

MUNICIPAL MORTGAGE & EQUITY LLC

Form 8-K

August 12, 2002

MUNICIPAL MORTGAGE & EQUITY, LLC

SUPPLEMENTAL INFORMATION

QUARTER ENDED JUNE 30, 2002

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MUNICIPAL MORTGAGE & EQUITY, LLC
CALCULATION OF CASH AVAILABLE FOR DISTRIBUTION
(in thousands, except share and per share data)
(unaudited)

	For the three months ended June 30,	
	2002	2001
Interest on bonds, other bond-related investments, other notes and loans	\$ 23,377	\$ 21,267
Interest on short-term investments	244	247
Loan servicing fees	1,660	1,729
Loan origination and brokerage fees	5,385	4,573
Other income	2,451	1,679
Net gain on sales	102	-
TOTAL SOURCES OF CASH	33,219	29,495
EXPENSES:		
Salaries and benefits	5,930	5,030
Professional fees	1,437	913
Other operating expenses	2,227	2,163
Interest expense	7,900	7,531
Income taxes	345	465
TOTAL EXPENSES:	17,839	16,102
CASH AVAILABLE FOR DISTRIBUTION	15,380	13,393
LESS:		
Cash allocable to preferred shareholders and term growth shares, including preferred shareholders in a subsidiary company	2,995	3,116
CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 12,385	\$ 10,277
CAD PER COMMON SHARE	\$ 0.49	\$ 0.48

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CALCULATION OF CASH DISTRIBUTION:

CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 12,385	\$ 10,277
	=====	=====
ACTUAL AMOUNT PAID	\$ 11,072	\$ 9,219
	=====	=====
PAYOUT RATIO	89.4%	89.7%
	=====	=====
COMMON SHARES OUTSTANDING	25,308,022	21,564,461
	=====	=====
CASH DISTRIBUTION PER COMMON SHARE	\$ 0.4375	\$ 0.4275
	=====	=====

The primary differences between Net Income as calculated under generally accepted accounting principles ("GAAP") and Cash Available For Distribution ("CAD") result from the timing of income and expense recognition and non-cash events. These differences between CAD and GAAP income include the treatment of loan origination fees, which for CAD purposes are recognized when received but for GAAP purposes are amortized over the life of the associated loan. In addition, there are differences related to non-cash gains and losses associated with bond valuations and sales, non-cash gains and losses associated with changes in market value of derivative financial instruments, amortization of goodwill and intangibles and capitalization of mortgage servicing rights, net of deferred taxes for GAAP purposes, which are not included in the calculation of CAD.

The common shares outstanding reported for Cash Available for Distribution are the actual shares outstanding at the end of the quarter. For GAAP, the weighted average shares outstanding during the period are reported for the basic net income per share calculation. The weighted average shares outstanding for diluted net income per share include the potential dilutive effect from the exercise of options, vesting of restricted shares, conversion of the preferred shares and provision for shares to be awarded under the Midland acquisition earn out provision.

VARIANCE ANALYSIS FOR CAD

2nd Quarter 2002 Compared to 2nd Quarter 2001:

Total income for the second quarter of 2002 increased \$3.7 million over the same period last year due primarily to: (1) a \$2.1 million increase in collections of interest on bonds, other bond-related investments, other notes and loans; (2) a \$0.8 million increase in loan origination and brokerage fees due primarily to an increase in origination fees, which included a \$0.8 million fee related to the CAPREIT investment, partially offset by a decrease in fees related to tax credit and conventional equity transactions; and (3) a \$0.8 million increase in other income due to an increase in asset management fees, advisory fees and cancellation fees.

Total expenses for the second quarter increased \$1.7 million over the same period last year due primarily to: (1) a \$0.9 million increase in salary and related benefits expense associated with 2001 new hires; (2) a \$0.5 million increase in professional fees due to an increase in consulting and legal expenses related to new information system initiatives and other corporate

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initiatives; and (3) a \$0.4 million increase in interest expense primarily associated with increased construction lending production and an increase in financing costs associated with on-balance sheet securitizations.

Year-to-Date 2002 Compared to Year-to-Date 2001:

Total income for the six months ended June 30, 2002 increased \$7.2 million over the same period last year due primarily to: (1) a \$4.4 million increase in collections of interest on bonds, other bond-related investments, other notes and loans; (2) a \$1.6 million increase in loan origination and brokerage fees due primarily to an increase in origination fees, including a \$0.8 million fee related to the CAPREIT investment; and (3) a \$0.8 million increase in other income due to increased asset management fees, advisory fees and cancellation fees.

Total expenses for the six months ended June 30, 2002 increased \$3.3 million over the same period last year due primarily to: (1) a \$1.3 million increase in salary and related benefits expense associated with 2001 new hires; (2) a \$0.7 million increase in other operating expenses primarily driven by deployment of accounting information systems and other upgrades in technology infrastructure; (3) a \$1.0 million increase in interest expense, primarily associated with increased construction lending production and an increase in financing costs associated with on-balance sheet securitizations; and (4) a \$0.3 million increase in income taxes, primarily due to an increase in taxable fee income.

