income	$ 13,208	$ 9,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	1,038	367
Net gain on repayment of debt securities	(183)	--
Amortization and accretion	121	76
Other non-cash expense	20	20
Changes in operating assets and liabilities:		
Accounts receivable	(923)	622
Other assets	(445)	(442)
Due to Advisor and affiliates	1,659	626
Accounts payable and accrued expenses	262	(333)
Accrued interest payable	294	(511)
Net cash provided by operating activities	15,051	10,349
Cash flows from investing activities:		
Investment in debt securities	(40,503)	(14,221)
Principal repayments of debt securities	6,872	16,754
Purchase of mortgage on real estate owned	(17,150)	--
Proceeds from sale of real estate owned	7,474	--
Funding of notes receivable	(472)	(7,145)
Repayment of notes receivable	9,883	21,099
Principal payment on real estate owned - held and used	480	--
Principal repayments on revenue bonds	157	841
Funding of mortgage loans	(36,872)	(6,838)
Repayments of mortgage loans	2,874	1,306

Net cash (used in) provided by investing activities	(67,257)	11,796

continued

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2005	2004
Cash flows from financing activities:		
Proceeds from repurchase facilities	$ 80,659	$ 13,322
Repayments of repurchase facilities	(23,647)	(18,246)
Proceeds from warehouse facility	243	943
Repayments of warehouse facility	--	(13,061)
Proceeds from line of credit - due to related party	14,761	15,361
Repayment of line of credit - due to related party	(19,361)	--
Distribution paid to shareholders	(9,994)	(10,005)
Deferred financing costs	(802)	--
Treasury stock purchases	(368)	(52)
Issuance of preferred shares of subsidiary	25,000	--
Net cash provided by (used in) financing activities	66,491	(11,738)
Net increase in cash and cash equivalents	14,285	10,407
Cash and cash equivalents at the beginning of the year	2,674	2,028
Cash and cash equivalents at the end of the period	$ 16,959	$ 12,435
Non-cash investing activities:		
Accounts receivable from repayment and sale of investments	$ 22,910	$ --

See accompanying notes to condensed consolidated financial statements.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
September 30, 2005
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The condensed consolidated financial statements include the accounts of American Mortgage Acceptance Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise indicated, we herein refer to American Mortgage Acceptance Company and its subsidiaries as "AMAC", "we", "us", "our", and "our Company". We are externally managed by Related AMI Associates, Inc., which acts as our Advisor. We operate in one business segment.

In March 2005, we formed AMAC Capital Financing I ("ACFI"), a wholly owned trust, for the purpose of issuing trust preferred securities, which are subject to mandatory repurchase in March 2035 and are callable in March 2010 (see Note 8).

The condensed consolidated financial statements have been prepared without audit. In the opinion of management, the financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly our financial position as of September 30, 2005, and the results of our operations and our cash flows. However, the operating results for interim periods may not be indicative of the results for the full year.

Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted. It is suggested that these financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2004.

Our annual report on Form 10-K for the year ended December 31, 2004, contains a summary of our significant accounting policies. There have been no material changes to these items since December 31, 2004; however, we have entered into a transaction during 2005 which involves a new significant accounting policy (see Note 8).

The preparation of the consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain prior year amounts have been reclassified to conform to the current year presentation, in particular, the reclassification of results of operations of our real estate owned - held and used portfolio.

NOTE 2 - INVESTMENTS IN DEBT SECURITIES - AVAILABLE FOR SALE

During the nine months ended September 30, 2005, we purchased seven Fannie Mae ("FNMA") certificates with principal amounts totaling approximately $38.2 million. The certificates were purchased at premiums totaling approximately $119,000 with a weighted average maturity date of February 2014 and bear interest at a weighted average rate of 5.56%.

During the nine months ended September 30, 2005, we funded approximately $2.2 million on debt securities originated prior to December 31, 2004.

During the nine months ended September 30, 2005, three Ginnie Mae ("GNMA") and FNMA certificates were repaid, one prior to the maturity date. We received approximately $10.8 million in proceeds, of which, $5.2 million related to penalties and fees resulting from the prepayment, which are classified as "fees related to prepayment of investments" on the condensed consolidated statement of income. The principal balance on the prepaid GNMA certificate (approximately $21.4 million) was received in October 2005, and is classified in accounts receivable on the condensed consolidated balance sheet of September 30, 2005. These pay-downs also resulted in write-offs of unamortized discounts and premiums of approximately $183,000, which are classified as a net gain on

repayment of debt securities on our condensed consolidated statement of income (see also Note 3 regarding the prepayment of an associated mezzanine loan).

In July 2005, we received an executed letter of intent to purchase a defaulted GNMA certificate and mezzanine loan at par plus any accrued interest through the date of the letter. As such, we have recognized approximately $201,000 in previously unrecorded, unpaid interest relating to the mezzanine loan. We are currently in negotiations to finalize this sale.

