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

FORM 10-Q

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

For the quarterly period ended September 30, 2004

OR

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

Commission File Number 0-17589

NTS-PROPERTIES VII, LTD.

(Exact name of registrant as specified in its charter)

Florida	61-1119232
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

10172 Linn Station Road, Louisville, Kentucky 40223
(Address of principal executive offices)

(502) 426-4800
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 [ ]

Indicate by check mark whether registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

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Some of the statements included in this quarterly report on Form 10-Q, particularly those included in Part I, Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), may be considered "forward-looking statements" because the statements relate to matters which have not yet occurred. For example, phrases such as "we anticipate," "believe" or "expect" indicate that it is possible that the event anticipated, believed or expected may not occur. If these events do not occur, the result which we expected also may, or may not, occur in a different manner, which may be more or less favorable to us. We do not undertake any obligation to update these forward-looking statements.

Any forward-looking statements included in MD&A, or elsewhere in this report, reflect our general partner's best judgment based on known factors, but involve risks and uncertainties. Actual results could differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including but not limited to those described in our filings with the Securities and Exchange Commission, particularly our annual report on Form 10-K for the year ended December 31, 2003. Any forward-looking information provided by us pursuant to the safe harbor established by the Private Securities Litigation Reform Act of 1995 should be evaluated in the context of these factors.

PART I - FINANCIAL INFORMATION
Item 1 - Financial Statements

NTS-PROPERTIES VII, LTD.
BALANCE SHEETS

	As of September 30, 2004 (UNAUDITED)	As of December 31, 2003
ASSETS		
Cash and equivalents	$ 206,108	$ 263,655
Cash and equivalents - restricted	27,150	26,625
Accounts receivable, net	12,115	4,577
Land, buildings and amenities, net	6,796,557	7,091,886
Investment in and advances to joint venture	839,077	789,567
Other assets	29,263	46,021
TOTAL ASSETS	$ 7,910,270	$ 8,222,331
LIABILITIES AND PARTNERS' EQUITY		
Mortgage payable	$ 3,219,830	$ 3,339,017
Accounts payable and accrued expenses	166,168	184,617
Security deposits	26,500	26,700
Other liabilities	83,688	22,572
TOTAL LIABILITIES	3,496,186	3,572,906
COMMITMENTS AND CONTINGENCIES (Note 10)		
PARTNERS' EQUITY	4,414,084	4,649,425
TOTAL LIABILITIES AND PARTNERS' EQUITY	$ 7,910,270	$ 8,222,331

NTS-PROPERTIES VII, LTD.
STATEMENT OF PARTNERS' EQUITY
(UNAUDITED)

	Limited Partners	General Partner	Total
PARTNERS' EQUITY/(DEFICIT)			
Capital contributions, net of offering costs	$ 10,935,700	$ 100	$ 10,935,800
Net loss - prior years	(3,074,747)	(31,057)	(3,105,804)
Net loss - current year	(232,988)	(2,353)	(235,341)
Cash distributions declared to date	(2,717,046)	(27,445)	(2,744,491)
Repurchase of limited partnership interests	(436,080)	--	(436,080)
BALANCES ON SEPTEMBER 30, 2004	$ 4,474,839	$ (60,755)	$ 4,414,084

The accompanying notes to financial statements are an integral part of these statements.

NTS-PROPERTIES VII, LTD.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
REVENUES				
Rental income	$ 408,219	$ 398,423	$ 1,178,939	$ 1,257,056
TOTAL REVENUES	408,219	398,423	1,178,939	1,257,056
EXPENSES				
Operating expenses	98,310	101,301	298,526	324,603
Operating expenses - affiliated	70,278	65,344	209,299	205,503
Management fees	19,917	19,514	59,013	63,811
Real estate taxes	19,908	15,924	59,724	59,616
Professional and administrative expenses	65,481	38,244	261,431	162,066
Professional and administrative expenses - affiliated	37,489	34,757	107,208	98,193
Depreciation and amortization	101,706	102,557	306,672	305,102
TOTAL OPERATING EXPENSES	413,089	377,641	1,301,873	1,218,894
OPERATING (LOSS) INCOME	(4,870)	20,782	(122,934)	38,162
Interest and other income	500	2,258	2,829	5,150
Interest expense	(60,800)	(64,556)	(182,620)	(190,925)
Loss on disposal of assets	--	--	(1,287)	--
Income from investment in joint venture	14,506	7,043	68,671	63,030
Net loss	$ (50,664)	$ (34,473)	$ (235,341)	$ (84,583)
Net loss allocated to the limited partners	$ (50,157)	$ (34,128)	$ (232,988)	$ (83,737)
Net loss per limited partnership interest	$ (0.09)	$ (0.06)	$ (0.42)	$ (0.15)
Weighted average number of limited partnership interests	552,236	552,236	552,236	552,236

The accompanying notes to financial statements are an integral part of these statements.

