ACROSS AMERICA REAL ESTATE CORP
Form 10QSB
August 14, 2007

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly period ended June 30, 2007
Commission File No. 000-50764
Across America Real Estate Corp.
(Exact Name of Small Business Issuer as specified in its charter)

Colorado	20-0003432
(State or other jurisdiction of incorporation)	(IRS Employer File Number)
700 17th Street, Suite 1200 Denver, Colorado	80202
(Address of principal executive offices)	(zip code)

(303) 893-1003
(Registrant s telephone number, including area code)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 þ No o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes o No þ

As of May 7, 2007, registrant had outstanding 16,036,625 shares of the registrant s common stock, and the aggregate market value of such shares held by non-affiliates of the registrant (based upon the closing bid price of such shares as listed on the OTC Bulletin Board on May 7, 2007) was approximately $2,592,225.

Transitional Small Business Disclosure Format (check one): Yes o No þ

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PART I FINANCIAL INFORMATION

References in this document to us, we, AARD or Company refer to Across America Real Estate Corp. and subsidiaries.

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ITEM 1. FINANCIAL STATEMENTS
Across America Real Estate Corp.
Condensed Consolidated Balance Sheet
June 30, 2007

Assets	
Cash and Equivalents	$ 1,609,850
Deposits held by an affiliate	759,993
Accounts Receivable, net	75,474
Property and equipment, net of accumulated depreciation (note 6)	129,470
Real estate held for sale (note 3)	4,112,002
Construction in progress	3,304,348
Land held for development	11,015,587
Deferred tax asset (note 8)	1,037,698
Current tax asset (note 8)	418,585
Deposits and prepaids	53,620
Total assets	$ 22,516,627
Liabilities and Shareholders Equity	
Liabilities	
Accounts payable	$ 127,490
Accrued liabilities	87,453
Dividends payable	77,338
Income tax liability	6,585
Senior subordinated note payable, related parties (note 4)	7,463,983
Senior subordinated revolving note, related parties (note 4)	7,850,000
Note payable (note 12)	3,512,889
Capital lease obligations (note 13)	11,781
Unearned Revenue	137,668
Total liabilities	19,275,187
Shareholders equity	
Noncontrolling interest (note 9)	(56,805)
Convertible preferred stock, $.10 par value; 1,000,000 shares authorized, 517,000 shares issued and outstanding	51,700
Common stock, $.001 par value; 50,000,000 shares authorized, 16,036,625 shares issued and outstanding	16,037
Additional paid-in-capital	6,381,905
Retained earnings	(3,151,397)
Total shareholders equity	3,241,440
Total liabilities and shareholders equity	$ 22,516,627

See accompanying notes to condensed consolidated financial statements

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Across America Real Estate Corp.
Condensed Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	**2006**	**2007**	**2006**
Revenue:				
Sales	$ 4,924,336	$	$ 4,924,336	$ 1,723,000
Financing Activities	48,173		48,173	
Rental income	15,875	143,917	52,204	268,995
Management fees	22,943		214,598	27,000
Total revenue	5,011,327	143,917	5,239,311	2,018,995
Operating expenses:				
Cost of Sales	4,645,324		4,645,324	1,462,852
Impairment loss on real estate (note 15)	1,939,513		1,939,513	
Selling, general and administrative (note 16)	1,081,704	348,639	1,907,906	630,100
Total Operating expenses	7,666,541	348,639	8,492,743	2,092,952
Loss from operations	(2,655,214)	(204,722)	(3,253,432)	(73,957)
Non-operating expense:				
Interest Income			385	
Interest Expense	(155,584)	(142,568)	(175,317)	(236,280)
Other Income (Expense)	1,128		(1,061)	
Loss before income taxes and noncontrolling interest	(2,809,670)	(347,290)	(3,429,425)	(310,237)
Income tax provision	(953,865)	123,367	(1,166,600)	142,398
Loss before noncontrolling interest	(1,855,805)	(223,923)	(2,262,825)	(167,839)
Noncontrolling interest in income of consolidated subsidiaries	67,304	(10,611)	73,751	89,490
Net loss	$ (1,923,108)	$ (213,312)	$ (2,336,575)	$ (257,329)
Other comprehensive income				
Preferred stock dividends declared	77,338		153,826	
Comprehensive loss applicable to common	$ (2,000,446)	$ (213,312)	$ (2,490,401)	$ (257,329)
Basic and diluted loss per common share	$ (0.12)	$ (0.01)	$ (0.16)	$ (0.02)

Basic and diluted weighted average common shares outstanding	16,036,625	16,036,625	16,036,625	16,036,625

See accompanying notes to condensed consolidated financial statements

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Across America Real Estate Corp.
Condensed Consolidated Statements of Cash Flows

	Six Months Ended June 30,	
	2007	**2006**
Cash flows from operating activities:		
Net loss	$ (2,336,575)	$ (257,329)
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation (note 6)	14,151	3,613
Impairment of Assets	1,939,513	
Allowance for Bad Debt	215,953	
Stock option compensation expense (note 7)	68,144	
Changes in operating assets and operating liabilities:		
Construction in progress (note 2)	(1,038,805)	(545,342)
Real estate held for sale (note 3)	(1,332,260)	168,810
Land held for development (note 2)	(1,137,892)	(953,977)
Accounts receivable	(43,644)	(31,416)
Prepaids and Deposits	12,710	
Accounts payable and accrued liabilities	(93,412)	(131,872)
Income tax assets and liabilities (note 8)	(1,160,015)	(165,440)
Unearned revenue		128,183
Indebtedness to related party (note 4)	4,480,569	1,876,641
Net cash (used in) operating activities	(411,564)	91,871
Cash flows from investing activities:		
Payment of deposits	(399,622)	(45,270)
Proceeds from repayment of notes recievable		10,000
Issuance of notes recievable		(80,318)
Payments for property and equipment (note 6)	(57,068)	(3,942)
Net cash (used in) provided by investing activities	(456,690)	(119,530)
Cash flows from financing activities:		
Preferred stock dividends paid	(156,375)	
Distributions received from members		37,132
Proceeds from note payable (note 12 and 14)	1,541,076	746,294
Repayment of note payable		(929,403)
Repayment of lease obligation (note 13)	(4,038)	(805)
Net cash provided by financing activities	1,380,663	(146,782)
Net change in cash	512,410	(174,441)
Cash and cash equivalents, beginning of the period	1,097,440	291,177

Cash and cash equivalents, end of the period	$	1,609,850	$	116,736
Supplemental disclosure of cash flow information:				
Cash paid during the year for:				
Income taxes	$		$	27,921
Interest	$	634,445	$	225,181
Supplemental disclosure of non-cash investing and financing activities				
Dividends Declared	$	(153,826)	$	

See accompanying notes to condensed consolidated financial statements

1) Nature of Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

Across America Real Estate Corp. (AARD or the Company) was incorporated under the laws of Colorado on April 22, 2003. The Company is a co-developer, principally as a financier, for build-to-suit real estate development projects for retailers who sign long-term leases for use of the property. Land acquisition and project construction operations are conducted through the Company s subsidiaries. The Company creates each project such that it will generate income from the placement of the construction loan, rental income during the period in which the property is held, and the capital appreciation of the facility upon sale. Affiliates, subsidiaries and management of the Company will develop the construction and permanent financing for the benefit of the Company.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Across America Real Estate Corp. and the following subsidiaries, which were active at June 30, 2007:

Name of Subsidiary Ownership

Name of Subsidiary	Ownership
CCI Southeast, LLC (CCISE)	100.00%
Riverdale Carwash Lot 3A, LLC (Riverdale)	100.00%
AARD-Cypress Sound, LLC (Cypress Sound)	51.00%
AARD-TSD-CSK Firestone, LLC (Firestone)	51.00%
South Glen Eagles Drive, LLC (West Valley)	51.00%
119th and Ridgeview, LLC (Ridgeview)	51.00%
53rd and Baseline, LLC (Baseline)	51.00%
Hwy 278 and Hwy 170, LLC (Bluffton)	51.00%
State and 130th, LLC (American Fork)	51.00%
Clinton Keith and Hidden Springs, LLC (Murietta)	51.00%
Hwy 46 and Bluffton Pkwy, LLC (Bluffton 46)	51.00%
AARD Bader Family Dollar Flat Shoals, LLC (Flat Shoals)	51.00%
AARD Westminster OP7, LLC (Westminster OP7)	51.00%
Eagle Palm I, LLC (Eagle)	51.00%
AARD Econo Lube Stonegate, LLC (Econo Lube)	51.00%
AARD Bader Family Dollar MLK, LLC (MLK)	51.00%
AARD-Charmar Greeley, LLC (Starbucks)	51.00%
AARD-Charmar Greeley Firestone, LLC	51.00%
AARD 5020 Lloyd Expy, LLC (Evansville)	51.00%
AARD 2245 Main Street, LLC (Plainfield)	51.00%
AARD-Buckeye, LLC (Buckeye)	51.00%
AARD Esterra Mesa 1, LLC (Esterra Mesa 1)	51.00%
AARD Esterra Mesa 2, LLC (Esterra Mesa 2)	51.00%
AARD Esterra Mesa 3, LLC (Esterra Mesa 3)	51.00%
AARD Esterra Mesa 4, LLC (Esterra Mesa 4)	51.00%
AARD MDJ Goddard, LLC (Goddard)	51.00%
AARD Charmar Arlington Boston Pizza, LLC (Charmar Boston Pizza)	51.00%
L-S Corona Pointe, LLC (L-S Corona)	50.01%
AARD NOLA St Claude LLC (NOLA)	51.00%

All significant intercompany accounts and transactions have been eliminated in consolidation.

