

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 2005 Commission file number 2-90654

AMRECORP REALTY FUND II

(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of
incorporation or organization)

75-1956009
(IRS Employer
Identification Number)

2800 N. Dallas Pkwy Suite 100
Plano, Texas 75093-5994

(Address of principal executive offices)

Registrant's telephone number, including area code: (972) 836-8000.

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: Y No:

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes: No: N

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes: No: N

REGISTRANT IS A LIMITED PARTNERSHIP

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The following Unaudited financial statements are filed herewith:

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The statements, insofar as they relate to the period subsequent to December 31, 2004 are Unaudited.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

AMRECORP REALTY FUND II Condensed Balance Sheets

	September 30, <u>2005</u> (Unaudited)	December 31, <u>2004</u>
ASSETS		
Real Estate assets, at cost		
Land	\$580,045	\$580,045
Buildings and improvements	<u>5,027,932</u>	<u>4,920,932</u>
	5,607,977	5,500,977
Less: Accumulated depreciation	<u>(4,022,511)</u>	<u>(3,872,511)</u>
Real estate, net	1,585,466	1,628,466
Cash including cash investments	175,506	235,305
Escrow deposits	228,815	376,002
Deferred Costs and Fees	118,644	103,138
Other assets	1,150	14,395
	<u> </u>	<u> </u>
Total assets	<u><u>\$2,109,581</u></u>	<u><u>\$2,357,306</u></u>
LIABILITIES AND PARTNERS' EQUITY:		
LIABILITIES:		
Mortgage and notes payable	\$3,873,432	\$3,920,000
Payable to Affiliates	633	192
Real estate taxes payable	86,583	0
Security deposits	25,590	22,085
Accounts payable and accrued expenses	<u>78,048</u>	<u>42,839</u>
	<u> </u>	<u> </u>
Total liabilities	<u>4,064,286</u>	<u>3,985,116</u>
PARTNERS CAPITAL (DEFICIT):		
Limited Partners	(1,882,240)	(1,554,978)
General Partners	<u>(72,465)</u>	<u>(72,832)</u>
	<u> </u>	<u> </u>
Total Partners Capital (Deficit)	<u>(1,954,705)</u>	<u>(1,627,810)</u>
	<u> </u>	<u> </u>
Total Liability and Partners Equity	<u><u>\$2,109,581</u></u>	<u><u>\$2,357,306</u></u>

See notes to Condensed Financial Statements

AMRECORP REALTY FUND II
Condensed Statement of Operations
(Unaudited)

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		<u>2005</u>	<u>2004</u>	2005	2004
REVENUES					
	Rental income	\$229,987	\$235,757	\$688,841	\$671,728
	Other property	5,429	11,011	21,931	22,867
	Total revenues	235,416	246,768	710,772	694,595
EXPENSES					
	Salaries & wages	28,499	23,724	77,118	64,022
	Maintenance & repairs	8,965	18,072	36,609	64,509
	Utilities	11,252	14,057	32,326	33,650
	Real estate taxes	29,583	29,000	86,583	87,500
	General administrative	16,330	13,346	46,325	28,053
	Contract services	13,149	12,800	41,880	43,068
	Insurance	8,761	8,386	26,532	31,777
	Interest	48,356	48,928	130,171	147,812
	Depreciation and amortization	50,000	49,000	150,000	147,000
	Property management fees	11,741	12,340	35,473	34,731
	Amortization of deferred costs and fees	3,683	1,711	11,050	5,132
	Total expenses	230,319	231,364	674,067	687,254
NET INCOME (LOSS)		<u>\$5,097</u>	<u>\$15,404</u>	<u>\$36,705</u>	<u>\$7,341</u>
NET INCOME PER SHARE		<u>\$ 0.35</u>	<u>\$ 1.05</u>	<u>\$ 2.50</u>	<u>\$ 0.50</u>

See Notes to Condensed Financial Statements

AMRECORP REALTY FUND II
Condensed Statement of Cash Flows
Unaudited

	Nine Months Ended September 30,	
	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITY		
Net income (loss)	\$36,705	\$7,341
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	150,000	147,000
Net Effect of changes in operating accounts		
Escrow deposits	147,187	17,987
Deferred Costs	(15,506)	3,982
Accrued real estate taxes	86,583	87,065
Security deposits	3,505	78
Accounts payable	35,209	(79,353)
Other assets	13,245	(10,070)
Net cash used by operating activities	<u>456,928</u>	<u>174,030</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Real Estate	(107,000)	0
Net cash used by investing activities	<u>(107,000)</u>	<u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage notes payable	(46,568)	(48,814)
Proceeds from amounts due affiliates	441	22
Increase in accrued interest	0	(16,611)
Distributions to limited partners	(363,600)	0
Net cash provided by financing activities	<u>(409,727)</u>	<u>(65,403)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(59,799)	108,627
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>235,305</u>	<u>240,219</u>
CASH AND CASH EQUIVALENT, END OF PERIOD	<u><u>\$175,506</u></u>	<u><u>\$348,846</u></u>