NTS-PROPERTIES VII, LTD.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (235,341)	$ (84,583)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	309,013	307,442
Loss on disposal of assets	1,287	--
Income from investment in joint venture	(68,671)	(63,030)
Changes in assets and liabilities:		
Cash and equivalents - restricted	(525)	550
Accounts receivable	(7,538)	2,633
Other assets	14,417	(9,424)
Accounts payable and accrued expenses	(18,449)	69,496
Security deposits	(200)	(2,150)
Other liabilities	61,116	57,642
Net cash provided by operating activities	55,109	278,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to land, buildings and amenities	(12,630)	(198,074)
Distributions from (contributions to) joint venture, net	19,161	(39,298)
Net cash provided by (used in) investing activities	6,531	(237,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage payable	(119,187)	(116,626)
Net cash used in financing activities	(119,187)	(116,626)
Net decrease in cash and equivalents	(57,547)	(75,422)
CASH AND EQUIVALENTS, beginning of period	263,655	382,533
CASH AND EQUIVALENTS, end of period	$ 206,108	$ 307,111
Interest paid on a cash basis	$ 182,016	$ 190,329

The accompanying notes to financial statements are an integral part of these statements.

NTS-PROPERTIES VII, LTD.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

The unaudited financial statements included herein should be read in conjunction with NTS-Properties VII, Ltd.'s 2003 annual report on Form 10-K as filed with the Securities and Exchange Commission on March 26, 2004. In the opinion of our general partner, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation have been made to the accompanying financial statements for the three and nine months ended September 30, 2004 and 2003. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period. As used in this quarterly report on Form 10-Q the terms "we," "us" or "our," as the context requires, may refer to NTS-Properties VII, Ltd. or its interests in its properties and joint venture.

Note 1 - Consolidation Policy and Joint Venture Accounting

The financial statements include the accounts of all wholly-owned properties. Intercompany transactions and balances have been eliminated. The less than 50% owned joint venture is accounted for under the equity method.

Note 2 - Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with U.S. generally accepted accounting principles 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.

Note 3 - Concentration of Credit Risk

We own and operate, through a joint venture, one commercial rental property - Blankenbaker Business Center 1A, in Louisville, Kentucky. The sole tenant which occupies 100% of the property is a business which has operations in the Louisville area. We also own and operate two apartment communities - The Park at the Willows, in Louisville, Kentucky and Park Place Apartments Phase II, in Lexington, Kentucky.

Our financial instruments that are exposed to concentrations of credit risk consist of cash and equivalents. We maintain our cash accounts primarily with banks located in Kentucky. Cash balances are insured by the FDIC up to $100,000 per bank account. We may at times, in certain accounts, have deposits in excess of $100,000.

Note 4 - Cash and Equivalents

Cash and equivalents include cash on hand and short-term, highly liquid investments with initial maturities of three months or less. We have a cash management program which provides for the overnight investment of excess cash balances. Under an agreement with a bank, excess cash is invested in a repurchase agreement for U.S. government or agency securities each night. As of September 30, 2004, there were no available cash balances to transfer into our overnight investment.

Note 5 - Cash and Equivalents - Restricted

Cash and equivalents - restricted represents funds received for residential security deposits.

Note 6 - Basis of Property and Depreciation

Land, buildings and amenities are stated at historical cost, less accumulated depreciation. Costs directly associated with the acquisition, development and construction of a project are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which are 7-30 years for land improvements, 7-30 years for buildings and improvements and 5-30 years for amenities. The aggregate cost of our properties for federal tax purposes is approximately $12,847,000.

Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," specifies circumstances in which certain long-lived assets must be reviewed for impairment. If the carrying amount of an asset exceeds the sum of its expected future cash flows, the asset's carrying value must be written down to fair value. There were no impairment losses during any of the periods presented.

Note 7 - Investment in Joint Venture

Blankenbaker Business Center Joint Venture (the "Joint Venture") was organized on December 28, 1990, by us and NTS-Properties Plus Ltd. to own and operate Blankenbaker Business Center 1A ("BBC 1A") and to acquire an approximately 2.49 acre parking lot that was being leased by the business center from an affiliate of our general partner. On August 16, 1994, the Joint Venture agreement was amended to admit NTS-Properties IV to the Joint Venture.

For the three months ended September 30, 2004 and 2003, BBC 1A had total revenues of $237,253 and $237,253, respectively, and net income of $46,286 and $22,472, respectively.

For the nine months ended September 30, 2004 and 2003, BBC 1A had total revenues of $711,758 and $711,758, respectively, and net income of $219,117 and $201,117, respectively.

Note 8 - Mortgage Payable

Mortgage payable consists of the following:

	September 30, 2004	December 31, 2003
Mortgage payable to an insurance company in monthly installments, bearing interest at a fixed rate of 7.37%, due October 15, 2012, secured by land and buildings.	$ 3,219,830	$ 3,339,017

Our mortgage may be prepaid but is subject to a yield-maintenance premium.

As of September 30, 2004, the fair value of long-term debt was approximately $3,398,000, based on the borrowing rates currently available to us for mortgages with similar terms and average maturities.

Note 9 - Related Party Transactions

Pursuant to an agreement with us, NTS Development Company, an affiliate of our General Partner, receives property management fees on a monthly basis. The monthly fees are equal to 5% of the gross revenues from our apartment communities. Also pursuant to an agreement, NTS Development Company receives a repair and maintenance fee equal to 5.9% of costs incurred which relates to capital improvements and major repair and renovation projects. These repair and maintenance fees are capitalized as part of land, buildings and amenities.