2) Current Development Projects

Bader Family Dollar

On October 5, 2006, we through our subsidiary, Eagle Palm I, LLC (Bader Family Dollar) entered into an arrangement with WB Properties of Georgia/MLK, LLC (WB Properties) an unaffiliated developer of commercial property, to develop a Family Dollar Store in Atlanta, GA. WB Properties owns 49%, and AARD owns 51% of Bader Family Dollar. Construction of the project has commenced and upon completion, all profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of Bader Family Dollar.

AARD Plainfield

On November 30, 2006, we through our subsidiary, 2245 Main St, LLC (AARD Plainfield) entered into an arrangement with Situs Development Corp (Situs) an unaffiliated builder and developer of Fed Ex Kinko s stores. We intend to develop a Fed Ex Kinko s located in Plainfield, IN. Situs owns 49%, and AARD owns 51% of AARD Plainfield. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of AARD Plainfield

AARD Evansville

On December 5, 2006, we through our subsidiary, 5020 Lloyd Expressway, LLC (AARD Evansville) entered into an arrangement with Situs Development Corp (Situs) an unaffiliated builder and developer of Fed Ex Kinko s stores. We intended to develop a Fed Ex Kinko s in a location in Evansville, IN, but have changed our plans to develop a Cingular Wireless Store at this location Situs owns 49%, and AARD owns 51% of AARD Evansville. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of AARD Evansville.

AARD Greeley

On November 30, 2006, we through our subsidiary, AARD-Charmar Greeley, LLC (AARD Greeley) entered into an arrangement with Charmar Properties, an unaffiliated developer of commercial property. We purchased two adjoining sites in Greeley, CO and intend to develop a Firestone Tire Center on one site and a Starbuck s and additional retail on the other. Charmar Properties owns 49%, and AARD owns 51% of AARD Greeley. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of AARD Greeley.

West Valley

On November 21, 2005, we through our subsidiary, South Glen Eagles Drive, LLC (West Valley) entered into an arrangement with ADG, an unaffiliated builder and developer of Grease Monkey International automotive stores. We intend to develop a Grease Monkey located in West Valley, Utah. ADG owns 49%,, and AARD owns 51% of West Valley. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of West Valley. In November, 2006 we broke ground on the Grease Monkey project and it is currently under construction. We also subdivided the property and have an additional retail lot which is currently under contract to sell to an unaffiliated third party.

AARD Stonegate Econolube

On October 25, 2005 we through our subsidiary, AARD Stonegate Econolube, LLC Stonegate entered into an arrangement with Charmar Properties, an unaffiliated developer of commercial property. We intend to develop an Econolube located in Parker, CO. Charmar Properties owns 49%, and AARD owns 51% of Stonegate. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of Stonegate. As of June 30, 2007, we had not yet begun construction on the project, but are in the final preconstruction phase and are preparing to move forward with construction.

Buckeye

On November 8, 2006, we through our subsidiary, AARD Buckeye, LLC (Buckeye) entered into an arrangement with Simon Development Corp (Simon) an unaffiliated builder and developer and operator of convenience stores and gas stations. We intend to develop a C Store, Gas Station and Carwash located in Buckeye, AZ. Simon owns 49%, and AARD owns 51% of Buckeye. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of Buckeye.

AARD Charmar Arlington Boston Pizza

On December 28, 2006, we through our subsidiary, AARD Charmar Arlington Boston Pizza, LLC (Charmar Boston Pizza) entered into an arrangement with Charmar Property Acquisitions (Charmar) an unaffiliated developer of commercial properties. We intend to develop a Boston Pizza restaurant located in Arlington, TX. Charmar owns 49%, and AARD owns 51% of Charmar Boston Pizza. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of Charmar Boston Pizza.

AARD MDJ Goddard LLC

On February, 2007, we through our subsidiary, AARD MDJ Goddard, LLC (Goddard) entered into an arrangement with MDJ Development LLC (MDJ) an unaffiliated builder and developer of Goddard School locations. We intend to develop a Goddard School located in San Antonio, TX. MDJ owns 49%, and AARD owns 51% of Goddard. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of Goddard.

AARD Esterra Mesa 1,2,3 & 4, LLC s

In October 2006, we purchased approximately 3.75 acres of commercial property in Mesa, AZ, which are intended to be subdivided into four separate commercial sites. On March 19, 2007, through four subsidiaries, AARD Esterra Mesa 1, LLC, AARD Esterra Mesa 2, LLC, AARD Esterra Mesa 3, LLC and AARD Esterra Mesa 4, LLC (collectively, Esterra Mesa 1-4) , we entered into an arrangement with Esterra Development LLC (Esterra) an unaffiliated developer of commercial properties. We intend to obtain leases and develop the sites. Esterra owns 49%, and AARD owns 51% of Esterra Mesa 1-4. All profits from the sale of the projects will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of Esterra Mesa 1-4.

AARD NOLA St. Claude

On June 20, 2007, we through our subsidiary, AARD NOLA St. Claude LLC, (NOLA) entered into an arrangement with Mainstream Development, LLC, (Mainstream) an unaffiliated builder and developer of Family Dollar Stores. We intend to develop a Family Dollar Store located in New Orleans, Louisiana. Mainstream owns 49% and AARD owns 51% of NOLA. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of NOLA.

(3) Real Estate Held for Sale

AARD Plainfield

On November 30, 2006, we through our subsidiary, 2245 Main St, LLC (AARD Plainfield) entered into an arrangement with Situs Development Corp (Situs) an unaffiliated builder and developer of Fed Ex Kinko s stores. We intend to develop a Fed Ex Kinko s located in Plainfield, IN. Situs owns 49%, and AARD owns 51% of AARD Plainfield. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of AARD Plainfield

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Cypress Sound

On March 22, 2005, we entered into an arrangement with Mr. Daniel S. Harper (Harper), an unaffiliated builder and developer of commercial property. We and Mr. Harper had intended to develop and construct a six unit, three-story condominium project located in Orlando, Florida. The parties have formed a limited liability company for the development of the identified property. The name of the limited liability company is AARD-Cypress Sound LLC (Cypress Sound). Harper owns 49% of Cypress Sound and we own 51%. As of June 30, 2007, the Cypress Sound project had not yet progressed forward and we are currently in negotiations with Mr. Harper to purchase our interest in Cypress Sound.

American Fork

On June 14, 2005, we through our subsidiary, State & 130th, LLC (American Fork) entered into an arrangement with ADG, an unaffiliated builder and developer of Grease Monkey International automotive stores.

In September, 2005 we purchased property located in American Fork, UT, which was subsequently subdivided into two separate lots, each owned by State & 130th, LLC. We developed a Grease Monkey and a Fed Ex Kinko s on the two sites and both were completed and occupied in the fourth quarter of 2006.

On December 13, 2006, we sold the Grease Monkey to an unaffiliated third party for $1,060,000. As of June 30, 2007, the Fed Ex Kinko s property is under contract to be sold to an unaffiliated third party.

Bluffton 278

On June 14, 2005, we through our subsidiary, Hwy 278 & Hwy 170, LLC, (Bluffton 278) entered into an arrangement with ADG, an unaffiliated builder and developer of Grease Monkey International automotive stores. We intended to develop a Grease Monkey located in Bluffton, South Carolina. ADG owns 49%, and AARD owns 51% of Bluffton 278. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of Bluffton 278. As of June 30, 2007 we have made no progress towards developing the project. We are currently assessing alternatives to moving forward which include finding other retail uses for the property or selling the raw land in the open market.

Bluffton 46

On April 1, 2006, we through our subsidiary, Hwy 46 and Bluffton Pkwy, LLC (Bluffton 46) entered into an arrangement with ADG, an unaffiliated builder and developer of Grease Monkey International automotive stores. We intended to develop a Grease Monkey located in Bluffton, South Carolina. ADG owns 49%, and AARD owns 51% of Bluffton 46. All profits from the sale of the project will be distributed in accordance with the terms and conditions agreed upon by both parties in the operating agreement of Bluffton 46. As of June 30, 2007, we have made no progress towards developing the project. We are currently assessing alternatives to moving forward which include finding other retail uses for the property or selling the raw land in the open market.