MUNICIPAL MORTGAGE & EQUITY, LLC
CALCULATION OF CASH AVAILABLE FOR DISTRIBUTION
(in thousands, except share and per share data)
(unaudited)

	Qtr Ended 06/30/02	Qtr Ended 03/31/02	Qtr Ended 12/31/01
SOURCES OF CASH:			
Interest on bonds, other bond-related investments, other notes and loans	\$ 23,377	\$ 22,963	\$ 22,700
Interest on short-term investments	244	487	53
Loan servicing fees	1,660	1,908	1,960
Loan origination and brokerage fees	5,385	3,126	4,130
Other income	2,451	2,330	1,340
Net gain on sales	102	40	25
Nonrecurring gain (loss), net	-	-	13
TOTAL SOURCES OF CASH	33,219	30,854	31,060
EXPENSES:			
Salaries and benefits	5,930	4,827	6,370
Professional fees	1,437	172	1,460
Other operating expenses	2,227	2,191	1,800
Interest expense	7,900	8,290	7,100
Income taxes	345	414	(60)
TOTAL EXPENSES	17,839	15,894	16,680

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CASH AVAILABLE FOR DISTRIBUTION	15,380	14,960	14,37
LESS:			
Cash allocable to preferred shareholders and term growth shares, including preferred shareholders in a subsidiary company	2,995	3,147	3,37
CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 12,385	\$ 11,813	\$ 11,00
CAD PER COMMON SHARE	\$ 0.49	\$ 0.47	\$ 0.5
CALCULATION OF CASH DISTRIBUTION:			
CASH AVAILABLE FOR DISTRIBUTION TO COMMON SHARES	\$ 12,385	\$ 11,813	\$ 11,00
ACTUAL AMOUNT PAID	\$ 11,072	\$ 10,968	\$ 9,43
PAYOUT RATIO	89.4%	92.8%	85.8
COMMON SHARES OUTSTANDING	25,308,022	25,213,482	21,820,26
CASH DISTRIBUTION PER COMMON SHARE	\$ 0.4375	\$ 0.4350	\$ 0.432

MUNICIPAL MORTGAGE & EQUITY, LLC
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share and per share data)
(unaudited)

	For the three months ended June 30,	
	2002	2001
INCOME:		
Interest on bonds, other bond-related investments, other notes and loans	\$ 23,993	\$ 20,97
Interest on short-term investments	244	69
Loan servicing fees	1,660	1,72
Loan origination and brokerage fees	3,885	3,36
Other income	2,393	1,64
Net gain on sales	703	1,96
Total income	32,878	30,37
EXPENSES:		
Salaries and benefits	5,930	5,03
Professional fees	1,437	91
Operating expenses	2,227	2,15
Amortization	333	62

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Interest expense	8,487	7,76
Other-than-temporary impairments related to investments in bonds and other bond-related investments	-	
	-----	-----
Total expenses	18,414	16,49
	-----	-----
Net holding gains (losses) on trading securities	(7,721)	1,27
Income tax expense	(828)	(22
Income allocable to preferred shareholders in a subsidiary company	(2,995)	(2,60
Cumulative effect on prior years of change in accounting for derivative financial instruments	-	
	-----	-----
Net income	\$ 2,920	\$ 12,32
	=====	=====
LESS:		
Net income allocable to preferred shares and term growth shares	-	51
	-----	-----
Net income allocated to common shares	\$ 2,920	\$ 11,81
	=====	=====
OPERATING NET INCOME ALLOCATED TO COMMON SHARES (Note 1)	\$ 10,641	\$ 10,54
	=====	=====
NET INCOME PER COMMON SHARE:		
Basic net income per common share:		
Basic net income before cumulative effect of accounting change	\$ 0.12	\$ 0.5
	=====	=====
Basic net income per common share	\$ 0.12	\$ 0.5
	=====	=====
Weighted average common shares outstanding	25,252,124	21,524,01
Diluted net income per common share:		
Diluted net income before cumulative effect of accounting change	\$ 0.11	\$ 0.5
	=====	=====
Diluted net income per common share	\$ 0.11	\$ 0.5
	=====	=====
Weighted average common shares outstanding	25,835,808	22,014,99
Operating net income per common share (Note 1)	\$ 0.42	\$ 0.4
	=====	=====

Note 1-Operating Net Income is Net Income before the change in market value of the Company's deri

VARIANCE ANALYSIS FOR GAAP

2nd Quarter 2002 compared to 2nd Quarter 2001:

Total income for the second quarter of 2002 increased \$2.5 million over the same period last year due primarily to: (1) a \$3.0 million increase in collections of interest on bonds, other bond-related investments, other notes and loans; (2) a \$0.4 million decrease in interest on short-term investments resulting from the use of equity offering proceeds to repurchase senior interests in certain securitization trusts and funding of other operations, as well as a decrease in interest collected on margin call collateral accounts; (3) a \$0.4 million

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increase in loan origination and brokerage fees due primarily to an increase in origination fees on taxable permanent lending; and (4) a \$0.8 million increase in other income due to an increase in asset management fees, advisory fees and cancellation fees; and (5) a \$1.3 million decrease in gain on sales as a result of a one-time gain of \$1.1 million on a tax credit equity re-syndication in the second quarter of 2001.