We were charged the following amounts from NTS Development Company for the nine months ended September 30, 2004 and 2003. These charges include items which have been expensed as operating expenses - affiliated or professional and administrative expenses - affiliated and items which have been capitalized as other assets or as land, buildings and amenities.

	Nine Months Ended September 30,	
	2004	2003
Property management fees	$ 59,013	$ 63,811
Property management	123,304	118,249
Leasing	18,704	21,898
Administrative - operating	65,204	59,485
Other	2,087	5,871
Total operating expenses - affiliated	209,299	205,503
Professional and administrative expenses - affiliated	107,208	98,193
Repair and maintenance fees	--	10,982
Total related party transactions capitalized	--	10,982
Total related party transactions	$ 375,520	$ 378,489

Note 10 - Commitments and Contingencies

As an owner of real estate, we are subject to various environmental laws of federal, state and local governments. Our compliance with existing laws has not had a material adverse effect on our financial condition or results of operations. However, we cannot predict the impact of new or changed laws or regulations on our current properties or on properties that we may acquire in the future.

We are jointly and severally liable under the mortgage loan agreement for the BBC 1A debt. The outstanding balance on this mortgage on September 30, 2004 is $745,135. Our financial statements do not reflect a liability for this mortgage.

Litigation

On December 12, 2001, three individuals filed an action in the Superior Court of the State of California for the County of Contra Costa (the "Superior Court") originally captioned *Buchanan, et al. v. NTS-Properties Associates, et al.* (Case No. C 01-05090) against the general partners (the "General Partners") of NTS-Properties III, NTS-Properties IV, NTS-Properties V, NTS-Properties VI and NTS-Properties VII, Ltd. (the "Partnerships"), as well as several individuals and entities affiliated with us. The action purported to bring claims on behalf of a class of limited partners. These claims were based on, among other things, tender offers made by the Partnerships and an affiliate of the General Partners, as well as the operation of the Partnerships by the General Partners. The plaintiffs alleged, among other things, that the prices at which limited partnership interests were purchased in these tender offers were too low. The plaintiffs sought monetary damages and equitable relief, including an order directing the disposition of the properties owned by the Partnerships and the distribution of the proceeds. No amounts have been accrued for the settlement of this action in our financial statements.

On February 27, 2003, two individuals filed a class and derivative action in the Circuit Court of Jefferson County, Kentucky captioned *Bohm, et al. v. J.D. Nichols, et al.* (Case No. 03-CI-01740) against certain of the General Partners and several individuals and entities affiliated with us. The complaint was amended to include the general partner of NTS-Properties III and the general partner of NTS-Properties Plus Ltd., which is no longer in existence. In the amended complaint, the plaintiffs purport to bring claims on behalf of a class of limited partners and derivatively on behalf of us and the Partnerships based on alleged overpayment of fees, prohibited investments, improper failures to make distributions, purchases of limited partnerships interests at insufficient prices and other violations of the limited partnership agreements. The plaintiffs are seeking, among other things, compensatory and punitive damages in an unspecified amount, an accounting, the appointment of a receiver or liquidating trustee, the entry of an order of dissolution against the Partnerships, a declaratory judgment and injunctive relief. No amounts have been accrued for the settlement of this action in our financial statements. Our general partner and legal counsel believe that this action is without merit and are vigorously defending it.

On June 20, 2003, the General Partners reached an agreement in principle with the representatives of the class of plaintiffs to settle the *Buchanan* litigation. This agreed upon settlement includes releases for all of the parties for all of the claims asserted in the *Buchanan* litigation and the *Bohm* litigation. As part of the agreed upon settlement, the General Partners agreed to pursue a merger of the Partnerships and other real estate entities affiliated with the General Partners into a newly-formed entity named NTS Realty Holdings Limited Partnership ("NTS Realty"). NTS Development Company agreed to pay the Partnerships $1,500,000 on the closing date of the merger. We expect to receive $27,000 of this payment.

On December 5, 2003, the General Partners, certain of their affiliates and the class of plaintiffs in the *Buchanan* litigation jointly filed a Stipulation and Agreement of Settlement (the "Settlement Agreement") with the Superior Court. The Settlement Agreement sets forth the terms of the agreed upon settlement the parties reached on June 20, 2003. On February 26, 2004, the Superior Court preliminarily approved the Settlement Agreement as within the range of reasonableness and that it is fair, just and adequate to the class of plaintiffs. The Superior Court scheduled a hearing to finally determine whether the Settlement Agreement is in the best interests of the class of plaintiffs and whether the *Buchanan* litigation should be dismissed with prejudice.

On March 2, 2004, we, along with all defendants, filed a Motion to Dismiss the *Bohm* litigation. After the Motion to Dismiss was fully briefed, the settlement agreement in the *Buchanan* litigation received final court approval. The Circuit Court of Jefferson County, Kentucky, instructed the plaintiffs in the *Bohm* litigation to file an amended complaint in light of the approved settlement of the *Buchanan* litigation. The plaintiffs in the *Bohm* litigation filed a corrected Second Amended Complaint on August 11, 2004. We, along with all defendants, filed a Motion to Strike the corrected Second Amended Complaint. A hearing on this motion is scheduled for January 14, 2005. Our general partner believes that the claims asserted in the corrected Second Amended Complaint have no merit.