Information regarding our investments in debt securities is as follows:

(In thousands)

	September 30, 2005	December 31, 2004
Amortized cost	$ 196,591	$ 184,576
Unrealized gains	7,201	11,370
Unrealized losses	(854)	(1,359)
Net unrealized gain	6,347	10,011
Fair value	$ 202,938	$ 194,587

The fair value and gross unrealized losses of our debt securities aggregated by length of time that these individual debt securities have been in a continuous unrealized loss position, at September 30, 2005, and December 31, 2004, is summarized in the table below:

(Dollars in thousands)

	September 30, 2005			December 31, 2004		
	Fewer than 12 Months	12 Months or More	Total	Fewer than 12 Months	12 Months or More	Total
Number of securities	7	5	12	11	7	18
Fair value	$35,746	$11,873	$47,619	$46,055	$16,832	$62,887
Gross unrealized loss	$ 208	$ 646	$ 854	$ 515	$ 844	$ 1,359

These unrealized losses are as a result of increases in interest rates subsequent to the acquisition of the securities. All of the debt securities are performing according to their terms. Furthermore, we have the intent and ability to hold these securities to maturity, or at least until interest rates change such that the fair value is no longer less than book value. Accordingly, we have concluded that these impairments are temporary.

At September 30, 2005, all of our debt securities were partially or wholly pledged as collateral under our repurchase facilities. At September 30, 2005, we had no availability to borrow against partially or unpledged debt securities.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
September 30, 2005
(Unaudited)

NOTE 3 - INVESTMENTS IN MORTGAGE LOANS

During May 2005, we were called upon to fund a $7.5 million first mortgage in connection with a loan stabilization guarantee (see Note 12). The loan, which we expect to be repaid when permanent financing is arranged, bears interest at a rate of 10.82% per year.

During 2005, we originated the following mezzanine loans:

(In thousands)

Month	Amount committed	Amount funded through September 30, 2005	Secured by	Rate	Minimum interest rate
May	$ 7,300	$ 3,604	Land parcel	20%	N/A
May	8,350	8,350	Multi-family housing	LIBOR + 12.75%	16%

June	3,250	3,250	Shopping center	10.25%	N/A
July	7,500	6,460	Multi-family housing	LIBOR + 11.50%	15%
July	2,800	2,329	Multi-family housing	LIBOR + 12.75%	16%
September	5,800	5,000	Land parcel	LIBOR + 12.50%	16%
Totals	$ 35,000	$ 28,993			

During 2005, we also funded approximately $379,000 on existing loans originated prior to December 31, 2004.

During September 2005, one mezzanine loan paid off prior to the maturity date. We received approximately $3.0 million, which includes approximately $144,000 in prepayment penalties and fees (see also Note 2 regarding the prepayment of an associated debt security).

During September 2005, we sold a mortgage loan to CharterMac, a related party. During October 2005, we received approximately $1.6 million, representing the par value plus unpaid accrued interest up to the date of the sale. This total amount is classified in accounts receivable on the September 30, 2005, condensed consolidated balance sheet.

NOTE 4 - NOTES RECEIVABLE

During the nine months ended September 30, 2005, several notes receivable have partially or fully repaid. We have received a total of approximately $9.9 million in proceeds relating to repayments of these notes with no gains or losses realized.

NOTE 5 - REAL ESTATE OWNED

Our real estate owned at September 30, 2005, and December 31, 2004, consisted of the following:

(Dollars in thousands)

	Number of Units	Location	Carrying Value as of September 30, 2005	De
Real Estate Owned - Held and Used				

Plaza at San Jacinto (1)	--	La Porte, TX	$ --	$
Less: accumulated depreciation	--		--	
Total Plaza at San Jacinto, net	--		--	
Concord Portfolio	852	Houston, TX	53,568	
Less: accumulated depreciation	--		(2,726)	
Total Concord Portfolio, net	852		50,842	
Total Real Estate Owned - Held and Used, net	852		$ 50,842	$
Real Estate Owned - Held for Sale				
Reserve at Autumn Creek (2)	212	Friendswood, TX	$ 19,390	$
Mortgages Payable on Real Estate Owned				
Concord Portfolio			$ 40,618	$
Reserve at Autumn Creek (2)			--	
Total Mortgages Payable on Real Estate Owned			$ 40,618	$

(1) During February 2005, the Plaza at San Jacinto property was sold to an unaffiliated third party. We received approximately $7.4 million in proceeds from the sale, which approximated the property's carrying value. Accordingly, no gain or loss was recorded.

(2) During February 2005, we purchased the first mortgage on the Reserve at Autumn Creek property at a foreclosure auction for approximately $17.2 million.

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of:

(In thousands)

	September 30, 2005	December 31, 2004
GNMA prepayment proceeds (see Note 2)	$21,431	$ --
Interest and other	2,847	1,925
Sale proceeds due from related party (see Note 3) (1)	1,479	--
	$25,757	$ 1,925

(1) Excludes interest and other costs receivable of approximately $75,000, which is included in "interest and other".

NOTE 7 - REPURCHASE FACILITIES

During June 2005, we executed a new repurchase agreement with UBS Financial Services, which offers us an advance rate of 97% and a borrowing rate set at 30-day LIBOR. The borrowings are subject to 30-day settlement terms. We transferred ten FNMA and GNMA certificates previously held as collateral on our RBC repurchase facility to this facility, and the amount outstanding under this facility at September 30, 2005, was approximately $50.8 million with a weighted average interest rate of 3.79%.