Total expenses for the second quarter of 2002 increased \$1.9 million over the same period last year due primarily to: (1) a \$0.9 million increase in salary and related benefits expense associated with 2001 new hires; (2) a \$0.5 million increase in professional fees due to an increase in consulting and legal expenses related to new information system initiatives and other corporate initiatives; (3) a \$0.3 million decrease in amortization expense due to changes in accounting guidelines relating to discontinued amortization of goodwill; and (4) a \$0.7 million increase in interest expense primarily associated with increased construction lending production and an increase in financing costs associated with on-balance sheet securitizations.

The Company recorded net holding losses for the change in market value of the Company's derivative financial instruments of \$7.7 million for the second quarter of 2002. Excluding the change in market value, earnings from net operating income was \$0.42 per common share.

Year-to-Date 2002 Compared to Year-to-Date 2001:

Total income for the six months ended June 30, 2002 increased \$5.4 million over the same period last year due primarily to: (1) a \$6.7 million increase in collections of interest on bonds, other bond-related investments, other notes and loans; (2) a \$1.0 million decrease in interest on short-term investments resulting from the use of equity offering proceeds to repurchase senior interests in current securitization trusts and funding of other operations, as well as a decrease in interest collected on margin call collateral accounts; (3) a \$2.4 million decrease in other income primarily due to other income associated with income earned on the assumption of a purchase obligation with respect to the Hunter's Glen and Buchanan Bay bonds in the first quarter of 2001; (4) a \$0.9 million increase in syndication fees due primarily to an increase in the volume of tax credit and conventional equity transactions; and (5) a \$0.7 million increase in gain on sales associated with gains on the sale of loans.

Total expenses for the six months ended June 30, 2002 increased \$0.1 million over the same period last year due primarily to: (1) a \$1.3 million increase in salary and related benefits expense associated with 2001 new hires; (2) a \$0.7 million increase in other operating expenses driven primarily by deployment of accounting information systems and other upgrades in technology infrastructure; (3) a \$0.7 million decrease in amortization expense due to changes in accounting guidelines relating to amortization of goodwill; (4) a \$1.9 million increase in interest expense primarily associated with increased construction lending production and an increase in financing costs associated with on-balance sheet securitizations; and (5) a \$0.1 million impairment recorded in 2002 associated with a subordinate bond investment compared to a \$3.3 million impairment recorded in 2001 on two investments (Hunter's Glen and Buchanan Bay).

The Company recorded net holding losses for the change in market value of the Company's derivative financial instruments of \$4.6 million for the six months ended June 30, 2002. Excluding the change in market value, earnings from net operating income was \$0.92 per common share.

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MUNICIPAL MORTGAGE & EQUITY, LLC
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (in thousands, except share and per share data)
 (unaudited)

	Qtr Ended 06/30/02	Qtr Ended 03/31/02	Qtr Ended 12/31/01
INCOME:			
Interest on mortgage revenue bonds and other bond-related investments	\$ 15,723	\$ 15,593	\$ 17,311
Interest on loans	8,270	7,999	7,930
Interest on short-term investments	244	487	899
Loan servicing fees	1,660	1,908	1,962
Loan origination and brokerage fees	3,885	2,707	3,820
Other income	2,393	1,689	216
Net gain on sales	703	2,166	1,334
TOTAL INCOME	32,878	32,549	33,472
EXPENSES:			
Salaries and benefits	5,930	4,827	6,379
Professional fees	1,437	172	1,468
Operating expenses	2,227	2,191	2,280
Goodwill and other intangible amortization	333	318	494
Interest expense	8,487	8,972	7,228
Other-than-temporary impairments	-	110	-
TOTAL EXPENSES	18,414	16,590	17,849
Net holding gains (losses) on trading securities	(7,721)	3,112	2,691
Income tax expense	(828)	(1,031)	(351)
Income allocable to preferred shareholders in a subsidiary company	(2,995)	(2,994)	(2,961)
Net income	\$ 2,920	\$ 15,046	\$ 15,002
LESS:			
Net income allocable to preferred shares and term growth shares	-	153	418
Net income allocated to common shares	\$ 2,920	\$ 14,893	\$ 14,584
OPERATING NET INCOME ALLOCATED TO COMMON SHARES	\$ 10,641	\$ 11,781	\$ 11,893
EARNINGS PER COMMON SHARE:			
Basic earnings before cumulative effect of accounting change	\$ 0.12	\$ 0.63	\$ 0.67
Basic net income per common share	\$ 0.12	\$ 0.63	\$ 0.67
Diluted earnings before cumulative effect of accounting change	\$ 0.11	\$ 0.62	\$ 0.65
Diluted net income per common share	\$ 0.11	\$ 0.62	\$ 0.65

