AMERICAN MORTGAGE ACCEPTANCE CO
Form 10-Q
May 08, 2007

UNITED STATES
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 MARCH 31, 2007

OR

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

Commission File Number 0-23972

AMERICAN MORTGAGE ACCEPTANCE COMPANY
(Exact name of Registrant as specified in its charter)

MASSACHUSETTS	13-6972380
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

625 MADISON AVENUE, NEW YORK, NEW YORK	10022
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (212) 317-5700

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 the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Large Accelerated filer [ ] Accelerated filer [X] Non-accelerated filer [ ]

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

As of April 30, 2007, there were 8,402,049 outstanding common shares of the registrant's shares of beneficial interest, $0.10 par value.

TABLE OF CONTENTS

AMERICAN MORTGAGE ACCEPTANCE COMPANY

FORM 10-Q

P

PART I
Item 1. Condensed Consolidated Financial Statements
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 3. Quantitative and Qualitative Disclosures about Market Risk
Item 4. Controls and Procedures

PART II
Item 1. Legal Proceedings
Item 1A Risk Factors
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
Item 3. Defaults Upon Senior Securities
Item 4. Submission of Matters to a Vote of Security Holders
Item 5. Other Information
Item 6. Exhibits

SIGNATURES

2

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except per share amounts)

ASSETS

	March 31, 2007	December 31 2006
	(Unaudited)	

Cash and cash equivalents	$ 14,508	$ 7,553
Restricted cash	2,116	14,951
Investments		
Mortgage loans receivable, net	637,498	536,685
Debt securities available for sale, at fair value	80,955	82,582
Notes receivable, net	9,260	9,213
Revenue bonds available for sale, at fair value	5,012	4,967
Investment in CDO securities, net	10,061	--
Real estate owned	--	48,692
Accounts receivable	7,417	7,670
Deferred charges and other assets, net	8,261	8,671
Total assets	$ 775,088	$ 720,984

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
CDO notes payable	$ 362,000	$ 362,000
Repurchase facilities	268,389	163,576
Mortgages payable on real estate owned	--	39,944
Preferred shares of subsidiary (subject to mandatory repurchase)	25,000	25,000
Line of credit - related party	10,190	15,000
Note payable - related party	4,968	--
Accounts payable and accrued expenses	14,445	13,666
Due to Advisor and affiliates	1,494	1,670
Dividends payable	1,890	15,120
Total liabilities	688,376	635,976
Commitments and contingencies		
Shareholders' equity:		
Shares of beneficial interest; $0.10 par value; 25,000 shares authorized; 8,817 issued and 8,402 outstanding in 2007 and 8,815 issued and 8,400 outstanding in 2006	881	881
Treasury shares of beneficial interest at par; 415 shares in 2007 and 2006	(42)	(42)
Additional paid-in capital	128,009	127,971
Accumulated deficit	(36,901)	(40,174)
Accumulated other comprehensive loss	(5,235)	(3,628)
Total shareholders' equity	86,712	85,008
Total liabilities and shareholders' equity	$ 775,088	$ 720,984

See accompanying notes to condensed consolidated financial statements.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES

Condensed Consolidated Statements of Income
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2007	2006
Revenues:		
Interest income:		
Mortgage loans	$ 10,216	$ 1,98
Debt securities	1,227	3,21
Notes receivable	--	23
Revenue bonds	106	14
Temporary investments	170	8
CDO securities	7	-
Participation income	699	-
Other revenues	76	
Total revenues	12,501	5,67
Expenses:		
Interest	8,495	2,21
Interest - distributions to preferred shareholders of subsidiary (subject to mandatory repurchase)	569	51
General and administrative	734	48
Fees to Advisor	839	82
Amortization and other	200	1
Total expenses	10,837	4,06
Other (loss) income:		
Change in fair value of derivative instruments	(31)	-
Equity in earnings of ARCap	--	67
Total other (loss) income	(31)	67
Income from continuing operations	1,633	2,28
Income (loss) from discontinued operations, including gain on sale	3,531	(11
Net income	$ 5,164	$ 2,16
Per share amounts (basic and diluted):		
Net income from continuing operations	$ 0.19	$ 0.2
Net income (loss) from discontinued operations	0.42	(0.0
Net income	$ 0.61	$ 0.2

Dividends per share	$ 0.225	$ 0.40
Weighted average shares outstanding		
Basic	8,402	8,30
Diluted	8,402	8,30

See accompanying notes to condensed consolidated financial statements.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months March 3	
	2007	
Cash flows from operating activities:		
Net income	$ 5,164	$
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	336	
Equity in earnings of ARCap	--	
Distributions received from ARCap	--	
Gain on sale of real state owned	(3,611)	
Change in fair value of derivative instruments	31	
Amortization and accretion	111	
Other non-cash income	(263)	
Changes in operating assets and liabilities:		
Accounts receivable	253	
Other assets	(3)	
Due to Advisor and affiliates	(176)	
Accounts payable and accrued expenses	(213)	
Net cash provided by operating activities	1,629	
Cash flows from investing activities:		
Funding and purchase of mortgage loans	(102,335)	
Principal repayments of mortgage loans	1,846	
Investment in CDO securities	(10,061)	
Principal repayments or sale of debt securities	1,360	
Decrease in restricted cash	12,835	

Proceeds from sale of real estate owned	11,987
Principal repayment on real estate owned	35
Funding of notes receivable	(47)
Principal repayment of revenue bonds	52
Net cash (used in) provided by investing activities	(84,328)

continued

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2007	2006
Cash flows from financing activities:		
Proceeds from repurchase facilities	107,134	3,830
Repayments of repurchase facilities	(2,321)	(7,281)
Proceeds from line of credit - related party	71,240	--
Repayments of line of credit - related party	(76,050)	--
Proceeds from note payable - related party	4,968	--
Repayments of warehouse facility	--	(4,070)
Deferred financing costs	(197)	(1,580)
Dividends paid to shareholders	(15,120)	(3,322)
Net cash provided by (used in) financing activities	89,654	(12,423)
Net increase (decrease) in cash and cash equivalents	6,955	(10,536)
Cash and cash equivalents at the beginning of the year	7,553	11,214
Cash and cash equivalents at the end of the period	$ 14,508	$ 678

See accompanying notes to condensed consolidated financial statements.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, 2007
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The condensed consolidated financial statements include the accounts of American Mortgage Acceptance Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise indicated, we herein refer to American Mortgage Acceptance Company and its subsidiaries as "AMAC", "we", "us", "our", and "our Company". We are externally managed by Centerline/AMAC Manager Inc. (the "Advisor"), formerly known as CharterMac AMI Associates, Inc., which acts as our Advisor and is an indirect subsidiary of Centerline Holding Company ("Centerline"), formerly known as CharterMac. We operate in one business segment.