NOTE 8 - SUBSIDIARY EQUITY

During March 2005, ACFI issued 25,000 Floating Rate Preferred Securities, having a stated liquidation amount of $1,000 per security. We received approximately $24.2 million in proceeds, net of closing costs, which are deferred and will be amortized ratably over a 30-year period to the redemption date. The securities are callable in March 2010 and bear interest, re-set quarterly, equal to 30-day LIBOR plus 3.75%. At September 30, 2005, the rate was 7.24%.

SFAS No. 150, ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF BOTH LIABILITIES AND EQUITY, requires that mandatorily redeemable financial instruments be classified as liabilities in the consolidated financial statements and the payments or accruals of dividends and other amounts to be paid to the holders of these securities be reported as interest costs. Due to the mandatory redemption feature, we have classified these securities as liabilities and recorded and carry them at fair value.

NOTE 9 - RELATED PARTY TRANSACTIONS

The costs paid or payable to our Advisor for the three and nine months ended September 30, 2005 and 2004, were as follows:

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Shared services expenses	$ 235	$ 199	$ 691	$ 555
Asset management fees	433	324	1,143	942
Incentive management fee*	1,238	95	1,446	285
	$1,906	$ 618	$3,280	$1,782

* Accrual based on proportion of actual earnings as compared to our estimates of full-year results.

In June 2004, we entered into a revolving credit facility (the "Revolving Facility") with CharterMac, an affiliated company and parent of our Advisor. The Revolving Facility, which is unsecured, provides up to $20.0 million in borrowings to purchase new investments. As of September 30, 2005, we had no outstanding borrowings on this facility. At December 31, 2004, we had $4.6 million in borrowings outstanding on this facility at an interest rate of 5.42%. This facility expires in June 2006, pursuant to a one year extension.

In September 2005, we sold one mortgage loan, at par, to CharterMac (see Notes 3 and 6).

NOTE 10 - COMPREHENSIVE INCOME

Comprehensive income for the nine months ended September 30, 2005 and 2004, was as follows:

(In thousands)

	Nine Months End September 30,	
	2005	20
Net income	$ 13,208	$ 9
Net unrealized gain on interest rate derivatives arising during the period	589	
Unrealized holding (loss) gain on investments arising during the period	(483)	
Less: reclassification adjustment	(3,137)	
Total comprehensive income	$ 10,177	$ 10

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
September 30, 2005
(Unaudited)

NOTE 11 - EARNINGS PER SHARE

Diluted net income per share is calculated using the weighted average number of shares outstanding during the period plus the additional dilutive effect of common share equivalents. The dilutive effect of outstanding share options is calculated using the treasury stock method.

(In thousands, except per share amounts)

Three Months Ended September 30, 2005:	Income	Shares	Per Share
Basic EPS	$ 7,312	8,311	$ 0.88
Effect of dilutive securities	--	3	--
Diluted EPS	$ 7,312	8,314	$ 0.88
Three Months Ended September 30, 2004:			
Basic EPS	$ 3,249	8,336	$ 0.39
Effect of dilutive securities	--	--	--
Diluted EPS	$ 3,249	8,336	$ 0.39
Nine Months Ended September 30, 2005:			
Basic EPS	$13,208	8,320	$ 1.59
Effect of dilutive securities	--	3	--
Diluted EPS	$13,208	8,323	$ 1.59
Nine Months Ended September 30, 2004:			
Basic EPS	$ 9,924	8,337	$ 1.19
Effect of dilutive securities	--	4	--
Diluted EPS	$ 9,924	8,341	$ 1.19

NOTE 12 - COMMITMENTS AND CONTINGENCIES

a) Legal

On October 27, 2003, prior to taking possession of the real estate collateral supporting a loan investment, we were named in a lawsuit, Concord Gulfgate, Ltd. vs. Robert Parker, Sunrise Housing Ltd., and American Mortgage Acceptance Company, Cause No. 2003-59290 in the 133rd Judicial District Court of Harris County, Texas. The suit alleges that the loan transaction was not properly authorized by the partnership and was not for a legitimate partnership purpose. The suit claims, among other causes of action against the respective defendants, wrongful foreclosure of the real estate collateral, tortious interference with contract and civil conspiracy. The suit seeks, among other relief, actual, consequential, and exemplary damages, and a declaration that the loan documents are unenforceable and constitute a cloud on title. The discovery phase of this suit has been completed. A summary judgment was filed by us, but was denied on July 25, 2005. It is not known when the case will be called to trial.

We filed a countersuit on November 25, 2003, against Concord Gulfgate, Ltd., as guarantor, seeking a deficiency on the loan, and recovery of unpaid taxes and certain property receipts. We are currently unable to determine the possible outcome of the litigation.

b) Guarantees

In June and October of 2000, we originated two loans totaling $3.3 million under an agreement with Fannie Mae that provided for our guaranteeing a first-loss position on the loans. In September 2003, we transferred and assigned all of our obligations with respect to the two loans we originated under this program to CharterMac Mortgage Capital Corporation ("CMC"), a subsidiary of CharterMac, both of which are affiliates of our Advisor. Pursuant to the agreement with CMC, CharterMac guaranteed CMC's obligations under the loans, and we agreed to indemnify both CMC and CharterMac for any losses incurred in exchange for retaining all fees which we were otherwise entitled to receive under the program. While provisions of this agreement could potentially result in exposure of up to $7.5 million, the maximum exposure at September 30, 2005, was $3.2 million, and we expect that we will not be called upon to fund these guarantees.

