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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10 – Q

(Mark One)

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

For the quarterly period ended September 30, 2001

Commission file number 033-80104

GRANITE DEVELOPMENT PARTNERS, L.P.
(Exact name of registrant as specified in its charter)

Delaware	34-1754061
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1050 Terminal Tower 50 Public Square Cleveland, Ohio	44113
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 216-621-6060

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 ___

GRANITE DEVELOPMENT PARTNERS, L.P.

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PART I- ITEM 1. FINANCIAL INFORMATION

GRANITE DEVELOPMENT PARTNERS, L.P.
(A Delaware Limited Partnership)
BALANCE SHEET

	September 30, 2001	December 31, 2000
	(Unaudited)	
ASSETS		
LAND	$ 545,499	$ 575,032
LAND IMPROVEMENTS	2,580,909	669,191
	3,126,408	1,244,223
MORTGAGE NOTES RECEIVABLE	984,391	1,345,465
INVESTMENTS IN AND ADVANCES TO JOINT VENTURES	14,787,627	14,676,838
OTHER ASSETS		
Cash	677,775	1,008,083
Mortgage procurement costs, net of accumulated amortization of $21,981 and $5,817 in 2001 and 2000, respectively	49,731	30,545
Interest receivable	87,364	67,155
Other	44,077	44,077
	858,947	1,149,860
	$ 19,757,373	$ 18,416,386
LIABILITIES & PARTNERS' DEFICIT		
SENIOR NOTES PAYABLE	$ 34,000,000	$ 36,000,000
MORTGAGE NOTES PAYABLE	940,638	—
LIABILITIES		
Accounts payable	31,354	242,978
Accrued interest	1,422,340	498,180
Accrued real estate taxes and other	132,147	52,057
	1,585,841	793,215
PARTNERS' DEFICIT		
Partner's special units	9,000,000	9,000,000
Partners' deficit	(25,769,106)	(27,376,829)
	(16,769,106)	(18,376,829)
	$ 19,757,373	$ 18,416,386

See notes to financial statements.

GRANITE DEVELOPMENT PARTNERS, L.P.
(A Delaware Limited Partnership)
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
REVENUES				
Sales of developed property	$ 341,000	$ 1,674,300	$ 536,250	$ 1,846,300
Cost of sales	(109,168)	(1,186,539)	(221,830)	(1,279,307)
	231,832	487,761	314,420	566,993
Interest	23,477	12,421	102,299	33,615
Other	1,408	492	8,505	1,599
	256,717	500,674	425,224	602,207
EXPENSES				
Interest	941,006	1,086,169	2,900,033	3,061,617
Real estate taxes	15,264	16,128	41,667	49,056
Operating and other	40,311	88,404	153,440	164,023
Amortization	6,898	1,637	16,164	1,637
	1,003,479	1,192,338	3,111,304	3,276,333
	(746,762)	(691,664)	(2,686,080)	(2,674,126)
Income (loss) from joint ventures	1,620,403	(541,618)	4,293,803	(3,235,869)
NET INCOME (LOSS)	$ 873,641	$(1,233,282)	$ 1,607,723	$(5,909,995)

See notes to financial statements.

GRANITE DEVELOPMENT PARTNERS, L.P.
(A Delaware Limited Partnership)
STATEMENTS OF CHANGES IN PARTNERS' DEFICIT

	FC-Granite, Inc.	Limited Partners	Total
Balance at December 31, 1998	$(11,864,418)	$ 2,820,757	$ (9,043,661)
Cancellation of interest on special units	1,331,414	—	1,331,414
Net loss	(14,910,526)	(2,820,757)	(17,731,283)
Balance at December 31, 1999	(25,443,530)	—	(25,443,530)
Net loss	(1,933,299)	—	(1,933,299)
Balance at December 31, 2000	(27,376,829)	—	(27,376,829)
Net income	1,607,723	—	1,607,723
Balance at September 30, 2001 (unaudited)	$(25,769,106)	$ —	$(25,769,106)

See notes to financial statements.

