AMERICAN MORTGAGE ACCEPTANCE CO
Form 10-Q
August 14, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2002

OR

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

Commission File Number 0-23972

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

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

Registrant's telephone number, including area code (212)421-5333

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollars in thousands)

	June 30, 2002	December 31, 2001
ASSETS		
Investments in mortgage loans	$ 20,061	$ 17,799
Investments in GNMA certificates-available for sale	79,990	50,060
Investment in ARCap	20,241	20,246
Cash and cash equivalents	11,116	1,018
Notes receivable	19,617	11,373
Accrued interest receivable	871	570
Other assets	443	916
Total assets	$ 152,339	$ 101,982
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Repurchase facilities payable	$ 61,451	$ 43,610
Accrued interest payable	44	22
Accounts payable and accrued expenses	506	1,348
Due to Advisor and affiliates	464	331
Distributions payable	2,386	1,392
Total liabilities	64,851	46,703
Commitments and contingencies		
Shareholders' equity:		
Shares of beneficial interest; $.10 par value; 25,000,000 shares authorized; 6,738,826 issued and 6,363,630 outstanding and 4,213,826 issued and 3,838,630 outstanding in 2002 and 2001, respectively	674	421
Treasury shares of beneficial interest; 375,196 shares	(38)	(38)
Additional paid-in capital	99,487	68,841
Distributions in excess of net income	(14,601)	(14,505)
Accumulated other comprehensive income	1,966	560
Total shareholders' equity	87,488	55,279
Total liabilities and shareholders' equity	$ 152,339	$ 101,982

See accompanying notes to consolidated financial statements

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Consolidated Statements of Income

(Dollars in the thousands except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Revenues:				
Interest income:				
Mortgage loans	$ 609	$ 1,019	$ 1,010	$ 1,907
GNMA certificates	1,370	379	2,454	495
Notes receivable	627	61	1,114	107
Temporary investments	13	10	24	27
Equity in earnings of ARCap	608	592	1,200	1,184
Other income	76	25	136	30
Total revenues	3,303	2,086	5,938	3,750
Expenses:				
Interest	307	361	579	637
General and administrative	164	112	284	232
Fees to advisor	371	178	728	296
FNMA loan program	3	--	358	--
Amortization	--	11	6	30
Total expenses	845	662	1,955	1,195
Net gain on repayments of GNMA certificates and mortgage loans	--	--	614	--
Net income	$ 2,458	$ 1,424	$ 4,597	$ 2,555
Net income per share (basic and diluted)	$ .39	$ .37	$ .81	$ .67
Weighted average shares outstanding (basic and diluted)	6,363,630	3,838,630	5,666,116	3,838,630

See accompanying notes to consolidated financial statements

Consolidated Statement of Changes in Shareholders' Equity
(Dollars in thousands)
(Unaudited)

	Shares of Beneficial Interest		Treasury Shares of Beneficial Interest	
	Shares	Amount	Shares	Amount
Balance at January 1, 2002	4,213,826	$ 421	(375,196)	$ (38)
Comprehensive income:				
Net income	--	--	--	--
Other comprehensive income:				
Unrealized holding gain arising during the period				
Less: reclassification adjustment for gain included in net income				
Total other comprehensive gain				
Comprehensive income				
Common share issuance	2,525,000	253		
Distributions				
	--	--	--	--
Balance at June 30, 2002	6,738,826	$ 674	(375,196)	$ (38)

	Additional Paid-in Capital	Distributions in Excess of Net Income	Comprehensive Income	Accumulated Other Comprehensive Income	
Balance at January 1, 2002	$ 68,841	$ (14,505)		$ 560	$
Comprehensive income:					
Net income	--	4,597	$ 4,597	--	
Other comprehensive income:					
Unrealized holding gain arising during the period			2,020		
Less: reclassification adjustment for gain included in net income			(614)		
Total other comprehensive gain			1,406	1,406	
Comprehensive income			$ 6,003		

Common share issuance	30,646			
Distributions		(4,693)		--
	--			
Balance at June 30, 2002	$ 99,487	$ (14,601)	$ 1,966	$

See accompanying notes to consolidated financial statements.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2002	2001
Cash flows from operating activities:		
Net income	$ 4,597	$ 2,555
Adjustments to reconcile net income to net cash provided by operating activities:		
Net gain on repayments of GNMA Certificates and mortgage loans	(614)	--
Equity in earnings of ARCap, in excess of (less than) distributions received	5	(191)
Amortization - deferred financing costs	6	30
Amortization - loan premium and origination costs	(61)	3
Accretion of GNMA discount	6	(11)
Accretion of deferred income	--	(26)
Changes in operating assets and liabilities:		
Accrued interest receivable	(301)	166
Other assets	48	6
Due to Advisor and affiliates	133	(674)
Accounts payable and accrued expenses	(842)	17
Accrued interest payable	22	24
Net cash provided by operating activities	2,999	1,899
Cash flows from investing activities:		
Increase in investment in mortgage loans	(2,224)	(19,622)
Periodic principal payments of mortgage loans	23	134
Funding of notes receivable	(8,244)	(1,424)
Principal repayments of GNMA Certificates	197	166
Increase in investment in GNMA Certificates	(28,113)	--
Decrease (increase) in other assets	419	(83)