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Weighted average shares outstanding:			
Basic	25,252,124	23,584,635	21,708,191
	=====	=====	=====
Diluted	25,835,808	24,200,030	22,349,645
	=====	=====	=====
Operating net income per common share	\$ 0.42	\$ 0.50	\$ 0.55
	=====	=====	=====

Municipal Mortgage & Equity, LLC
Reconciliation of Basic and Diluted EPS

	For the three months ended June 30, 2002		Per Share	For the t
	Income	Shares	Amount	Income
	(Numerator)	(Denominator)		(Numerator)
	-----	-----	-----	-----
(in thousands, except share and per share data)				
Basic EPS				
Income allocable to common shares	\$ 2,920	25,252,124	\$ 0.12	\$ 11,813
			=====	
Effect of Dilutive Securities				
Options and deferred shares	-	450,829		-
Earnings contingency	-	132,855		-
	-----	-----		-----
Diluted EPS				
Income allocable to common shares plus assumed conversions	\$ 2,920	25,835,808	\$ 0.11	\$ 11,813
	=====	=====	=====	=====
For the six month ended June 30, 2002				
	Income	Shares	Per Share	Income
	(Numerator)	(Denominator)	Amount	(Numerator)
	-----	-----	-----	-----
(in thousands, except share and per share data)				
Basic EPS				
Income allocable to common shares	\$ 17,813	24,423,091	\$ 0.73	\$ 2,749
			=====	
Effect of Dilutive Securities				
Options and deferred shares	-	466,685		-

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Earnings contingency	-	132,855	-
	-----	-----	-----
Diluted EPS			
Income allocable to common shares plus assumed conversions	\$ 17,813	25,022,631	\$ 0.71
	=====	=====	=====

MUNICIPAL MORTGAGE & EQUITY, LLC
RECONCILIATION OF GAAP INCOME TO CASH AVAILABLE FOR DISTRIBUTION
(in thousands)
(unaudited)

	For the three mo ended June 30, 200

INCOME:	
Interest on bonds, other bond-related investments, other notes and loans	\$ 2
Interest on short-term investments	
Loan servicing fees	
Loan origination and brokerage fees	
Other income	
Net gain on sales	

Total income	3

EXPENSES:	
Salaries and benefits	
Professional fees	
Operating expenses	
Amortization	
Interest expense	
Other-than-temporary impairments related to investments in bonds and other bond-related investments	

Total expenses	1

Net holding gains on trading securities	(
Income tax expense	
Income allocable to preferred shareholders in a subsidiary company	(

Net income	\$
	=====
LESS:	
Net income allocable to term growth shares	

Net income allocated to common shares	\$
	=====
Conversion to Cash Available for Distribution:	

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Amortization of intangibles and fees
 Valuation allowances and impairments
 Origination fees and other income
 Net gain on sale
 Mark to market adjustments
 Deferred tax expense

Cash Available for Distribution

 \$ 1
 =====

MUNICIPAL MORTGAGE & EQUITY, LLC
 ADJUSTED BALANCE SHEET
 (in thousands)
 (unaudited)

	June 30, 2002	Ad
	-----	-----
Cash and cash equivalents	\$ 33,210	
Investment in bonds and loans, net	1,038,532	
Off balance sheet assets	-	
Other assets	210,876	
	-----	-----
Total net assets	\$ 1,282,618	
	=====	=====
Liabilities, including short-term debt	\$ 490,590	
Off balance sheet debt	-	
Long-term debt	138,157	
	-----	-----
Total liabilities	\$ 628,747	
	=====	=====
Leverage Ratio		
(1) Adjustments to bonds and loans:		
Remove Midland loans from assets and liabilities	\$ 368,840	
Remove Oxford from assets and liabilities	5,420	
Adjustment to reflect CAD sale of pari passu taxable loans accounted for as borrowings	16,870	
Adjustment to reflect effect of highly leveraged obligations	121,326	
	-----	-----
TOTAL	\$ 512,456	
	=====	=====
(2) Off balance sheet assets includes the following:		
FSA A Bonds	\$ 67,500	
Other A Bonds	21,388	
Demand Notes	16,247	
P-Floats	306,732	
	-----	-----
TOTAL	\$ 411,867	
	=====	=====

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(3) Remove goodwill	\$ 29,005
	=====
(4) Adjustments to liabilities:	
Remove other liabilities and normal accruals	\$ 29,112
Adjustment to reflect CAD sale of pari passu taxable loans accounted for as borrowings	18,785
Remove Oxford from assets and liabilities	5,410
Remove Midland loans from assets and liabilities	379,363