GRANITE DEVELOPMENT PARTNERS, L.P.
(A Delaware Limited Partnership)
STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2001	**2000**
Cash Flow from Operating Activities:		
Net income (loss)	$ 1,607,723	$(5,909,995)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Amortization	16,164	1,637
(Income) loss from joint ventures	(4,293,803)	3,235,869
Changes in operating assets and liabilities:		
Increase in land and land improvements	(1,999,053)	(1,721,650)
Decrease in mortgage notes receivable	361,074	636,580
(Increase) decrease in interest receivable	(20,209)	18,932
Decrease in other assets	—	26,204
Decrease in accounts payable	(94,756)	—
Increase in accrued interest	924,160	812,217
Increase in accrued real estate taxes and other	80,090	53,774
Net cash used in operating activities	(3,418,610)	(2,846,432)
Cash Flow from Investing Activities:		
Distribution from affiliate	—	300,000
Advances to joint ventures	—	(580,000)
Repayments of advances to joint venture	4,183,015	4,919,727
Net cash provided by investing activities	4,183,015	4,639,727
Cash Flow from Financing Activities:		
Repayment of Senior Notes	(2,000,000)	—
Proceeds from loan payable – Sunrise Land Company	—	1,949,400
Repayment of loan payable – Sunrise Land Company	—	(4,549,400)
Proceeds from mortgage notes payable	940,638	1,993,081
Repayment of mortgage notes payable	—	(1,358,853)
Payment of mortgage procurement costs	(35,351)	(36,362)
Net cash used in financing activities	(1,094,713)	(2,002,134)
Decrease in cash	(330,308)	(208,839)
Cash at beginning of the period	1,008,083	3,219,145
Cash at end of the period	$ 677,775	$ 3,010,306
Supplemental Disclosure of Non-Cash Activities:		
Land improvement costs included in accounts payable	$ 13,610	$ 3,407

See notes to financial statements.

GRANITE DEVELOPMENT PARTNERS, L.P.
(A Delaware Limited Partnership)
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

NOTE A – FINANCIAL STATEMENT DISCLOSURES

Granite Development Partners, L.P. (the "Partnership"), is engaged in the business of investing in, acquiring, owning, developing, selling and otherwise disposing of undeveloped and developed land acquired by the Partnership.

The sole general partner of the Partnership is FC-Granite, Inc., an Ohio corporation ("FC-Granite"). FC-Granite is a wholly owned subsidiary of Sunrise Land Company ("Sunrise"). The Partnership is the owner of Granite Silver Development Partners, L.P., the managing partner in the Silver Canyon Partnership ("SC Partnership").

Unaudited Interim Financial Statements
The enclosed financial statements have been prepared on a basis consistent with accounting principles applied in the prior periods and reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of the operations for the periods presented. Results of operations for the three and nine month periods ended September 30, 2001 are not necessarily indicative of results of operations which may be expected for the full year.

Certain information and footnote disclosures, which are normally included in the financial statements of the Partnership prepared in accordance with generally accepted accounting principles, have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Partnership's December 31, 2000 Annual Report on Form 10-K.

Use of Estimates
The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Silver Canyon Partnership
SC Partnership is the owner of Seven Hills, a 1,293 acre master planned residential community currently under development in Henderson, Nevada. During the second quarter of 1999, American Nevada Seven Hills Limited Partnership ("ANC"), the partner in SC Partnership responsible for the onsite improvements in the Seven Hills project, identified costs in excess of budget to complete the project. To minimize the impact of these excess costs, ANC and the Partnership entered into an agreement ("Agreement") which modified certain terms of the Silver Canyon Partnership Agreement. During the first quarter of 2001, ANC recovered the portion of its cash investment it was entitled to recover per the Agreement. As a result, pursuant to the provisions of the Agreement, the Partnership is entitled to receive all distributions from SC Partnership until the Partnership has recovered its entire cash investment (See Note F). After the Partnership has recovered its entire cash investment, ANC and the Partnership will share all remaining distributions equally.

