

FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarterly period ended March 31, 2002

OR

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

For the transition period from to

Commission File Number: 0-20737

AMERICA FIRST APARTMENT INVESTORS, L.P.
(Exact name of registrant as specified in its charter)

Delaware	47-0797793
(State or other jurisdiction	(IRS Employer
of incorporation or organization)	Identification No.)

Suite 400, 1004 Farnam Street, Omaha, Nebraska	68102
(Address of principal executive offices)	(Zip Code)

(402) 444-1630
(Registrant's telephone number, including area code)

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 ☒ NO ☐

AMERICA FIRST APARTMENT INVESTORS, L.P.

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Part I. Financial Information

Item 1. Financial Statements

AMERICA FIRST APARTMENT INVESTORS, L.P. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	Mar. 31, 2002 <u>(Unaudited)</u>	<u>Dec. 31, 2001</u>
Assets		
Cash and cash equivalents		
Unrestricted	\$ 13,270,553	\$ 13,184,971
Restricted	1,837,000	1,837,000
Investment in real estate, net of accumulated depreciation	122,525,923	123,792,097
Investment in corporate equity securities, at fair value	242,398	206,050
Other assets	<u>2,357,224</u>	<u>2,531,514</u>
	<u>\$ 140,233,098</u>	<u>\$ 141,551,632</u>
Liabilities and Partners' Capital		
Liabilities		
Accounts payable and accrued expenses	\$ 5,045,085	\$ 5,268,238
Bonds and mortgage notes payable	83,292,223	83,569,659
Distribution payable	<u>1,268,451</u>	<u>1,205,029</u>
	<u>89,605,759</u>	<u>90,042,926</u>
Partners' Capital		
General Partner	92,139	88,639
Beneficial Unit Certificate holders		
(\$10.06 per BUC in 2002 and \$10.24 in 2001)	<u>50,535,200</u>	<u>51,420,067</u>
	<u>50,627,339</u>	<u>51,508,706</u>
	<u>\$ 140,233,098</u>	<u>\$ 141,551,632</u>

The accompanying notes are an integral part of the consolidated financial statements.

AMERICA FIRST APARTMENT INVESTORS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)

	For the Three Months Ended Mar. 31, 2002	For the Three Months Ended Mar. 31, 2001
Income		
Rental income	\$ 6,228,045	\$ 6,296,372
Mortgage investment income	-	37,462
Interest and dividend income	65,253	170,477
	<u>6,293,298</u>	<u>6,504,311</u>
Expenses		
Real estate operating expenses	3,099,206	2,895,218
Depreciation	1,231,407	1,222,271
Interest expense	1,077,814	1,138,416
(Gain) loss on interest rate swap agreements	(775)	158,000
Amortization of debt financing costs	69,695	60,098
General and administrative expenses	449,447	421,390
	<u>5,926,794</u>	<u>5,895,393</u>
Net income	366,504	608,918
Other comprehensive income:		
Unrealized gains on securities		
Net unrealized holding gains arising during the period	20,580	-
Net comprehensive income	<u>\$ 387,084</u>	<u>\$ 608,918</u>
Net income allocated to:		
General Partner	\$ 15,978	\$ 18,312
BUC holders	350,526	590,606
	<u>\$ 366,504</u>	<u>\$ 608,918</u>
Net income, basic and diluted, per BUC	<u>\$ 0.07</u>	<u>\$ 0.12</u>
Weighted average number of BUCs outstanding, basic and diluted	<u>5,023,067</u>	<u>5,023,634</u>

The accompanying notes are an integral part of the consolidated financial statements.