The condensed consolidated financial statements have been prepared without audit. In the opinion of management, the financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly our financial position as of March 31, 2007, and the results of our operations and our cash flows for the period then ended. However, the operating results for interim periods may not be indicative of the results for the full year.

Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted. It is suggested that these financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2006.

Our annual report on Form 10-K for the year ended December 31, 2006, contains a summary of our significant accounting policies. There have been no material changes to these items since December 31, 2006.

The preparation of the condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

We have reclassified certain prior year amounts to conform to the current year presentation, in particular the reclassification of operating results for our real estate owned portfolio to discontinued operations (see Notes 4 and 12).

NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement No. 157, FAIR VALUE MEASUREMENTS, which established a framework for calculating the fair value of assets and liabilities as required by numerous other accounting pronouncements and expands disclosure requirements of the fair values of certain assets and liabilities. The statement is effective as of the beginning of our 2008 fiscal year. We are currently evaluating the impact, if any, that the adoption of this statement will have on our consolidated financial statements.

In January 2007, the FASB issued Statement No. 159, THE FAIR VALUE OPTION FOR

FINANCIAL ASSETS AND FINANCIAL LIABILITIES. This statement was issued with the intent to provide an alternative measurement treatment for certain financial assets and liabilities. The alternative measurement would permit fair value to be used for both initial and subsequent measurement, with changes in fair value recognized in earnings as those changes occur. This "Fair Value Option" would be available on a contract by contract basis. The effective date for this statement is the beginning of our 2008 fiscal year. We are currently assessing the impact, if any, that the adoption would have on our consolidated financial statements should we elect to adopt it. If we were to do so, we would not apply its provisions until Statement No. 157 (described above) is adopted.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, 2007
(Unaudited)

NOTE 2 - MORTGAGE LOANS AND NOTES RECEIVABLE

We partially or fully funded 12 first mortgage, bridge and mezzanine loans and subordinated notes, totaling approximately $103.2 million during the first quarter of 2007, including one to a related party (see Note 13). The loans bear interest at a weighted average interest rate of 7.83%.

During February 2007, one of our mortgage loans was repaid, resulting in a one time payment received, pursuant to a participating arrangement, of approximately $699,000. These fees are recorded as participation income in our condensed consolidated statements of income.

At March 31, 2007, approximately $611.1 million of our first mortgage, bridge and mezzanine loans and subordinated notes were pledged as collateral for our collateralized debt obligation ("CDO") notes payable or a repurchase facility.

NOTE 3 - INVESTMENTS IN DEBT SECURITIES - AVAILABLE FOR SALE

Information regarding our investments in debt securities is as follows:

(In thousands)

	March 31, 2007	December 31, 2006
Amortized cost	$ 82,107	$ 83,496
Unrealized gains	314	359
Unrealized losses	(1,466)	(1,273)
Net unrealized loss	(1,152)	(914)
Fair value	$ 80,955	$ 82,582

The fair value and gross unrealized losses of our debt securities aggregated by length of time that these individual debt securities have been in a continuous unrealized loss position at March 31, 2007, and December 31, 2006, is summarized in the table below:

(dollars in thousands)

	March 31, 2007			December 31, 2006		
	Less than 12 Months	12 Months or More	Total	Less than 12 Months	12 Months or More	Total
Number of securities	2	11	13	3	9	12
Fair value	$26,996	$45,975	$72,971	$35,799	$37,579	$73,378
Gross unrealized loss	$ 1,074	$ 392	$ 1,466	$ 246	$ 1,027	$ 1,273

The unrealized losses shown above are as a result of increases in interest rates subsequent to the acquisition of the securities. All of the debt securities are performing according to their terms. Furthermore, we have the intent and ability to hold these securities to maturity, or at least until interest rates change such that the fair value is no longer less than book value. Accordingly, we have concluded that these declines in value are temporary.

At March 31, 2007, all of our debt securities were pledged as collateral under our debt securities repurchase facilities.

NOTE 4 - REAL ESTATE OWNED

During March 2007, we sold our economic interest in the Concord properties to an affiliated party (see Note 12), resulting in proceeds of approximately $12.0 million and a gain of approximately $3.6 million. As a result of the sale, we have reclassified property operations for the current period and all comparable prior periods as discontinued operations (see Note 12).

NOTE 5 - INVESTMENT IN CDO SECURITIES

During March 2007, we purchased a $10.1 million investment in CDO securities issued by Nomura CRE CDO 2007-2, LTD ("Nomura"). The securities, which bear interest at a weighted average interest rate of 9.00% and mature in May 2042, represented 9.9% of the total investment made by Centerline Real Estate Special

Situations Mortgage Fund LLC ("CRESS"), a fund managed by an affiliate of our Advisor. We could not initially take possession of the securities and they were temporarily held in the name of CRESS as nominee for us, pending permanent financing. In April 2007, we arranged the permanent financing and took full title to the securities. See also Notes 7 and 15.

NOTE 6 - REPURCHASE FACILITIES

Our repurchase facilities consisted of financing collateralized by:

	March 31, 2007	December 31, 2006
Debt securities	$ 78,148	$ 79,427
Other (1)	190,241	84,149
Total	$268,389	$163,576

(1) This facility includes mortgage loan, bridge note, mezzanine loan and subordinated B-note assets pledged as collateral.

As of March 31, 2007, the debt securities repurchase facilities (with RBC Capital Markets and UBS Financial Services) had a weighted average interest rate of 5.37% as compared to 5.41% at December 31, 2006. These borrowings are subject to 30-day settlement terms. Our other repurchase facility with Citigroup had a weighted average interest rate of 6.12% at March 31, 2007, as compared to 6.13% at December 31, 2006. This repurchase facility expires upon the completion of a second planned CDO securitization, or twelve months after the inception of the facility, whichever comes first.