GRANITE DEVELOPMENT PARTNERS, L.P.
(A Delaware Limited Partnership)
NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE A – FINANCIAL STATEMENT DISCLOSURES (continued)

New Accounting Standards
In October 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which addresses the financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. SFAS No. 144 supersedes FASB Statement No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.* However, this Statement retains the fundamental provisions of Statement 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale. The new standard becomes effective for the first quarter in the fiscal year ending December 31, 2002. The Partnership does not believe that the adoption of this pronouncement will have a material impact on the Partnership's financial position, results of operations, or cash flows.

Reclassifications
Certain reclassifications have been made to the 2000 financial statements to conform to the 2001 presentation.

NOTE B – SENIOR NOTES PAYABLE

The Partnership has unsecured senior notes payable ("Senior Notes") limited to the aggregate principal amount of $34,000,000 and $36,000,000 at September 30, 2001 and December 31, 2000, respectively. The Senior Notes bear interest at a fixed annual rate of 10.83%, payable semi-annually, and include a negative pledge covenant relating to the assets and operations of the Partnership, allowing only a collateralized working capital line not to exceed $5,000,000 and subordinated indebtedness of $5,000,000. Until such time as the principal of the Senior Notes and interest thereon is repaid in full, 100% of the cash flow of the Partnership, as defined in the partnership agreement, shall be applied to repay the Senior Notes. The Senior Notes will mature on November 15, 2003, but are subject to earlier redemption. On June 29, 2001, the Partnership repaid $2,000,000 in Senior Notes plus accrued interest to that date.

Additionally, the Partnership may defer two interest payments if minimum working capital, as defined, falls below $5,000,000. During the period interest payments are deferred, interest shall accrue at 12.83% and shall remain at that level until all deferred interest and interest thereon has been paid. The Partnership has not deferred interest payments on the Senior Notes payable.

NOTE C – MORTGAGE NOTES PAYABLE

In August 2000, the Partnership obtained a construction loan agreement for Solon Estates (Thornbury), a 250 acre residential development located in Solon, Ohio. The loan amount is not to exceed $3,500,000 with a maturity date of August 1, 2004. The principal outstanding bears interest at the prime rate (6% at September 30, 2001). As of September 30, 2001, the outstanding balance under this loan agreement was $940,638.

GRANITE DEVELOPMENT PARTNERS, L.P.
(A Delaware Limited Partnership)
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

NOTE D – PARTNER'S SPECIAL UNITS

Per the original Partnership Agreement, until the Senior Notes are paid in full, $9,000,000 of the partner's special units bear interest at 10.83% and the interest will be paid pari passu with the interest on the Senior Notes. As a result of the SC Partnership excess costs and their impact on the Partnership as discussed in Note A, FC-Granite, the holder of the special units, modified the interest arrangement during 1999. As a result, $2,595,639 in interest has not been accrued from February 1, 1999 through September 30, 2001.

NOTE E – TRANSACTIONS WITH AFFILIATES

FC-Granite and Sunrise are reimbursed for all direct costs of operations of the Partnership's affairs and development activities.

NOTE F – INVESTMENTS IN AND ADVANCES TO JOINT VENTURES

Silver Canyon Partnership
The Partnership has a 33 1/3% interest in SC Partnership. The Partnership's investment in SC Partnership at September 30, 2001 and December 31, 2000 was $(3,344,736) and $(7,645,818), respectively.

The Partnership has advances outstanding to the SC Partnership of $17,372,441 and $21,555,454 at September 30, 2001 and December 31, 2000, respectively. The decrease in advances outstanding is the result of loan repayments of $4,183,015 funded by proceeds from SC Partnership land sales. Based on the Agreement discussed in Note A, the above advances to SC Partnership shall not bear interest.

SC Partnership has financing to fund development expenditures for the Seven Hills project. In January 2001, this loan agreement was amended to reduce funding of development costs from 100% to 50% and to reduce the maximum outstanding balance from $10,000,000 to $3,000,000. The loan bears interest at prime (6% at September 30, 2001) plus 1% and matures January 28, 2002. There was no outstanding loan balance under this agreement at September 30, 2001 and December 31, 2000.