Net cash used in investing activities	(37,942)	(20,829)

continued

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2002	2001
Cash flows from financing activities:		
Proceeds from repurchase facilities payable	17,841	32,443
Distribution paid to shareholders	(3,699)	(2,783)
Increase in deferred loan costs	--	(42)
Issuance of common shares	30,899	--
Net cash provided by financing activities	45,041	29,618
Net increase in cash and cash equivalents	10,098	10,688
Cash and cash equivalents at the beginning of the period	1,018	1,632
Cash and cash equivalents at the end of the period	$ 11,116	$ 12,320
Supplemental information:		
Interest paid	$ 557	$ 613
Consolidation of former unconsolidated subsidiary:		
Increase in investment in mortgage loans		$ 8,353
Decrease in notes receivable		(7,264)
Decrease in investment in unconsolidated subsidiary		(1,089)
		$ --
Conversion of FHA mortgage loans to GNMA certificates:		
Investment in GNMA certificates		$(34,515)
Decrease in investment in mortgage loans		34,515
		$ --

See accompanying notes to consolidated financial statements.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2002
(Unaudited)

Note 1 - General

American Mortgage Acceptance Company (formerly American Mortgage Investors Trust) (the "Company") was formed on June 11, 1991 as a Massachusetts business trust. The Company elected to be treated as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended.

The Company's business plan focuses on government insured and uninsured mortgages secured by multifamily properties, which may take the form of government insured first mortgages and uninsured mezzanine loans, construction loans and bridge loans. Additionally, the Company has indirectly invested in subordinate commercial mortgage-backed securities and may invest in other real estate assets, including non-multifamily mortgages.

Effective April 26, 1999, upon authorization by the Board of Trustees, the Company's name was changed from American Mortgage Investors Trust to American Mortgage Acceptance Company. The Company's shares of beneficial interest (the "Shares") commenced trading on the American Stock Exchange on July 1, 1999 under the symbol "AMC".

In February 2002, the Company sold to the public 2.5 million common shares at a price of $13.50 per share. The net proceeds from this offering, approximately $31 million net of underwriter's discount and expenses, has been used to make additional investments.

The Company is governed by a board of trustees comprised of three independent trustees and two trustees who are affiliated with Related Capital Company ("Related"). The Company has engaged Related AMI Associates, Inc. (the "Advisor"), an affiliate of Related, to manage its day-to-day affairs. The Advisor has subcontracted with Related to provide the services contemplated. Through the Advisor, Related offers the Company a core group of experienced staff and executive management providing the Company with services on both a full and part-time basis. These services include, among other things, acquisition, financial, accounting, capital markets, asset monitoring, portfolio management, investor relations and public relations services. The Company believes that it benefits significantly from its relationship with Related, because Related provides the Company with resources that are not generally available to smaller-capitalized, self-managed companies.

The consolidated financial statements include the accounts of the Company and two wholly-owned subsidiaries which it controls: AMAC Repo Seller and AMAC/FM Corporation. All intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise indicated, the "Company" as hereinafter used, refers to American Mortgage Acceptance Company and its subsidiaries.

The consolidated financial statements of the Company have been prepared without audit. In the opinion of management, the financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of the Company as of June 30, 2002 and the results of its operations and its cash flows for the three and six months ended June 30, 2002 and 2001. However, the operating results for the interim periods may not be indicative of the results for the full year.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2002
(Unaudited)

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted. It is suggested that these financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2001.

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

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement No. 141, "Business Combinations (SFAS 141) and Statement No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). These statements establish new standards for accounting and reporting for business combinations and for goodwill and intangible assets resulting from business combinations. SFAS 141 applies to all business combinations initiated after June 30, 2001; the Company implemented SFAS 142 on January 1, 2002. Implementation of these statements did not have a material impact on the Company's consolidated financial statements.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires the fair value of a liability or an asset retirement obligation to be recorded in the period in which it is incurred. SFAS No. 143 is not effective until January 1, 2003. Management does not believe the implementation of SFAS No. 143 will have a material impact on the Company's consolidated financial statements.

In August 2001, the FASB issued Statement No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets" (effective January 1, 2002). SFAS No. 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company implemented SFAS No. 144 on January 1, 2002. Implementation of SFAS No. 144 did not have a material impact on the Company's consolidated financial statements.

In April 2002, the FASB issued Statement No. 145 "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections". SFAS No. 145 among other things, rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and accordingly, the reporting of gains and losses from the early extinguishments of debt as extraordinary items will only be required if they meet the specific criteria for extraordinary items included in Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations". The rescission of SFAS no. 4 is effective January 1, 2003. Management does not believe the implementation of SFAS 145 will have a material impact on the Company's consolidated financial statements.

In July 2002, the FASB issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 replaces current accounting literature and requires the recognition of costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 is not effective until January 1, 2003. The Company does not anticipate the adoption of this statement will have a material effect on the Company's consolidated financial statements.