In the first quarter of 2003, we discontinued our loan program with Fannie Mae and will issue no further guarantees pursuant to such program.

For these guarantees, we monitor the status of the underlying properties and evaluate our exposure under the guarantees. To date, we have concluded that no accrual for probable losses is required under SFAS No. 5, ACCOUNTING FOR CONTINGENCIES.

Standby and Forward Loan Commitments

We issued the following standby and forward bridge and permanent loan commitments for the purpose of funding construction/rehabilitation of certain multifamily apartment complexes in various locations.

STANDBY AND FORWARD LOAN COMMITMENTS

ISSUE DATE	PROJECT	LOCATION	NO.OF APT. UNITS	MAXIMUM AMOUNT (In thous) TOTAL	LESS TH YEAR
Jun-04	Woods of Mandarin	Jacksonville, FL	401	$ 428	$ 42
Apr-05	Atlantic Hearthstone	Hillsborough, NJ	198	1,500	1,50
July-05	222 Pearson	Chicago, IL	219	1,200	60
July-05	Bayfront Villas	Gulfport, FL	120	500	50
Sept-05	Marbella	Clearwater, FL	--	800	80
TOTAL STANDBY AND FORWARD LOAN COMMITMENTS			938	$ 4,428	$ 3,82

Mezzanine Loan/Preferred Stock Commitment

In November 2004, we provided a commitment to fund up to $74.5 million in connection with the borrower's financing of an acquisition. The commitment expired unused in April 2005, and we recognized a commitment fee of approximately $412,000, net of related legal expenses, upon the expiration.

Loan Stabilization Guarantees

In accordance with an agreement entered into in 2002 with Wachovia Bank ("Wachovia") to provide stabilization guarantees for new construction of multifamily properties, we were called upon to fund the last guarantee made under the program. In May 2005, we funded a $7.5 million loan secured by multifamily housing (see Note 3).

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
September 30, 2005
(Unaudited)

NOTE 13 - SUBSEQUENT EVENTS

During October 2005, we borrowed $8.0 million from our line of credit with CharterMac to repay a portion of our repurchase facility. This repayment resulted from a GNMA certificate that was repaid in September 2005 (see Note 2). Subsequently, we received the principal proceeds from the GNMA repayment and repaid the full amount outstanding on our line of credit with CharterMac.

On November 8, 2005, Stuart J. Boesky, announced that he will step down from his positions as Chairman of the Board of Trustees, Chief Executive Officer and President, effective November 15, 2005. Mr. Boesky will serve as a consultant to CharterMac, the parent of our Advisor, for a period of one year, and his consulting contract may be terminated by either party. In the interim, the Board of Trustees has appointed Jeff T. Blau, a trustee of CharterMac, as interim Chairman and Chief Executive Officer. The Board has also appointed Marc D. Schnitzer, the President of CharterMac, as our President.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Certain statements made in this report may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Such forward-looking statements include statements regarding the intent, belief or current expectations of us and our management (which includes our Advisor) and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors, which are outlined in detail in our annual report on Form 10-K for the year ended December 31, 2004, include the following:

- Risks of investing in uninsured and non-investment grade mortgage assets and subordinated CMBS;
- Competition in acquiring desirable investments;
- Interest rate fluctuations and changes in prepayment rates which may affect the value of our assets;
- Risks associated with investments in real estate generally and the properties which secure many of our investments;
- General economic conditions, particularly as they affect the value of our assets and the credit status of our borrowers;
- Dependence on our external Advisor for all services vital to our operations;
- Conflicts which may arise among us and other entities affiliated with our Advisor which have similar investment policies to ours; and
- Risks associated with the repurchase agreements we utilize to finance our investments and the availability of financing generally.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report.

Factors Affecting Comparability

During 2004, we owned several properties through foreclosure, classified as Real Estate Owned - Held and Used, -Subject to Sales Contracts and - Held for Sale. As a result of certain circumstances during 2004, we reclassified some of these assets from Held for Sale to Held and Used, resulting in greater depreciation expenses and recognition of property level mortgage interest in the current year (see "Real Estate Owned" below).

During March 2005, we issued $25.0 million of Floating Rate Preferred Securities through a subsidiary. Due to the mandatory redemption feature of these securities, the payments or accruals of dividends and other amounts to be paid to the holders of these securities are reported as interest costs. As a result, these interest costs are classified as Interest - Distributions to Preferred Shareholders of Subsidiary (Subject to Mandatory Repurchase). There were no such interest costs in prior, comparable periods.

During September 2005, the GNMA certificate and mezzanine loan investments relating to one property were paid off prior to the maturity date. This pay off resulted in significantly higher levels of fees earned and gain on redemption. As a large portion of these proceeds were retained by GNMA until the normal clearing date in October 2005, we also had higher levels of accounts receivable at September 30, 2005.