TOTAL	\$ 432,670
	=====

MUNICIPAL MORTGAGE & EQUITY, LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	(unaudited) June 30, 2002	December 31, 2001
	-----	-----
ASSETS:		
Cash, cash equivalents and interest receivable	\$ 49,920	\$ 113,232
Investment in bonds and other bond-related investments	664,144	629,755
Investment in derivative financial instruments	9,254	2,912
Loans receivable, net	401,570	440,031
Investment in partnerships	82,231	5,393
Other assets	82,930	68,948
Goodwill and other intangible assets	29,005	29,005
	-----	-----
TOTAL	\$ 1,319,054	\$ 1,289,276
	=====	=====
LIABILITIES AND EQUITY:		
Current liabilities	\$ 29,112	\$ 31,974
Notes payable	379,363	420,063
Investment in other bond-related investments	6,840	7,979
Investment in derivative financial instruments	29,596	18,646
Short-term debt	82,115	78,560
Long-term debt	138,157	134,881
Preferred shareholders' equity in a subsidiary company	160,465	160,465
Shareholders' equity	493,406	436,708
	-----	-----
TOTAL	\$ 1,319,054	\$ 1,289,276
	=====	=====
BOOK VALUE PER COMMON SHARE	\$ 19.50	\$ 19.31
	=====	=====

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MUNICIPAL MORTGAGE & EQUITY, LLC
 2002 INVESTMENTS
 SECOND QUARTER
 (In thousands)

BOND PRODUCTION:

PROPERTY	CITY	STATE	PERMANENT INTEREST RATE	QUARTER BOND AMOUNT	
				CONSTRUCTION	PERMANENT
Coronel Village (1)	Los Angeles	CA	7.350%	\$ 4,100	\$ 1
Mountainview Village (1)	Sylmar	CA	Various	15,250	15
Sycamore Senior Village (1)	Oxnard	CA	Various	24,850	24
Lakeside/Golf Villas (2)	Various	FL	Various		8
Park Center	Alexandria	VA	6.375%		9
TOTAL				\$ 44,200	\$ 59

(1) The Company's initial investment in these bonds was \$51,000 per bond. The remaining balance of Coronel is estimated to be drawn in the third quarter. Mountainview and Sycamore are estimated to be drawn down in the fourth quarter. The Company earned a 1.25% origination fee on these deals.

(2) The Company earned a 0.50% origination fee from this transaction.

CONSTRUCTION/PERMANENT LENDING, SYNDICATION AND OTHER PRODUCTION:

	QUARTER VOLUME	TOTAL FEES RECOGNIZED THIS QUARTER FOR CAD
Tax Credit Equity Syndications (Equity Raised)	\$ 47,387	\$ 2,380
Tax Credit Lending Production	\$ 48,345	\$ -
Conventional Equity Production	\$ 8,331	\$ 292
Taxable Construction Loan Production (generating weighted average spread of .80%)	\$ 59,943	\$ 400
Taxable Permanent Loan Production	\$ 81,731	\$ 1,147
Working Capital Loans	\$ 16,944	\$ 223
Equity Investment in CAPREIT Three M Venture (1)	\$ 75,000	\$ 750
OTHER INFORMATION: Balance as of 6/30/02 of Midland Servicing Portfolio under Management	\$997,539	\$ 948

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Balance as of 6/30/02 of Midland Equity Syndication
 Portfolio under Management \$732,701 \$ 737

(1) The Company has initially invested \$64 million to acquire equity interests in 18 CAPREIT property partnerships and has committed an additional \$11 million over the next six to twelve months.

MUNICIPAL MORTGAGE & EQUITY, LLC PARTICIPATING BOND PORTFOLIO NET OPERATING INCOME - TREND As of June 30, 2002

Property -----	Q2 2001 Actual -----	Q1 2002 Actual -----	Q2 2002 (2) Actual -----
Alban	255,263	275,263	283,573
(1) Arlington	0	0	0
Barkley Place	370,472	416,448	292,596
(1) Barrington at Beach Street	0	0	0
Cobblestone	175,888	171,316	186,131
(1) Cool Springs	0	0	0
Creekside	257,546	290,387	267,643
Crossings	220,493	166,016	202,842
Gilman Meadows	178,325	197,038	180,464
Hamilton Grove	197,741	259,875	236,518
Jefferson Commons	533,208	515,102	507,391
Lakeview	176,040	207,168	184,888
Mallard I	41,024	38,206	42,174
Mallard II	125,902	114,533	122,473
Montclair	439,567	416,074	309,035
Newport Village	298,807	294,807	298,450
Nicollet Ridge	401,903	357,237	445,921
North Pointe	516,296	582,135	641,568
Palisades Park	246,677	242,262	252,537
Riverset I	418,554	365,203	216,089
Riverset II	177,314	160,726	95,383
Steeplechase Falls Meadows	339,143	413,045	387,206
Timber Ridge	161,264	180,734	145,900
Villas at LaRiviera	146,226	159,811	147,136
Whispering Lake	182,209	238,385	216,267
Winter Oaks	308,634	308,437	398,065
	259,430	231,860	274,904
Total	6,427,926	6,602,066	6,335,153
Same Store Growth	6,427,926	6,602,066	6,335,153