Certain prior year amounts have been reclassified to conform to the current year presentation.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2002
(Unaudited)

Note 2 - Investments in Mortgage Loans
Information relating to investments in mortgage loans as of June 30, 2002 is as follows:

	Description	Final Maturity Date	Call Date	Interest Rate (B)	Periodic Payment Terms	Prior Liens
First Mortgage Loans (E):						
Stony Brook II						
East Haven, CT (L)	125 Units	6/37	12/06	7.625	(F)	
Sunset Gardens						
Eagle Pass, TX	60 Units	9/03	TBD	11.50%	(H)	
Northbrooke						
Harris County, TX	240 Units	8/43	TBD	7.45%	(K)	
Subtotal First Mortgage Loans						
Stabilized Properties						
Stony Brook II						
East Haven, CT	125 Units	6/37	12/06	15.33%	(H)	8,308,9
Plaza at San Jacinto						
Houston, TX (I)	132 Units	1/43	6/11	11.00%	(H)	6,638,3
Subtotal Stabilized Mezzanine Loans						
Properties in Construction						
The Hollows						
Greenville, NC	184 Units	1/42	TBD	10.00%	(H)	8,481,0
Elmhurst Village						
Oveido, FL	313 Units	1/42	TBD	10.00%	(H)	21,716,6

The Reserve at Autmn Creek Friendswood, TX	212 Units	1/42	TBD	10.00%	(H)	15,538,6
Club at Brazos (I) Rosenberg, TX	200 Units	5/43	TBD	10.00%	(H)	14,363,8
Northbrooke Harris County, TX	240 Units	8/43	TBD	11.50%	(H)	
Subtotal Construction Mezzanine Loans						
Subtotal Mezzanine Loans						
Total Mortgage Loans						

	Outstanding Face Amount of Mortgages (C)	Carrying Amount of Mortgages (D)	Interest Income Earned Applicable To the Six Months Ended June 30, 2002
First Mortgage Loans (E):			
Stony Brook II East Haven, CT (L)	$8,308,969	$8,308,969	$ 317,141
Sunset Gardens Eagle Pass, TX	892,902	869,393	30,320
Northbrooke Harris County, TX	--	--	15,458
Subtotal First Mortgage Loans	9,201,871	9,178,362	362,919
Stabilized Properties			
Stony Brook II East Haven, CT	763,909	663,166	45,365
Plaza at San Jacinto Houston, TX (I)	1,250,000	1,221,384	72,577
Subtotal Stabilized Mezzanine Loans	2,013,909	1,884,550	117,942
Properties in Construction			
The Hollows Greenville, NC	1,549,200	1,389,786	82,239
Elmhurst Village Oveido, FL	2,874,000	2,438,461	158,637
The Reserve at Autmn Creek Friendswood, TX	1,987,000	1,924,502	97,791
Club at Brazos (I) Rosenberg, TX	1,962,000	1,883,770	99,032
Northbrooke Harris County, TX	1,500,000	1,361,976	91,436
Subtotal Construction Mezzanine Loans	9,872,200	8,998,495	529,135
Subtotal Mezzanine Loans	11,886,109	10,883,045	647,077
Total Mortgage Loans	$21,087,980	$20,061,407	$1,009,996

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(A) Loans are subject to mandatory prepayment at the option of the Company 10 years after construction completion, with one year's notice. Loans with a call date of "TBD" are still under construction.

(B) Interest on the mezzanine loans is based on a fixed percentage of the unpaid principal balance of the related first mortgage loan (prior liens). The amount shown is the approximate effective rate earned on the balance of the mezzanine loan. The mezzanine loans also provide for payments of additional interest based on a percentage of cash flow remaining after debt service (generally 50%) and participation in sale or refinancing proceeds (generally 25%) and certain provisions that cap the Company's total yield, including additional interest and participations, over the term of the loan.

(C) No principal amounts of mortgage loans are subject to delinquent interest as of June 30, 2002.

(D) Carrying amounts of the mezzanine loans include unamortized origination costs and fees and loan discounts.

(E) Interest and principal payments on first mortgage loans are insured by the U.S. Department of Housing and Urban Development.

(F) Requires monthly payments of principal and interest based on a 40 year amortization period. Loan is subject to 5-year lockout against prepayments, as well as a prepayment penalty structure during the second 5-year term of the loan.

(G) The principal balance of the mezzanine loans is secured by the partnership interests of the entity that owns the underlying property and a third mortgage deed of trust. Interest payments on the mezzanine loans are secured by a second mortgage deed of trust and are guaranteed for the first thirty six months after construction completion by an entity related to the general partner of the entity that owns the underlying property.

(H) Interest only payments are due monthly, with loan balance due at maturity.

(I) The funding of this mezzanine loan is based on property level operational achievements. The Company does not hold the first mortgage loan relating to this mezzanine loan.

(J) The first mortgage loans related to those properties were converted into GNMA Certificates and are held by the Company.

(K) The Northbrooke first mortgage loan was converted from an FHA mortgage loan to an GNMA Certificate on May 24, 2002.

(L) This first mortgage loan is pledged to secure the Company's obligation under a first loss protection agreement with Fannie Mae - See Notes 9 and 10.