NOTE 7 - LINE OF CREDIT AND NOTE PAYABLE - RELATED PARTIES

	March 31, 2007	December 31, 2006
Line of credit - Centerline	$10,190	$15,000
Note payable to CRESS	4,968	--
Total	$15,158	$15,000

In addition to our existing line of credit with Centerline, we temporarily borrowed approximately $5.0 million from CRESS, in March 2007 in connection with our investment in CDO securities (see Note 5). The borrowings had a weighted average interest rate of 5.92%. Subsequent to March 31, 2007, we entered into

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, 2007
(Unaudited)

repurchase agreements with Bear Stearns and Wachovia to lever our investment in the CDO securities and repaid our liability to CRESS from the proceeds received, terminating the note (see Note 15).

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

(In thousands)	March 31, 2007	December 31, 2006
Interest rate derivatives (see Note 9)	$ 9,667	$ 8,673
Refundable deposits (1)	545	1,161
Accrued interest payable	3,131	3,078
Other	1,102	754
	$14,445	$13,666

(1) Includes refundable deposits collected during the due diligence period of a loan transaction which are payable to other parties.

NOTE 9 - DERIVATIVE INSTRUMENTS

CASH FLOW HEDGES OF DEBT

Our borrowings under repurchase facilities, CDO notes payable, related party line of credit and our manditorily redeemable preferred shares incur interest at variable rates, exposing us to interest rate risk. We have established a policy for risk management outlining our objectives and strategies for use of derivative instruments to potentially mitigate such risks.

Effective March 30, 2007, we entered into a three-year interest rate swap to reduce our exposure to possible increases in the variable interest rate on our preferred shares of a subsidiary (subject to mandatory repurchase). Under the swap agreement, we are required to pay Bear Stearns a fixed rate of 4.97% on a notional amount of $25.0 million and will receive a floating rate equivalent to 3-month LIBOR.

As of March 31, 2007, including the above mentioned swap, we had 38 interest rate swaps with an aggregate notional amount of $563.5 million, which will expire on dates ranging from March 2008 through March 2017 and are designated as cash flow hedges, with the hedged item being the interest payments on our

variable-rate repurchase facilities, CDO notes payable, and mandatory redeemable preferred shares. These swaps are recorded at fair value, with changes in fair value recorded in comprehensive income to the extent the hedges are effective in achieving offsetting cash flows. Amounts in accumulated other comprehensive income will be reclassified into earnings in the same period during which the hedged forecasted transaction affects earnings. Since we are hedging the interest payments on our variable-rate debt, the forecasted transactions are the interest payments.

We assess both at inception and on an ongoing basis, whether the swaps are effective in offsetting changes in the variable cash flows of the hedged item. We measure ineffectiveness of our cash flow hedges on a quarterly basis and record any ineffectiveness in interest expense on the condensed consolidated statements of income. With the exception of one, all of our swaps have been effective, and we expect they will continue to be effective in the future. We have recorded ineffectiveness of approximately $59,000 related to that swap. This swap includes an embedded financing component, which has caused and will continue to cause some ineffectiveness, within the limits allowed by SFAS No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, to maintain hedge accounting.

We estimate that approximately $28,000 of the net unrealized losses included in accumulated other comprehensive loss will be reclassified into interest expense within the next 12 months.

FREE-STANDING DERIVATIVES RELATED TO INVESTMENTS

We have three interest rate swaps with an aggregate notional amount of approximately $20.2 million, which expire on dates ranging from February 2017 through July 2017, that are hedging changes in the fair value of certain investments. We did not elect to apply hedge accounting to these swaps and, therefore, the changes in their fair values are included in other income in the condensed consolidated statements of income.

We are required to maintain a minimum balance of collateral with Bank of America in connection with these interest rate swaps. From time to time, as market rates fluctuate, we may be called upon to post additional cash collateral with Bank of America. These payments are held as deposits with Bank of America and will be used to settle the swap at termination date if market rates fall below the fixed rates on the swaps. At March 31, 2007, we had approximately $90,000 of deposits held by Bank of America.

FINANCIAL STATEMENT IMPACT

Interest rate swaps for which we were in a net settlement liability position are recorded in accounts payable and accrued expenses (see Note 8) and those for which we are in a net settlement asset position are recorded in deferred charges and other assets. The amounts recorded were as follows:

(In thousands)	March 31, 2007	December 31, 2006
Net asset position	$ 732	$1,143
Net liability position	$9,667	$8,673

Net income included the following related to our free-standing derivatives and interest rate hedges:

(In thousands)	Three Months Ended March 31, 2007	2006
Interest income	$(255)	$ (75)
Interest expense	--	5
Other income	31	(144)
Net	$ 224	$(214)

NOTE 10 - COMPREHENSIVE INCOME

Comprehensive income for the three months ended March 31, 2007 and 2006, was as follows:

(In thousands)	Three Months Ended March 31, 2007	2006
Net income	$ 5,164	$ 2,169
Net unrealized (loss) gain on derivative instruments	(1,465)	147
Net unrealized holding loss on investments	(142)	(1,586)
Reclassification adjustment for realized gain on investments	--	(166)
Comprehensive income	$ 3,557	$ 564

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, 2007
(Unaudited)

NOTE 11 - EARNINGS PER SHARE

Diluted net income from continuing operations per share is calculated using the weighted average number of shares outstanding during the period plus the additional dilutive effect of common share equivalents. The dilutive effect of outstanding share options is calculated using the treasury stock method.