(4) Related Party Transactions

GDBA Investments, LLLP

On November 26, 2004, we entered into a three-year Agreement to Fund our real estate projects with GDBA Investments, LLLP (GDBA), our largest shareholder On September 28, 2006, GDBA Investments replaced the Agreement to Fund with a new investment structure that included 250,000 shares of Series A Convertible Preferred Stock at $12.00 per share, a $3.5 million Senior Subordinated Note and a $3.5 million Senior Subordinated Revolving Note.

The Series A Convertible Preferred Stock issued under these transactions pays a 5% annual dividend on the Original Issue Price of $12.00, payable quarterly and is convertible to common stock at a $3.00 conversion price. Each share of Series A Convertible Preferred Stock is convertible, at the option of the holder, at any time after the issuance of the such share.

In the event the Company issues or sells additional shares of common stock for consideration less than the Series A conversion price in effect on the date of such issuance or sale (currently $3.00 per share), then the Series A conversion price will be reduced to a price equal to the consideration per share paid for such additional shares of common stock.

At any time following the one-year anniversary of the Series A original issuance date (September 28, 2006), the Company may cause the conversion of all, but not less than all, of the Series A Preferred Stock. However, the Company may not complete the mandatory conversion unless a registration statement under the Securities Act of 1933 is effective, registering for resale the shares of common stock to be issued upon conversion of the Series A Preferred Stock.

The Senior Subordinated Note and the Senior Subordinated Revolving Note both mature on September 28, 2009 and carry a floating interest rate equal to the higher of 11% or the 90 day average of the 10 year U.S. Treasury Note plus 650 basis points, which resets and is payable quarterly. Both the Senior Subordinated Notes and the Senior Subordinated Revolving Notes are subordinated to our Senior Credit Facilities.

On April 14, 2007, we completed a related transaction with GDBA Investments, LLLP which included an additional $3 million in subordinated debt. The facility matures December 31, 2007 with the provision for one six-month extension. The facility has a floating interest rate equal to the 10 year Treasury plus 650 basis points, which is payable and resets quarterly.

On June 30, 2007, we had dividends payable of $34,854 to GDBA Investments, LLLP.

BOCO Investments, LLC

On September 28, 2006, we completed a $10 million private placement with BOCO Investments, LLC consisting of 250,000 shares of Series A Convertible Preferred Stock at $12.00 per share and $7 million in Senior Subordinated Debt, $3.5 million of which was drawn at closing and $3.5 million of which has a revolving feature and can be drawn as needed. Additionally Mr. Joseph Zimlich, BOCO Investments, LLC s Chief Executive Officer, purchased 17,000 shares of Series A Convertible Preferred Stock at $12.00 per share in his own name.

The Series A Convertible Preferred Stock issued under these transactions pays a 5% annual dividend on the Original Issue Price of $12.00, payable quarterly and is convertible to common stock at a $3.00 conversion price. Each share of Series A Convertible Preferred Stock is convertible, at the option of the holder, at any time after the issuance of the such share.

In the event the Company issues or sells additional shares of common stock for consideration less than the Series A conversion price in effect on the date of such issuance or sale (currently $3.00 per share), then the Series A conversion price will be reduced to a price equal to the consideration per share paid for such additional shares of common stock.

At any time following the one-year anniversary of the Series A original issuance date (September 28, 2006), the Company may cause the conversion of all, but not less than all, of the Series A Prefeerred Stock. However, the Company may not complete the mandatory conversion unless a registration statement under the Securities Act of 1933 is effective, registering for resale the shares of common stock to be issued upon conversion of the Series A Preferred Stock.

The Senior Subordinated Notes mature on September 28, 2009 and carry an interest rate equal to the higher of 11% or the 90 day average of the 10 year U.S. Treasury Note plus 650 basis points. The Revolving Notes mature on September 28, 2009 and carry an interest rate equal to the higher of 11% or the 90 day average of the 10 year U.S. Treasury Note plus 650 basis points. Both the Senior Subordinated Notes and the Senior Subordinated Revolving Notes are subordinated to our Senior Credit Facilities.

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On April 14, 2007, we completed a transaction with BOCO Investments, LLC which included an additional $3 million in subordinated debt. The facility matures December 31, 2007 with the provision for one six-month extension. The facility has a floating interest rate equal to the 10 year Treasury plus 650 basis points, which is payable and resets quarterly.
On June 30, 2007, we had dividends payable of $37,397 to BOCO Investments and $2,543 to Mr. Zimlich.
On June 30, 2007 our outstanding principal balances on our Senior Subordinated Note and Senior Subordinated Revolving Note were:

Senior subordinated note	GDBA Investments	$ 3,731,991
Senior subordinated note	BOCA Investments	3,731,991
		$ 7,463,983
Senior subordinated revolving note	GDBA Investments	$ 3,575,000
Senior subordinated revolving note	BOCA Investments	4,275,000
Total Senior subordinated revolving note		$ 7,850,000

DB Marketing LTD
We utilize the marketing services of DB Marketing LTD for most of our marketing efforts as well as some of our public relations and investor relations. The principal of DB Marketing, LTD is Mr. Doug Backman, who is the son of Mr. G. Brent Backman our majority shareholder and a director of our company. We paid a total of $22,936 to DB Marketing during the quarter ended June 30, 2007, $3,712 for DB Marketing Services and $19,224 for other vendors contracted by DB Marketing.

(5) Notes Receivable and Development Deposits

During the course of acquiring properties for development, Across America Real Estate Corp, on behalf of its subsidiaries and development partners, typically is required to provide capital for earnest money deposits that may or may not be refundable in addition to investing in entitlements for properties before the actual land purchase. Because these activities represent a risk of our capital in the event the land purchase is not completed, it is our policy to require our development partners to personally sign promissory notes to Across America Real Estate Corp. for all proceeds expended before land is purchased. Once the land has been purchased and can collateralize the capital invested by us, the promissory note is cancelled. AARD had $ 759,993 in earnest money deposits outstanding at June 30, 2007. These deposits were held by development partners who have each secured them through promissory notes held by us. These promissory notes generally are callable on demand and carry an interest rate of 12% per annum.

(6) Property and Equipment

The Company s property and equipment consisted of the following at June 30, 2007:

Equipment	$	23,049
Furniture and fixtures		17,396
Computers and related equipment		34,018
Software and intangibles		76,107
Leasehold improvements		
	$	150,570
less accumulated depreciation		(21,100)
	$	129,470

Depreciation expense totaled $6,404 and $2,015 for the quarters ended June 30, 2007 and June 30, 2006 respectively. Depreciation expense for the quarter ended June 30, 2007 includes $642 related to the depreciation of equipment under capital lease.

(7) Shareholders Equity

Preferred Stock

The Board of Directors is authorized to issue shares of preferred stock in series and to fix the number of shares in such series as well as the designation, relative rights, powers, preferences, restrictions, and limitations of all such series.

Series A Convertible Preferred Stock

As of June 30, 2007 the Company has 517,000 shares of Series A Convertible Preferred Stock authorized and issued. Each share pays a 5% annual dividend on the Original Issue Price of $12.00, payable quarterly and is convertible to common stock at a $3.00 conversion price.

Common Stock

As of June 30, 2007 the Company has 50,000,000 shares of common stock that are authorized, 16,036,625 shares that are issued and outstanding at a par value of $.001 per share.

Stock Based Compensation

On November 8, 2006 Across America Real Estate Corp s Board of Directors approved the issuance of options under the Corporation s 2006 Incentive Compensation Plan. Under the plan the company is authorized issue shares or options to purchase shares up not to exceed 1,000,000 shares. Options granted shall not be exercisable more than ten years after the date of the grant. The exercise price of any option grant shall not be less than the fair market value of the stock price on the date of the grant.

Under the plan, three of the company s officers were granted options to purchase a total of 385,000 shares of common stock at the closing stock price as of November 8, 2006, which was $1.65 per share. The options were granted with a five year term and a vesting schedule of 25% per year for four years on the anniversary date of employment beginning with the next anniversary date for each employee.

The fair value of the each option was calculated on the grant date of November 8, 2006 using the Black-Scholes model and was valued at $0.94 using the following assumptions and inputs:

Risk free interest rate		4.61%
Expected life		5.0
Dividend yield		0.00%
Expected volatility		62.69%
Fair Value	$	0.94

On March 6, 2007, three of the Company s directors were granted options under the plan to purchase a total of 15,000 shares of common stock at the closing stock price as of March 6, 2007, which was $2.75 per share. The options were granted with a five year term and a vesting schedule of 25% per year for four years on the anniversary date of the

grant.

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The fair value of each option was calculated on the grant date of March 6, 2007 using the Black-Scholes model and was valued at $1.94 using the following assumptions and inputs:

Risk free interest rate		4.48%
Expected life		5.0
Dividend yield		0.00%
Expected volatility		86.87%
Fair Value	$	1.94

On April 2, 2007, employees were granted options under the plan to purchase a total 55,000 shares of common stock at the closing stock price as of April 2, 2007, which was $1.90 per share. The options were granted with a five year term and a vesting schedule of 25% per year for four years on the anniversary date of the grant.