Notes to Consolidated Financial Statements
June 30, 2002
(Unaudited)

Note 3 - Investments in GNMA Certificates-Available for Sale Information relating to investments in GNMA certificates as of June 30, 2002 is as follows:

Name	Certificate Number	Date Purchase/ Final Payment Due	Stated Interest Rate	Principal at June 30, 2002	Amortized Cost at at June 30, 2002	Unr Gai at 30
Western Manor (1)	0355540	7/27/94 3/15/29	7.125%	$ 2,474,818	$ 2,475,688	$
Copper Commons (1)	0382486	7/28/94 8/15/29	8.500%	2,098,148	2,167,036	
SunCoast Capital Group, Ltd. (1)	G002412	6/23/97 4/20/27	7.000%	719,414	719,939	
Hollows Apts. (2)	511909	5/29/01		--	--	
Elmhurst Village (1)	549391	6/28/01 1/1/42	7.745%	21,716,633	21,716,633	
Reserve at Autumn Creek (1)	448747	6/28/01 1/1/42	7.745%	15,538,670	5,538,670	1,
Casitas at Montecito	519289	3/11/02 10/15/42	7.300%	5,700,686	6,090,720	(
Village at Marshfield (1)	519281	3/11/02 1/15/42	7.475%	19,906,384	21,552,222	
Cantera Crossing	532662	3/28/02 6/1/29	6.500%	3,906,058	3,859,084	
Fillmore Park	536739	3/28/02 10/15/42	6.700%	876,053	886,270	
Northbrooke	548972	5/24/02 8/1/43	7.080%	2,865,484	3,017,381	(
Total				$75,802,348	$78,023,643	$1,

(1) These GNMA Certificates are pledged as collateral for borrowings under the repurchase facility - See Note 5.

(2) This GNMA Certificate was sold March 25, 2002.

The amortized cost, unrealized gain and fair value for the investment in GNMA Certificates at June 30, 2002 and December 31, 2001 were as follows:

(Dollars in thousands)

	June 30, 2002	December 31, 2001
Amortized cost	$78,024	$49,500
Unrealized gain	1,966	560
Fair Value	$79,990	$50,060

For the six months ended June 30, 2002, there were gross unrealized gains and losses of $2,537,465 and $571,278, respectively. For the year ended December 31, 2001, there were gross unrealized gains and losses of $579,252 and $18,865, respectively.

On March 25, 2002, the Company sold the Hollows GNMA Certificate for approximately $9.6 million. The amortized cost at the date of the sale was approximately $9.0 million, resulting in a gain of approximately $614,000. The Company recorded the sale on the trade date of March 25, 2002. The settlement date was in April 2002.

NOTE 4 - Notes Receivable

The Company's notes receivable are collateralized by equity interest in the owner of the related property and consists of the following as of June 30, 2002:

Property	Location	Number of Apartment Units	Carrying Amount	Outstanding Principal Balance	Remain Commit Balanc Fun

Alexandrine	Detroit, MI	30	$ 377,320	$ 378,000	$
Coronado Terrace	San Diego, CA	312	566,730	581,360(1)	1,418
Plaza Manor	National City, CA	372	1,491,646	1,499,010	
Rancho Verde	San Jose, CA	700	4,497,780	4,499,999	
Concorde at Palm	Houston, TX	360	3,821,138	3,850,000	
Parwood	Long Beach, CA	528	1,963,641	2,000,000(1)	2,600
Concord at Little York	Houston, TX	276	3,463,945	3,500,000	
Concord at Gulfgate	Houston, TX	288	3,435,221	3,500,000	
Total		2,866	$19,617,421	$19,808,369	$4,019

(1) Funded on an as needed basis.

The Company's notes receivable pay interest only until maturity when the principal is due. As of June 30, 2002, there were no past due amounts owed the Company on any note.

NOTE 5 - Repurchase Facilities

During 2001, the Company was party to a $40 million repurchase facility with Nomura Asset Capital Corporation, which enabled the Company to borrow up to 80% (90% with a qualified hedge) of the fair market value of FHA loans owned by the Company. The interest rate under this repurchase facility was LIBOR plus 1.25%. As of December 31, 2001 there was no outstanding balance under this agreement. The agreement was not renewed upon its expiration in February 2002.

Effective February 15, 2000, the Company also entered into a repurchase facility with Nomura Securities International Inc. (the "Nomura Securities Repurchase Facility"). This facility enables the Company to borrow up to 95% of the fair market value of GNMA Certificates and other qualified mortgage securities owned by the Company. Borrowings bear interest at LIBOR plus 0.50%. As of June 30, 2002 and December 31, 2001, the amounts outstanding under this facility were $61,451,000 and $43,610,000 and interest rates were 1.89% and 2.58%, respectively. Deferred costs relating to the Nomura Securities Repurchase Facility have been fully amortized. All amounts outstanding at June 30, 2002,

had 30 day settlement terms and are collateralized by certain GNMA Certificates as indicated in Note 3.

NOTE 6 - Related Party Transactions

The costs incurred to related parties for the three and six months ended June 30, 2002 and 2001 were as follows, all of which are paid to the Advisor:

(Dollars in Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Expense reimbursement	$ 143	$ 111	$ 318	$ 172
Asset management fees	228	67	410	124
	$ 371	$ 178	$ 728	$ 296

In December 2001, Charter Mac Corporation ("CM Corp") purchased 80% of PW Funding Inc. ("PWF"). CM Corp is a wholly-owned subsidiary of Charter Municipal Mortgage Acceptance Company ("Charter Mac"), a publicly traded entity, which is managed by an affiliate of Related.

The Company has begun to use PWF as its servicing agent for mortgages. Typically, the servicing agent retains a small percentage of the interest paid on mortgage loans as their fee for servicing the loan.

The Company's notes receivable (see Note 4), the guarantee on Creekside Apartments and standby bridge loan commitments described in Note 8 are to limited partnerships where the general partner may be an affiliate of the Advisor with a 1% interest in the limited partnership, and the 99% limited partner is a limited partnership in which an affiliate of the Advisor owns a 1% general partnership interest and one or more Fortune 500 companies own a 99% limited partnership interest.