(In thousands, except per share amounts)

Three Months Ended March 31, 2007:	Income	Shares	Per Share
Basic EPS (from continuing operations)	$1,633	8,402	$ 0.19
Effect of dilutive securities	--	--	--
Diluted EPS (from continuing operations)	$1,633	8,402	$ 0.19
Three Months Ended March 31, 2006:			
Basic EPS (from continuing operations)	$2,288	8,304	$ 0.27
Effect of dilutive securities	--	3	--
Diluted EPS (from continuing operations)	$2,288	8,307	$ 0.27

NOTE 12 - DISCONTINUED OPERATIONS

Income (loss) from discontinued operations included the following related to the Concord portfolio (which we sold from our real estate owned portfolio in March 2007) and the Reserve at Autumn Creek (which we sold from our Real Estate Owned portfolio in 2006):

	Three Months Ended March 31,	
	2007	2006
Revenues	$ 1,815	$ 2,393
Gain on sale of real estate owned	$ 3,611	$ --
Net income (loss)	$ 3,531	$ (119)

NOTE 13 - RELATED PARTY TRANSACTIONS

Fees to Advisor

Under our amended Advisory Services Agreement with our Advisor (the "Advisory Agreement"), which was amended in March 2007, we pay certain fees, in addition to reimbursements of certain administrative and other costs that our Advisor incurs on our behalf for its ongoing management and operations of our Company:

Fees/Compensation	Annual Amount
I. Asset management fees	Our Advisor receives an asset management fee equal to 1.75% per year for the first $300.0 million of our adjusted equity balance (as defined in the Advisory Agreement) and 1.50% per year of our adjusted equity balance in excess of $300.0 million.
II. Loan origination fees	Our Advisor is entitled to receive, with respect to each investment originated by us, the origination points, if any, paid by borrowers. In connection with the acquisition of investments for us, our Advisor may also act as an advisor to third parties which participate with us in such investments and

	may receive origination points, if any, from such third parties or their borrowers. In the event our Advisor is not entitled to an origination fee from a borrower for a loan the Advisor originated for investment by us, we will pay an origination fee or a referral fee consistent with industry practice, amount and terms.
III. Annual incentive management fees	Our Advisor is entitled to receive incentive compensation for each fiscal year in an amount equal to the product of: (A) 25% of the dollar amount by which (1) Adjusted Funds from Operations ("AFFO") before this incentive management fee per share (based on the weighted average number of shares outstanding), excluding non-cash gains or losses due to the recording

of fair value hedges

exceed

(2) the weighted average per share value of (x) $20 and (y) the prices per share of any secondary offerings by the Company multiplied by the greater of:

(a) 9.00%; and

(b) the Ten-Year U.S. Treasury Rate plus 2% per annum

multiplied by

(B) the weighted average number of shares outstanding during such year.

AFFO means net income (computed in accordance with GAAP) including realized gains (or losses) from debt restructuring and sales of non-real estate assets, plus depreciation and amortization on real property, and after adjustments for unconsolidated partnerships and joint ventures.

A minimum of 10% and a maximum of 50% of the annual incentive management fee is to be paid in common shares, at the discretion of our Board of Trustees.

IV. Shared services expenses	Our Advisor is reimbursed by us for (i) the actual costs to the Advisor of goods, materials and services used for and by us obtained from unaffiliated parties, (ii) the costs of certain personnel employed by the Advisor and directly involved in the organization and business of our Company and for legal, accounting, transfer agent, reinvestment and redemption plan administration, data processing, duplication and investor communications services performed by employees or officers of the Advisor.

Prior to the March 2007 amendment to the Advisory Agreement, the following fees were paid to the Advisor differently than they are currently paid.

- ASSET MANAGEMENT FEES - We paid asset management fees equal to 1.75% of our total equity balance, adjusted by certain costs and one-time events.

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, 2007
(Unaudited)

- INCENTIVE MANAGEMENT FEES - We paid incentive management fees based on a calculation that used an AFFO and specified yield - based threshold payment of this fee was made in cash only.

Other fees as described above are consistent with the Advisory Agreement prior to the March 2007 amendment.

Other Related Party Transactions

We pay our Advisor a fee for servicing and special servicing our mortgage loans and other investments equal to the Advisor's actual costs of performing such services but not less tahn 0.08% per year of the pricinpal balance of the related mortgage loan or other investment.

During 2006, we entered into a co-investment agreement with CRESS, whereby we and CRESS will participate in investment opportunities that are originated by affiliates and which meet the investment criteria of both companies. A portion of our 2007 investments were made pursuant to this agreement and we will continue to pursue investment opportunities with CRESS throughout 2007.

During 2007, we partially or fully funded 12 first mortgage, bridge and mezzanine loans and subordinated notes, with carrying amounts totaling approximately $103.2 million (see Note 2), originated by Centerline Mortgage Capital Inc. ("CMC"), formerly known as CharterMac Mortgage Capital Corporation, an affiliate of our Advisor. CMC received approximately $588,000 in loan origination fees related to these originations, all of which were paid by the borrowers.

During 2007, we funded two mezzanine loans aggregating $50.7 million (including one funded subsequent to March 31 - see Note 15) to properties developed by a company partly owned by the chairman of Centerline. Those transactions were approved by our Board of Trustees and, in the opinion of management the terms of these mezzanine transactions were consistent with those transactions with independent third parties.

During March 2007, we sold our economic interest in the Concord properties to CRESS (see Note 4 and 12).

During March 2007, we purchased an investment in CDO securities issued by Nomura which was temporarily held in the name of CRESS as nominee for us, pending permanent financing. As a result, a portion of the purchase price remained payable to CRESS as of March 31, 2007 (see Notes 7 and 15).

The following summarizes all costs paid or payable to our Advisor or its affiliates:

thousands)	Three Months Ended March 31,	
	2007	2006

Fee to Advisor:			
Shared services expenses	$455	$202	
Asset management fees	384	431	
Incentive management fee	--	194	(1)
Total fees to Advisor	$839	$827	
Other Fees:			
Servicing fees	129	--	
Interest paid on related party line of credit (2)	97	--	
Total other fees	$226	$ --	

(1) Accrual was based on the proportion of actual earnings as compared to our estimates of full-year results at March 31, 2006. Later in 2006, when it was determined that certain financial thresholds would not be achieved, the accrual was reversed and no incentive fees were paid.
(2) Represents interest on the line of credit with Centerline (see Note 7).