AMERICA FIRST APARTMENT INVESTORS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2002
(UNAUDITED)

	General Partner	Beneficial Unit Certificate Holders		Total
		# of BUCs	Amount	
Partners' Capital (excluding accumulated other comprehensive income)				
Balance at December 31, 2001	\$ 88,582	5,023,067	\$ 51,414,422	\$ 51,503,004
Net income	15,978	-	350,526	366,504
Cash distributions paid or accrued	(12,684)	-	(1,255,767)	(1,268,451)
Balance at March 31, 2002	<u>91,876</u>	<u>5,023,067</u>	<u>50,509,181</u>	<u>50,601,057</u>
Accumulated Other Comprehensive Income				
Balance at December 31, 2001	57	-	5,645	5,702
Other comprehensive income	206	-	20,374	20,580
Balance at March 31, 2002	<u>263</u>	<u>-</u>	<u>26,019</u>	<u>26,282</u>
Balance at March 31, 2002	<u>\$ 92,139</u>	<u>5,023,067</u>	<u>\$ 50,535,200</u>	<u>\$ 50,627,339</u>

The accompanying notes are an integral part of the consolidated financial statements.

AMERICA FIRST APARTMENT INVESTORS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended Mar. 31, 2002	For the Three Months Ended Mar. 31, 2001
Cash flows from operating activities		
Net income	\$ 366,504	\$ 608,918
Adjustments to reconcile net income to net cash provided by operating activities		
(Gain) loss on interest rate swap agreements	(775)	158,000
Depreciation	1,231,407	1,222,271
Amortization of debt financing costs	69,695	60,098
(Increase) decrease in other assets	174,290	(175,178)
Decrease in accounts payable and accrued expenses	<u>(223,153)</u>	<u>(603,273)</u>
Net cash provided by operating activities	<u>1,617,968</u>	<u>1,270,836</u>
Cash flows from investing activities		
Real estate capital improvements	(33,279)	(108,461)
Purchase of corporate equity securities	<u>(15,768)</u>	<u>-</u>
Net cash used in investing activities	<u>(49,047)</u>	<u>(108,461)</u>
Cash flows from financing activities		
Distributions paid	(1,205,029)	(1,142,038)
Principal payments on bonds and mortgage notes payable	(277,436)	(256,174)
Debt financing or bond issuance costs paid	(874)	(50,948)
Purchase of BUCs	<u>-</u>	<u>(41,659)</u>
Net cash used in financing activities	<u>(1,483,339)</u>	<u>(1,490,819)</u>
Net increase (decrease) in cash and cash equivalents	85,582	(328,444)
Cash and cash equivalents at beginning of period	13,184,971	12,384,198
Cash and cash equivalents at end of period	<u>\$ 13,270,553</u>	<u>\$ 12,055,754</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	<u>\$ 1,187,143</u>	<u>\$ 1,279,851</u>

The accompanying notes are an integral part of the consolidated financial statements.

AMERICA FIRST APARTMENT INVESTORS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2002
(UNAUDITED)

1. Basis of Presentation

The consolidated financial statements include the accounts of the Partnership and its subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation.

The accompanying interim unaudited consolidated financial statements have been prepared according to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted according to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2001. In the opinion of management, all normal and recurring adjustments necessary to present fairly the financial position at March 31, 2002, and the results of operations for all periods presented have been made. The results of operations for the three-month period ended March 31, 2002 are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with GAAP requires management to make 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Segment Reporting

The Partnership defines each of its multifamily apartment properties as an individual operating segment. It has also determined that all multifamily properties have similar economic characteristics and also meet the other criteria which permit the multifamily properties to be aggregated into one reportable segment, that being the acquiring, holding, operating and selling of multifamily apartment properties. The Partnership's chief operating decision-makers assess and measure segment operating results based on a performance measure referred to as net operating income at the individual operating segment. Net operating income for each multifamily apartment property represents its net rental revenues less its real estate operating expenses. The Partnership's commercial property is defined as a separate individual operating segment.