On May 6, 2004, the Superior Court granted its final approval of the Settlement Agreement. At the final hearing, any member of the class of plaintiffs was given the opportunity to object to the final approval of the Settlement Agreement, the entry of a final judgment dismissing with prejudice the *Buchanan* litigation, or an application of an award for attorneys' fees and expenses to plaintiffs' counsel. The Superior Court's order provides, among other things, that: (1) the Settlement Agreement, and all transactions contemplated thereby, including the proposed merger of the Partnerships into NTS Realty, are fair, reasonable and adequate, and in the best interests of the class of plaintiffs; (2) the plaintiffs' complaint and each and every cause of action and claim set forth therein is dismissed with prejudice; (3) each class member is barred from transferring, selling or otherwise disposing of (other than by operation of law) their interests until the earlier of the closing date of the merger, the termination of the settlement or June 30, 2004; and (4) each class member who requested to be excluded from the settlement released their claims in the *Bohm* litigation.

On June 11, 2004, Joseph Bohm and David Duval, class members who objected to the Settlement Agreement but were overruled by the Superior Court, filed an appeal in the Court of Appeals of the State of California, first Appellate District. Our general partner believes that this appeal has no merit and intends to defend it and the decision of the Superior Court.

Under an indemnification agreement with our general partner, we are responsible for the costs of defending any litigation. For the nine months ended September 30, 2004 and 2003, our share of the legal costs for the *Buchanan* and *Bohm* litigations was approximately $82,000 and $19,000, respectively, which was included in our professional and administrative expenses.

We do not believe there is any other litigation threatened against us other than routine litigation arising out of the ordinary course of business, some of which is expected to be covered by insurance, none of which is expected to have a material effect on our financial position or results of operations, except as discussed herein.

Proposed Merger

As part of the Settlement Agreement, our general partner and the general partners of the four public partnerships affiliated with us, have agreed to pursue a merger of the partnerships and several other affiliated real estate entities into NTS Realty. The merger is subject to, among other things, approval by a majority of the limited partner interests in each partnership. For the nine months ended September 30, 2004 and 2003, our share of the legal and professional fees for the proposed merger was approximately $132,000 and $31,000, respectively, which was included in our professional and administrative expenses.

On February 4, 2004, NTS Realty filed a joint consent solicitation statement/prospectus on Form S-4 with the Securities and Exchange Commission. The solicitation statement/prospectus presents the merger of the Partnerships with NTS Realty. Concurrent with the merger, ORIG, LLC, a Kentucky limited liability company, which is affiliated with our general partner, will contribute substantially all its real estate assets and all of its liabilities to NTS Realty. NTS Realty filed Amendment No. 1 on June 18, 2004, Amendment No. 2 on August 13, 2004 and Amendment No. 3 on September 30, 2004.

On October 25, 2004 and October 27, 2004, NTS Realty filed Amendment No. 4 and Amendment No. 5, respectively, to its registration statement on Form S-4, which includes a joint consent solicitation statement/prospectus, with the Securities and Exchange Commission to seek approval of the merger of the Partnerships into NTS Realty. The general partners of the Partnerships agreed to pursue a merger of the Partnerships in the Stipulation and Agreement of Settlement that was jointly filed by the general partners, along with certain of their affiliates, with the class of plaintiffs in the action originally captioned *Buchanan, et al. v. NTS-Properties Associates, et al.* (Case No. C 01-05090).

On October 27, 2004, the Securities and Exchange Commission signed an order declaring NTS Realty's registration statement to be effective and the Partnerships began mailing the joint consent solicitation statement/prospectus to their respective limited partners.

Note 11 - Segment Reporting

Our reportable operating segments include only one segment - Apartment Community Operations.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Financial Statements in Item 1 and the cautionary statements below.

Critical Accounting Policies

General

A critical accounting policy is one that would materially affect our operations or financial condition, and requires management to make estimates or judgments in certain circumstances. These judgments often result from the need to make estimates about the effect of matters that are inherently uncertain. Critical accounting policies discussed in this section are not to be confused with accounting principles and methods disclosed in accordance with U.S. generally accepted accounting principles ("GAAP"). GAAP requires information in financial statements about accounting principles, methods used and disclosures pertaining to significant estimates. The following disclosure discusses judgments known to management pertaining to trends, events or uncertainties known which were taken into consideration upon the application of those policies and the likelihood that materially different amounts would be reported upon taking into consideration different conditions and assumptions.

Impairment and Valuation

Statement of Financial Accounting Standards ("SFAS") No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," specifies circumstances in which certain long-lived assets must be reviewed for impairment. If the carrying amount of an asset exceeds the sum of its expected future cash flows, the asset's carrying value must be written down to fair value. In determining the value of an investment property and whether the investment property is impaired, management considers several factors such as projected rental and vacancy rates, property operating expenses, capital expenditures and interest rates. The capitalization rate used to determine property valuation is based on the market in which the investment property is located, length of leases, tenant financial strength, the economy in general, demographics, environment, property location, visibility, age and physical condition among others. All of these factors are considered by management in determining the value of any particular investment property. The value of any particular investment property is sensitive to the actual results of any of these factors, either individually or taken as a whole. If the actual results differ from management's judgment, the valuation could be negatively or positively affected.