NOTE 14 - COMMITMENTS AND CONTINGENCIES

(a) Guarantees

Prior to 2000, we entered into a loan program with Fannie Mae, under which we agreed to guarantee a first-loss position on certain loans, which could have potentially resulted in an aggregate exposure of $7.5 million. In June and October of 2000, we originated two loans totaling $3.3 million under the program. In September 2003, we transferred and assigned all of our obligations with respect to these two loans to CMC, a subsidiary of Centerline, both of which are affiliates of the Advisor. Pursuant to the agreement with CMC, Centerline guaranteed CMC's obligations, and we agreed to indemnify both CMC and Centerline for any losses incurred in exchange for retaining all fees which we were otherwise entitled to receive from Fannie Mae under the program. The maximum exposure at March 31, 2007, was $3.1 million, although we expect that we will not be called upon to fund these guarantees.

In the first quarter of 2003, we discontinued our loan program with Fannie Mae and will issue no further guarantees pursuant to such program.

For these guarantees, we monitor the status of the underlying properties and evaluate our exposure under the guarantees. To date, we have concluded that no accrual for probable losses is required under SFAS No. 5, ACCOUNTING FOR

CONTINGENCIES.

(b) Future Funding Commitments

We are committed to additionally fund the following first mortgage and mezzanine loans at March 31, 2007:

				(In thousands	
				MAXIMUM AMOUNT OF CO	
ISSUE DATE	PROJECT	LOCATION	NO. OF APT. UNITS	TOTAL	LESS THAN 1 YEAR
Apr-05	Atlantic Hearthstone	Hillsborough, NJ	198	$ 733	$ 733
Feb-05	Aberdeen Apartments	Houston, TX	656	1,276	1,276
TOTAL FUTURE FUNDING COMMITMENTS			854	$ 2,009	$ 2,009

NOTE 15 - SUBSEQUENT EVENTS

In April 2007, we received approximately $337,000 of proceeds from the release of an escrow that was held back from the proceeds of our 2006 sale of ARCap. The entire amount will be recognized as income during the second quarter of 2007.

During April 2007, we took possession of the Nomura CDO securities and repaid our liability to CRESS (see Notes 5 and 6). We obtained third party financing on the investment from Bear Stearns and Wachovia.

During April 2007, we partially funded an $18.2 million mezzanine loan to an affiliate partly owned by the chairman of Centerline (see Note 13).

15

AMERICAN MORTGAGE ACCEPTANCE COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, 2007
(Unaudited)

During April 2007, we purchased an $84.0 million participation interest in a mezzanine loan. We obtained $67.2 million of financing for this investment through the use of a master repurchase agreement with Bear Stearns.

16

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

Forward-Looking Statements

Certain statements made in this report may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Such forward-looking statements include statements regarding the intent, belief or current expectations of us and our management (which includes our Advisor) and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors, which are outlined in detail in our annual report on Form 10-K for the year ended December 31, 2006, include the following:

- Risks of investing in uninsured and non-investment grade mortgage assets;
- Competition in acquiring desirable investments;
- Interest rate fluctuations;
- Risks associated with investments in real estate generally and the properties which secure many of our investments;
- General economic conditions, particularly as they affect the value of our assets and the credit status of our borrowers;
- Dependence on our external Advisor for all services necessary for our operations;
- Conflicts which may arise among us and other entities affiliated with our Advisor that have similar investment policies to ours;
- Risks associated with the repurchase agreements we utilize to finance our investments and the ability to raise capital;
- Risks associated with the failure to qualify as a Real Estate Investment Trust ("REIT"); and
- Risks associated with Collateral Debt Obligation ("CDO") transactions, which include, but are not limited to:
  - The inability to acquire eligible investments for a CDO issuance;
  - Interest rate fluctuations on variable-rate swaps entered into to hedge fixed-rate loans;
  - The inability to find suitable replacement investments within reinvestment periods; and
  - The negative impact on our cash flow that may result from the use of CDO financings with over-collateralization and interest coverage requirements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report.

Factors Affecting Comparability

During 2007, we sold our economic interest in the Concord properties, resulting in a gain of approximately $3.6 million. This amount is recorded in discontinued operations along with rental income, property operations, mortgage interest and depreciation for the period up to the sale. Property operations from prior comparable periods have been reclassified to conform to current period presentation.

Investment Activity

During the three months ended March 31, 2007, we partially or fully funded the following investments, not reflecting any discounts or premiums:

(In thousands)

	Amount	Weighted Average Interest Rate
Mortgage loans:		
First mortgage loans	$ 34,700	5.72%
Bridge loans	19,660	6.51
Mezzanine loans	45,693	10.06
Subordinated B-notes	3,110	6.98
CDO securities	10,084	9.00
Total	$113,247	7.90%

During the three months ended March 31, 2006, we had no origination activity.

Results of Operations

The following is a summary of our operations for the three months ended March 31, 2007 and 2006:

(In thousands)

	Three Months Ended March 31,		
	2007	2006	Change
Total revenues	$ 12,501	$ 5,671	120.4%
Total expenses	10,837	4,062	166.8

Total other (loss) income	(31)	679	(104.6)
Income (loss) from discontinued operations, including gain on sale	3,531	(119)	N/A
Net income	$ 5,164	$ 2,169	138.1%

The growth in our annual revenues during the three month period ended March 31, 2007, as compared to the same period in 2006, resulted primarily from increases in investment volume, as well as participation income received in connection with a paydown of one of our mortgage loans.

Expenses also increased for these periods due to:

- financing costs (particularly due to higher debt balances and steady increases in interest rates);
- amortization costs due to a higher balance of deferred costs resulting from our 2006 CDO securitization; and
- general and administrative costs (particularly legal costs due to higher amount of specially serviced assets in our portfolio, CDO administrative costs as a result of our 2006 CDO securitization and loan servicing costs which we no longer pay through quarterly expense reimbursement to our Advisor).

Other income (loss) decreased during 2007 primarily as a result of the sale of ARCap during 2006 and the resulting absence of equity income. The balance in 2007 relates entirely to the change in the fair value of free-standing derivatives.

Income from discontinued operations includes operations from real estate owned that was sold during 2007 and 2006. The increase in 2007 is due to the recognition of a gain on sale of a portfolio of properties.