This loan agreement, as amended, contains two debt service coverage ratios, which requires SC Partnership to maintain a certain level of net worth, as defined in the loan agreement. Pursuant to the provisions of the amended loan agreement, net worth has been redefined for the purposes of the two debt service coverage ratios to include the debt that SC Partnership owes to the Partnership.

For the nine months ended September 30, 2001, SC Partnership generated net income of $4,528,398 of which $4,301,082 was recorded by the Partnership pursuant to the terms of the Agreement. For the nine months ended September 30, 2000, SC Partnership generated a loss of $3,335,890, 100% of which was recorded by the Partnership.

GRANITE DEVELOPMENT PARTNERS, L.P.
(A Delaware Limited Partnership)
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

NOTE F – INVESTMENTS IN AND ADVANCES TO JOINT VENTURES (continued)

As a result of the 1999 identified excess costs, which reflected an overall estimated project gross margin of zero, SC Partnership recorded zero gross margins on all sales from the second quarter of 1999 through the third quarter of 2000. During the fourth quarter of 2000, revised estimates of sales and costs to complete resulted in an overall gross margin for the project. As a result, a gross margin was reported relating to sales activity for that period. Sales and costs to complete have been further revised in the first nine months of 2001 based upon current activity, maintaining an overall gross margin for the project. Based on these current revised estimates, a gross margin of $2,087,042 and $5,414,708 was reported for the three and nine month periods ended September 30, 2001 relating to sales activity for each respective period.

Shown below is the condensed financial information for the Silver Canyon Partnership:

	As of September 30, 2001	As of December 31, 2000
Balance Sheet		
Assets, primarily undeveloped land	$ 14,027,189	$ 16,935,735
Liabilities, primarily affiliate loans	24,636,810	28,899,654
Partners' deficit	(10,609,621)	(11,963,919)
Less: Outside partners' deficit	(7,264,885)	(4,318,101)
Investment in joint ventures	$ (3,344,736)	$ (7,645,818)

	For the three months ended September 30,		For the nine months ended September 30,	
	2001	2000	2001	2000
Operating Results				
Sales from developed property	$5,487,883	$9,516,811	$17,237,833	$23,930,183
Gross margins	$2,087,042	$ —	$ 5,414,708	$ —
Other income	$ 128,438	$ 97,155	$ 686,256	$ 206,891
Expenses	$ 355,564	$ 674,957	$ 1,572,566	$ 3,542,781
Net income (loss)	$1,859,916	$ (577,802)	$ 4,528,398	$ (3,335,890)

Eaton Estate Partnership
The Partnership has a 30% interest in Eaton Estate Partnership ("Eaton"). Eaton is a 623 acre, 1,575 unit development with 5 remaining units. The Partnership's investment in Eaton at September 30, 2001 and December 31, 2000, was $759,922 and $767,202, respectively. For the nine months ended September 30, 2001 and 2000, Eaton generated net loss of $24,265 and net income of $333,405, respectively, of which $7,279 and $100,022, respectively, was recorded by the Partnership under the equity method.

PART I – ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

The following discussion and analysis of Granite Development Partners, L.P. ("Partnership"), should be read in conjunction with the accompanying financial statements included herein as well as the audited financial statements for the year ended December 31, 2000 contained in the Annual Report on Form 10-K.

Results of Operations

Overview

For the nine months ended September 30, 2001 and September 30, 2000, the Partnership reported net income of $1,607,723 and a net loss of $5,909,995, respectively. The increase in net income is primarily the result of income from joint ventures of $4,293,803 for the nine months ended September 30, 2001 versus a loss of $3,235,869 for the nine months ended September 30, 2000. The increase in income from joint ventures is due primarily to the recognition of gross margins at the Silver Canyon Partnership ("SC Partnership") owned Seven Hills project, a 1,293 acre master planned residential community currently under development in Henderson, Nevada.