The fair value of each option was calculated on the grant date of April 2, 2007 using the Black-Scholes model and was value at $1.34 using the following assumptions and inputs:

Risk free interest rate		4.54%
Expected life		5.0
Dividend yield		0.00%
Expected volatility		86.87%
Fair Value	$	1.34

There are a number of assumptions and estimates used in calculating the fair value of options. These include the expected term of the option, the expected volatility and the risk free interest rate. These assumptions are included in the charts above. The basis for our expected volatility and expected term estimates is a combination of our historical information. The risk-free interest rate is based upon yields of U.S. Treasury strips with terms equal to the expected life of the option or award being valued. Across America Real Estate Corp does not currently pay a dividend nor does the Company expect to pay a dividend.

The total amount of compensation calculated for the full amount of options granted is $465,923, of which $73,691 accounted for options granted during the quarter ended June 30, 2007. We accrue the stock based compensation expense in the periods in which the grants vest. For the quarter ended June 30, 2007, we accrued $36,981 in expense related to stock based compensation.

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Stock option activity for the six months ended June 30, 2007 is summarized as follows:

	Options Outstanding				Options Exercisable			
	Number of Options	Weighted Average Exercise Price	Weighted Remaining Contractual Term	Aggregate Intrinsic Value	Shares Exercisable	Weighted Average Exercise Price	Weighted Remaining Contractual Term	Aggregate Intrinsic Value
Balance at December 31, 2005								
Activity during 2006:								
Granted	385,000	1.65	4.9					
Expired/Cancelled								
Forfeited								
Exercised								
Balance at December 31, 2006	385,000	1.65	4.9	1,732,500				
Activity during 2007:								
Granted	70,000	2.08	4.7					
Expired/Cancelled								
Forfeited								
Exercised								
Balance, at June 30, 2007	455,000	1.72	4.4	447,500				

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(8) Income Taxes

The provision for income taxes consists of the following:

Income tax expense (benefit):

Current tax expense (benefit):	
Federal	$ (366,077)
State	(52,508)
Total current tax expense (benefit)	$ (418,585)

Significant components of the Company s deferred tax assets and liabilities are as follows:

Deferred tax assets:	
Impairment of Asset	$ 756,410
Partnership income	177,748
Bad Debt	84,221
Depreciation	19,320
Total deferred tax assets	$ 1,037,698

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for for income tax purposes.

Reconciliation of the income tax expense computed at U.S. federal statutory to the provision for income taxes is as follows:

Deferred tax expense (benefit):	
Federal	$ (652,116)
State	(95,899)
Total net deferred tax expense	$ (748,015)

Tax at US federal statutory rates	$ (366,076)
State income taxes, net of federal	(52,508)
Change in beginning deferred balance	(748,016)
Total income tax benefit	$ (1,166,600)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the realization of future taxable income during the periods in which those temporary differences become deductible. Management considers past history, the scheduled reversal of taxable temporary differences, projected future taxable income, and tax planning strategies in making this assessment. A valuation allowance for deferred tax assets is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. It is the full intention of the Company, that any carryback and carryforward amounts will be utilized against future taxable income. As of June 30, 2007, the Company has a valuation allowance of $ -0-.

(9) Noncontrolling Interests

Following is a summary of the noncontrolling interests in the equity of the Company s subsidiaries. The Company establishes a subsidiary for each real estate project. Ownership in the subsidiaries is allocated between the Company and the co-developer/contractor.

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	Balance March 31, 2007	Earnings allocated to Noncontrolling Interest	Earnings disbursed/accrued for Noncontrolling Interest	Balance June 30, 2007
Cypress	$ 4,594	$	$	$ 4,594
2245 Main	2,384	(2,384)		1
Bluffton	2,502			2,502
Bluffton 46	60			60
Laveen	298			298
West Valley	298			298
American Fork	12,719			12,719
OP7	(12,356)	(66,553)		(78,909)
Buckeye		1,633		1,633
Total	$ 10,499	$ (67,304)	$	$ (56,805)

(10) Concentration of Credit Risk for Cash

The Company has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed the amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). The loss that would have resulted from that risk totaled $1,409,850 at June 30, 2007, for the excess of the deposit liabilities reported by the financial institution versus the amount that would have been covered by FDIC. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

(11) Operating Lease Commitments

Lessee

The Company entered into an office sublease agreement on October 28, 2006, which commenced December 11, 2006 and expires December 31, 2007. The lease payment is $4,432 per month.

Combined future minimum lease payments under the leases are as follows:

December 31, 2007	$ 26,592

(12) Notes Payable

Vectra Bank Senior Credit Facility:

On April 25, 2005, we received a $10,000,000 financing commitment under a Senior Credit Agreement from Vectra Bank of Colorado (Vectra Bank). This commitment permits us to fund construction notes for build-to-suit real estate projects for national and regional chain retailers. The financing is facilitated through a series of promissory notes. Each note is issued for individual projects under the facility and must be underwritten and approved by Vectra Bank and has a term of 12 months with one (1) allowable extension not to exceed 6 months subject to approval. Interest is funded from an interest reserve established with each construction loan. The interest rate on each note is equal to the 30 day LIBOR plus 2.25%. Each note under the facility is for an amount, as determined by Vectra Bank, not to exceed the lesser of 75% of the appraised value of the real property under the approved appraisal for the project or 75% of the project costs. Principal on each note is due at maturity, with no prepayment penalty. Vectra Bank retains a First Deed of Trust on each property financed and the facility has the personal guarantees of GDBA and its principals.

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On August 3, 2006 we executed a First Amendment to our Senior Credit Agreement with Vectra Bank extending the expiration date of the facility to July 21, 2007, which is renewable annually. The terms and conditions of each construction note issued under the facility remain unchanged, and any construction issued prior to the expiration date of the Credit Agreement, will survive the expiration of the facility and will be subject to its individual term as outlined in the Credit Agreement.

As of June 30, 2007, we had four outstanding notes under this facility with a principal amount totaling $2,354,647. Total interest accrued through June 30, 2007 was $70,061.

United Western Bank Senior Credit Facility

On May 7, 2007, we entered into a $25 million senior credit facility with United Western Bank. This commitment permits us to fund construction notes for build-to-suit real estate projects for national and regional chain retailers. The financing is facilitated through a series of promissory notes. Each note is issued for individual projects under the facility and must be underwritten and approved by United Western Bank and has a term of 12 months with one (1) allowable extension not to exceed 6 months subject to approval. Interest is funded from an interest reserve established with each construction loan. The interest rate on each note is equal to Prime rate minus 50 basis points Each note under the facility is for an amount, as determined by United Western Bank, not to exceed the lesser of 75% of the appraised value of the real property under the approved appraisal for the project or 75% of the project costs. Principal on each note is due at maturity, with no prepayment penalty. United Western Bank retains a First Deed of Trust on each property financed.

As of June 30, 2007, we had one outstanding note under this facility with a principal amount totaling $1,088,181.

As of June 30, 2007 our total outstanding principal due on all outstanding notes payable and our annual schedule of repayment is as follows:

2007	$ 436,794
2008	3,076,095
	$ 3,512,889

(13) Capital Lease Obligations

The Company entered into a capital equipment lease on October 4, 2005. The lease commenced on October 4, 2005 and expires September 26, 2010. The lease payment is $231 per month.

The Company entered into a sublease agreement with Matrix Tower Holdings, LLC on October 28, 2006. As part of the agreement, the Company has agreed to pay $500 per month for the use of the existing furniture at the premise. On December 1, 2007 AARD shall purchase the furniture for $10.

The future minimum lease payments under the leases are as follows:

2007	$ 4,386
2008	2,772
2009	2,772
2010	2,289
	$ 12,219
less imputed interest	438
	$ 11,781

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Assets held under capital leases are recorded at the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

(14) Spin Off of Subsidiaries

On January 10, 2007, the Company s directors approved, subject to the effectiveness of a registration with the Securities and Exchange Commission, a spin-off to Company shareholders of record as of March 1, 2007 (the Record Date), on a pro rata basis, with one share each of Across America Real Estate Exchange, Inc. and Across America Financial Services, Inc. to be issued for each ten shares issued and outstanding of Company common stock or common stock upon conversion of Company preferred stock owned by such shareholders as of the Record Date. The registration statements of Across America Real Estate Exchange, Inc. and Across America Financial Services, Inc. became effective on February 21, 2007 and March 19, 2007, respectively. The new shares of Across America Real Estate Exchange, Inc. and Across America Financial Services, Inc. were distributed to Company shareholders on or about March 23, 2007.

