FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2001 or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number: 1-13991

AMERICA FIRST MORTGAGE INVESTMENTS, INC.
(Exact name of registrant as specified in its charter)

Maryland	13-3974868
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

399 Park Avenue, 36th Floor, New York, New York	10022
(Address of principal executive offices)	(Zip Code)

(212) 935-8760
(Registrant's telephone number, including area code)

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

The number of shares of the Registrant's common stock outstanding on November 7, 2001, was 27,034,850.

Part I. Financial Information
Item 1. Financial Statements
AMERICA FIRST MORTGAGE INVESTMENTS, INC.
BALANCE SHEETS
<TABLE>
<CAPTION>

	September 30, 2001 (Unaudited)	December 31, 2000
<S>	<C>	<C>
Assets		
Investment in mortgage securities (Note 3)	$ 1,369,019,391	$ 470,575,671
Investment in corporate debt securities (Note 4)	9,187,159	15,665,727
Investment in corporate equity securities (Note 5)	5,444,507	9,010,538
Cash and cash equivalents		
Unrestricted	22,438,662	8,400,539
Restricted	11,001,639	498,875
Accrued interest and dividends receivable	8,620,317	3,433,256
Other investments (Note 6)	9,512,480	6,540,570
Goodwill, net	7,238,471	7,388,247
Other assets	852,806	976,889
	$ 1,443,315,432	$ 522,490,312
Liabilities		
Repurchase agreements (Note 7)	$ 1,280,934,852	$ 448,583,432
Accrued interest payable	6,337,640	2,038,887
Accounts payable	1,143,063	550,209
Dividends payable	4,396,185	1,406,288
	1,292,811,740	452,578,816
Stockholders' Equity		
Common stock, $.01 par value; 375,000,000 shares authorized 19,034,850 and 8,692,825 issued and outstanding in 2001 and 2000, respectively (Note 8)	190,348	86,928
Additional paid-in capital	141,426,031	74,362,801
Retained earnings (accumulated deficit)	1,607,378	(440,084)
Accumulated other comprehensive income (loss)	7,279,935	(4,098,149)
	150,503,692	69,911,496
	$ 1,443,315,432	$ 522,490,312

The accompanying notes are an integral part of the financial statements.
</TABLE>

AMERICA FIRST MORTGAGE INVESTMENTS, INC.
STATEMENTS OF INCOME
(UNAUDITED)
<TABLE>
<CAPTION>

	For the Three Months Ended September 30, 2001	For the Three Months Ended September 30, 2000	For the Nine Months Ended September 30, 2001	For the Nine Months Ended September 30, 2000
<S>	<C>	<C>	<C>	<C>
Mortgage securities income	$ 15,936,927	$ 8,311,213	$ 32,112,855	$ 24,923,364
Corporate debt securities income	361,066	400,671	1,261,464	897,031
Dividend income	128,898	263,266	568,974	722,316
Interest income on cash and cash equivalents	261,530	180,957	597,699	473,965
Total interest and dividend income	16,688,421	9,156,107	34,540,992	27,016,676
Interest expense on borrowed funds	10,276,012	7,827,807	22,625,910	22,421,158
Net interest and dividend income	6,412,409	1,328,300	11,915,082	4,595,518
Income from other investments	228,819	2,911,658	3,173,940	3,414,020
Net gain (loss) on investments	(123,669)	52,692	(374,588)	172,311
	105,150	2,964,350	2,799,352	3,586,331
General and administrative expenses	1,430,233	994,723	3,335,995	1,968,683
Net income	$ 5,087,326	$ 3,297,927	$ 11,378,439	$ 6,213,166
Net income, basic, per share	$ 0.27	$ 0.37	$ 0.92	$ 0.70
Net income, diluted, per share	$ 0.27	$ 0.37	$ 0.92	$ 0.70

Weighted average number of shares outstanding,

Weighted average number of shares outstanding, basic	19,034,850	8,870,431	12,330,554	8,894,425
Weighted average number of shares outstanding, diluted	19,148,345	8,895,033	12,424,211	8,910,290

The accompanying notes are an integral part of the financial statements.
</TABLE>

AMERICA FIRST MORTGAGE INVESTMENTS, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
(UNAUDITED)

<TABLE>
<CAPTION>

	Stockholders' Equity					
	Common Stock				Accumulated Other	
	# of Shares	Amount	Paid-in Capital	Retained Earnings	Comprehensive Income	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 2000	8,692,825	$ 86,928	$ 74,362,801	$ (440,084)	$ (4,098,149)	$ 69,911,496
Comprehensive income:						
Net income	-	-	-	11,378,439	-	11,378,439
Other comprehensive income	-	-	-	-	11,378,084	11,378,084
Comprehensive income	-	-	-	11,378,439	11,378,084	22,756,523
Dividends declared	-	-	-	(9,330,977)	-	(9,330,977)
Stock options revaluation adjustment	-	-	28,739	-	-	28,739
Issuance of common stock to directors (Note 8)	6,811	68	49,935	-	-	50,003
Issuance of common stock, net of offering expenses (Note 8)	10,335,214	103,352	66,984,556	-	-	67,087,908
Balance at September 30, 2001	19,034,850	$ 190,348	$141,426,031	$ 1,607,378	$ 7,279,935	$ 150,503,692

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The accompanying notes are an integral part of the financial statements.
</TABLE>