The net income, revenues and net operating income for the Partnership's reportable segment for the three-month periods ending March 31, 2002 and 2001 are summarized as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2002
(UNAUDITED)

	For the Three Months Ended Mar. 31, 2002	For the Three Months Ended Mar. 31, 2001
Multifamily real estate segment revenues	\$ 6,049,125	\$ 6,134,652
Reconciling items:		
Rental income from commercial property	178,920	161,720
Interest and dividend income	65,253	207,939
Consolidated revenues	<u>\$ 6,293,298</u>	<u>\$ 6,504,311</u>
Consolidated net income	\$ 366,504	\$ 608,918
Reconciling items:		
General and administrative expenses	449,447	421,390
Commercial property net (income) loss	(22,573)	7,946
Interest and dividend income	(65,253)	(207,939)
(Gain) loss on interest rate swap agreements	(775)	158,000
Net income from multifamily real estate segment	<u>\$ 727,350</u>	<u>\$ 988,315</u>
Reconciling items:		
Depreciation	1,178,296	1,165,256
Amortization of debt financing costs	58,446	51,103
Interest expense	1,016,573	1,079,705
Net operating income from multifamily real estate segment	<u>\$ 2,980,665</u>	<u>\$ 3,284,379</u>

The Partnership does not derive any of its consolidated revenues from foreign countries and does not have any major customers that individually account for 10% or more of the Partnership's consolidated revenues.

3. New Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standards (FAS) No. 141, "Business Combinations" and FAS No. 142, "Goodwill and Other Intangible Assets" which provide guidance on how entities are to account for business combinations and for the goodwill and other intangible assets that arise from those combinations or are acquired otherwise. The adoption of these standards on January 1, 2002 did not have an impact on the Partnership's consolidated financial statements.

In October 2001, the FASB issued FAS No. 144, "Accounting for the Impairment of Long-Lived Assets", which provides guidance on the accounting of long-lived assets to be held and used or to be disposed of and the reporting of discontinued operations. The adoption of this standard on January 1, 2002 did not have an impact on the consolidated financial statements of the Partnership.

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

The following discussion of the Partnership's results of operations for the three months ended March 31, 2002 should be read in conjunction with all of the consolidated financial statements and notes thereto included in Item 1 of this report as well as the Partnership's Annual Report on Form 10-K for the year ended December 31, 2001.

Results of Operations

At March 31, 2002, the Partnership owned 15 multifamily residential properties containing a total of 3,335 units and one commercial property. There have been no property acquisitions or dispositions during the first quarter of 2002.

The following table sets forth certain information regarding the Partnership's real estate at March 31, 2002:

Property Name	Location	Number of Units	Number of Units Occupied	Percentage of Units Occupied	(1) Economic Occupancy
Jackson Park Place	Fresno, CA	296	289	98%	95%
Covey at Fox Valley	Aurora, IL	216	185	86%	81%
The Park at Fifty Eight	Chattanooga, TN	196	180	92%	75%
Shelby Heights	Bristol, TN	100	96	96%	95%
Coral Point	Mesa, AZ	336	285	85%	79%
Park at Countryside	Port Orange, FL	120	115	96%	93%
The Retreat	Atlanta, GA	226	207	92%	80%
Park Trace Apartments	Norcross, GA	260	255	98%	92%
Littlestone at Village Green	Gallatin, TN	200	191	96%	88%
St. Andrews at Westwood Apts	Orlando, FL	259	218	84%	77%
The Hunt Apartments	Oklahoma City, OK	216	215	99%	97%
Greenbriar Apartments	Tulsa, OK	120	110	92%	86%
Oakwell Farms Apartments	Nashville, TN	414	377	91%	83%
Oakhurst Apartments	Ocala, FL	214	204	95%	94%
Belvedere Apartments	Naples, FL	162	155	96%	96%
		<u>3,335</u>	<u>3,082</u>	<u>92%</u>	<u>86%</u>
The Exchange at Palm Bay	Palm Bay, FL	<u>72,002</u> ⁽²⁾	<u>59,622</u> ⁽²⁾	<u>83%</u>	<u>NA</u>

⁽¹⁾ Economic occupancy is presented for the three months ended March 31, 2002 and is defined as the net rental income received during the period divided by the maximum amount of rental income that could be derived from each property. This statistic is reflective of vacancy losses, rental concessions, delinquent rents, and non-revenue units such as model units and employee units.

⁽²⁾ Represents square feet.