Results of Operations

The following is a summary of our operations for the three and nine months ended September 30, 2005 and 2004:

(In thousands)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2005	2004	Change	2005	2004	Change
Total revenues	$ 12,766	$ 5,765	121.4%	$ 26,367	$ 16,683	58.0%
Total expenses	6,711	3,116	115.4	16,166	8,559	88.9
Total other income	1,257	600	109.5	3,007	1,800	67.1
Net income	$ 7,312	$ 3,249	125.1%	$ 13,208	$ 9,924	33.1%

In both the three and nine month periods ended September 30, 2005, as compared to the same periods in 2004, revenues increased mainly due to fees received as a result of early pay-off of investments, the purchases of new FNMA certificates and the funding of several new mezzanine loans. Expenses have also increased for these periods due to the recognition of mortgage interest costs for Real Estate Owned, financing costs (particularly due to higher interest rates), and advisory costs due to expected profits. Other income has increased due to the recognition of income relating to Real Estate Owned - Held For Sale, as well as the

recognition of a gain resulting from the early paydown of a GNMA certificate.

REVENUES

	Three Months Ended September 30, 2005 % Change from Prior Year	Nine Months Ended September 30, 2005 % Change from Prior Year
Interest income:		
Debt securities	38.1 %	35.6 %
Mortgage loans	340.1	194.1
Notes receivable	(47.8)	(37.8)
Revenue bonds	(2.7)	(9.7)
Temporary investments	300.0	312.5
Fees related to prepayment of assets	2,971.7	2,971.7
Other revenues	297.4	914.9
Subtotal	185.5	91.1
Rental income	(11.7)	(7.6)
Total revenues	121.4 %	58.0 %

At September 30, 2005, and December 31, 2004, we had the following investments:

	As of September 30, 2005		As of December 31, 2004	
	Carrying Amount	Weighted Average Interest Rate	Carrying Amount	Weighted Average Interest Rate
Debt securities	$ 202,938	6.16%	$ 194,587	6.47%
Mortgage loans	$ 54,052	14.46%	$ 21,376	11.68%
Notes receivable	$ 13,725	9.49%	$ 23,111	9.43%
Revenue bonds	$ 6,559	8.69%	$ 6,672	8.69%

Interest income from debt securities increased, primarily due to the continued advances on an existing GNMA certificate and the purchase of eight new FNMA certificates during the fourth quarter of 2004 and seven new FNMA certificates

during 2005, partially offset by the repayment of two GNMA certificates. The decrease in the weighted average interest rate on debt securities as of September 30, 2005, as compared to December 31, 2004, was primarily due to the rising interest rates on mortgage loans; as mortgage interest rates rise, interest rates on debt securities tend to decrease.

Interest income from mortgage loans increased for the three and nine months ended September 30, 2005, as compared to 2004, primarily due to the funding of three mezzanine loans during the second half of 2004 and the funding of six mezzanine loans during the second and third quarters of 2005. We also funded a loan pursuant to a guarantee during the second quarter of 2005 (see Note 12). The increase in the weighted average interest rates on mortgage loans as of September 30, 2005, as compared to December 31, 2004, was primarily due to the increase in market interest rates.

Interest income from notes receivable decreased for the three and nine months ended September 30, 2005, as compared to 2004, primarily due to the payoff of several notes in 2004 and 2005, partially offset by the funding of a new note receivable.

Fees related to prepayment of assets increased primarily due to the recognition of fees relating to an early payoff of a GNMA certificate and a mezzanine loan during the third quarter of 2005.

Other revenues increased for the three and nine months ended September 30, 2005, as compared to 2004, primarily due to the recognition of a commitment fee and a non-refundable due diligence fee during 2005. No such fees were recorded in 2004.

Rental income decreased for the three and nine months ended September 30, 2005, as compared to 2004, due to the Plaza at San Jacinto sale in February 2005.

EXPENSES

	Three Months Ended September 30, 2005 % Change from Prior Year	Nine Months Ended September 30, 200 % Change from Prior Year
Interest	84.0%	74.5%
Distributions to preferred shareholders	100.0	100.0
General and administrative	63.4	49.1
Fees to Advisor	208.4	84.1
Amortization and other	23.6	13.2
Subtotal	137.4	86.8
Property operations	(17.2)	2.7
Depreciation	469.5	182.8
Mortgage interest for real estate owned - held and used	100.0	100.0
Total expenses	115.4%	88.9%

At September 30, 2005, excluding mortgages on real estate owned, we had total debt of approximately $243.7 million with a weighted average interest rate of 4.14% per year, including the effect of our swap agreement. At September 30, 2004, we had a comparable balance of approximately $182.8 million with a weighted average interest rate of 2.64% per year. The increase in the weighted average interest rate is due to steady increases in market interest rates during 2004 and 2005.

Interest expense increased for the three and nine months ended September 30, 2005, as compared to 2004, primarily due to the increased borrowings on the repurchase facilities stemming from an increased investment base and the increase in interest rates during 2004 and 2005.

Distributions to preferred shareholders were recorded following the issuance of the securities in March 2005. There were no such securities outstanding during 2004.

General and administrative expenses increased for the three and nine months ended September 30, 2005, as compared to 2004, primarily due to an increase in legal fees related to foreclosed properties, an increase in accounting fees related to Sarbanes-Oxley compliance, and an increase in excise taxes due to undistributed taxable income.