Recognition of Rental Income

Our apartment communities have operating leases with apartment residents with terms generally of twelve months or less. We recognize rental revenue related to these leases on an accrual basis when due from residents. In accordance with our standard lease terms, rental payments are generally due on a monthly basis.

Cost Capitalization and Depreciation Policies

We review all expenditures and capitalize any item exceeding $1,000 deemed to be an upgrade or a tenant improvement with an expected useful life greater than one year. Land, buildings and amenities are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Buildings and improvements have estimated useful lives between 7-30 years, land improvements have estimated useful lives of between 7-30 years and amenities have estimated useful lives between 5-30 years.

Results of Operations

The following tables include our selected summarized operating data for the three and nine months ended September 30, 2004 and 2003. This data is presented to provide assistance in identifying trends in our operating results and other factors affecting our business. This data should be read in conjunction with our financial statements, including the notes thereto, in Part I, Item 1 of this report.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Total revenues	$ 408,219	$ 398,423	$ 1,178,939	$ 1,257,056
Operating expenses and operating expenses - affiliated	168,588	166,645	507,825	530,106
Depreciation and amortization	101,706	102,557	306,672	305,102
Interest expense	(60,800)	(64,556)	(182,620)	(190,925)
Net loss	(50,664)	(34,473)	(235,341)	(84,583)

Rental income and tenant reimbursements generated by our properties for the three and nine months ended September 30, 2004 and 2003 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Wholly-Owned Properties				
The Park at the Willows	$ 80,361	$ 67,787	$ 239,171	$ 230,273
Park Place Apartments Phase II	327,858	330,636	939,768	1,026,783
Joint Venture Property (Ownership % on September 30, 2004)				
Blankenbaker Business Center 1A (31.34%)	$ 237,253	$ 237,253	$ 711,758	$ 711,758

We believe the changes in rental income from period to period are temporary effects of each property's specific mix of lease maturities and are not indicative of any known trend.

The occupancy levels at our properties and joint venture as of September 30, 2004 and 2003 were as follows:

	September 30,	
	2004	2003
Wholly-Owned Properties		
The Park at the Willows	88%	79%
Park Place Apartments Phase II	86%	89%
Joint Venture Properties (Ownership % on September 30, 2004)		
Blankenbaker Business Center 1A (31.34%)	100%	100%

We believe the changes in occupancy on September 30 from year to year are temporary effects of each property's specific mix of lease maturities and are not indicative of any known trend.

The average occupancy levels at our properties and joint ventures for the three and nine months ended September 30, 2004 and 2003 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Wholly-Owned Properties				
The Park at the Willows	88%	76%	90%	83%
Park Place Apartments Phase II	86%	88%	83%	91%
Joint Venture Properties (Ownership % on September 30, 2004)				
Blankenbaker Business Center 1A (31.34%)	100%	100%	100%	100%

We believe the changes in average occupancy from period to period are temporary effects of each property's specific mix of lease maturities and are not indicative of any known trend.

We are making efforts to improve occupancy at our apartment communities. We have an on-site leasing staff, who are employees of NTS Development Company, at each of the apartment communities. The staff handles all on-site visits from potential tenants, coordinates local advertising with NTS Development Company's marketing staff, makes visits to local companies to promote fully furnished apartments and works with current residents on lease renewals.

The lease at Blankenbaker Business Center 1A provides for the tenant to contribute toward the payment of common area maintenance expenses, insurance, utilities and real estate taxes. These lease provisions, along with the fact that residential leases are generally for a period of one year, should protect our operations from the impact of inflation and changing prices.

The following discussion relating to changes in our results of operations includes only material line items within our Statements of Operations or line items for which there was a material change between the three and nine months ending September 30, 2004 and 2003.

Rental Income

Rental income was approximately $1,179,000 for the nine months ended September 30, 2004, as compared to approximately $1,257,000 for the nine months ended September 30, 2003. The decrease of $78,000, or 6%, for the nine months ended September 30, 2004 was primarily the result of decreased occupancy at Park Place Apartments Phase II, partially offset by increased occupancy at The Park at the Willows.

Rental income did not change significantly for the three months ended September 30, 2004 and 2003. There were no offsetting material changes.

Operating Expenses and Operating Expenses – Affiliated

Operating expenses did not change significantly for the three months ended September 30, 2004 and 2003. There were no offsetting material changes.

Operating expenses for the nine months ended September 30, 2004 and 2003 were approximately $299,000 and $325,000, respectively. The decrease of approximately $26,000, or 8%, was primarily due to decreased exterior landscaping costs and utility costs at Park Place Apartments Phase II.

Operating expenses – affiliated did not change significantly between the three and nine months ended September 30, 2004 and 2003. There were no offsetting material changes.

Operating expenses – affiliated are for the services performed by employees of NTS Development Company, an affiliate of our General Partner. These employee services include property management, leasing, maintenance, security and other services necessary to manage and operate our business.