Note 7 - Earnings Per Share

Basic net income per share in the amount $.39 and $.37 and $.81 and $.67 for the three and six months ended June 30, 2002 and 2001, respectively, equals net income for the periods ($2,458,410 and $1,424,029 and $4,597,434 and $2,555,177, respectively), divided by the weighted average number of shares outstanding which was 6,363,630 and 3,838,630 and 5,666,116 and 3,838,630, respectively.

Because the Company had no dilutive securities outstanding during the six months ended June 30, 2002 or 2001, diluted net income per share is the same as basic net income per share.

Note 8 - Commitments and Contingencies

The Company completed a loan program with Fannie Mae which has agreed to fully fund the origination of $250 million of Delegated Underwriter and Servicer loans for apartment properties that qualify for low income housing tax credits under Section 42 of the Internal Revenue Code. Under the loan program, the Company intended to originate and contract for individual loans of up to $6 million dollars each over a two-year period in conjunction with American Property Financing, an unaffiliated third party, which would underwrite and service the loans for Fannie Mae. The Company guarantees a first loss position of up to $21.25 million, depending on the aggregate principal amount of the loans the Company originates under this program and would receive guaranty, loan origination and other fees. The Company also guarantees construction loans for which it has issued a forward commitment to originate a loan under the Fannie Mae program, with respect to which it guarantees repayment of 100% of such construction loans. As of June 30, 2002, the Company had originated loans totaling approximately $2.2 million under the Fannie Mae program and has made forward commitments for an additional approximate $6.8 million. The Company's maximum guaranty at June 30, 2002 is $9.0 million. The Company has not acquired an interest in any of the loans the Company originated on Fannie Mae's behalf.

Subsequent to creating this program, the level of loan origination competition has increased, reducing the Company's projected financing value and profitability. As a result, the Company decided in the first quarter of 2002 to discontinue this program. The Company has reached an agreement in principle to terminate this program and transfer its rights and obligations to a third party. There can be no assurance, however, that this agreement will happen. Accordingly, during the first quarter of 2002, the Company wrote off the balance of unamortized deferred costs relating to this program. This write-off totaled approximately $358,000 and is included in FNMA loan program expenses in the Consolidated Statement of Income.

In May of 2002, AMAC guaranteed a construction loan of approximately $7.5 million for Creekside Apartments, a proposed 144-unit affordable multifamily apartment complex located in Colorado Springs, Colorado, in exchange for a 0.375% fee, which will be received at construction completion. The construction loan guarantee will provide credit support for the period beginning with construction completion until property stabilization. It is anticipated that construction will be completed in February 2003 and that the property will reach stabilization in October 2003. The fee, when received at completion of construction, will be deferred and amortized over the guarantee period.

In February of 2002, AMAC issued a standby bridge loan commitment of $400,000 for the rehabilitation of Valley View and Summertree Apartments, two apartment complexes featuring 240 total units and located in North Little, Arkansas. The loan, if funded, will bear interest at 12%. Funding, should it be needed, is not anticipated to occur until later in 2002. AMAC received a fee of 2.5% for

issuing the commitment. The first mortgage is held by Charter Municipal Mortgage Acceptance Company ("Charter Mac"), an affiliate of the Advisor.

In June of 2002, AMAC issued a standby bridge loan commitment of $1.4 million for the construction of Willow Creek Apartments, a 104-unit multi-family apartment complex located in North Port, Florida. The loan, if funded, will bear interest at a rate of 12%. Funding, should it be needed, is not anticipated to occur until December 2003, at the earliest. AMAC received a fee of 3.57% for issuing the commitment. The first mortgage is held by Charter Mac, an affiliate of the Advisor.

In June of 2002, AMAC issued a standby bridge loan commitment of $400,000 for the rehabilitation of McMullen Square Apartments, a 100-unit complex featuring 18 two-story buildings and two one-story buildings, located in San Antonio, Texas. The loan, if funded, will bear interest at a rate of 12%. Funding, should it be needed, is not anticipated to occur until February 2003. AMAC received a fee of 2.5% for issuing the commitment.

Fees received for a commitment to originate a loan are deferred and, if the commitment is exercised, recognized over the life of the loan as an adjustment of yield or, if the commitment expires unexercised, recognized in other income upon expiration of the commitment. If, however, based on the Company's experience with similar arrangements, management believes that the likelihood that the commitment will be exercised is remote, the commitment fee is recognized over the commitment period on a straight-line basis in other income.

Note 9 - Investment in Unconsolidated Subsidiary and Note Receivable

As discussed in Note 8, the Company has entered into an agreement with Fannie Mae whereby the Company would provide first loss protection on certain loans funded by Fannie Mae pursuant to a Master Financing and Loss Sharing Agreement.

Through a consolidated subsidiary, AMAC/FM Corporation ("AMAC/FM"), and pursuant to a Guaranty and Security Agreement with Fannie Mae, the payment of the Company's obligations under this program is guaranteed and secured by AMAC/FM's pledge and grant to Fannie Mae of a security interest on certain assets of AMAC/FM.