Fees to Advisor increased for the three and nine months ended September 30, 2005, as compared to 2004, due to incentive management fees relating to the increase in 2005 earnings. In addition, we incurred higher overhead costs and asset management fees because of expansion of our business and an increased asset base.

Property operations represent all non-interest costs at the property level on all of our Real Estate Owned - Held and Used properties. Mortgage interest for Real Estate Owned - Held and Used increased for the three and nine months ended September 30, 2005, as compared to 2004, due to debt service costs associated with a $41.0 million mortgage on the Concord Portfolio (see "Real Estate Owned" below).

Depreciation expense increased for the three and nine months ended September 30, 2005, as compared to 2004, due to a higher base of depreciable real estate owned in 2005 as compared to the 2004 period. In 2004, only the Plaza at San Jacinto property was depreciated. In 2005, the Concord Portfolio is depreciating, partially offset by the removal of Plaza at San Jacinto upon its sale.

OTHER INCOME

Other income increased for the three and nine months ended September 30, 2005, as compared to 2004, due to purchase of the Autumn Creek mortgage, resulting in the recording of property operations from Real Estate Owned - Held For Sale (see "Real Estate Owned" below).

REAL ESTATE OWNED

During 2004, we reclassified some of our investments in foreclosed properties as Real Estate Owned - Held for Sale on our balance sheet and recognized income from the operations of these properties. As a result of these circumstances, we have reclassified certain prior year amounts relating to the income recognition of our real estate owned portfolio to conform to current year presentation.

During the time we have owned the real estate, certain circumstances have occurred that warranted the reclassification of most of these assets. The following is the September 30, 2005 classification of our real estate owned portfolio:

- REAL ESTATE OWNED - HELD AND USED

  During 2004, we had three properties classified as Real Estate Owned - Subject to Sales Contracts, as the sale of these properties did not constitute a sale in accordance with GAAP. After the properties were refinanced during December 2004, we reclassified these properties on our balance sheet as Real Estate Owned - Held and Used; we recorded depreciation on the properties in 2004, as well as retroactively for the period since foreclosure. We recognized income associated with the properties as income from real estate owned on the income statement up to the date of refinancing. Subsequently, we recognize income associated with a $12.8 million mezzanine loan (our remaining economic interest in the properties) as rental income, property operations and mortgage interest on Real Estate Owned - Held and Used on the income statement.

  During 2005, we sold the Plaza at San Jacinto property to an unaffiliated third party for approximately its carrying value.

- REAL ESTATE OWNED - HELD FOR SALE

  One remaining property in our real estate owned portfolio, Reserve at Autumn Creek, will continue to remain as Real Estate Owned - Held for Sale as we continue to market the real estate. We have changed the marketing strategy of this asset in order to reflect marketplace behavior.

IMPACT OF HURRICANES DURING THE QUARTER ENDED SEPTEMBER 30, 2005

During the third quarter of 2005, two hurricanes struck the Gulf Coast region of the United States. Six of our investments, secured by properties in Texas, were affected by Hurricane Rita. The damage to these properties was minor and therefore it is expected that we have no financial exposure in this matter. There were no properties affected by Hurricane Katrina or by Hurricane Wilma, which occurred subsequent to September 30, 2005.

Funds from Operations

Funds from operations ("FFO"), represents net income or loss (computed in accordance with GAAP), excluding gains or losses from sales of property, excluding depreciation and amortization related to real property and including funds from operations for unconsolidated joint ventures calculated on the same basis. FFO is calculated in accordance with the National Association of Real Estate Investment Trusts ("NAREIT") definition. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Our management considers FFO a supplemental measure of operating performance, and, along with cash flows from operating activities, financing activities, and investing activities, it provides investors with an indication

of our ability to incur and service debt, make capital expenditures, and to fund other cash needs.

The following table reconciles net income to FFO:

(In thousands)	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Net income	$ 7,312	$ 3,249	$ 13,208	$ 9,924
Add back: depreciation of real property	$ 336	$ 59	$ 1,038	$ 367
FFO	$ 7,648	$ 3,308	$ 14,246	$ 10,291
Cash flows from:				
Operating activities	$ 8,547	$ 3,765	$ 15,051	$ 10,349
Investing activities	$(10,619)	$ 3,113	$(67,257)	$ 11,796
Financing activities	$ 10,182	$ 3,101	$ 66,491	$(11,738)
Weighted average shares outstanding:				
Basic	8,311	8,336	8,320	8,337
Diluted	8,314	8,336	8,323	8,341

Since not all companies calculate FFO in a similar fashion, our calculation presented above may not be comparable to similarly titled measures reported by other companies.

Liquidity and Capital Resources

SOURCES OF FUNDS

We expect that cash generated from our investments, as well as our borrowing capacity, will meet our needs for short-term liquidity and will be sufficient to pay all expenses and distributions to our shareholders in amounts sufficient to retain our Real Estate Investment Trust ("REIT") status in the foreseeable future. We also believe we have the capacity and the ability to fund our long term growth through equity issuances, debt offerings and other funding vehicles. In order to qualify as a REIT under the Internal Revenue Code (the "Code"), as amended, we must, among other things, distribute at least 90% of our taxable income. We believe that we are in compliance with the REIT-related provisions of the Code.