Professional and Administrative Expenses and Professional and Administrative Expenses – Affiliated

Professional and administrative expenses were $65,000 and $261,000 for the three and nine months ended September 30, 2004, as compared to $38,000 and $162,000 for the three and nine months ended September 30, 2003. The increase of $27,000, or 71%, and $99,000, or 61%, for the three and nine months ended September 30, 2004 was primarily the result of increased legal and professional fees related to our proposed merger and litigation filed by limited partners. See Item 1 – Note 10 for information regarding our proposed merger and litigation filed by limited partners.

Professional and administrative expenses – affiliated did not change significantly for the three and nine months ended September 30, 2004 and 2003. There were no offsetting material changes.

Professional and administrative expenses – affiliated are for the services performed by employees of NTS Development Company, an affiliate of our General Partner. These employee services include legal, financial and other services necessary to manage and operate our business.

Professional and administrative expenses - affiliated consisted of approximately the following for the periods presented:

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Finance	$ 19,000	$ 15,000
Accounting	63,000	56,000
Investor Relations	9,000	10,000
Human Resources	5,000	6,000
Overhead	11,000	11,000
Total	$ 107,000	$ 98,000

Depreciation and Amortization Expense

Our depreciation and amortization expenses did not change significantly between the three and nine months ended September 30, 2004 and 2003. There were no offsetting material changes.

Interest Expense

Our interest expense did not change significantly between the three and nine months ended September 30, 2004 and 2003. There were no offsetting material changes.

Liquidity and Capital Resources

The following table sets forth the cash provided by or used in operating activities, investing activities and financing activities for the nine months ended September 30, 2004 and 2003.

Cash flows provided by (used in):

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Operating activities	$ 55,109	$ 278,576
Investing activities	6,531	(237,372)
Financing activities	(119,187)	(116,626)
Net decrease in cash and equivalents	$ (57,547)	$ (75,422)

Net cash provided by operating activities decreased from approximately $279,000 for the nine months ended September 30, 2003, to approximately $55,000 for the nine months ended September 30, 2004. The decrease in net cash provided was primarily driven by reduced results of operations and the change in accounts payable. The change in accounts payable reflects payments for professional services related to our litigation filed by limited partners and our proposed merger.

Net cash used in investing activities was approximately $237,000 for the nine months ended September 30, 2003. Net cash provided by investing activities was approximately $7,000 for the nine months ended September 30, 2004. The increase in net cash provided was primarily due to a decrease in capital expenditures at Park Place Apartments Phase II (roof replacements were made in 2003 with no similar costs in 2004) and increased distributions from the joint venture which was partially offset by increased capital expenditures at The Park at the Willows for a studio renovation and HVAC replacements.

Net cash used in financing activities did not change significantly from the nine months ended September 30, 2003 to the nine months ended September 30, 2004.

Due to the fact that no distributions were made during the nine months ended September 30, 2004 or 2003, the table which presents that portion of the distributions that represents a return of capital in accordance with GAAP has been omitted.

Future Liquidity

We believe the current occupancy levels are considered adequate to fund the operations of our properties. However, our future liquidity depends significantly on our properties' occupancy remaining at a level which provides for debt payments and adequate working capital, currently and in the future. If occupancy were to fall below that level and remain at or below that level for a significant period of time, our ability to make payments due under our debt agreements and to continue paying daily operational costs would be greatly impaired. In addition, we may be required to obtain financing in connection with the capital improvements and leasing costs described below. The primary source of future liquidity is expected to be derived from cash generated by our properties after adequate cash reserves are established for future leasing, roof replacement and renovation costs. It is anticipated that the future cash flow from operations combined with our cash reserves will be sufficient to meet these needs. Cash reserves (which are unrestricted cash and equivalents as shown on our balance sheet) were $206,108 on September 30, 2004.

We are currently in negotiations with the sole tenant of our joint venture commercial building to renew their expiring lease. As part of the lease renewal, we estimate that approximately $2,649,000 in capital improvements will be required. These capital improvements include courtyard, restrooms and loading dock renovations, monument signage, a new parking lot, a new visitor entrance, ceiling tile replacements, exterior window modifications, new computer cabling, HVAC replacements and upgrades, sewer system repairs, design fees and tenant finish. Failure of this tenant to renew their lease would result in a loss of annual rental revenue and operating expense recoveries to the joint venture. Income from our investment in the joint venture that owns this property would decrease accordingly. This would significantly affect our liquidity and could result in significant cost to refurbish the vacated space and locate a new tenant.

The demand on future liquidity is anticipated to increase as a result of the replacement of the roofs at Park Place Apartments Phase II (18 buildings), all of which were installed using shingles produced by a single manufacturer. The shingles appear to contain defects which may cause the roofs to fail. As the shingle manufacturer has declared bankruptcy, we do not expect to be able to recover any of the costs of the roof replacements in the event of any such failures. We do not have sufficient working capital to make all of the roof replacements at one time. As of September 30, 2004, fifteen roof replacements have been completed. The total cost of replacing the remaining roofs is estimated to be $60,000 ($20,000 per building). The three remaining roof replacements have been budgeted for the second quarter of 2005.