REVENUES

(In thousands)	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	% Change from Prior Period	% of 2007 Total Revenues	% of 2006 Total Revenues
Interest income:					
Mortgage loans	$10,216	$ 1,989	413.6 %	81.72 %	35.1 %
Debt securities	1,227	3,219	(61.9)	9.82	56.8
Notes receivable	--	233	(100.0)	0.00	4.1
Revenue bonds	106	142	(25.4)	0.85	2.5
Temporary investments	170	83	104.8	1.36	1.5
CDO securities	7	--	100.0	0.06	--
Participation income	699	--	100.0	5.59	--

Other revenues	76	5	N/A	0.61	0.1
Total revenues	$12,501	$ 5,671	120.4 %	100.00 %	100.0 %

At March 31, we had the following investments (exclusive of Real Estate Owned and temporary investments):

(In thousands)

	2007			2006		
	Carrying Amount	% of Total	Weighted Average Interest Rate	Carrying Amount	% of Total	Weighted Average Interest Rate
Mortgage loans	$637,498	85.8%	7.25%	$ 53,297	18.2%	14.98%
Debt securities	80,955	10.9	6.49	219,639	74.9	6.23
Notes receivable	9,260	1.2	9.78	13,725	4.7	10.26
Revenue bonds	5,012	0.7	8.70	6,581	2.2	8.68
CDO securities	10,061	1.4	9.00	--	--	--
	$742,785	100.0%	7.23%	$293,242	100.0%	8.18%

Interest income from mortgage loans increased significantly for the 2007 periods as compared to 2006, primarily due to the funding of 70 first mortgage loans, bridge notes, mezzanine loans, and subordinated notes throughout 2006 and 2007 and the partial funding of several existing mezzanine loans during 2006. The decrease in the weighted average interest rates on mortgage loans as of March 31, 2007, as compared to March 31, 2006, was primarily due to the funding of a greater amount of higher credit quality loans, as opposed to riskier, higher rate loans as we had done in the past.

Interest income from debt securities decreased for the three months ended March 31, 2007, primarily due to the sale of 20 FNMA certificates in November 2006, as well as the payoff of three GNMA certificates during 2006. The increase in the weighted average interest rate on debt securities during 2007 is due to the lower yields of the FNMA certificates sold relative to the yields of those retained.

Interest income from notes receivable decreased in 2007 as compared to 2006, primarily due to the payoff of several notes, as well as three loans which defaulted in August 2006, for which we do not currently accrue interest.

Interest income from revenue bonds for the three months ended March 31, 2007, was lower than the comparable prior year period, primarily due to the payoff of two revenue bonds during 2006.

Interest income from temporary investments increased for the 2007 period, as compared to 2006, primarily due to the investment of excess cash on hand resulting from the payoff of several mortgage loans and debt securities, as well as the funds received from the sale of ARCap in August 2006 and interest earned

on restricted cash balances held with custodians.

Participation income represents a one time payment received pursuant to a participating arrangement for a mortgage loan that was repaid in 2007. There was no such income received during 2006.

Other revenues increased for the three months ended March 31, 2007, primarily due to the recognition of unamortized loan origination fees resulting from the payoff of one of our mortgage loans. There were no comparable fees in 2006.

EXPENSES

(In thousands)	Three Months Ended				
	March 31, 2007	March 31, 2006	% Change from Prior Period	% of 2007 Total Revenues	% of 2006 Total Revenues
Interest	$ 8,495	$ 2,216	283.3 %	68.0 %	39.1 %
Interest-preferred shares	569	517	10.1	4.6	9.1
General and administrative	734	487	50.7	5.9	8.6
Fees to Advisor	839	827	1.5	6.7	14.6
Amortization and other	200	15	N/A	1.6	0.3
Total expenses	$10,837	$ 4,062	166.8 %	86.7 %	71.6 %

Interest expense increased for the three months ended March 31, 2007, as compared to 2006, primarily due to the increased borrowings made through 2007 and 2006 to fund origination activity and the increase in market interest rates during 2006 and 2007. Excluding mortgages on real estate owned (in the 2006 period), we had total debt as follows:

(dollars in thousands)	Three Months Ended March 31, 2007	2006
Total outstanding	$ 670,547	$ 230,650
Weighted average interest rate (including effect of interest rate swaps)	5.35%	5.04%
Notional amount of interest rate swaps	$ 583,692	$ 35,000
Weighted average rate of interest rate swaps	5.17%	3.69%

In accordance with FASB Statement No. 150, ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF BOTH LIABILITIES AND EQUITY, we classify distributions made on preferred shares of our wholly owned subsidiary as interest expense. Distributions to preferred shareholders increased for the three months ended March 31, 2007, as compared to 2006 due to the increase in interest rates during 2007 and 2006, as the distributions are at a variable rate, based on LIBOR.

General and administrative expenses increased for the three months ended March 31, 2007, as compared to 2006, due to increased legal fees due to an increase in the amount of watched assets as our portfolio has grown, recurring CDO administrative costs incurred during the 2007 period as a result of our 2006 CDO securitization and increased servicing costs. During 2006, our servicing costs were paid through quarterly expense reimbursements made to our Advisor. These increases were partially offset by decreased stock option costs (all of which were fully amortized in April 2006) and excise tax accrual (as no excise taxes are anticipated for 2007).

Fees to Advisor increased for the 2007 periods, as compared to 2006, due to higher shared services costs because of expansion of our business, offset by the absence of an accrual of incentive management fees in the 2007 period, as we do not anticipate current year earnings to reach incentive fee payment hurdles.

Amortization and other costs increased for the 2007 period, as compared to the same period in 2006, due to higher deferred financing costs as a result of our 2006 CDO securitization.

OTHER INCOME

Other income decreased for the three months ended March 31, 2007, as compared to 2006, primarily due to the sale of an equity investment in 2006, which had earned equity income in the 2006 period.

Funds from Operations

Funds from operations ("FFO"), represents net income or loss (computed in accordance with GAAP), excluding gains or losses from sales of property, excluding depreciation and amortization related to real property and including funds from operations for unconsolidated joint ventures calculated on the same basis. FFO is calculated in accordance with the National Association of Real Estate Investment Trusts ("NAREIT") definition. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flows as a measure of liquidity. Our management considers FFO a supplemental measure of operating performance, and, along with cash flows from operating activities, financing activities, and investing activities, it provides investors with an indication of our ability to incur and service debt, make capital expenditures, and fund other cash needs.