The Partnership's operating results depend primarily on the net operating income generated by its multifamily properties. Net operating income represents rental revenues less real estate operating expenses and is

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substantially influenced by supply of and demand for apartment units and operating expenses. Starting in 2001, the national economy, as well as markets in which certain of the Partnership's properties operate, experienced a general downturn. This downturn has had an effect on the net rental revenues and occupancy levels of the Partnership's properties. The Partnership has also experienced an increase in operating expenses due to significant increases in insurance costs and as a result of increased costs to rent vacant apartments. In addition, home ownership has become a reality to many of the Partnership's prospective tenants due to record low mortgage interest rates causing additional tenant competition. These factors began to affect the financial results of the Partnership in the fourth quarter of 2001, and have continued into the first quarter of 2002. As a result of these factors, the Partnership experienced an overall net decline in rental income and a net increase in rental expenses.

Three Months Ended March 31, 2002 Compared to the Three Months Ended March 31, 2001

Rental income decreased \$68,327 or 1% for the three months ended March 31, 2002, compared to the same period in 2001. This decrease is attributable to the decline in physical and economic occupancy. At March 31, 2002, the average physical occupancy of the Partnership's multifamily properties was 92%, compared to 96% at March 31, 2001. For the three months ended March 31, 2002, the average economic occupancy of the Partnership's multifamily properties was 86%, compared to 89% for the three months ended March 31, 2001. The average economic occupancy statistic is reflective of the use of rental concessions to maintain physical occupancy levels.

Mortgage investment income decreased \$37,462 for the three months ended March 31, 2002 compared to the same period in 2001 due to a decrease in interest earned on a subordinate note from Jefferson Place. Interest income earned on the subordinate note is a function of the excess cash flow generated by the property and is recognized by the Partnership as received. The Partnership did not receive any income on this note during the first quarter of 2002.

Interest and dividend income decreased \$105,224, or 62%, for the quarter ended March 31, 2002 compared to the same period in 2001. This decrease was primarily due to a decrease in the average interest rate earned on cash and cash equivalents. The average annualized interest rate earned on cash and cash equivalents was 1.93% for the first quarter of 2002, compared to 5.70% for the first quarter of 2001.

Real estate operating expenses increased \$203,988 or 7% for the three months ended March 31, 2002 compared to the three months ended March 31, 2001. Real estate operating expenses as a percentage of rental income increased to 49.8% for the three months ended March 31, 2002, compared to 46.0% for the comparable period in 2001. Such increase is primarily attributable to increases in property insurance costs and higher advertising, salaries and market ready costs associated with reducing rental vacancies. Commercial property insurance expense for the Partnership's properties increased approximately \$82,000 or more than 100% from the first quarter of 2001.

Depreciation expense increased \$9,136 or 1% for the first quarter of 2002 compared to the first quarter of 2001, due to capital improvements made by the properties during the previous year.

Interest expense decreased \$60,602 or 5.3% for the quarter ended March 31, 2002 compared to the same period in 2001. This is primarily due to a decrease in the interest rate on the Partnership's variable-rate debt. Approximately 13% of the Partnership's bonds and mortgage notes payable bear interest at variable rates at March 31, 2002. The average variable rate was 1.87% for the three months ended March 31, 2002, compared to 3.81% for the three months ended March 31, 2001.

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The Partnership recorded a valuation gain of \$775 on its interest rate swap agreements in the first quarter of 2002, compared to the valuation loss of \$158,000 during the same period in 2001. This gain is attributable to a decrease in the average variable rates on which the estimated fair value of the swap agreements is calculated.

Amortization of debt financing costs increased \$9,597 or 16% for the three months ended March 31, 2002 compared to the same period in 2001 due to the capitalization of \$66,388 in bond issuance and debt financing costs during the year 2001 from the Belvedere Apartments and Oakhurst Apartments acquisitions which occurred in December 2000.

General and administrative expenses increased \$28,057 or 6% for the quarter ended March 31, 2002 compared to the first quarter 2001. This increase is attributable to increases in salaries, related payroll expenses and legal expenses.

