

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 March 31, 2006 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 Partnership (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, 2005 are Unaudited.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

AMRECORP REALTY FUND II
Condensed Balance Sheets

	March 31, <u>2006</u> (Unaudited)	December 31, <u>2005</u>
ASSETS		
Real Estate assets, at cost		
Land	\$580,045	\$580,045
Buildings and improvements	5,040,345	5,040,345
	5,620,390	5,620,390
Less: Accumulated depreciation	(4,128,027)	(4,078,027)
Real estate, net	1,492,363	1,542,363
Cash including cash investments	266,547	191,459
Escrow deposits	153,808	261,607
Deferred Costs and Fees	89,643	93,540
Other assets	4,662	13,125
Total Assets	<u>\$2,007,023</u>	<u>\$2,102,094</u>
LIABILITIES AND PARTNERS' EQUITY:		
LIABILITIES:		
Mortgage payable	\$3,851,760	\$3,864,817
Payable to Affiliates	2,189	705
Interest payable	17,829	18,680
Real estate taxes payable	31,749	0
Security deposits	26,350	24,141
Accounts payable and accrued expenses	30,819	166,222
Total Liabilities	<u>3,960,696</u>	<u>4,074,565</u>
PARTNERS CAPITAL (DEFICIT):		
Limited Partners	(1,881,222)	(1,899,832)
General Partners	(72,451)	(72,639)
Total Partners Capital (Deficit)	<u>(1,953,673)</u>	<u>(1,972,471)</u>
Total Liabilities and Partners Equity	<u>\$2,007,023</u>	<u>\$2,102,094</u>

See notes to Condensed Financial Statements

AMRECORP REALTY FUND II
Condensed Statement of Operations
(Unaudited)

		Three Months Ended	
		March 31,	
		<u>2006</u>	<u>2005</u>
REVENUES			
	Rental income	\$226,675	\$225,129
	Other property	5,479	4,864
	Total revenues	232,154	229,993
EXPENSES			
	Salaries & wages	21,944	24,136
	Maintenance & repairs	2,212	21,580
	Utilities	10,454	10,876
	Real estate taxes	31,749	28,500
	General administrative	5,620	6,285
	Contract services	12,923	14,827
	Insurance	8,463	9,200
	Interest	54,520	38,656
	Depreciation and amortization	50,000	50,000
	Property management fees	11,573	11,500
	Amortization of deferred costs and fees	3,898	3,683
	Total expenses	213,356	219,243
NET INCOME (LOSS)		<u>\$18,798</u>	<u>\$10,750</u>
NET INCOME PER LIMITED PARTNERSHIP UNIT- BASIC		<u>\$ 1.28</u>	<u>\$ 0.73</u>
LIMITED PARTNERSHIP UNITS OUTSTANDING - BASIC		14,544	14,544

See Notes to Condensed Financial Statements

AMRECORP REALTY FUND II
Condensed Statement of Cash Flows
Unaudited

	Three Months Ended March 31,	
	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITY		
Net income	\$18,798	\$10,750
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	50,000	50,000
Net Effect of changes in operating accounts		
Escrow deposits	107,799	(49,741)
Deferred Costs	3,897	(2,309)
Accrued real estate taxes	31,749	28,500
Security deposits	2,209	1,101
Accounts payable	(135,403)	29,585
Other assets	8,463	9,200
Net cash provided by operating activities	<u>87,512</u>	<u>77,086</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Real Estate	0	(107,000)
Net cash used for investing activities	<u>0</u>	<u>(107,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage notes payable	(13,057)	(17,158)
Proceeds from amounts due affiliates	1,484	590
Increase in accrued interest	(851)	0
Net cash used for financing activities	<u>(12,424)</u>	<u>(16,568)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,088	(46,482)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>191,459</u>	<u>235,305</u>
CASH AND CASH EQUIVALENT, END OF PERIOD	<u>\$266,547</u>	<u>\$188,823</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 "Partnership") 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 Partnership 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 Partnership's 2005 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, 2006.

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

Results of Operations

At March 31, 2006 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 99.2% during the first quarter of 2006 as compared to 98.4% for the first quarter of 2005.

FIRST THREE MONTHS 2006 COMPARED TO FIRST THREE MONTHS 2005

Revenue from property operations increased \$2,161 or 0.94%, for the first three months of 2006, as compared to the 2005 first three months. Rental income increased \$1,546 or 0.69% due to increased occupancy and rental rates. Other income increased \$615 or 12.64% primarily due to increased fees. The following table illustrates the components:

	<u>Three Month Comparison Increase (Decrease)</u>	<u>Per Cent Change</u>
Rental income	\$1,546	0.69%
Other property	615	12.64%
	<u>\$2,161</u>	<u>0.94%</u>

Property operating expenses decreased \$6,102 or 2.78%, for the first three months of 2006, as compared to the same period in 2005. This was primarily due from decreased maintenance expenses. Maintenance decreased \$19,368 or 89.75% due to prior year carpentry expenses. Real estate taxes increased \$3,249 or 11.4% due to tax rates. General & administrative decreased \$665 or 10.58% due to auditing and partnership mailing costs. Salaries decreased \$2,192 or 9.08% due to decreased staffing. Interest increased \$15,864 or 41.04% 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	(\$2,192)	9.08%
Maintenance & repairs	(19,368)	89.75%
Utilities	(422)	3.88%
Real estate taxes	3,249	11.40%
General administrative	(665)	10.58%
Contract services	(1,904)	12.84%
Insurance	(737)	8.01%
Interest	15,864	41.04%
Property management fees	73	0.63%
Net Increase (Decrease)	<u>(\$6,102)</u>	<u>2.78%</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 March 31, 2006, the Partnership had \$266,547 in cash and cash equivalents as compared to \$191,459 as of December 31 2005. The net increase in cash of \$75,088 is principally due to cash flow from operations.

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 March 31, 2006, with an interest rate based on monthly LIBOR rate plus 1.53% which is 4.254% as of March 31, 2006. Required principal payments on this mortgage note for the three years ended December 31, 2008, are \$45,427, 48,030, and \$50,776 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 from GEMSA Loan Services. 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 it's 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: April 24, 2006

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 Partnership;
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 Partnership 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 Partnership 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 Partnership’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 Partnership's internal control over financial reporting that occurred during the Partnership's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Partnership'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 Partnership'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 Partnership'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 Partnership's internal control over financial reporting.

/s/ Robert J. Werra

Robert J. Werra
Acting Principal Executive Officer and Chief Financial Officer
April 24, 2006

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 Partnership”) on Form 10-Q for the period ending March 31, 2006 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 Partnership.

/s/ Robert J. Werra

Robert J. Werra
Acting Principal Executive Officer and Chief Financial Officer
April 24, 2006