(1) Under construction

(2) Q2 2002 represents two months actual, one month budget

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MUNICIPAL MORTGAGE & EQUITY, LLC
 REAL ESTATE TABLE

Apartment Community -----	Month/Year Acquired -----	Apartment Units -----	Month Ended June 30, 2002 -----	Occ Mont Mar 2
Participating Mortgage Bonds:				
Alban Place	Sep-86	194	93.8%	
Cobblestone	Aug-99	184	95.1%	
Creekside Village	Nov-87	296	99.0%	
Crossings	Jan-97	200	95.5%	
Jefferson Commons	Dec-00	173	92.5%	
Lakeview	Sep-87	180	96.1%	
North Pointe	Sep-86	540	92.4%	
Timber Ridge	Dec-00	168	97.6%	
Villas at LaRiviera	Jun-99	199	81.5%	
		2,134		
Subtotal Participating Mortgage Bonds				
Mortgage Bonds				
Applewood (a.k.a. Paola)	Jul-99	48	91.7%	
Buchanan Bay	Mar-01	228	81.6%	
Cielo Vista	Aug-99	378	95.0%	
Charter House (2)	Dec-96	----	N/A	
Country Club	Jul-99	101	90.1%	
Delta Village	Jun-99	80	100.0%	
Elmbrooke	Aug-00	54	100.0%	
Florida A&M	Feb-00	96	69.8%	
Gannon (Broward)	Feb-98	315	96.2%	
Gannon (Dade) (3)	Feb-98	1,252	95.5%	
Gannon (St. Louis)	Feb-98	336	92.9%	
Gannon A Bond	Feb-98	----	N/A	
Hidden Valley	Dec-96	82	90.2%	
Honey Creek	Mar-99	656	95.1%	
Hunter's Glen	Mar-01	383	85.9%	
Lake Piedmont	Apr-98	648	95.2%	
Monroe (Oakmont, Towne Oak)	Dec-98	364	98.1%	
Mountain View (Willowgreen)	Nov-86	241	98.3%	
Northridge Park II	Aug-87	128	96.9%	
Oakbrook	Dec-96	170	95.9%	
Orangevale	Apr-98	64	100.0%	
Parkwood	Jun-99	180	97.8%	
Riverset II (1)	Jan-96	----	N/A	
Sahuarita	Jun-99	52	100.0%	
Santa Fe Springs	Jun-00	310	91.9%	
Shadowbrook	Jun-99	193	99.0%	
Torries Chase	Dec-96	99	93.9%	
Villa Hialeah	Nov-87	245	98.0%	
Village at Stone Mountain	Oct-97	722	91.6%	

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Village Green	Feb-00	200	86.5%
Western Hills	Dec-98	80	91.2%
Willow Key	Mar-99	384	99.0%
Woodmark	Jun-99	173	98.9%

Subtotal Mortgage Bonds 8,262

Participating Subordinate Mortgage Bonds:

Barkley Place	May-87	156	89.7%
Gilman Meadows	Mar-87	125	90.4%
Hamilton Chase	Feb-87	300	93.7%
Mallard Cove I & II	Feb-87	198	90.4%
Meadows	Jan-88	200	94.0%
Montclair	Oct-86	159	97.5%
Newport Village	Dec-86	220	94.1%
Nicollet Ridge	Dec-87	339	92.0%
Riverset II	Jan-96	148	86.8%
Steeplechase	Oct-88	450	92.9%
Whispering Lake	Oct-87	384	93.5%

Subtotal Participating Subordinate Mortgage Bonds 2,679

Apartment Community	Month/Year Acquired	Apartment Units	Month Ended May 2002	Monthl Apartme Mont Ma 2
Participating Mortgage Bonds:				
Alban Place	Sep-86	194	\$923	
Cobblestone	Aug-99	184	569	
Creeside Village	Nov-87	296	552	
Crossings	Jan-97	200	741	
Jefferson Commons	Dec-00	173	1,469	
Lakeview	Sep-87	180	692	
North Pointe	Sep-86	540	680	
Timber Ridge	Dec-00	168	464	
Villas at LaRiviera	Jun-99	199	674	

Subtotal Participating Mortgage Bonds 2,134

Mortgage Bonds

Applewood (a.k.a. Paola)	Jul-99	48	\$499
Buchanan Bay	Mar-01	228	688
Cielo Vista	Aug-99	378	423
Charter House (2)	Dec-96	----	N/A
Country Club	Jul-99	101	438
Delta Village	Jun-99	80	572
Elmbrooke	Aug-00	54	1,035
Florida A&M	Feb-00	96	1,386