(15) Impairment of Assets

We invest significantly in real estate assets. Accordingly, our policy on asset impairment is considered a critical accounting estimate. Management periodically evaluates the Company s property and equipment to determine whether events or changes in circumstances indicate that a possible impairment in the carrying values of the assets has occurred. As part of this evaluation, and in accordance with Statement of Financial Accounting Standard (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), the Company records the carrying value of the property at the lower of its carrying value or its estimated fair value, less estimated selling costs. The amount the Company will ultimately realize on these asset sales could differ from the amount recorded in the financial statements. The Company engages real estate brokers to assist in determining the estimated selling price or when external opinions are not available uses their own market knowledge. The estimated selling costs are based on the Company s experience with similar asset sales. The Company records an impairment charge and writes down an asset s carrying value if the carrying value exceeds the estimated selling price less costs to sell.

An impairment of assets of $1,939,513 was recorded during the three months ended June 30, 2007 included the following (amounts below are individually rounded):

$898,047 for Ridgeview which reflected the final disposition price of the property

$127,494 for Bluffton 46 which reflected current market value for undeveloped land and our cost to finance the property

$316,544 for Bluffton which reflected current market value for undeveloped land and our cost to finance the property

$442,925 for West Valley which reflected cost to complete project and the current market value for such properties

$154,504 for American Fork which reflected current market value for similar properties.

(16) Selling, General and Administrative Expense

The Company s selling, general and administrative expense for the quarter ended June 30, 2007 was $1,081,704 compared to $348,639 for the quarter ended June 30, 2006. The major components of selling, general and administrative expense are as follows:

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Expense Type	Quarter Ending June 30, 2007	June 30, 2006
Payroll and related expenses	$ 613,667	$ 238,852
Bad Debt Expense	215,953	
Premise and Equipment	23,726	11,137
Computer	23,132	1,676
General Office	20,401	5,906
Professional Fees	108,407	37,717
Marketing	28,319	13,399
Other	48,099	39,952
Total Selling, General and Administrative	$ 1,081,704	$ 348,639

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and notes thereto included in, Item 1 in this Quarterly Report on Form 10-QSB. This item contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in such forward-looking statements.

Forward-Looking Statements

This Quarterly Report on Form 10-QSB and the documents incorporated herein by reference contain forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates, and projections about our industry, management beliefs, and certain assumptions made by our management. Words such as anticipates , expects , intends plans , believes , seeks , estimates , variations of such words, and similar expressions are intended to identify s forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any such forward-looking statements. Unless required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. However, readers should carefully review the risk factors set forth herein and in other reports and documents that we file from time to time with the Securities and Exchange Commission, particularly the Report on Form 10-SB, and future Annual Reports on Form 10-KSB and any Current Reports on Form 8-K.

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(a) RISK FACTORS

You should carefully consider the risks and uncertainties described below; and all of the other information included in this document. Any of the following risks could materially adversely affect our business, financial condition or operating results and could negatively impact the value of your investment.

WHILE WE HAVE GENERATED A MODEST PROFIT IN TWO OF OUR LAST THREE FISCAL YEARS, THERE IS NO GUARANTEE THAT WE WILL BE PROFITABLE IN THE FUTURE.

Our revenues for the fiscal year ended December 31, 2006 were $8,459,994. We had a net loss of $735,771 for the fiscal year ended December 31, 2006. On the other hand, our revenues for the fiscal year ended December 31, 2005 were $7,951,962. We had net income of $77,666 for the fiscal year ended December 31, 2005. Our revenues for the fiscal year ended December 31, 2004 were $1,787,922. We had net income of $25,686 for the fiscal year ended December 31, 2004. Although we have had a modest profit in two of the past three fiscal years, we cannot say whether we will be able to achieve sustained profitability. We were not profitable in our most recent fiscal quarter. In fact, we recorded an impairment to our assets of approximately $1,940,000. We cannot guarantee that we will not experience further impairments to our assets or other losses which could cause us to be unprofitable in our latest fiscal year. We have only completed a limited number of transactions, so it continues to be difficult for us to accurately forecast our quarterly and annual revenue. However, we use our forecasted revenue to establish our expense budget. Most of our expenses are fixed in the short term or incurred in advance of anticipated revenue. As a result, we may not be able to decrease our expenses in a timely manner to offset any revenue shortfall. We attempt to keep revenues in line with expenses but cannot guarantee that we will be able to do so.

WE WILL NEED ADDITIONAL FINANCING IN THE FUTURE BUT CANNOT GUARANTEE THAT IT WILL BE AVAILABLE TO US.

In order to expand our business, we will continue to need additional capital. To date, we have been successful in obtaining capital, but we cannot guarantee that additional capital will be available at all or under sufficient terms and conditions for us to utilize it. Because we have an ongoing need for capital, we may experience a lack of liquidity in our future operations. We will need additional financing of some type, which we do not now possess, to fully develop our business plan. We expect to rely principally upon our ability to raise additional financing, the success of which cannot be guaranteed. To the extent that we experience a substantial lack of liquidity, our development in accordance with our business plan may be delayed or indefinitely postponed, which would have a materially adverse impact on our operations and the investors investment.

AS A COMPANY WITH LIMITED OPERATING HISTORY, WE ARE INHERENTLY A RISKY INVESTMENT. OUR OPERATIONS ARE SUBJECT TO OUR ABILITY TO FINANCE REAL ESTATE PROJECTS.

Because we are a company with a limited history, our operations, which consist of real estate financing of build-to-suite projects for specific national retailers, must be considered an extremely risky business, subject to numerous risks. Our operations will depend, among other things, upon our ability to finance real estate projects and for those projects to be sold. Further, there is the possibility that our proposed operations will not generate income sufficient to meet operating expenses or will generate income and capital appreciation, if any, at rates lower than those anticipated or necessary to sustain the investment. The value of our assets may become impaired by a variety of factors, which would make it unlikely, if not impossible to profit from the sale of our real estate. Our operations may be affected by many factors, some of which are beyond our control. Any of these problems, or a combination thereof, could have a materially adverse effect on our viability as an entity.

WE HAVE A HEAVY RELIANCE ON OUR CURRENT FUNDING COMMITMENTS WITH TWO SIGNIFICANT SHAREHOLDERS.

We are currently dependant upon our relationships with GDBA Investments, LLLP,(GDBA), our largest shareholder, and BOCO Investments, LLC,(BOCO) a private Colorado limited liability company. Each has provided us with funding through a $10 million subordinated debt vehicle and a $3 million preferred convertible equity. We would be unable to fund any projects if we lose our current funding commitment from these shareholders. In addition, our senior credit facility with Vectra Bank Colorado, which is renewable annually, has been guaranteed by GDBA and its principals. We are currently seeking to renew our senior credit facility without the continuation of these guarantees but cannot guarantee that we will be able to do so. In any case, we expect to rely upon both GDBA and BOCO for funding commitments for the foreseeable future.

OUR INDEBTEDNESS UNDER OUR VARIOUS CREDIT FACILITIES ARE SUBSTANTIAL AND COULD LIMIT OUR ABILITY TO GROW OUR BUSINESS.

As of June 30, 2007, we had total indebtedness under our various credit facilities of approximately $18.8 million. Our indebtedness could have important consequences to you.

For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness if we do not maintain specified financial ratios, thereby reducing the availability of our cash flow for other purposes; or
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, thereby placing us at a competitive disadvantage compared to our competitors that may have less indebtedness.

In addition, our credit facilities permit us to incur substantial additional indebtedness in the future. As of June 30, 2007, we had approximately $32.1 million available to us for additional borrowing under our $55 million various credit facilities. If we increase our indebtedness by borrowing under our various credit facilities or incur other new indebtedness, the risks described above would increase.

OUR VARIOUS CREDIT FACILITIES HAVE RESTRICTIVE TERMS AND OUR FAILURE TO COMPLY WITH ANY OF THESE TERMS COULD PUT US IN DEFAULT, WHICH WOULD HAVE AN ADVERSE EFFECT ON OUR BUSINESS AND PROSPECTS.

Our various credit facilities contain a number of significant covenants. These covenants limit our ability and the ability of our subsidiaries to, among other things:

- incur additional indebtedness;
- make capital expenditures and other investments above a certain level;
- merge, consolidate or dispose of our assets or the capital stock or assets of any subsidiary;
- pay dividends, make distributions or redeem capital stock in certain circumstances;
- enter into transactions with our affiliates;
- grant liens on our assets or the assets of our subsidiaries; and
- make or repay intercompany loans.

Our various credit facilities require us to maintain specified financial ratios. Our ability to meet these financial ratios and tests can be affected by events beyond our control, and we may not meet those ratios. A breach of any of these restrictive covenants or our inability to comply with the required financial ratios would result in a default under our various credit facilities or require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness. If the creditors accelerate amounts owing under our various credit facilities because of a default and we are unable to pay such amounts, the creditors have the right to foreclose on our assets.

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WE PAY INTEREST ON ALL OF OUR CREDIT FACILITIES AT VARIABLE RATES, RATHER THAN FIXED RATES, WHICH COULD AFFECT OUR PROFITABILITY.

All of our credit facilities provide for the payment of interest at variable rates. None of our credit facilities provide for the payment of interest at fixed rates. We can potentially realize profitability to the extent that we can borrow at a lower rate of interest and charge a higher rate of interest in our operations. Because our credit facilities are at variable rates, our profit margins could be depressed or even eliminated by rising interest rates on funds we must borrow. Rising interest rates could have a materially adverse affect on our operations.