See Notes to Condensed Financial Statements

Basis of Presentation:

The accompanying unaudited condensed financial statements have been prepared by Amrecorp Realty Fund II (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments that are, in the opinion of management, necessary to fairly present such information. All such adjustments are of a normal recurring nature. Although the Company believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to such rules and regulations.

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's 2004 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The results of operations for interim periods are not necessarily indicative of the results for any subsequent quarter or the entire fiscal year ending December 31, 2005.

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

Results of Operations

At September 30, 2005 the Partnership owned one property, Chimney Square Apartments located in Abilene Texas with approximately 126,554 net rentable square feet. The occupancy of Chimney Square averaged 97.9% during the third quarter of 2005 as compared to 99.2% for the third quarter of 2004.

FIRST NINE MONTHS 2005 COMPARED TO FIRST NINE MONTHS 2004

Revenue from property operations increased \$16,177 or 2.33%, for the first nine months of 2005, as compared to the 2004 first nine months. Rental income increased \$17,113 or 2.55% due to increased rental rates. Other income decreased \$936 or 4.09% primarily due to decreased fees. The following table illustrates the components:

	<u>Increase (Decrease)</u>	<u>Per Cent Change</u>
Rental income	\$17,113	2.55%
Other property	(936)	4.09%
	<u>\$16,177</u>	<u>2.33%</u>

Property operating expenses decreased \$19,105 or 2.788%, for the first nine months of 2005, as compared to the same period in 2004. This was primarily due from decreased maintenance expenses. Maintenance decreased \$27,900 or 43.25% due to prior year carpentry expenses. General & administrative increased \$18,272 or 65.13% due to auditing and partnership mailing costs. Salaries increased \$13,096 or 20.46% due to increased staffing. Insurance decreased \$5,245 or 16.51% due to the annual renewal. Interest decreased \$17,641 or 11.93% due the refinancing in December 2004 as discussed in the liquidity and capital resources section. The following table illustrates the components by category:

	<u>Increase (Decrease)</u>	<u>Per Cent Change</u>
Salaries & wages	\$13,096	20.46%
Maintenance & repairs	(27,900)	43.25%
Utilities	(1,324)	3.93%
Real estate taxes	(917)	1.05%
General administrative	18,272	65.13%
Contract services	(1,188)	2.76%
Insurance	(5,245)	16.51%
Interest	(17,641)	11.93%
Depreciation and amortization	3,000	2.04%
Property management fees	742	2.14%
Net Increase (Decrease)	<u>(\$19,105)</u>	<u>2.78%</u>

THIRD QUARTER 2005 COMPARED TO THIRD QUARTER 2004

Revenue from property operations decreased \$11,352 or 4.60%, for the third quarter of 2005, as compared to the 2004 third quarter. Rental income decreased \$5,770 or 2.45% due to decreased occupancy. Other income decreased \$5,582 or 50.69% primarily due to decreased fees. The following table illustrates the components:

	<u>Increase (Decrease)</u>	<u>Per Cent Change</u>
Rental income	(\$5,770)	2.45%
Other property	(5,582)	50.69%
	<u>(\$11,352)</u>	<u>4.60%</u>

Property operating expenses decreased \$3,017 or 1.30%, for the third quarter of 2005, as compared to the same period in 2004. This was primarily due from decreased maintenance expenses. Maintenance decreased \$9,107 or 50.39% due to prior year carpentry expenses. General & administrative increased \$2,984 or 22.36% due to auditing and partnership mailing costs. Salaries increased \$4,775 or 20.13% due to increased staffing. Insurance increased \$375 or 4.47% due renewed flood insurance. Utilities decreased 2,805 or 19.95% due to lower electric distribution charges. The following table illustrates the components by category:

	<u>Increase (Decrease)</u>	<u>Per Cent Change</u>
Salaries & wages	\$4,775	20.13%
Maintenance & repairs	(9,107)	50.39%
Utilities	(2,805)	19.95%
Real estate taxes	583	2.01%
General administrative	2,984	22.36%
Contract services	349	2.73%
Insurance	375	4.47%
Interest	(572)	1.17%
Depreciation and amortization	1,000	2.04%
Property management fees	(599)	4.85%
Net Increase (Decrease)	<u><u>(\$3,017)</u></u>	<u><u>1.30%</u></u>

LIQUIDITY AND CAPITAL RESOURCES

While it is the General Partners primary intention to operate and manage the existing real estate investments, the General Partner also continually evaluates this investment in light of current economic conditions and trends to determine if these assets should be considered for disposal.