AMAC/FM was capitalized by a contribution by the Company to AMAC/FM of the mortgage loan secured by Stony Brook Village II Apartments with a principal amount of $8,404,092. This contribution was recorded by AMAC/FM as a $7,264,092 loan from the Company via a subordinated promissory note, with a stated interest rate of 7.75% and a $1,140,000 capital contribution through the issuance of AMAC/FM non-voting common stock. During 2000, the Company accounted for its $1,140,000 investment in AMAC/FM under the equity method of accounting, because all of AMAC/FM's voting common shares were held by the Advisor and, therefore, the Company did not control AMAC/FM.

During January 2001, all of the voting common stock of AMAC/FM, previously owned by the Advisor, was purchased by the Company, the effect of which is to make AMAC/FM a wholly-owned, consolidated subsidiary of the Company. This change was implemented as a result of the REIT Modernization Act of 1999, which allows

REITs to directly own taxable REIT subsidiaries, beginning after the year 2000.

Note 10 - Shareholders' Equity

On February 25, 2002, the Company completed issuance of 2,525,000 common shares, raising net proceeds of approximately $31 million. The common shares were offered through Friedman, Billings, Ramsey and RBC Capital Markets. The proceeds were used to invest primarily in GNMA Certificates.

Note 11 - Subsequent Events

On July 26, 2002, the Company funded the first advance of $7.7 million to Ellington Plaza. The Company purchased this GNMA Construction Loan certificate in May, 2002. The stated interest rate is 7.085% and the certificate matures in July, 2042.

In July of 2002, the Company granted a standby bridge loan commitment to a third party in the amount of approximately $1.7 million. The purpose of the bridge loan, which is not expected to be funded until February 2003, is to fund the final construction draws on the rehabilitation of a 160-unit affordable multifamily apartment complex located in Laredo, TX, known as Clark's Crossing Apartments. The bridge loan carries an interest rate of 12%. In conjunction with the bridge loan, the Company has also guaranteed a construction loan of approximately $4.8 million, providing credit support for the period beginning with construction completion until the property reaches stabilization, for which the Company will receive a fee. Rehabilitation is expected to be completed in April 2003 and stabilization achieved in September 2003. The Company will receive a bridge loan origination fee of 2% and a construction loan guarantee fee of 0.625%.

In August of 2002, the Company issued a standby permanent loan commitment of up to approximately $4.3 million, for the rehabilitation of Highland Park Apartments, a 200-unit garden style apartment complex located in Topeka, Kansas, for which the Company will receive a loan standby commitment fee. If funded, which could occur in December 2003, the Company would receive interest of 9.5%. The Company will receive a loan standby commitment fee of 2.00% and, if funded, a loan origination fee of 1.00%.

On July 31, 2002, the Rancho Verde bridge loan was repaid in full.

In August 2002, a distribution of $2,386,361, ($0.375 per share) which was declared in June 2002, was paid to shareholders for the quarter ended June 30, 2002.

On August 8, 2002, the Company announced that effective September 3, 2002, Stuart Rothstein will become the Chief Financial Officer and Executive Vice President of the Company. Mr. Rothstein joins the Company with approximately 11 years of professional experience, including seven years of direct experience with Spieker Properties, a San Francisco-based office REIT. On September 3, 2002, Alan Hirmes will step down from the position of interim Chief Financial Officer, but will continue in his position of Executive Vice President and

Director of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

Effective April 26, 1999, upon authorization by the Board of Trustees, the Company's name was changed from American Mortgage Investors Trust to American Mortgage Acceptance Company. The Company's shares of beneficial interest commenced trading on the American Stock Exchange on July 1, 1999 under the symbol "AMC". As of June 30, 2002, there were 6,363,630 shares outstanding.

The Company's business plan focuses on government insured and uninsured mortgages secured by multifamily properties, which may take the form of government insured first mortgages and uninsured mezzanine loans, construction loans and bridge loans. Additionally, the Company has indirectly invested in subordinate commercial mortgage-backed securities and may invest in other real estate assets, including non-multifamily mortgages.

As of June 30, 2002, the Company's mortgage investments consisted of two mortgage loans and seven mezzanine loans originated by or on behalf of the Company, eleven GNMA mortgage-backed securities and pass-through certificates (including Ellington Plaza which did not receive its initial advance until July 2002) eight bridge loans and a preferred equity investment in ARCap Investors, L.L.C. ("ARCap").

In February of 2002, the Company completed an offering of 2,525,000 common shares at $13.50 per share, raising net proceeds of approximately $31 million. These proceeds were used primarily to invest in GNMA Certificates. The Company anticipates using these GNMA Certificates as collateral for future financing which will be used to make additional investments.

During the six months ended June 30, 2002, cash and cash equivalents increased approximately $10 million primarily due to net proceeds from the common share offering, approximately $31 million, proceeds from repurchase facilities payable, approximately $17.8 million and cash provided by operating activities, approximately $3 million, offset by investments in mortgage loans, approximately $2.2 million, investments in GNMA Certificates, approximately $28.1 million, increase in notes receivable, approximately $8.2 million and distributions to shareholders, approximately $4.7 million.

The yield on the GNMA Certificates will depend, in part, upon the rate and timing of principal prepayments on the underlying mortgages. Generally, as market interest rates decrease, mortgage prepayment rates increase and the market value of interest rate sensitive obligations like the GNMA Certificates increases. As market interest rates increase, mortgage prepayment rates tend to decrease and the market value of interest rate sensitive obligations like the GNMAs tends to decrease. The effect of prepayments on yield is greater the earlier a prepayment of principal is received. The Company's GNMAs are collateralized by mortgage loans on multifamily properties.