We finance our investing activity primarily through borrowing from various facilities at short-term rates. At September 30, 2005, we had approximately $20.0 million available to borrow, contractually, under our debt facilities without exceeding limits imposed by debt covenants and our by-laws.

In August 2005, our warehouse facility matured. Although we can no longer originate new loans on this facility, two existing loans were extended through February 2006. We are currently in negotiations with several financial institutions to replace this facility with others in the near term.

From time to time, we may also issue common shares or other equity to fund investing activity. During 2005, our subsidiary issued $25.0 million of variable rate Preferred Securities. The proceeds received were used to purchase FNMA certificates.

We have capacity to raise approximately $170.0 million of additional funds by issuing either common or preferred shares pursuant to a shelf registration statement filed with the SEC in 2002. If market conditions warrant, we may seek to raise additional funds for investment through further offerings, although the timing and amount of such offerings cannot be determined at this time.

We are currently exploring further expansion of our investment platform through the use of Collateralized Debt Obligations ("CDOs"). A real estate CDO is a capital markets transaction in which the holder of various forms of real estate debt instruments finances those assets by selling bonds backed by the assets. The assets can be floating or fixed rate, and may include first mortgages, subordinate participations in first mortgages, bridge loans, mezzanine loans, CMBS, and trust preferred stock. The assets would be aggregated on our balance sheet and would later be securitized. The CDO execution would enable us to lower our cost of capital significantly, which in turn would make us more competitive in the mezzanine lending marketplace. It is anticipated that our origination activity would begin to increase in the fourth quarter 2005 and we would access the securitization market in the first quarter of 2006, although there are no assurances that we will proceed with such a program.

SUMMARY OF CASH FLOWS

During the nine months ended September 30, 2005, as compared to the nine months ended September 30, 2004, the net change in cash and cash equivalents increased approximately $3.9 million. Operating cash flows increased by approximately $4.7 million primarily due to higher earnings and the timing of collections of receivables. Earnings increased for the nine months ended September 30, 2005 due to fees received from an early paydown of a GNMA security and mezzanine loan.

An increase in net cash used in investing activities (approximately $79.1 million) offset by an increase in net cash provided by financing activities (approximately $78.2 million) was due to a higher level of investing activity in debt securities and mortgage loans, and the purchase of a mortgage loan on real estate owned during the 2005 period. The investing activity was funded through borrowings from our repurchase facilities and through the issuance of preferred shares.

OTHER

During November 2005, distributions of approximately $3.3 million ($0.40 per share) will be paid to common shareholders, which were declared in September 2005, and special distributions of approximately $2.5 million ($0.30 per share) will be paid, which were declared in October 2005. The special distribution relates to the earnings realized in the third quarter from fees received from the early repayment of a GNMA security and mezzanine loan and is to be made in

accordance with REIT provisions.

In addition, we expect to purchase an interest in revenue bonds from CharterMac for approximately $18.8 million during November 2005.

We are not aware of any trends or events, commitments or uncertainties, which have not otherwise been disclosed that will or are likely to impact liquidity in a material way.

Distributions

Of the total distributions made (approximately $10.0 million for both the nine months ended September 30, 2005 and 2004), none were determined to be returns of capital in 2005, while in 2004, approximately $80,000 ($0.01 per share or 0.80%) represented a return of capital determined in accordance with GAAP. As of September 30, 2005, the aggregate amount of distributions made since the initial public offering representing returns of capital in accordance with GAAP was approximately $14.0 million. The portion of the distributions which constituted

a return of capital was more significant in our initial years in order to permit us to maintain level distributions to shareholders while we were in the process of investing the proceeds from our initial public offering.

Commitments, Contingencies and Off-Balance Sheet Arrangements

See Note 12 of our condensed consolidated financial statements for a complete summary of our guarantees and commitments and contingencies.

We have no unconsolidated subsidiaries, special purpose off-balance sheet financing entities, or other off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

In conducting business, we enter into various contractual obligations. Details of these obligations, including expected settlement periods, are contained below.

	Payments Due by Period (In thousands)			
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years
Debt:				
Lines of credit:				
Repurchase facilities	$ 214,645	$ 214,645	$ --	$ --
Warehouse facility	4,070	4,070	--	--
Mortgage loan on real estate owned (1)	40,618	490	1,165	1,310
Preferred shares of subsidiary (subject to mandatory repurchase)	25,000	--	--	--
Funding Commitments:				

Standby and forward loan commitments	4,428	3,828	600	--
Total	$ 288,762	$ 223,033	$ 1,765	$ 1,311

(1) Represents a first mortgage on properties we report as Real Estate Owned - Held and Used (Concord Portfolio) as a sale of the properties did not meet the criteria for sale recognition in accordance with GAAP. The first mortgage loan is non-recourse with respect to AMAC, the debt service is paid from the cash flows of the properties and we will not be required to satisfy the obligation. (See Note 5).

Inflation

Inflation did not have a material effect on our results for the periods presented.

Subsequent Event

Refer to Note 13 of the condensed consolidated financial statements with respect to the resignation of our Chief Executive Officer.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates and equity prices. The primary market risk to which the Company is exposed is interest rate risk, which is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond the control of the Company.

INTEREST RATE RISK

Interest rate fluctuations can adversely affect our income in many ways and present a variety of risks, including the risk of mismatch between asset yields and borrowing rates.