WE DO NOT HAVE A LONG HISTORY OF BEING ABLE TO SELL PROPERTIES AT A PROFIT

We have only been in business since 2003. We do not have a significant track record and may be unable to sell properties upon completion. We may be forced to sell properties at a loss. Furthermore, in order to sell properties for a profit, we may be forced to hold properties for longer periods that we plan, which may require the need for additional financing sources. Any of these conditions would likely result in reduced operating profits and could likely strain current funding agreements.

MANAGEMENT OF POTENTIAL GROWTH.

We hope to experience rapid growth which, if achieved, will place a significant strain on our managerial, operational, and financial systems resources. To accommodate our current size and manage growth, we must continue to implement and improve our financial strength and our operational systems, and expand. There is no guarantee that we will be able to effectively manage the expansion of our operations, or that our systems, procedures or controls will be adequate to support our expanded operations or that we will be able to obtain facilities to support our growth. Our inability to effectively manage our future growth would have a material adverse effect on us.

THE MANNER IN WHICH WE FINANCE OUR PROJECTS CREATES THE POSSIBILITY OF A CONFLICT OF INTEREST.

We fund our projects with construction financing obtained through the efforts of our management and our shareholders, GDBA and BOCO. This arrangement could create a conflict of interest with respect to such financings. However, there may be an inherent conflict of interest in the arrangement until such time as we might seek such financings on a competitive basis.

LACK OF INDEPENDENT DIRECTORS.

We do not have a majority of independent directors on our board of directors and we cannot guarantee that our board of directors will have a majority of independent directors in the future. In the absence of a majority of independent directors, our executive officers, which are also principal stockholders and directors, could establish policies and enter into transactions without independent review and approval thereof. This could present the potential for a conflict of interest between our stockholders and us generally and the controlling officers, stockholders or directors.

INTENSE COMPETITION IN OUR MARKET COULD PREVENT US FROM DEVELOPING REVENUE AND PREVENT US FROM ACHIEVING ANNUAL PROFITABILITY.

We provide a defined service to finance real estate projects. The barriers to entry are not significant. Our service could be rendered noncompetitive or obsolete. Competition from larger and more established companies is a significant threat and expected to increase. Most of the companies with which we compete and expect to compete have far greater capital resources, and many of them have substantially greater experience in real estate development. Our ability to compete effectively may be adversely affected by the ability of these competitors to devote greater resources than we can.

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POTENTIAL FLUCTUATIONS IN QUARTERLY OPERATING RESULTS.

Our quarterly operating results may fluctuate significantly in the future as a result of a variety of factors, most of which are outside of our control, including: the demand for our products or services; seasonal trends in financing; the amount and timing of capital expenditures and other costs relating to the development of our properties; price competition or pricing changes in the industry; technical or regulatory difficulties; general economic conditions; and economic conditions specific to our industry. Our quarterly results may also be significantly impacted by the impact of the accounting treatment of acquisitions, financing transactions or other matters. Particularly at our early stage of development, such accounting treatment can have a material impact on the results for any quarter. Due to the foregoing factors, among others, it is likely that our operating results will fall below our expectations or those of investors in some future quarter.

OUR SUCCESS WILL BE DEPENDENT UPON OUR OPERATING PARTNERS EFFORTS.

Our success will be dependent, to a large extent, upon the efforts of our operating partners in our various projects. To the extent that these partners, individually or collectively, fail to develop projects in a timely or cost-effective manner, our profit margins could be depressed or even eliminated. If we cannot or do not select appropriate partners for our projects, our profitability and viability will suffer. The absence of one or more partners who develop projects in a timely or cost-effective manner could have a material, adverse impact on our operations.

OUR SUCCESS WILL BE DEPENDENT UPON OUR MANAGEMENT S EFFORTS.

Our success will be dependent upon the decision making of our directors and executive officers. These individuals intend to commit as much time as necessary to our business, but this commitment is no assurance of success. The loss of any or all of these individuals, particularly Ms. Ann L. Schmitt, our President, and James W. Creamer, III, our Chief Financial Officer, could have a material, adverse impact on our operations. We have no written employment agreements with any officers and directors, including Ms. Schmitt or Mr. Creamer. We have not obtained key man life insurance on the lives of any of these individuals.

LIMITATION OF LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS.

Our officers and directors are required to exercise good faith and high integrity in our management affairs. Our articles of incorporation provides, however, that our officers and directors shall have no liability to our stockholders for losses sustained or liabilities incurred which arise from any transaction in their respective managerial capacities unless they violated their duty of loyalty, did engaged in intentional misconduct or gross negligence. Our articles and bylaws also provide for the indemnification by us of the officers and directors against any losses or liabilities they may incur as a result of the manner in which they operate our business or conduct the internal affairs.

OUR STOCK PRICE MAY BE VOLATILE, AND YOU MAY NOT BE ABLE TO RESELL YOUR SHARES AT OR ABOVE THE PUBLIC SALE PRICE.

There has been, and continues to be, a limited public market for our common stock. Our common stock trades on the NASD Bulletin Board. However, an active trading market for our shares has not, and may never develop or be sustained. If you purchase shares of common stock, you may not be able to resell those shares at or above the initial price you paid. The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, including the following:

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* actual or anticipated fluctuations in our operating results;

* changes in financial estimates by securities analysts or our failure to perform in line with such estimates;

* changes in market valuations of other real estate oriented companies, particularly those that market services such as ours;

* announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures or capital
commitments;

* introduction of technologies or product enhancements that reduce the need for our services;

* the loss of one or more key customers; and

* departures of key personnel.

Further, we cannot assure that an investor will be able to liquidate his investment without considerable delay, if at all. The factors which we have discussed in this document may have a significant impact on the market price of our common stock. It is also possible that the relatively low price of our common stock may keep many brokerage firms from engaging in transactions in our common stock.

As restrictions on resale end, the market price of our stock could drop significantly if the holders of restricted shares sell them or are perceived by the market as intending to sell them.

BUYING A LOW-PRICED PENNY STOCK SUCH AS OURS IS RISKY AND SPECULATIVE.

Our shares are defined as a penny stock under the Securities and Exchange Act of 1934, and rules of the Commission. The Exchange Act and such penny stock rules generally impose additional sales practice and disclosure requirements on broker-dealers who sell our securities to persons other than certain accredited investors who are, generally, institutions with assets in excess of $5,000,000 or individuals with net worth in excess of $1,000,000 or annual income exceeding $200,000, or $300,000 jointly with spouse, or in transactions not recommended by the broker-dealer. For transactions covered by the penny stock rules, a broker-dealer must make a suitability determination for each purchaser and receive the purchaser s written agreement prior to the sale. In addition, the broker-dealer must make certain mandated disclosures in penny stock transactions, including the actual sale or purchase price and actual bid and offer quotations, the compensation to be received by the broker-dealer and certain associated persons, and deliver certain disclosures required by the SEC. Consequently, the penny stock rules may affect the ability of broker-dealers to make a market in or trade our common stock and may also affect your ability to sell any of our shares you may own in the public markets.

WE DO NOT EXPECT TO PAY DIVIDENDS ON COMMON STOCK.

We have not paid any cash dividends with respect to our common stock, and it is unlikely that we will pay any dividends on our common stock in the foreseeable future. Earnings, if any, that we may realize will be retained in the business for further development and expansion.

Overview and History

Across America Real Estate Corp. was incorporated under the laws of the State of Colorado on April 22, 2003.

In 2003, we completed a registered offering of our common shares under the provisions of the Colorado securities laws and under an exemption from the federal securities laws. We raised a total of $34,325 in this offering.

We act as a co-developer, including as a financier, to develop built-to-suit real estate projects for specific retailers and other tenants who sign long-term leases for use of the property. Our primary source of revenue is from profits we receive upon the sale of our projects upon completion; however we also receive revenue from preferred dividends on our invested capital in projects, management fees we charge to our projects and rental income from our completed projects before their disposition. In addition we may share in certain revenues directly related to our projects with our development partners such as development fees and leasing and sales commissions

On September 28, 2006, we completed a $20 million dollar funding. BOCO Investments, LLC, a private Colorado limited liability company, agreed to provide us with new funding through a $7 million subordinated debt vehicle and a $3 million preferred convertible equity. Simultaneously, GDBA Investments, LLLP, has agreed to restructure its $10 million in subordinated debt to mirror the structure of the BOCO Investments, LLC contribution, including $3 million preferred convertible equity.

In October, 2006, management began to implement a national sales strategy where five sales regions were created throughout the United States, to include the Pacific Northwest, Southwest, South Central, Midwest and East regions. Regional vice presidents were hired to manage each of the regions, which encompass five to six states. Management focused on hiring people with significant experience and established contacts in real estate, specifically in the triple net small-box retail space. Each regional vice president is responsible for marketing our services to retailers and developers throughout their regions, as well as hire and manage sales representatives and utilize independent contractors to cover the smaller markets in their regions. Additionally, we also hired a national sales manager, who in addition to supervising the regional sales vice presidents, is responsible for the marketing the company to national retail chains.