The following table reconciles net income to FFO for the three months ended March 31, 2007 and 2006:

(In thousands)

	Three Months Ended March 31,	
	2007	2006
Net income	$ 5,164	$ 2,169
Add back: Depreciation of real property (1)	336	450
Less: Gain on sale of real property (1)	(3,611)	--
FFO	$ 1,889	$ 2,619
Cash flows from:		
Operating activities	$ 1,629	$ 1,654
Investing activities	$(84,328)	$ 233
Financing activities	$ 89,654	$(12,423)
Weighted average shares outstanding:		
Basic	8,402	8,304
Diluted	8,402	8,307

(1) Related to properties sold during 2007 and 2006 and included in discontinued operations in our condensed consolidated statements of income.

Since not all companies calculate FFO in a similar fashion, our calculation presented above may not be comparable to similarly titled measures reported by other companies.

Liquidity and Capital Resources

SOURCES OF FUNDS

We expect that cash generated from our investments, as well as our borrowing capacity, will meet our needs for short-term liquidity and will be sufficient to pay all expenses and distributions to our shareholders in amounts sufficient to retain our REIT status in the foreseeable future. In order to qualify as a REIT under the Internal Revenue Code, as amended ("the Code"), we must, among other things, distribute at least 90% of our taxable income. We believe that we are in compliance with the REIT-related provisions of the Code.

21

As of March 31, 2007, our credit facilities consisted of:

- o repurchase facilities; and
- o a line of credit with Centerline.

Repurchase Facilities

At March 31, 2007, we had the following repurchase facilities in place:

DEBT SECURITIES

As a vehicle to leverage our investments in debt securities, we have repurchase agreements with two counter parties, RBC Capital Markets and UBS Financial Services. These facilities offer advance rates between 94% and 97% of collateral value and borrowing rates between LIBOR minus 0.03% and LIBOR plus 0.10%. The borrowings are subject to 30-day settlement terms. As of March 31, 2007, the amount outstanding under these repurchase facilities was $78.1 million, with a weighted average interest rate of 4.64% which is weighted including the effects of interest rate hedges in place on these facilities.

OTHER

During 2006, we began financing our investment growth by utilizing CDO securitizations. Prior to a securitization, we finance investments through a repurchase facility, which is repaid from the proceeds received when the CDO securitization is complete.

During December 2006, we executed a repurchase agreement with Citigroup Global Markets, Inc. ("Citigroup") for the purpose of funding investment activity. Advance rates on the borrowings from this facility, ranging from 80% to 90% of collateral value, are determined on an asset-by-asset basis. Interest on the borrowings, which ranges from LIBOR plus 0.40% to LIBOR plus 1.25%, is also determined on a loan-by-loan basis. The repurchase facility expires upon completion of a second planned CDO securitization, or twelve months after the inception of the repurchase facility, whichever comes first. At March 31, 2007, we had approximately $190.2 million of borrowings outstanding under this facility at a weighted average interest rate of 5.07%, including the effects of interest rate hedges.

During April of 2007, we executed repurchase agreements with Bear Stearns international limited ("Bear Stearns") and Wachovia Capital Markets ("Wachovia") for the purposes of providing financing for our investment in CDO securities issued by Nomura. Advance rates on the borrowings from the Bear Stearns facility range from 60-75% of the collateral value (non-investment grade CDO securities issued by Nomura) and interest on the borrowings ranged from 30-day LIBOR plus ..55% to 30-day LIBOR plus .85%. The borrowings are subject to 30-day settlement terms. Advance rates on the borrowings from the Wachovia facility are at 80% of the collateral value (investment grade CDO securities issued by Nomura) and interest on these borrowings are at 30-day LIBOR plus .40%. The borrowings are subject to 30-day settlement terms.

Related Party Line of Credit

We finance our remaining investing activity primarily through borrowings from a credit facility we maintain with Centerline. This $50.0 million facility offers borrowing rates of LIBOR plus 3.00%. As of March 31, 2007, the amount outstanding was $10.2 million with a weighted average interest rate of 8.32%. We had approximately $39.8 million available to borrow on this line at March 31, 2007.

Other Financing

As noted above, in 2006, we began financing our investment growth by utilizing CDO securitizations. At March 31, 2007, we had outstanding CDO securitization certificates totaling $362.0 million at a weighted average rate of 5.29%, including the effects of interest rate hedges.

We have capacity to raise approximately $170.0 million of additional funds by issuing either common or preferred shares pursuant to a shelf registration statement filed with the SEC. If market conditions warrant, we may seek to raise

additional funds for investment through further offerings, although the timing and amount of such offerings cannot be determined at this time.

SUMMARY OF CASH FLOWS

During the three months ended March 31, 2007, as compared to the three months ended March 31, 2006, the net change in cash and cash equivalents increased by approximately $17.5 million. Operating cash flows were consistent with the prior year period. While net income excluding the gain on sale of our real estate owned was lower than in 2006, this decrease was offset by lower payments to our Advisor.

An increase in net cash used in investing activities (approximately $84.6 million) was due to investments made in mortgage loans and CDO securities during 2007 as compared to no origination activity in the 2006 period, partially offset by proceeds received from the sale of real estate owned and the decrease in restricted cash held with a custodian for the purpose of investment activity for our CDO.

The increase in net cash provided by financing activities (approximately $102.1 million) can be attributed to the higher level of investing activity during the 2007 period, offset by partial repayments of the repurchase facilities.

LIQUIDITY REQUIREMENTS AFTER MARCH 31, 2007

During April 2007, we partially or fully funded approximately $133.7 million of mezzanine, subordinate B-notes and CMBS. Financing for these acquisitions was made through our repurchase facilities.

During May 2007, dividends of approximately $1.9 million ($0.225 per share), which were declared in March 2007, will be paid to common shareholders.

OTHER MATTERS

We are not aware of any trends or events, commitments or uncertainties, which have not otherwise been disclosed that will or are likely to impact liquidity in a material way.