Our operating results depend in large part on differences between the income from our assets (net of credit losses) and our borrowing costs. Although we are increasing our originations of variable rate loans, most of our assets generate fixed returns and have terms in excess of five years. We fund the origination and acquisition of a significant portion of our assets with borrowings which have variable interest rates that reset relatively rapidly, such as monthly or

quarterly. In most cases, the income from assets will respond more slowly to interest rate fluctuations than the cost of borrowings, creating a mismatch between asset yields and borrowing rates. Consequently, changes in interest rates, particularly short-term interest rates, may influence our net income. Our borrowings under repurchase, warehouse and revolving facilities bear interest at rates that fluctuate with LIBOR.

Various financial vehicles exist which would allow our management to mitigate

the impact of interest rate fluctuations on our cash flows and earnings. During March 2003, upon our management's analysis of the interest rate environment and the costs and risks of such strategies, we entered into an interest rate swap in order to hedge against increases in the floating interest rate on our repurchase facilities. The swap is a five-year agreement with Bank of America ("BOA") whereby we pay BOA a fixed 3.48% on a notional amount of $30.0 million. In return, BOA pays us a floating rate equivalent to the 30-day LIBOR rate on the same notional amount. A possible risk of such swap agreements is the possible inability of BOA to meet the terms of the contracts with us; however, there is no current indication of such an inability.

Based on the $213.7 million unhedged portion of the $243.7 million of borrowings outstanding at September 30, 2005, a 1% change in LIBOR would impact our annual net income and cash flows by approximately $2.1 million. However, as the interest income from some of our loans is also based on LIBOR, a 1% increase in LIBOR would increase our annual net income and cash flows from such loans by approximately $366,000. The net effect of a 1% increase in LIBOR would therefore result in a reduction of our annual net income by approximately $1.8 million. In addition, an increase in LIBOR could also impede the collections of interest on our variable rate loans. Because the value of our debt securities fluctuates with changes in interest rates, rate fluctuations will also affect the market value of our net assets.

ITEM 4. CONTROLS AND PROCEDURES

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report. Based on such evaluation, such officers have concluded that our disclosure controls and procedures as of the end of the period covered by this quarterly report were effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms, and to ensure that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) INTERNAL CONTROL OVER FINANCIAL REPORTING. There have not been any significant changes in our internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On October 27, 2003, prior to taking possession of the real estate collateral supporting a loan investment, we were named in a lawsuit, Concord Gulfgate, Ltd. vs. Robert Parker, Sunrise Housing Ltd., and American Mortgage Acceptance Company, Cause No. 2003-59290 in the 133rd

Judicial District Court of Harris County, Texas. The suit alleges that the loan transaction was not properly authorized by the partnership and was not for a legitimate partnership purpose. The suit claims, among other causes of action against the respective defendants, wrongful foreclosure of the real estate collateral, tortious interference with contract and civil conspiracy. The suit seeks, among other relief, actual, consequential, and exemplary damages, and a declaration that the loan documents are unenforceable and constitute a cloud on title. The discovery phase of this suit has been completed. A summary judgment was filed by us, but was denied on July 25, 2005. It is not known when the case will be called to trial.

We filed a countersuit on November 25, 2003, against Concord Gulfgate, Ltd., as guarantor, seeking a deficiency on the loan, and recovery of unpaid taxes and certain property receipts. We are currently unable to determine the possible outcome of the litigation.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS - None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES - None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS - None

ITEM 5. OTHER INFORMATION

On November 8, 2005, Stuart J. Boesky, announced that he will step down from his positions as Chairman of the Board of Trustees, Chief Executive Officer and President, effective November 15, 2005. Mr. Boesky will serve as a consultant to CharterMac, the parent of our Advisor, for a period of one year, and his consulting contract may be terminated by either party. In the interim, the Board of Trustees has appointed Jeff T. Blau, a trustee of CharterMac, as interim Chairman and Chief Executive Officer. The Board has also appointed Marc D. Schnitzer, the President of CharterMac, as our President.

ITEM 6. EXHIBITS

Exhibits

31.1 Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

31.2 Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act

of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN MORTGAGE ACCEPTANCE COMPANY
(Registrant)

Date: November 8, 2005 By: /s/ Stuart J. Boesky

Stuart J. Boesky
President and Chief Executive Officer

Date: November 8, 2005 By: /s/ Alan P. Hirmes

Alan P. Hirmes
Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Stuart J. Boesky, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ending September 30, 2005, of American Mortgage Acceptance Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure the material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in

which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2005

By: /s/ Stuart J. Boesky
Stuart J. Boesky
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Alan P. Hirmes, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ending September 30, 2005, of American Mortgage Acceptance Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure the material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2005

By: /s/ Alan P. Hirmes
Alan P. Hirmes
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18.U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of American Mortgage Acceptance Company (the "Company") on Form 10-Q for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stuart J. Boesky, as Chief Executive Officer of the Company, and Alan P. Hirmes, as Chief Financial Officer of the Company each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Stuart J. Boesky
Stuart J. Boesky
Chief Executive Officer
November 8, 2005

By: /s/ Alan P. Hirmes
Alan P. Hirmes
Chief Financial Officer
November 8, 2005

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.