On April 2, 2007, we hired a Senior Vice President of Operations. This individual will have the responsibility for the review of new project opportunities, oversight of projects in process and the sale of properties at project completion.

On April 14, 2007, we completed a related party transaction with GDBA Investments, LLLP and BOCO Investments, LLC which included an additional $6 million in subordinated debt, consisting of $3 million from each party. The facility matures December 31, 2007 with the provision for one six-month extension. The facility has a floating interest rate equal to the 10 year Treasury plus 650 basis points, which is payable and resets quarterly.

On May 7, 2007, we entered into a $25 million senior credit facility with United Western Bank. . This commitment permits us to fund construction notes for build-to-suit real estate projects for national and regional chain retailers. The financing is facilitated through a series of promissory notes. Each note is issued for individual projects under the facility and must be underwritten and approved by United Western Bank and has a term of 12 months with one (1) allowable extension not to exceed 6 months subject to approval. Interest is funded from an interest reserve established with each construction loan. The interest rate on each note is equal to Prime rate minus 50 basis points Each note under the facility is for an amount, as determined by United Western Bank, not to exceed the lesser of 75% of the appraised value of the real property under the approved appraisal for the project or 75% of the project costs. Principal on each note is due at maturity, with no prepayment penalty. United Western Bank retains a First Deed of Trust on each property financed.

During the quarter ended June 30, 2007 we recognized impairment charges on five properties totaling $1,939,513 (please see footnote 15) All of the impaired properties plus $188,808 of our bad debt expense were related to business dealings with our former development partner Automotive Development Group, with whom we terminated our business relationship in October 2006.

Our principal business address is 700 17th Street, Suite 1200, Denver, Colorado 80202. We are in the business of financing and developing build-to-suit real estate projects for specific retailers who sign long-term leases for use of the property. We create each project such that it will generate income from the placement of the construction loan, rental income during the period in which the property is held, and capital appreciation upon sale of the facility. Our affiliates, subsidiaries and management develop the construction and permanent financing for our benefit.

We have not been subject to any bankruptcy, receivership or similar proceeding.

Results of Operations

The following discussion involves our results of operations for the quarters ending June 30, 2007 and June 30, 2006.

Our revenues for the quarter ended June 30, 2007 were $5,011,327compared to $143,917 for the quarter ended June 30, 2006. Project sales for the quarter ended June 30, 2007 were $4,924,336 compared to no project sales for the quarter ended June 30, 2006. Of the four properties sold during the quarter, three were land dispositions of properties that we were no longer going to develop and one property was a completed project. As we move current projects through our pipeline over the next several quarters, we would anticipate that project sales would likely increase. We had rental income for the quarter ended June 30, 2007 of $15,875 compared to $143,917 for the quarter ended June 30, 2006, which is attributable to having fewer rent producing properties in the current quarter versus the prior year. Because we target selling properties as soon as they are completed and occupied, we do not anticipate that these revenues will increase substantially over the next several quarters. Management fees and financing activity revenue, for the quarter ended June 30, 2007 were $22,943 and $48,173 respectively compared to no management fees or financing activity revenue for the quarter ended June 30, 2006. Management fees are primarily comprised of origination fees taken by us as we enter into new projects and financing activity revenues are recognized by us when a project is sold. We would anticipate these revenues will increase going forward as we continue our marketing efforts to increase our projects and as we continue to move projects through our pipeline.

We recognize cost of sales on projects during the period in which they are sold. Cost of sales for the quarter ended June 30, 2007 were $4,645,324 compared to no cost of sales recognized for the quarter ended June 30, 2006. Gross margin for the quarter ended June 30, 2007 was approximately 5.7%, which is significantly lower than our target gross margins of 15% to 20% primarily caused by the high ratio of raw land sales of our impaired property during the quarter.

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Selling, general and administrative costs were $1,081,704 for the quarter ended June 30, 2007 compared to $348,639 for the quarter ended June 30, 2006. This increase was largely attributable to the substantial increase in staff over the past year in addition to increased sales and marketing activity to generate additional projects. We anticipate these costs will continue to increase as we continue to grow our business activities going forward. Included in selling, general and administrative costs for the quarter ended June 30, 2007 was $214,953 in bad debt expense which was a one time charge related to write-off of promissory notes with developers related with our impairment analysis.

During the quarter ended June 30, 2007 we recognized impairment charges on five properties totaling $1,939,513 (please see footnote 15) All of the impaired properties plus $188,808 of our bad debt expense were related to business dealings with our former development partner Automotive Development Group, with whom we terminated our business relationship in October 2006. We assessed the feasibility to moving forward and developing each project or liquidating the undeveloped properties. One project is completed and for sale, another project is under construction, two undeveloped properties are for sale and one undeveloped property, Ridgeview, was sold in June. Ridgeview represented an impairment of $898,047 or 46.3% if our total impairment. While this is a significantly larger impairment than we anticipated, of the size of the investment in this property, we made the determination that it was better to liquidate the asset. Although Automotive Development Group is contractually liable for 49% of any losses or impairments on these properties, Across America Real Estate has recognized the full effect of the impairment and we are currently evaluating our options to recoup any losses from our former development partner. While we believe that we have no other properties at immediate risk for impairment, we will continue to impairment test our portfolio on a quarterly basis.

We had a net loss of $1,923,108 for the quarter ended June 30, 2007 compared to a net loss of $213,312 for the quarter ended June 30, 2006. Comprehensive loss applicable to common shareholders, after preferred stock dividends was $2,000,446 for the quarter ended June 30, 2007 compared to $213,312 for the quarter ended June 30, 2006. The substantial increase in net loss was primarily a result of a lower than expected total gross margin for the quarter in addition to the substantial impairment charge we recognized. Additionally we have had a significant increase in selling, general and administrative costs incurred, particularly with the addition of new management and sales staff in the last year. Given that our targeted project cycle is between seven and eight months and we recognize the majority of our revenue once a project is sold upon completion, there is an expected lag of increased revenues to offset the increased cost of our additional sales and infrastructure. We anticipate that much of the increased revenue from our additional project sales efforts will be realized in the second half of 2007. We would anticipate generating enough revenue in 2007 to support the additional infrastructure and believe we could return to profitability within the next few quarters.

The following discussion involves our results of operations for the six months ending June 30, 2007 and June 30, 2006.

Our revenues for the six-months ended June 30, 2007 were $5,239,311 compared to $2,018,995 for the six-months ended June 30, 2006. Project sales for the six-months ended June 30, 2007 were $4,924,336 compared to 1,723,000 for the six-months ended June 30, 2006. This represents four properties sold during the six-months ended June 30, 2007 compared to one property sold during the six-months ended June 30, 2006. We had rental income for the six-months ended June 30, 2007 of $52,204 compared to $268,995 for the six-months ended June 30, 2006, which is attributable to having fewer rent producing properties in the current quarter versus the prior year. Management fees and financing activity revenue, for the six-months ended June 30, 2007 were $214,598 and $48,173 respectively compared to management fees of $27,000 and no financing activity revenue for the six-months ended June 30, 2006. We would anticipate these revenues will increase going forward as we continue our marketing efforts to increase our projects and as we continue to move projects through our pipeline.

We recognize cost of sales on projects during the period in which they are sold. Cost of sales for the six-months ended June 30, 2007 were $4,645,324 compared to $1,462,852 for the six-months ended June 30, 2006. Gross margin for the six-months ended June 30, 2007 was approximately 5.7%, which is significantly lower than our target gross margins of 15% to 20% primarily because of the high ratio of raw land sales of our impaired property during the quarter. Gross margin for the six-months ended June 30, 2006 was approximately 15.1%.

Selling, general and administrative costs were $1,907,906 for the six-months ended June 30, 2007 compared to $630,100 for the six-months ended June 30, 2006. This increase was largely attributable to the substantial increase in staff over the past year in addition to increased sales and marketing activity to generate additional projects. We anticipate these costs will continue to increase as we continue to grow our business activities going forward. Also included in selling, general and administrative costs for the six-months ended June 30, 2007 was $214,953 in bad debt expense which was a one time charge related to write-off of promissory notes with developers related with our impairment analysis.

During the six-months ended June 30, 2007 we recognized impairment charges on five properties totaling $1,939,513 (please see footnote 15) All of the impaired properties plus $188,808 of our bad debt expense were related to business dealings with our former development partner Automotive Development Group, with whom we terminated our business relationship in October 2006. We assessed the feasibility to moving forward and developing each project or liquidating the undeveloped properties. One project is completed and for sale, another project is under construction, two undeveloped properties are for sale and one undeveloped property, Ridgeview, was sold in June. Ridgeview represented an impairment of $898,047 or 46.3% if our total impairment. While this is a significantly larger impairment than we anticipated, of the size of the investment in this property, we made the determination that it was better to liquidate the asset. Although Automotive Development Group is contractually liable for 49% of any losses or impairments on these properties, Across America Real Estate has recognized the full effect of the impairment and we are currently evaluating our options to recoup any losses from our former development partner. While we believe that we have no other properties at immediate risk for impairment, we will continue to impairment test our portfolio on a quarterly basis.