Funds from Operations

The Partnership considers Funds From Operations ("FFO") to be a key measure of its performance and should be considered along with, but not as an alternative to, net income and cash flow as a measure of the Partnership's operating performance and liquidity.

FFO decreased \$233,431 or 13% to \$1,597,911 for the first quarter of 2002, compared to \$1,831,189 for the same period in 2001, which is entirely due to the decline in net income for the Partnership for the same period as discussed in results of operations.

The White Paper on FFO approved by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT") in October 1999 defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization (excluding amortization of deferred financing cost) and after comparable adjustments for an entity's portion of these items related to unconsolidated entities and joint ventures. The Partnership computes FFO in accordance with standards established by NAREIT which may not be comparable to FFO reported by other entities that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Partnership. FFO does not represent cash generated from operating activities determined by GAAP and should not be considered as an alternative to GAAP net income as an indication of the Partnership's financial performance or to GAAP cash flow from operating activities as a measure of the Partnership's liquidity, nor is it indicative of funds available to fund the Partnership's cash needs, including its ability to make cash distributions. FFO may include funds that may not be available for management's discretionary use due to functional requirements to conserve funds for capital expenditures and property acquisitions, and other commitments and uncertainties.

Liquidity and Capital Resources

Cash provided by operating activities for the three months ended March 31, 2002 increased \$347,132 compared to the same period a year earlier mainly due to changes in operating assets. Cash used in investing activities is primarily due to capital improvements at certain properties as the Partnership has not acquired any additional properties since 2000. Net cash used in financing activities for the three months ended March 31, 2002 is consistent with the prior year and consists of distributions to BUC holders and principal payments on bonds and mortgage notes payable.

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The Partnership's short-term liquidity needs include the payment of operating expenses, current debt service requirements and distributions to BUC holders. The Partnership anticipates that cash-on-hand and cash provided by operating and investing activities will be sufficient to meet its anticipated short-term liquidity requirements, including regular cash distributions to BUC holders. The Partnership currently does not anticipate entering into short-term and long-term arrangements for purposes of paying expenses and making distributions. However, the Partnership has the authority to enter into such arrangements.

The following table sets forth information regarding cash distributions paid to BUC holders during the periods shown:

	For the Three Months Ended <u>Mar. 31, 2002</u>	For the Three Months Ended <u>Mar. 31, 2001</u>
Regular distributions, paid out of current and prior undistributed cash flow	\$ <u>0.2500</u>	\$ <u>0.2375</u>

At March 31, 2002, the Partnership had debt obligations under twelve financing arrangements with an aggregate principal balance outstanding of approximately \$83,300,000. Such debt obligations consisted of ten tax-exempt mortgage bonds with an aggregate principal balance outstanding of approximately \$65,400,000 and two mortgage notes payable with a combined principal amount outstanding of approximately \$17,900,000. Six of the debt obligations which total approximately \$36,800,000 require monthly, semiannual or annual payments of principal and interest while six bonds with an aggregate principal amount of approximately \$46,500,000 require only semiannual payments of interest. Maturity dates range from July 2004 to March 2022. Approximately 87% of the Partnership's financing arrangements are fixed-rate obligations bearing a weighted average interest rate of 5.12% per annum at March 31, 2002. The remaining 13% of the financing arrangements are variable-rate obligations that had a weighted average interest rate of 1.87% for the quarter ended March 31, 2002. Each financing arrangement is a "non-recourse" obligation that is secured by a first mortgage or deed of trust on one or two of the Partnership's apartment complexes. Principal and interest payments on debt obligations are made solely from the net cash flow and/or net sale or refinancing proceeds of the mortgaged properties.