Dividends

The following table outlines our total dividends and return of capital amounts, determined in accordance with GAAP, for the three months ended March 31:

(In thousands)

	2007	2006
Total dividends	$1,890	$3,322
Return of capital:		
Amount	--	1,152
Per share	--	0.14
Percent of total dividends	--	34.69%

Commitments, Contingencies and Off-Balance Sheet Arrangements

See Note 14 to our condensed consolidated financial statements for a summary of our guarantees and commitments and contingencies.

We have no unconsolidated subsidiaries, special purpose off-balance sheet financing entities, or other off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

In conducting business, we enter into various contractual obligations. Details of these obligations, including expected settlement periods as of March 31, 2007, are contained below.

	Payments Due by Period (In thousands)			
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years
Debt:				
CDO notes payable (1)	$ 362,000	$	$ --	$ --
Repurchase facilities:				
Debt securities (1)	78,148	78,148	--	--
Other (1)	190,241	190,241	--	--
Preferred shares of subsidiary (subject to mandatory repurchase) (1)	25,000	--	--	--
Line of credit - related party (1)	10,190	10,190	--	--
Note payable - related party (1)	4,968	4,968	--	--
Funding Commitments:				
Future funding loan commitments	2,009	2,009	--	--
Total	$ 672,556	$ 285,556	$ --	$ --

(1) Includes principal amounts only. At March 31, 2007, the weighted average interest rate on our debt was 5.94%.

Of our $285.6 million of debt that is due within the next year, it is anticipated that the $190.2 million related to a repurchase facility will be repaid upon due closing of our second CDO securitization currently anticipated to take place during the second half of 2007. The note payable - related party was repaid during April 2007 with a repurchase facility borrowing with third-party lenders (see Note 15 to the condensed consolidated financial statements). We also anticipate that our line of credit with Centerline will be extended one year upon its June 30, 2007, maturity date.

Recently Issued Accounting Standards

See NEW ACCOUNTING PRONOUNCEMENTS in Note 1 to the condensed consolidated financial statements.

Inflation

Inflation did not have a material effect on our results for the periods presented.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates and equity prices. The primary market risk to which we are exposed is interest rate risk, which is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

INTEREST RATE RISK

Interest rate fluctuations can adversely affect our income in many ways and present a variety of risks, including the risk of mismatch between asset yields and borrowing rates.

Our operating results depend in large part on differences between the income from our assets (net of credit losses) and our borrowing costs. Although we have originated variable-rate loans, most of our assets generate fixed returns and have terms in excess of five years. We fund the origination and acquisition of a significant portion of our assets with borrowings that have variable interest rates that reset relatively rapidly, such as weekly, monthly, or quarterly. In most cases, the income from assets will respond more slowly to interest rate fluctuations than the cost of borrowings, creating a mismatch between asset yields and borrowing rates. Consequently, changes in interest rates,

particularly short-term interest rates, may influence our net income. Our borrowings under repurchase facilities and our trust preferred securities bear interest at rates that fluctuate with LIBOR.

Various financial vehicles exist which would allow our management to mitigate the impact of interest rate fluctuations on our cash flows and earnings. We

enter into certain hedging transactions to protect our positions from interest rate fluctuations and other changes in market conditions. These transactions include interest rate swaps and fair value hedges. Interest rate swaps are entered into in order to hedge against increases in floating rates on our repurchase facilities. Fair value hedges are entered into for some of our investments to hedge our risk that interest rates may affect the fair value of these investments, prior to securitization.

Based on the $66.7 million unhedged portion of the $670.6 million of borrowings outstanding at March 31, 2007, a 1% change in LIBOR would impact our annual net income and cash flows by approximately $667,000. However, as the interest income from some of our loans is also based on LIBOR, a 1% change in LIBOR would impact our annual net income and cash flows from such loans by approximately $566,000. The net effect of a 1% change in LIBOR would therefore result in a change of our annual net income by approximately $101,000. In addition, a change in LIBOR could also impede the collections of interest on our variable-rate loans, as there might not be sufficient cash flow at the properties securing such loans to pay the increased debt service. Because the value of our debt securities fluctuates with changes in interest rates, rate fluctuations will also affect the market value of our net assets.

If we were to complete a second CDO transaction, substantially all of our debt will be fixed through interest rate swaps on the CDO debt.

ITEM 4. CONTROLS AND PROCEDURES

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report. Based on such evaluation, such officers have concluded that our disclosure controls and procedures as of the end of the period covered by this quarterly report were effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and to ensure that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) INTERNAL CONTROL OVER FINANCIAL REPORTING. There have not been any significant changes in our internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not party to any pending material legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors as disclosed in our annual report on Form 10-K for the year ended December 31, 2006.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS - None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES - None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS - None

ITEM 5. OTHER INFORMATION - None

ITEM 6. EXHIBITS

31.1 Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

31.2 Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

AMERICAN MORTGAGE ACCEPTANCE COMPANY
(Registrant)

Date: May 8, 2007 By: /s/ James L. Duggins

James L. Duggins
Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2007 By: /s/ Robert L. Levy

Robert L. Levy
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

27

Exhibit 31.1

CERTIFICATION

I, James L. Duggins, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ending March 31, 2007, of American Mortgage Acceptance Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 the 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly 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

   d) 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 audit committee of the registrant's board of trustees (or persons performing the equivalent functions):

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 control over financial reporting.

Date: May 8, 2007

By: /s/ James L. Duggins

James L. Duggins
Chief Executive Officer
(Principal Executive Officer)

28

Exhibit 31.2

CERTIFICATION

I, Robert L. Levy, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ending March 31, 2007, of American Mortgage Acceptance Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 the 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) designed such internal control over financial reporting, or caused

such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly 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

d) 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 audit committee of the registrant's board of trustees (or persons performing the equivalent functions):

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 control over financial reporting.

Date: May 8, 2007

By: /s/ Robert L. Levy

Robert L. Levy
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of American Mortgage Acceptance Company (the "Company") on Form 10-Q for the period ending March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), James L. Duggins, as Chief Executive Officer of the Company, and Robert L. Levy, as Chief Financial Officer of the Company each hereby certifies, pursuant to 18

U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ James L. Duggins
James L. Duggins
Chief Executive Officer
May 8, 2007

By: /s/ Robert L. Levy
Robert L. Levy
Chief Financial Officer
May 8, 2007

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