For the three months ended September 30, 2001 and 2000, the Partnership reported net income of $873,641 and a net loss of $1,233,282, respectively. The increase in net income is primarily the result of income from joint ventures of $1,620,403 for the three months ended September 30, 2001 versus a loss of $541,618 for the three months ended September 30, 2000. The increase in income from joint ventures is due primarily to the recognition of gross margins at the Seven Hills project.

Seven Hills — Gross Margins Through September 30, 2000

The loss from joint ventures for the nine months ended September 30, 2000 resulted primarily from SC Partnership recording zero gross margins on its Seven Hills project in Henderson, Nevada. The zero gross margins were the result of an extensive review of project costs performed in 1999, which revealed an increase in the scope of landscape and greenbelt improvements for the balance of the project as well as increases in parcel development costs in excess of budget. As a result, estimated costs to complete the project were revised. During the third quarter of 2000, the Partnership identified potential improvements in the estimated cost to complete the Seven Hills project. However, the management of the Partnership believed that it was premature to recognize gross margins for the project as of the third quarter of 2000 primarily because of the speculative nature of future land sales. A significant portion of the remaining land sales in Seven Hills consisted of estate lots, which are higher priced lots sold to high net worth individuals as opposed to lower priced lots sold in bulk to production home builders. Uncertainties in current and future economic conditions and the large number of estate lots yet to be sold made it very difficult to estimate accurate future sales prices and gross margins. As a result, no gross margins were recorded on sales in the first three quarters of 2000.

The zero margins reported by the Partnership specifically related to speculation in high-end estate lot pricing and contingent project costs. A lowest-probable pricing scenario through the third quarter of 2000, showed that remaining sales would be sufficient only to recover remaining development costs, resulting in zero gross margins. A lowest-probable pricing scenario was used because of unknown future economic conditions, and how they could affect the pricing of remaining lots. The 2000 business plan was also adjusted to include certain contingent costs not included in the plan.

Seven Hills — Gross Margins Fourth Quarter 2000 and First Nine Months 2001

The 2001 Seven Hills business plan was approved by the partners on January 25, 2001. That plan shows remaining sales to be sufficient to recover estimated costs to complete, resulting in an overall gross margin. However, the 2001 business plan continues to be based on speculation of sales prices, particularly for high priced estate lots. In addition, the 2001 business plan does not include estimates for certain contingent project costs. As a result, Partnership management adjusted the 2001 business plan to remove some of the speculation due to higher priced estate lot pricing. The plan was also adjusted by management to include certain contingent project cost items that are reasonable to estimate and are reasonably probable to incur.

During the fourth quarter of 2000 and up through September 30, 2001, a significant amount of speculation was eliminated relating to the pricing of estate lots. Strong sales of high-end estate lots at prices higher than those used in the preliminary business plan reduced the need to use a lowest-probable pricing scenario for high-end estate lots. As a result, revised estimates were incorporated by management for pricing and potential future cost. This resulted in the Partnership reporting gross margin beginning with sales in the fourth quarter of 2000. In addition, during the three and nine month periods ended September 30, 2001, $2,087,042 and $5,414,708 of gross margin was reported, respectively.

SC Partnership and the Partnership management will continue to monitor all trends, results and uncertainties very closely. Gross margin reported will continue to be adjusted based on continued review of the business plan, and the effect that trends, actual results, and potential uncertainties have on the business plan.

Silver Canyon Partnership – Agreement (1999)

During the second quarter of 1999, American Nevada Seven Hills Limited Partnership (“ANC”), the partner in SC Partnership responsible for the onsite improvements in the Seven Hills project, identified costs in excess of budget to complete the project. To minimize the impact of these excess costs, ANC and the Partnership entered into an agreement (“Agreement”) which modified certain terms of the Silver Canyon Partnership Agreement. As of September 30, 2001, ANC has recovered the portion of it’s cash investment it was entitled to recover per the Agreement. As a result, pursuant to the provisions of this Agreement, the Partnership is entitled to receive all cash flow from SC Partnership until the Partnership has recovered its entire cash investment. After the Partnership has recovered its entire cash investment, ANC and the Partnership will share all remaining distributions equally.