Forward Looking Statements

This report contains forward looking statements that reflect management's current beliefs and estimates of future economic circumstances, industry conditions, the Partnership's performance and financial results. All statements, trend analysis and other information concerning possible or assumed future results of operations of the Partnership and the real estate investments it has made (including, but not limited to, the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations"), constitute forward looking statements. BUC holders and others should understand that these forward looking statements are subject to numerous risks and uncertainties and a number of factors could affect the future results of the Partnership and could cause those results to differ materially from those expressed in the forward looking statements contained herein. These factors include local and national economic conditions, the amount of new construction, interest rates on single-family home mortgages, government regulation, price inflation, the level of real estate and other taxes imposed on the properties, labor problems and natural disasters.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Partnership's primary market risk exposure is interest rate risk on its bonds and mortgage notes payable.

Interest rate risk is highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations and other factors beyond the Partnership's control. The potential for significant volatility in the interest rate markets was especially displayed during 2001, when the Federal Reserve Board decreased the federal funds rate eleven times.

The Partnership's exposure to market risk for changes in interest rates relates primarily to its long-term borrowings used to fund expansion of the Partnership's real estate portfolio. The Partnership's interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve its objectives, the Partnership borrows primarily at fixed rates and may enter into derivative financial instruments, such as interest rate swaps, in order to mitigate its interest rate risk on the fixed-rate borrowings. The Partnership does not enter into derivative instrument transactions for speculative purposes.

At March 31, 2002, approximately 87% of the Partnership's long-term borrowings consisted of fixed-rate financing. The remaining 13% consisted of variable-rate financing obtained through interest rate swap transactions. The Partnership had no short-term financing at March 31, 2002. Variations in interest rates affect the Partnership's cost of borrowing on its variable-rate financing. The interest rates payable by the Partnership on these obligations increase or decrease with certain index interest rates. If the Partnership's borrowing costs increase, the amount of cash available for distribution to BUC holders will decrease.

The table below presents information about the Partnership's financial instruments that are sensitive to changes in interest rates, including principal amounts and weighted average interest rates by year of maturity for the Partnership's borrowings:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Weighted Average Interest Rate</u>
Fixed-Rate Borrowings		
2002	\$ 378,824	6.48%
2003	697,995	6.42%
2004	792,404	6.40%
2005	5,578,582	7.50%
2006	672,818	6.09%
Thereafter	64,261,600	5.47%
	<u>\$ 72,382,223</u>	
<u>Maturity</u>	<u>Principal Amount</u>	<u>Weighted Average Interest Rate</u>
Variable-Rate Borrowings		
2004	<u>\$ 10,910,000</u>	1.87%

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As the table above incorporates only those exposures that existed as of March 31, 2002, it does not consider those exposures or positions that could arise after that date. The Partnership's ultimate economic impact with respect to interest rate fluctuations will depend on the exposures that arise during the period, the Partnership's risk mitigating strategies at that time and interest rates.

Part II. Other Information

Item 1. Legal Proceedings

None

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Securityholders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following exhibits are filed as part of this report. Exhibit numbers refer to the paragraph numbers under Item 601 of Regulation S-K:

3. Articles of Incorporation and Bylaws of America First Fiduciary Corporation Number Eight (incorporated by reference to Form S-11 Registration Statement filed May 8, 1986, with the Securities and Exchange commission by America First Tax Exempt Mortgage Fund 2 Limited Partnership (Commission File No. 33-5521)).

4(a) Form of Certificate of Beneficial Unit Certificate (incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-4 (Commission File No. 333-2920) filed by the Partnership on March 29, 1996).

4(b) Agreement of Limited Partnership of the Partnership (incorporated by reference to Exhibit 4(b) to Form 8-K (Commission File No. 0-20737) filed by the Partnership on August 23, 1996).

(b) Reports on Form 8-K

The Partnership did not file a report on Form 8-K during the quarter for which this report is filed.

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.

Dated: May 13, 2002

AMERICA FIRST APARTMENT INVESTORS, L.P.

By America First Capital
Associates Limited
Partnership Four, General
Partner of the Partnership

By America First Companies L.L.C.,
General Partner of America First Capital
Associates Limited Partnership Four

By /s/ Michael Thesing
Michael Thesing
Vice President and Principal
Financial Officer of Partnership