The yield on the mortgage loans will depend, in part, on when, and if, the Company disposes of the mortgage loans prior to maturity or the obligor fully repays the outstanding debt. The effect of prepayments on yield is greater the earlier a prepayment of principal is received. Due to the uncertainty of future economic and other factors that affect interest rates and mortgage prepayments, it is not possible to predict the effects of future events upon the yield to

maturity or the market value of the mortgage loans upon any sale or other disposition or whether the Company, if it chose to, would be able to reinvest proceeds from prepayments at favorable rates relative to the current mortgage loan rates.

The yield on the mezzanine loans is based on a fixed percentage of the associated first mortgage loan, plus a percentage of the available cash flow produced by the underlying multifamily property, and a participation in sale or refinancing proceeds. The yield will vary based on the operating results of the underlying property, its requirements for capital improvements, and the ability of the property owners to successfully sell or refinance the underlying property.

The yield on the bridge loans will depend, in part, on when, and if, the Company disposes of the loans prior to maturity or the obligor repays the outstanding debt. These loans are typically of shorter term, about 12 months, and higher risk. However, the Company's bridge loans are collateralized by the equity interests of the property owner. Although the loans bear a fixed rate of interest, the shorter term somewhat reduces the Company's interest rate risk.

The Company's equity in the earnings of ARCap will generally be equal to the Company's preferred equity dividend rate of 12%, unless ARCap does not have earnings and cash flows adequate to meet this dividend requirement. ARCap's investment portfolio consists of subordinated commercial mortgage backed securities, whose yields depend, among other things, on the rate and timing of principal payments, the pass through rate, interest rate fluctuations and defaults on the underlying mortgages. The Company's investment in ARCap is illiquid and its carrying amount is not necessarily representative of the amount the Company would receive upon a sale of this investment.

The Company finances the acquisition of its assets primarily through borrowing at short-term rates using demand repurchase agreements. Under the Company's declaration of trust, the Company may incur permanent indebtedness of up to 50% of total market value calculated at the time the debt is incurred. Permanent indebtedness and working capital indebtedness may not exceed 100% of the Company's total market value. In February of 2002, the Company sold 2.5 million common shares at a price of $13.50 per share, raising net proceeds of approximately $31 million. If market conditions warrant, the Company may seek to raise additional funds for investment through further common offerings in the future, although the timing and amount of such offerings cannot be determined at this time.

Effective February 15, 2000, the Company entered into a repurchase facility with Nomura Securities International Inc. This agreement enables the Company to borrow up to 95% of the fair market value of qualified mortgage securities owned by the Company which are pledged as collateral for the borrowings. Borrowings bear interest at LIBOR plus 0.50%. As of June 30, 2002 and December 31, 2001, the amount outstanding under this facility was $61,451,000 and $43,610,000 and interest rates were 1.89% and 2.58%, respectively. All borrowings under this facility have 30-day settlement terms. The Company has not experienced any problems when renewing its borrowing and management believes it will be able to continue to renew its borrowings when due. If the Company were unable to renew such borrowings with Nomura, it would have to either find replacement financing or sell assets at prices which may be below market value.

In order to qualify as a REIT under the Code, the Company must, among other things, distribute at least 90% of its taxable income. The Company believes that it is in compliance with the REIT-related provisions of the Code.

The Company expects that cash generated from the Company's investments will meet its needs for short-term liquidity, and will be sufficient to pay all of the Company's expenses and to make distributions to its shareholders in amounts sufficient to retain the Company's REIT status in the foreseeable future.

The Company completed a loan program with Fannie Mae which has agreed to fully fund the origination of $250 million of Delegated Underwriter and Servicer loans for apartment properties that qualify for low income housing tax credits under Section 42 of the Internal Revenue Code. Under the loan program, the Company will originate and contract for individual loans of up to $6 million dollars each over a two-year period and will work with American Property Financing, an unaffiliated third party, which will underwrite and service the loans for Fannie Mae. The Company guarantees a first loss position of up to $21.25 million, depending on the aggregate principal amount of the loans the Company originates under this program and will receive guaranty, loan origination and other fees. The Company also guarantees construction loans for which it has issued a forward commitment to originate a loan under the Fannie Mae program, with respect to which it guarantees repayment of 100% of such construction loans. As of June 30, 2002, the Company had originated loans totaling approximately $2.2 million under the Fannie Mae program and has made forward commitments for an additional approximate $6.8 million. The Company's maximum guaranty at June 30, 2002 is $9.0 million.

Since the Company entered into the Fannie Mae loan program, the level of loan origination competition has increased, reducing the projected financing volume and profitability. As a result, the Company decided in the first quarter of 2002 to discontinue this program. The Company has reached an agreement in principle to terminate this program and transfer its rights and obligations to a third party. There can be no assurance, however, that this agreement will happen.

In August 2002, a distribution of $2,386,361 ($0.375 per share), which was declared in June 2002, was paid to the shareholders for the quarter ended June 30, 2002.

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

Results of Operations

The net income for the three and six months ended June 30, 2002 and 2001 was $2,458,410 and $1,424,029 and $4,597,434 and $2,555,177, respectively. The total of the annual operating expenses of the Company may not exceed the greater of (i) 2% of the Average Invested Assets of the Company or (ii) 25% of the Company's net income, unless such excess is approved by the Independent Trustees. On an annualized basis, there was no such excess for the six months ended June 30, 2002 and 2001.