Comparisons – Results of Operations

Sales of $536,250 in developed property were recorded for the nine months ended September 30, 2001 versus $1,846,300 for the nine months ended September 30, 2000. The Partnership recorded sales of $341,000 for the three months ended September 30, 2001 versus $1,674,300 for the three months ended September 30, 2000. As of October 31, 2001, 2 lots of the 132 remaining lots in the Solon Estates (Thornbury) subdivision in Solon, Ohio sold for $280,000 and 13 lots were under contract for $1,817,000.

Interest income totaled $102,299 for the nine months ended September 30, 2001 versus $33,615 for the nine months ended September 30, 2000. For the three months ended

September 30, 2001 and 2000, the Partnership reported interest income of $23,477 and $12,421, respectively. The increase is primarily due to interest earned on notes receivable from the sales of developed property and from the investment of proceeds from sales in short-term commercial paper.

Interest expense totaled $2,900,033 for the nine months ended September 30, 2001 versus $3,061,617 for the nine months ended September 30, 2000. For the three months ended September 30, 2001 and 2000, the Partnership reported interest expense of $941,006 and $1,086,169, respectively. Interest expense is mainly comprised of interest accrued for senior notes and operating loans.

Operating and other expenses totaled $153,440 for the nine months ended September 30, 2001 versus $164,023 for the nine months ended September 30, 2000. Operating and other expense is mainly comprised of legal and professional fees, title and escrow fees, and maintenance expenses. The decrease in operating and other expenses is primarily due to a decrease in maintenance expenses and title fees of $26,338 that is partially offset by an increase in legal and professional fees of $18,780.

For the three months ended September 30, 2001 and 2000, the Partnership reported operating and other expenses of $40,311 and $88,404, respectively. The decrease is primarily attributed to a decrease in maintenance expenses and title fees which were $13,324 for the three months ended September 2001 versus $29,237 for the three months ended September 2000 and a decrease in legal and professional fees which were $16,303 for the three months ended September 2001 versus $31,618 for the three months ended September 2000.

Income from joint ventures was $4,293,803 for the nine months ended September 30, 2001 versus a loss of $3,235,869 for the nine months ended September 30, 2000. Income from joint ventures consists of income from SC Partnership and Eaton Estate Partnership, both being recorded by the Partnership under the equity method. The increase in joint venture income is due primarily to the recognition of gross margins and the decrease in legal costs at the Seven Hills project.

Income from joint ventures was $1,620,403 for the three months ended September 30, 2001 versus a loss from joint ventures of $541,618 for the three months ended September 30, 2000. The increase in income from joint ventures is primarily due to the recognition of gross margins and the decrease in legal costs at the Seven Hills project.

Eaton Estate Partnership reported no sales for the nine months ended September 30, 2001 and 2000. As of October 31, 2001, the five remaining units were under contract to sell for $200,000.

The SC Partnership reported sales of $17,237,833 for the nine months ended September 30, 2001, versus sales of $23,930,183 for the nine months ended September 30, 2000.

As of October 31, 2001, 9 of the remaining 112 lots closed for $483,867 and 15 lots were under contract for $6,997,250 at the Seven Hills development in Henderson, Nevada.

Financial Condition and Liquidity

Cash Flows

The net cash used in operating activities was $3,418,610 for the nine months ended September 30, 2001 versus $2,846,432 for the nine months ended September 30, 2000. The increase in net cash used is primarily the result of an increase in land and land improvements of $1,999,053 for the nine months ended September 30, 2001 versus an increase of $1,721,650 for the nine months ended September 30, 2000, and a decrease in mortgage notes receivable of $361,074 for the nine months ended September 30, 2001 versus a decrease of $636,580 for the nine months ended September 30, 2000. Other changes include net income of $1,607,723 for the nine months ended September 30, 2001 versus net loss of $5,909,995 for the nine months ended September 30, 2000 which was mostly offset by an income from joint ventures of $4,293,803 for the nine months ended September 30, 2001 versus a loss of $3,235,869 for the nine months ended September 30, 2000.