We had a net loss of $2,336,575 for the six-months ended June 30, 2007 compared to a net loss of $257,329 for the six-months ended June 30, 2006. Comprehensive loss applicable to common shareholders, after preferred stock dividends was $2,490,401 for the six-months ended June 30, 2007 compared to $257,329 for the six-months ended June 30, 2006. The substantial increase in net loss was primarily the result of a lower than expected total gross margin for the period in addition to the substantial impairment charge we recognized. Additionally we have had a significant increase in selling, general and administrative costs incurred, particularly with the addition of new management and sales staff in the last year. Given that our targeted project cycle is between seven and eight months and we recognize the majority of our revenue once a project is sold upon completion, there is an expected lag of increased revenues to offset the increased cost of our additional sales and infrastructure.

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We anticipate that much of the increased revenue from our additional project sales efforts will be realized in the second half of 2007. We would anticipate generating enough revenue in 2007 to support the additional infrastructure and believe we could return to profitability within the next few quarters.

Liquidity and Capital Resources

Cash and cash equivalents, were $1,609,850 on June 30, 2007 compared to $1,097,440 on December 31, 2006.

Cash used in operating activities increased to $411,566 for the six-months ended June 30, 2007 compared to cash provided by operating activities of $91,871 for the six-months ended June 30, 2006. This was primarily the result of our increase project flow and funding construction in progress and investment in land, offset by additional indebtedness to related parties. As we continue to increase our project pipeline, we anticipate that cash used in operations will continue to be significant.

Cash used in investing activities increased to $456,690 for the six-months ended June 30, 2007 compared to $119,530 used in investing activities for the six-months ended June 30, 2006. We issue promissory notes to our development partners when we invest earnest money on potential new projects which are retired when we purchase the land into the subsidiary. The issuance of these notes receivable were substantially higher for the six-months ended June 30, 2007 compared to June 30, 2006 given our increased project pipeline activity, which we would expect to continue.

Cash provided by financing activities was $1,380,663 the six-months ended June 30, 2007 compared to cash used in financing activities of 146,782 for the six-months ended June 30, 2006. This shift is primarily the result of our increase project activity. As we continue to increase our project pipeline we expect that our cash provided by financing activities will continue to be significant. On June 30, 2007 we were had total availability on our three Senior Subordinated Revolving Notes of $4,686,017 and we had availability of $27,442,500 on our two Senior Credit Facilities as of June 30, 2007.

Because we recognized impairment charges on five properties totaling $1,939,513 (please see footnote 15) in one quarter, we became subject to an Event of Default provision under our Senior Subordinate Revolving Notes. This Event of Default provision was triggered when we recognized a net loss under GAAP of greater than $1,000,000 in any calendar quarter. This Event of Default provision has been waived by our Senior Subordinate Note Holders.

Management continues to assess our capital resources in relation to our ability to fund continued operations on an ongoing basis. As such, management may seek to access the capital markets to raise additional capital through the issuance of additional equity, debt or a combination of both in order to fund our operations and continued growth.

Recently Issued Accounting Pronouncements

In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments an amendment of FASB Statements No. 133 and 140. Companies are required to apply Statement 155 as of the first annual reporting period that begins after September 15, 2006. The Company does not believe adoption of SFAS No. 155 will have a material effect on its consolidated financial position, results of operations or cash flows.

In March 2006, the FASB issued SFAS No. 156, Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140. Companies are required to apply Statement 156 as of the first annual reporting period that begins after September 15, 2006. The Company does not believe adoption of SFAS No. 156 will have a material effect on its consolidated financial position, results of operations or cash flows.

In June 2006, the FASB issued Interpretation No.48, Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109 , (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes . FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return that results in a tax benefit. Additionally, FIN 48 provides guidance on de-recognition, statement of operations classification of interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company will adopt FIN 48 as of January 1, 2007, as required. The Company has determined that there is no impact in adopting FIN 48.

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108 (SAB 108), Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements, which addresses how uncorrected errors in previous years should be considered when quantifying errors in current-year financial statements. SAB 108 requires companies to consider the effect of all carry over and reversing effects of prior-year misstatements when quantifying errors in current-year financial statements and the related financial statement disclosures. SAB 108 must be applied to annual financial statements for the first fiscal year ending after November 15, 2006. We are currently assessing the impact of adopting SAB 108 but do not expect that it will have a material impact on our financial condition or results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurement , (FAS 157). This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We have not determined the effect that the adoption of FAS 157 will have on our consolidated results of operations, financial condition or cash flows.

On September 29, 2006, the FASB issued SFAS No.158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R). SFAS No. 158 requires an entity to recognize in its statement of financial position the overfunded or underfunded status of a defined benefit postretirement plan measured as the difference between the fair value of plan assets and the benefit obligation. An entity will be required to recognize as a component of other comprehensive income, net of tax, the actuarial gains and losses and the prior service costs and credits that arise pursuant to FASB Statements No. 87, Employers Accounting for Pensions and No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions. Furthermore, SFAS No. 158 requires that an entity use a plan measurement date that is the same as its fiscal year-end. An entity will be required to disclose additional information in the notes to financial statements about certain effects on net periodic benefit cost in the upcoming fiscal year that arise from delayed recognition of the actuarial gains and losses and the prior service costs and credits. The requirement to recognize the funded status of a defined benefit postretirement plan and the related disclosure requirements is effective for fiscal years ending after December 15, 2006. The requirement to change the measurement date to the year-end reporting date is for fiscal years ending after December 15, 2008. We do not anticipate this statement will have any impact on our results of operations or financial condition.

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Seasonality

At this point in our business operations our revenues are not impacted by seasonal demands for our products or services. As we penetrate our addressable market and enter new geographical regions, we may experience a degree of seasonality.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate estimates and assumptions based upon historical experience and various other factors and circumstances. We believe our estimates and assumptions are reasonable in the circumstances; however, actual results may differ from these estimates under different future conditions.

We believe that the estimates and assumptions that are most important to the portrayal of our financial condition and results of operations, in that they require subjective or complex judgments, form the basis for the accounting policies deemed to be most critical to us. These relate to bad debts, impairment of intangible assets and long lived assets, contractual adjustments to revenue, and contingencies and litigation. We believe estimates and assumptions related to these critical accounting policies are appropriate under the circumstances; however, should future events or occurrences result in unanticipated consequences, there could be a material impact on our future financial conditions or results of operations.

ITEM 3. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, based on an evaluation of our disclosure controls and procedures (as defined in Rules 13a -15(e) and 15(d)-15(e) under the Exchange Act), each our Chief Executive Officer and the Chief Financial Officer has concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the applicable time periods specified by the SEC s rules and forms.

There were no changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no legal proceedings, to which we are a party, which could have a material adverse effect on our business, financial condition or operating results.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Because we recognized impairment charges on five properties totaling $1,939,513 (please see footnote 15) in one quarter, we became subject to an Event of Default provision under our Senior Subordinate Revolving Notes. This Event of Default provision was triggered when we recognized a net loss under GAAP of greater than $1,000,000 in any calendar quarter. This Event of Default provision has been waived by our Senior Subordinate Note Holders.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits

10.18 Amendment to Subordinated Note, BOCO, dated March 30, 2007

10.19 Amendment to Subordinated Note, BOCO, dated August 10, 2007

10.20 Amendment to Revolving Note, BOCO, dated March 30, 2007

10.21 Amendment to Revolving Note, BOCO, dated August 10, 2007

10.22 Amendment to Subordinated Note, GDBA, dated March 30, 2007

10.23 Amendment to Subordinated Note, GDBA, dated August 10, 2007

10.24 Amendment to Revolving Note, GDBA, dated March 30, 2007

10.25 Amendment to Revolving Note, GDBA, dated August 10, 2007

21 List of Subsidiaries

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a)

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a)

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Reports on Form 8-K

We filed the following reports under cover of Form 8K for the fiscal quarter ended June 30, 2007: April 11, 2007, April 13, 2007, and May 8, 2007, all relating to Form FD Disclosures.

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SIGNATURES

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

ACROSS AMERICA REAL ESTATE CORP.

Dated: August 13, 2007	By: */s/ Ann L. Schmitt* Ann L. Schmitt President, Chief Executive Officer,
Dated: August 13, 2007	By: /s/ James W Creamer III James W Creamer III Treasurer, Chief Financial Officer

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EXHIBIT INDEX

Exhibit No.	Description
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10.21	Amendment to Revolving Note, BOCO, dated August 10, 2007
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10.23	Amendment to Subordinated Note, GDBA, dated August 10, 2007
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