Interest income from mortgage loans decreased approximately $410,000 and $897,000 for the three and six months ended June 30, 2002 as compared to 2001 primarily due to the conversion of Hollows, Elmhurst Village and Autumn Creek mortgages to GNMA Certificates and the sale of the Columbiana mortgage during 2001.

Interest income from GNMA certificates increased approximately $991,000 and $1,960,000 for the three and six months ended June 30, 2002 as compared to 2001, primarily due to the conversion of three mortgage loans to GNMA certificates in

2001 and the purchase of an additional five GNMA Certificates in 2002, offset by the loss of interest income from the Hollows GNMA Certificate which was sold in March of 2002.

Interest income from notes receivable increased approximately $566,000 and $1,007,000 for the three and six months ended June 30, 2002 as compared to 2001 due to the addition of eight notes receivable during 2001 and 2002.

During the six months ended June 30, 2002, the Company recognized approximately $358,000 in FNMA loan program expenses associated with the write-off of the unamortized deferred costs related to the FNMA loan program.

Fees to advisor increased approximately $193,000 and $432,000 for the three and six months ended June 30, 2002 as compared to 2001 primarily due to an increase in the Company's assets and an increase in the reimbursements of certain administrative and other costs incurred by the Advisor on behalf of the Company.

Amortization decreased approximately $11,000 and $24,000 for the three and six months ended June 30, 2002 due to the deferred costs relating to the Nomura repurchase facility being fully amortized during 2001.

A gain on the repayment of GNMAs and mortgage loans in the amount of approximately $614,000 was recorded for the six months ended June 30, 2002, relating to the sale of the Hollows GNMA on March 25, 2002.

Distributions

Of the total distributions of $4,693,177 and $2,783,007 for the six months ended June 30, 2002 and 2001, respectively, $95,743 ($.02 per share or 2.04%) and $227,830 ($.06 per share or 8.19%), respectively, represented a return of capital determined in accordance with generally accepted accounting principles. As of June 30, 2002, the aggregate amount of the distributions made since the commencement of the initial public offering representing a return of capital, in accordance with generally accepted accounting principles, totaled $14,592,422. The portion of the distributions which constituted a return of capital was significant during the initial acquisition stage in order to maintain level distributions to shareholders.

Forward-Looking Statements

Certain statements made in this report may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include statements regarding the intent, belief or current expectations of the Company and its management and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following: general economic and business conditions, which will, among other things, affect the availability and creditworthiness of prospective tenants, lease rents and the terms and availability of financing; adverse changes in the real estate markets including, among other things, competition with other companies; risks of real estate development and acquisition; governmental actions and initiatives; and environment/safety requirements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Inflation

Inflation did not have a material effect on the Company's results for the periods presented.

Quantitative and Qualitative Disclosures About Market Risk

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

The Company's borrowings under repurchase agreements bear interest at rates that fluctuate with LIBOR. Based on the $61.5 million of borrowings outstanding under these facilities at June 30, 2002, a 1% change in LIBOR would impact the Company's net income by approximately $615,000.

Cash flows and income from the Company's other financial instruments, consisting primarily of mortgage loans, a preferred equity interest, GNMA certificates, and cash and cash equivalents, would not be significantly affected by changes in interest rates, because most of these instruments bear interest at fixed rates, and are not subject to financing or hedged. Cash and cash equivalents and the mortgage loans are carried at amortized cost, and so their carrying values are not impacted by changes in interest rates. The GNMA investments are adjusted to market value through comprehensive income in shareholders' equity, but changes in their value have not historically been significant to shareholders' equity. The preferred equity interest is carried on the equity method; although changes in interest rates would not directly impact the carrying value of this asset, they might adversely affect the ability of the underlying entity to meet its preferred distribution requirements.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not a party to any material pending legal proceedings.

Item 2. Changes in Securities - None.

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders

A proxy and proxy statement soliciting the vote of the Company's shareholders for the Company's annual meeting of shareholders was sent to shareholders on or about April 30, 2002. Such meeting was held on June 11, 2002. Stuart Boesky, Peter Allen, Arthur Fisch, Alan Hirmes and Scott Mannes were re-elected trustees for a one-year term. The five individuals elected, and the number of votes cast for and abstaining, with respect to each of them, is as follows:

	For	Abstain
Alan P. Hirmes	5,913,798	147,295
Stuart J. Boesky	5,913,978	147,115
Peter T. Allen	6,021,063	40,030
Arthur P. Fisch	6,021,063	40,030
Scott M. Mannes	6,020,243	40,850

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

Exhibits

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

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

Form 8-K - None.

SIGNATURES

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

AMERICAN MORTGAGE ACCEPTANCE COMPANY
(Registrant)

Date: August 14, 2002

By: /s/ Stuart J. Boesky
Stuart J. Boesky
Trustee, Chairman of the Board, President and Chief Executive Officer

Date: August 14, 2002

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

Exhibit 99.1

CERTIFICATION PURSUANT TO
18.U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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

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

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

/s/ Stuart J. Boesky

Stuart J. Boesky
Chief Executive Officer
August 14, 2002

Exhibit 99.2

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

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

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

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

/s/ Alan Hirmes

Alan Hirmes
Chief Financial Officer
August 14, 2002