The demand on future liquidity is also anticipated to increase as a result of an exterior painting project at Park Place Apartments Phase II, seal coating and re-striping of the parking lot at Park Place Apartments Phase II, HVAC replacements at The Park at the Willows and chimney saddle replacements at The Park at the Willows . All projects are budgeted for 2005. We expect to spend approximately $110,000 on painting the exterior of the buildings at Park Place Apartments Phase II. The seal coating and re-striping of the parking lot at Park Place Apartments Phase II is estimated to cost approximately $32,000. The HVAC replacements at The Park at the Willows are expected to cost approximately $16,000 and the chimney saddle replacements are estimated to be approximately $14,000.

We have no other material commitments for renovations or capital expenditures as of September 30, 2004.

Proposed Merger

As part of the Settlement Agreement, our general partner and the general partners of the four public partnerships affiliated with us, have agreed to pursue a merger of the partnerships and several other affiliated real estate entities into NTS Realty Holdings Limited Partnership ("NTS Realty"). The merger is subject to, among other things, approval by a majority of the limited partner interests in each partnership. For the nine months ended September 30, 2004 and 2003, our share of the legal and professional fees for the proposed merger was approximately $132,000 and $31,000, respectively, which was included in our professional and administrative expenses.

On February 4, 2004, NTS Realty filed a joint consent solicitation statement/prospectus on Form S-4 with the Securities and Exchange Commission. The solicitation statement/prospectus presents the merger of NTS-Properties III; NTS-Properties IV; NTS-Properties V; NTS-Properties VI; and NTS-Properties VII, Ltd. with NTS Realty. Concurrent with the merger, ORIG, LLC, a Kentucky limited liability company, which is affiliated with our general partner, will contribute substantially all its real estate assets and all of its liabilities to NTS Realty. NTS Realty filed Amendment No. 1 on June 18, 2004, Amendment No. 2 on August 13, 2004 and Amendment No. 3 on September 30, 2004.

On October 25, 2004 and October 27, 2004, NTS Realty filed Amendment No. 4 and Amendment No. 5, respectively, to its registration statement on Form S-4, which includes a joint consent solicitation statement/prospectus, with the Securities and Exchange Commission to seek approval of the merger of NTS-Properties III, NTS-Properties IV, NTS-Properties V, NTS-Properties VI and NTS-Properties VII, Ltd. (the "Partnerships") into NTS Realty. The general partners of the Partnerships agreed to pursue a merger of the Partnerships in the Stipulation and Agreement of Settlement that was jointly filed by the general partners, along with certain of their affiliates, with the class of plaintiffs in the action originally captioned *Buchanan, et al. v. NTS-Properties Associates, et al.* (Case No. C 01-05090).

On October 27, 2004, the Securities and Exchange Commission signed an order declaring NTS Realty's registration statement to be effective and the Partnerships began mailing the joint consent solicitation statement/prospectus to their respective limited partners.

Website Information

Our website address is www.ntsdevelopment.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act are available and may be accessed free of charge through the "About NTS" section of our website as soon as reasonably practicable after we electronically file this material with, or furnish it to, the SEC. Our website and the information contained therein or connected thereto are not incorporated into this quarterly report on Form 10-Q.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure with regard to financial instruments is changes in interest rates. Our mortgage payable bears interest at a fixed rate. A hypothetical 100 basis point increase in interest rates would result in an approximate $158,000 decrease in the fair value of debt.

Item 4 - Controls and Procedures

Our General Partner, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2004. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2004. There were no material changes in our internal controls over financial reporting during the nine months ended September 30, 2004.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

On May 6, 2004, the Superior Court of the State of California for the County of Contra Costa granted its final approval of the Stipulation and Agreement of Settlement (the "Settlement Agreement") jointly filed by the general partners (the "General Partners") of NTS-Properties III, NTS-Properties IV, NTS-Properties V, NTS-Properties VI and NTS-Properties VII, Ltd. (the "Partnerships"), along with certain of their affiliates, with the class of plaintiffs in the action originally captioned *Buchanan, et al. v. NTS-Properties Associates, et al.* (Case No. C 01-05090) on December 5, 2003. At the final hearing, any member of the class of plaintiffs was given the opportunity to object to the final approval of the Settlement Agreement, the entry of a final judgment dismissing with prejudice the *Buchanan* litigation, or an application of an award for attorneys' fees and expenses to plaintiffs' counsel. The Superior Court's order provides, among other things, that: (1) the Settlement Agreement, and all transactions contemplated thereby, including the proposed merger of the Partnerships into NTS Realty Holdings Limited Partnership, are fair, reasonable and adequate, and in the best interests of the class of plaintiffs; (2) the plaintiffs' complaint and each and every cause of action and claim set forth therein is dismissed with prejudice; (3) each class member is barred from transferring, selling or otherwise disposing of (other than by operation of law) their interests until the earlier of the closing date of the merger, the termination of the settlement or June 30, 2004; and (4) each class member who requested to be excluded from the settlement released their claims in the *Bohm* litigation.

On June 11, 2004, Joseph Bohm and David Duval, class members who objected to the Settlement Agreement but were overruled by the Superior Court, filed an appeal in the Court of Appeals of the State of California, first Appellate District.