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Gannon (Broward)	Feb-98	315	663
Gannon (Dade) (3)	Feb-98	1,252	743
Gannon (St. Louis)	Feb-98	336	565
Gannon A Bond	Feb-98	----	N/A
Hidden Valley	Dec-96	82	550
Honey Creek	Mar-99	656	544
Hunter's Glen	Mar-01	383	584
Lake Piedmont	Apr-98	648	474
Monroe (Oakmont, Towne Oak)	Dec-98	364	481
Mountain View (Willowgreen)	Nov-86	241	628
Northridge Park II	Aug-87	128	1,049
Oakbrook	Dec-96	170	427
Orangevale	Apr-98	64	957
Parkwood	Jun-99	180	460
Riverset II (1)	Jan-96	----	N/A
Sahuarita	Jun-99	52	553
Santa Fe Springs	Jun-00	310	586
Shadowbrook	Jun-99	193	480
Torries Chase	Dec-96	99	496
Villa Hialeah	Nov-87	245	681
Village at Stone Mountain	Oct-97	722	733
Village Green	Feb-00	200	628
Western Hills	Dec-98	80	502
Willow Key	Mar-99	384	653
Woodmark	Jun-99	173	697

Subtotal Mortgage Bonds

8,262

Participating Subordinate Mortgage Bonds:

Barkley Place	May-87	156	\$2,068
Gilman Meadows	Mar-87	125	1,018
Hamilton Chase	Feb-87	300	611
Mallard Cove I & II	Feb-87	198	760
Meadows	Jan-88	200	607
Montclair	Oct-86	159	1,816
Newport Village	Dec-86	220	836
Nicollet Ridge	Dec-87	339	942
Riverset II	Jan-96	148	706
Steeplechase	Oct-88	450	590
Whispering Lake	Oct-87	384	649

Subtotal Participating Subordinate Mortgage Bonds

2,679

Apartment Community	Month/Year Acquired	Apartment Units	Month Ended June 30, 2002	Month
Subordinate Mortgage Bonds:				
CAPREIT	Sep-99	----		N/A
Cinnamon Ridge	Jan-99	----		N/A
Farmington Meadows	Aug-99	69		100.0%

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Independence Ridge	Aug-96	336	83.6%
Locarno	Aug-96	110	93.6%
Olde English Manor	Nov-99	----	N/A
Peaks of Conyer	Sep-01	260	89.2%
Rillito Village	Jul-00	----	N/A
Winter Oaks	Nov-99	460	92.0%

Subtotal Subordinate Mortgage Bonds		1,235	

Other Bond-Related Investments:			
Briarwood	Dec-98	600	97.5%
Cinnamon Ridge	Dec-97	264	98.1%
Golfside Villas (f.k.a. Club West)	Mar-99	194	100.0%
Park Center	Oct-01	325	94.2%
Park at Landmark	Sep-00	396	95.0%
Poplar Glen	Jun-97	191	95.8%
RITES - Charter House	Dec-96	280	98.2%
RITES - Indian Lakes	Jul-97	296	86.1%
RITES - LaPaloma	Apr-99	120	98.3%
RITES - LeMirador (Coleman Senior)	Apr-98	141	92.9%
RITES - Museum Towers	Apr-01	286	87.8%
RITES - Oklahoma City (4)	Aug-98	772	86.8%
RITES - Olde English Manor	Jun-98	264	90.2%
RITES - Palisades Park	Feb-98	304	97.4%
RITES - Pavillion	Apr-99	132	100.0%
RITES - Queen Anne IV	Jul-98	110	96.4%
RITES - Rancho/Villas	May-00	417	92.1%
RITES - Rillito Village	Aug-98	272	93.4%
RITES - Riverset (1)	Aug-88	352	86.8%
RITES - Riverset II (1)	Jan-96	----	N/A
RITES - Sienna (a.k.a. Italian Gardens)	Apr-98	140	83.6%
RITES - Sonterra	May-98	156	94.2%
RITES - Southgate Crossings	Jun-97	215	97.2%
RITES - Southwood	Nov-97	1,286	85.6%

Subtotal Other Bond-Related Investments		7,513	

Total Units/Weighted Average Investments		21,823	92.8%
		=====	
Total/Same Stores (5)		21,238	92.8%
Construction/Substantial Rehab Properties and Other Investments			
Arlington	Dec-00	176	N/A
Barrington at Beach Street	Oct-00	398	39.2%
Bedford Park	Oct-00	312	75.6%
CAPREIT (6)	Mar-01	2,942	93.3%
CAPREIT Investment Venture (7)	Jun-02	5,185	N/A
Chancellor	Nov-01	101	N/A
Chancellor II	Mar-02	46	N/A
Cool Springs	Aug-00	124	28.2%
Coronel Village	Apr-02	48	N/A
Fort Branch	Dec-00	250	19.6%
Hidden Brooks	Sep-01	201	80.6%
Las Trojas	Mar-02	49	N/A
Lincoln Corner	Dec-01	134	N/A
Meridian at Bridgewater	Nov-99	90	71.1%
Mountain View Village	Jun-02	220	N/A
North White Road	Nov-01	157	N/A
Oak Grove Commons	Dec-01	168	N/A
Penn Valley	Dec-01	42	N/A
Riverview	Jun-00	224	75.0%
Silver Springs	Dec-99	250	72.4%