Net cash provided by investing activities was $4,183,014 for the nine months ended September 30, 2001 versus net cash provided by investing activities of $4,639,727 for the nine months ended September 30, 2000. The increase in funds provided was mainly the result of an increase in repayments of advances to joint venture of $4,183,014 for the nine months ended September 30, 2001 versus an increase in repayments of advances to joint venture of $4,919,727 for the nine months ended September 30, 2000. The decrease in investments in and advances to joint ventures for both the nine months ended September 30, 2001 and 2000 consists primarily of loan repayments through proceeds from SC Partnership land sales.

Net cash used in financing activities was $1,094,713 for the nine months ended September 30, 2001 and $2,002,134 for the nine months ended September 30, 2000. During the nine months ended September 30, 2001, the Partnership repaid $2,000,000 of its Senior Notes. The Partnership also received proceeds of $940,638 from a mortgage note payable for expenditures at the Solon Estate (Thornbury) development. During the nine months ended September 30, 2000, the Partnership repaid Sunrise Land Company the $4,549,400 loaned for expenditures at the Seven Hills project as of December 31, 1999 and subsequently borrowed an additional $1,949,400. The Partnership also received proceeds of $1,993,081 from a mortgage note for expenditures at the Solon Estate (Thornbury) development and subsequently repaid $1,358,853.

INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

This Quarterly Report, together with other statements and information publicly disseminated by the Partnership, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements reflect management's current views with respect to financial results related to future events and are based on assumptions and expectations which may not be realized and are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial or otherwise, may differ from the results discussed in the forward-looking statements. Risks and other factors that might cause differences, some of which could be material, include, but are not limited to, the effect of economic and market conditions on a nation-wide basis as well as regionally in areas where the Partnership has a geographic concentration of land; failure to consummate financing arrangements; development risks, including lack of satisfactory financing, construction and cost overruns; the level and volatility of interest rates; the rate of revenue increases versus expenses increases; as well as other risks listed from time to time in the Partnership's reports filed with the Securities and Exchange Commission. The Partnership has no obligation to revise or update any forward-looking statements as a result of future events or new information. Readers are cautioned not to place undue reliance on such forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Management has and will continue to manage interest rate risk by maintaining a conservative ratio of fixed rate, long-term debt to total debt to ensure that variable rate exposure is kept at an acceptable level. At September 30, 2001, the Partnership had $940,638 of variable rate debt. At December 31, 2000, there was no variable rate debt outstanding.

The tables below provides information about the Partnership's financial instruments that are sensitive to changes in interest rates. For each debt obligation, the table presents principal cash flows and related weighted average interest rates by expected maturity dates.

At September 30, 2001	Expected Maturity Date 2001	2002	2003	Total	Fair Market Value
Fixed:					
Senior notes	$ —	$ —	$34,000,000	$34,000,000	$36,141,772
Interest rate	—	—	10.83%	10.83%	—
Variable:					
Variable rate mortgage debt	$ —	$ 940,638	$ —	$ 940,638	$ 940,638
Interest rate	—	6.00%	—	6.00%	—
	$ —	$ 940,638	$34,000,000	$34,940,638	$37,082,410

At December 31, 2000	Expected Maturity Date 2001	2002	2003	Total	Fair Market Value
Fixed:					
Senior notes	$ —	$ —	$36,000,000	$36,000,000	$36,000,000
Interest rate	—	—	10.83%	10.83%	—
	$ —	$ —	$36,000,000	$36,000,000	$36,000,000

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Partnership is not involved in any instances of litigation related to its operations.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits – none

(b) No reports on Form 8-K have been filed by the Registrant during the quarter ended September 30, 2001

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.

Granite Development Partners, L.P.
(Registrant)

DATE: 11/14/01 /s/ Robert F. Monchein

Robert F. Monchein
President
FC-Granite, the general partner
of Granite Development Partners, L.P.

DATE: 11/14/01 /s/ Mark A. Ternes

Mark A. Ternes
Controller
FC-Granite, the general partner
of Granite Development Partners, L.P.