On February 27, 2003, two individuals filed a class and derivative action in the Circuit Court of Jefferson County, Kentucky captioned *Bohm, et al. v. J.D. Nichols, et al.* (Case No. 03-CI-01740) against certain of the General Partners and several individuals and entities affiliated with us. The complaint was amended to include the general partner of NTS-Properties III and the general partner of NTS-Properties Plus Ltd., which is no longer in existence. In the amended complaint, the plaintiffs purport to bring claims on behalf of a class of limited partners and derivatively on behalf of us and the Partnerships based on alleged overpayment of fees, prohibited investments, improper failures to make distributions, purchases of limited partnerships interests at insufficient prices and other violations of the limited partnership agreements. The plaintiffs are seeking, among other things, compensatory and punitive damages in an unspecified amount, an accounting, the appointment of a receiver or liquidating trustee, the entry of an order of dissolution against the Partnerships, a declaratory judgment and injunctive relief. No amounts have been accrued for the settlement of this action in our financial statements. Our general partner and legal counsel believe that this action is without merit and are vigorously defending it.

On March 2, 2004, we, along with all defendants, filed a Motion to Dismiss the *Bohm* litigation. After the Motion to Dismiss was fully briefed, the settlement agreement in the *Buchanan* litigation received final court approval. The Circuit Court of Jefferson County, Kentucky, instructed the plaintiffs in the *Bohm* litigation to file an amended complaint in light of the approved settlement of the *Buchanan* litigation. The plaintiffs in the *Bohm* litigation filed a corrected Second Amended Complaint on August 11, 2004. We, along with all defendants, filed a Motion to Strike the corrected Second Amended Complaint. A hearing on this motion is scheduled for January 14, 2005. Our general partner believes that the claims asserted in the corrected Second Amended Complaint have no merit.

Items 2 through 5 are omitted because these items are inapplicable or the answers to the items are negative.

Item 6 - Exhibits

Exhibit No.

3	Amended and Restated Agreement and Certificate of Limited Partnership of NTS-Properties VII, Ltd., a Florida limited partnership.	*
10	Property Management Agreement and Construction Agreement between NTS Development Company and NTS-Properties VII, Ltd., a Florida limited partnership.	*
14	Code of Ethics.	**
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.	***
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.	***
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	***

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

* Incorporated by reference to documents filed with the Securities and Exchange Commission in connection with the filing of the Registration Statements on Form S-11 on May 15, 1987 (effective October 29, 1987) under Commission File No. 33-14308.

** See www.ntsdevelopment.com for our code of ethics.

*** Attached as an exhibit with this Form 10-Q.

Reports on Form 8-K

We filed a Form 8-K on August 17, 2004, to inform investors of a mini-tender offer by CMG Partners, LLC to purchase their interests in NTS-Properties VII, Ltd. for $8.50 per interest in cash. We also informed the investors that we recommended a rejection of the offer and provided reasons for our recommendation.

We filed a Form 8-K on October 29, 2004 to announce that on October 25, 2004 and October 27, 2004, NTS Realty Holdings Limited Partnership ("NTS Realty") filed Amendment No. 4 and Amendment No. 5, respectively, to its registration statement on Form S-4. NTS Realty filed the original Form S-4 on February 4, 2004, Amendment No. 1 on June 18, 2004, Amendment No. 2 on August 13, 2004 and Amendment No. 3 on September 30, 2004.

SIGNATURES

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

NTS-PROPERTIES VII, LTD.

By: NTS-Properties Associates VII,
General Partner
By: NTS Capital Corporation,
General Partner

/s/ Brian F. Lavin
Brian F. Lavin
President of NTS Capital Corporation

/s/ Gregory A. Wells
Gregory A. Wells
Chief Financial Officer of NTS Capital Corporation

Date: November 15, 2004

EXHIBIT 31.1

CERTIFICATION

I, Brian F. Lavin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NTS-Properties VII, Ltd.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our 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

   c) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the registrant’s general partner:

   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 registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 15, 2004

/s/ Brian F. Lavin
President of NTS Capital Corporation,
General Partner of NTS-Properties Associates VII,
General Partner of NTS-Properties VII, Ltd.

EXHIBIT 31.2

CERTIFICATION

I, Gregory A. Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NTS-Properties VII, Ltd.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our 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

   c) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the registrant’s general partner:

   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 registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 15, 2004

/s/ Gregory A. Wells
Chief Financial Officer of NTS Capital Corporation,
General Partner of NTS-Properties Associates VII,
General Partner of NTS-Properties VII, Ltd.

EXHIBIT 32.1

CERTIFICATION

I, Brian F. Lavin, President of NTS Capital Corporation, the general partner of NTS-Properties Associates VII, the general partner of NTS-Properties VII, Ltd. (the "Partnership"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The quarterly report on Form 10-Q of the Partnership for the period ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) 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.

Dated: November 15, 2004

/s/ Brian F. Lavin
President of NTS Capital Corporation,
General Partner of NTS-Properties Associates VII,
General Partner of NTS-Properties VII, Ltd.

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION

I, Gregory A. Wells, Chief Financial Officer of NTS Capital Corporation, the general partner of NTS-Properties Associates VII, the general partner of NTS-Properties VII, Ltd. (the "Partnership"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The quarterly report on Form 10-Q of the Partnership for the period ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) 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.

Dated: November 15, 2004

/s/ Gregory A. Wells
Chief Financial Officer of NTS Capital Corporation,
General Partner of NTS-Properties Associates VII,
General Partner of NTS-Properties VII, Ltd.

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.