As of September 30, 2005, the Partnership had \$175,506 in cash and cash equivalents as compared to \$235,305 as of December 31 2004. The net decrease in cash of \$59,799 is principally due to cash used for investing activities.

On December 31, 2004 the partnership distributed \$100.00 per limited partnership unit to units of record December 31, 2004. This distribution was made from proceeds of refinancing Chimney Square Apartments.

The property is encumbered by non-recourse mortgage as of September 30, 2005, with an interest rate of 4.254%. Required principal payments on this mortgage note for the three years ended December 31, 2007, are \$421,377, 487,996, and \$519,385 respectively.

For the foreseeable future, the Partnership anticipates that mortgage principal payments (excluding balloon mortgage payments), improvements and capital expenditures will be funded by net cash from operations. The primary source of capital to fund future Partnership acquisitions and balloon mortgage payments will be proceeds from the sale, financing or refinancing of the properties.

On December 14, 2004 the Partnership refinanced the loan on Chimney Square Apartments. The original loan matured and a new \$3,920,000 loan bearing interest at 4.254% per year was secured from Newport Mortgage Company L.P. The current note is payable in monthly installments of principal and interest to be calculated on the monthly LIBOR rate plus 1.53%, through January 2012. The loan matures on January 2012. In connection with this loan, the lender required, and the Partnership provided, a single asset partnership known as Chimney Square Apartments, owned 99% by the Fund.

Management intends to continue operating the Partnership in its present form while investigating options to improve operations of the Partnership.

Item 3 – Quantitative and Qualitative Disclosure about Market Risk

The Partnership is exposed to interest rate changes primarily as a result of its real estate mortgages. The Partnerships 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. The Partnership does not enter into derivative or interest rate transactions for any purpose.

The Partnerships' activities do not contain material risk due to changes in general market conditions. The partnership invests only in fully insured bank certificates of deposits, and mutual funds investing in United States treasury obligations.

Item 4 - Controls and Procedures

Based on their most recent evaluation, which was completed within 90 days of the filing of this Form 10-Q, our Acting Principal Executive Officer and Chief Financial Officer, believe our disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) are effective. There were not any significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, and there has not been any corrective action with regard to significant deficiencies and material weaknesses.

Part II

Other Information

Item 1.	Legal Proceedings None
Item 2.	Changes in Securities. None
Item 3.	Defaults upon Senior Securities None
Item 4.	Submission of Matter to a Vote of Security Holders. None
Item 5.	Other Information. None
Item 6.	Exhibits

(A) The following documents are filed herewith or incorporated herein by reference as indicated as Exhibits:

Exhibit Designation**Document Description**

Limited Partnership Agreement
incorporated by reference to Registration
Statement No. 2-90654 effective July 6, 1984.

Limited Partnership Agreement
incorporated by reference to Registration
Statement No. 2-90654 effective July 6, 1984.

11	Not Applicable
15	Not Applicable
18	Not Applicable
19	Not Applicable
20	Not Applicable
23	Not Applicable
31.1	Certification Pursuant to Rules 13a-14 and 15d-14 Under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

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.

AMRECORP REALTY FUND II
a Texas limited partnership

By: /s/ Robert J. Werra
Robert J. Werra,
General Partner

Date: November 2, 2005

Exhibit 31.1

CERTIFICATION PURSUANT TO RULES 13a-14 AND 15d-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I Robert J. Werra, Acting Principal Executive Officer and Chief Financial Amrecorp Realty Fund II (“the Company”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company and its subsidiaries is made known to me by others within those entities, particularly for the periods presented in this quarterly report;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - c. evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

**CERTIFICATION PURSUANT TO RULES 13a-14 AND 15d-14 UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 - continued**

- d. disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- 5. I have disclosed based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and Audit Committee of the Board of Directors (or persons fulfilling the equivalent function):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Robert J. Werra

Robert J. Werra
Acting Principal Executive Officer and Chief Financial Officer
November 2, 2005

Exhibit 32.1

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

In connection with the Quarterly Report of Amrecorp Realty Fund II (“the Company”) on Form 10-Q for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (“the Report”), I, Robert J. Werra, Acting Principal Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert J. Werra

Robert J. Werra
Acting Principal Executive Officer and Chief Financial Officer
November 2, 2005