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Southwind	Aug-00	88	100.0%
Sycamore Senior Village	Jun-02	300	N/A
Village Apartments	May-00	210	96.2%
Village at Sun Valley	May-00	276	60.1%
Walnut Tree	Mar-02	64	N/A
Weatherstone	Sep-00	100	91.0%
Woodglen	Dec-99	250	90.8%

Subtotal Construction/Rehab Properties 12,405

Total Units 34,228

Apartment Community	Month/Year Acquired	Apartment Units	Month Ended May 2002	Avg. M Per Ap Mon
Subordinate Mortgage Bonds:				
CAPREIT	Sep-99	----		N/A
Cinnamon Ridge	Jan-99	----		N/A
Farmington Meadows	Aug-99	69	\$814	
Independence Ridge	Aug-96	336	550	
Locarno	Aug-96	110	874	
Olde English Manor	Nov-99	----		N/A
Peaks of Conyer	Sep-01	260	740	
Rillito Village	Jul-00	----		N/A
Winter Oaks	Nov-99	460	556	
Subtotal Subordinate Mortgage Bonds		1,235		
Other Bond-Related Investments:				
Briarwood	Dec-98	600	\$599	
Cinnamon Ridge	Dec-97	264	912	
Golfside Villas (f.k.a. Club West)	Mar-99	194	583	
Park Center	Oct-01	325	1,460	
Park at Landmark	Sep-00	396	1,079	
Poplar Glen	Jun-97	191	932	
rites - Charter House	Dec-96	280	625	
rites - Indian Lakes	Jul-97	296	794	
rites - LaPaloma	Apr-99	120	630	
rites - LeMirador (Coleman Senior)	Apr-98	141	838	
rites - Museum Towers	Apr-01	286	1,363	
rites - Oklahoma City (4)	Aug-98	772	478	
rites - Olde English Manor	Jun-98	264	478	
rites - Palisades Park	Feb-98	304	541	
rites - Pavillion	Apr-99	132	665	
rites - Queen Anne IV	Jul-98	110	1,091	
rites - Rancho/Villas	May-00	417	799	
rites - Rillito Village	Aug-98	272	442	
rites - Riverset (1)	Aug-88	352	714	
rites - Riverset II (1)	Jan-96	----		N/A
rites - Sienna (a.k.a. Italian Gardens)	Apr-98	140	828	

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RITES - Sonterra	May-98	156	846
RITES - Southgate Crossings	Jun-97	215	956
RITES - Southwood	Nov-97	1,286	492

Subtotal Other Bond-Related Investments		7,513	

Total Units/Weighted Average Investments		21,823	\$709
		=====	
Total/Same Stores (5)		21,238	\$686
Construction/Substantial Rehab Properties and Other Investments			
Arlington	Dec-00	176	N/A
Barrington at Beach Street	Oct-00	398	\$847
Bedford Park	Oct-00	312	512
CAPREIT (6)	Mar-01	2,942	623
CAPREIT Investment Venture (7)	Jun-02	5,185	N/A
Chancellor	Nov-01	101	N/A
Chancellor II	Mar-02	46	N/A
Cool Springs	Aug-00	124	1,947
Coronel Village	Apr-02	48	N/A
Fort Branch	Dec-00	250	836
Hidden Brooks	Sep-01	201	1,063
Las Trojas	Mar-02	49	N/A
Lincoln Corner	Dec-01	134	N/A
Meridian at Bridgewater	Nov-99	90	3,515
Mountain View Village	Jun-02	220	N/A
North White Road	Nov-01	157	N/A
Oak Grove Commons	Dec-01	168	N/A
Penn Valley	Dec-01	42	N/A
Riverview	Jun-00	224	666
Silver Springs	Dec-99	250	783
Southwind	Aug-00	88	709
Sycamore Senior Village	Jun-02	300	N/A
Village Apartments	May-00	210	492
Village at Sun Valley	May-00	276	641
Walnut Tree	Mar-02	64	N/A
Weatherstone	Sep-00	100	812
Woodglen	Dec-99	250	685

Subtotal Construction/Rehab Properties		12,405	

Total Units		34,228	
		=====	

- (1) The Company owns a participating bond, a participating subordinate bond and a RITES interest collateralized by the Riverset property.
- (2) The Company owns a non-participating bond and a RITES interest collateralized by the Charter House property.
- (3) The Dade Gannon Portfolio represents eight properties.
- (4) The Oklahoma City Portfolio represents three properties.
- (5) Same Store includes only properties reporting for all three quarters.
- (6) The CAPREIT Portfolio represents eleven properties.
- (7) CAPREIT Investment Venture represents seventeen properties (not included previously in CAPREIT Portfolio).