AMERICA FIRST MORTGAGE INVESTMENTS, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)
<TABLE>
<CAPTION>

	For the Nine Months Ended September 30, 2001	For the Nine Months Ended September 30, 2000
<S>	<C>	<C>
Cash flows from operating activities		
Net income	$ 11,378,439	$ 6,213,166
Adjustments to reconcile net income to net cash from operating activities:		
Net gain on investments	(2,382,936)	(2,767,744)
Amortization of premiums on investments	2,352,744	1,138,154
Amortization of goodwill	149,776	149,776
Changes in assets and liabilities:		
Increase in interest and dividends receivable	(5,187,061)	(1,099,695)
(Decrease) increase in other assets	205,371	(2,525,524)
Increase in accounts payable	592,854	387,538
Increase (decrease) in accrued interest payable	4,298,753	(380,138)
Net cash provided by operating activities	11,407,940	1,115,533
Cash flows from investing activities		
Principal payments on mortgage securities	147,873,621	72,836,203
Proceeds from sale of mortgage securities	5,543,828	5,018,677
Proceeds from sale of corporate debt securities	2,516,275	372,500
Proceeds from sale of corporate equity securities	5,142,955	1,149,644
Proceeds from sale of other investments	-	2,595,433
Purchases of mortgage securities	(1,040,451,999)	(95,081,513)
Purchases of corporate debt securities	-	(6,708,750)
Purchases of corporate equity securities	(392,053)	(6,835,392)
Increase in other investments	(195,384)	(115,488)

Net cash used in investing activities	(879,962,757)	(26,768,686)
Cash flows from financing activities		
Net borrowings from repurchase agreements	832,351,420	21,288,459
Net proceeds from stock offering	67,087,908	-
(Increase) decrease in restricted cash and cash equivalents	(10,502,764)	2,936,732
Stock purchased for retirement	-	(599,637)
Dividends paid	(6,343,624)	(3,886,964)
Net cash provided by financing activities	882,592,940	19,738,590
Net increase (decrease) in unrestricted cash and cash equivalents	14,038,123	(5,914,563)
Unrestricted cash and cash equivalents at beginning of period	8,400,539	19,895,833
Unrestricted cash and cash equivalents at end of period	$ 22,438,662	$ 13,981,270
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 18,327,157	$ 22,801,296

</TABLE>

During the nine months ended September 30, 2001 and 2000, the Company issued 6,811 and 7,804 shares of common stock, respectively, to its non-employee directors in partial payment of the annual retainer paid by the Company to such directors. The aggregate value of such common stock issued during the nine months ended September 30, 2001 and 2000 was $50,003 and $39,996, respectively.

The accompanying notes are an integral part of the financial statements.

AMERICA FIRST MORTGAGE INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2001
(UNAUDITED)

1. Organization

America First Mortgage Investments, Inc. (the Company) was incorporated in Maryland on July 24, 1997. The Company began operations on April 10, 1998 when it merged with three partnerships: America First Participating/Preferred Equity Mortgage Fund Limited Partnership (Prep Fund 1), America First Prep Fund 2 Limited Partnership (Prep Fund 2) and America First Prep Fund 2 Pension Series Limited Partnership (Pension Fund).

The Company has entered into an advisory agreement with America First Mortgage Advisory Corporation (the Manager) which provides advisory services in connection with the conduct of the Company's business activities. Also see Note 9 - Related Party Transactions for terms of the advisory agreement and discussion of the proposed acquisition of the Manager by the Company.

2. Summary of Significant Accounting Policies

A) Basis of Presentation

The accompanying interim unaudited financial statements have been prepared according to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted according to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000. In the opinion of management, all normal and recurring adjustments necessary to present fairly the financial position at September 30, 2001 and results of operations for all periods presented have been made. The results of operations for the nine-month period ended September 30, 2001 are not necessarily indicative of the results to be expected for the full year.

As more fully discussed in Note 6, the Company has an investment in a corporation and investments in five real estate limited partnerships, none of which are controlled by the Company. These investments are accounted for under the equity method.

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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

B) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less. The carrying amount of cash equivalents approximates their fair value.

Restricted cash represents amounts held with certain lending institutions with which the Company has repurchase agreements. Such amounts may be used to make principal and interest payments on the related repurchase agreements.

C) Mortgage Securities, Corporate Debt Securities and Corporate Equity Securities
Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115), requires the Company to classify its investments in mortgage securities, corporate debt securities and corporate equity securities (collectively referred to as investment securities) as either held-to-maturity,

available-for-sale or trading at the time of acquisition.

Although the Company generally intends to hold most of its mortgage securities until maturity, it may, from time to time, sell any of its mortgage securities as part of its overall management of its business. In order to be prepared to respond to potential future opportunities in the market, to sell mortgage securities in order to optimize the portfolio's total return and to retain its ability to respond to economic conditions that require the Company to sell assets in order to maintain an appropriate level of liquidity, the Company has classified all its mortgage securities as available-for-sale. Likewise, the Company has classified all its corporate equity securities as available-for-sale. Corporate debt securities are classified as either held-to-maturity or available-for-sale depending on management's current intentions and ability to hold such securities to maturity. Mortgage securities, corporate equity securities and corporate debt securities classified as available-for-sale are reported at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Corporate debt securities classified as held-to-maturity are carried at amortized cost.

Unrealized losses on investment securities that are considered other-than-temporary, as measured by the amount of decline in fair value attributable to factors other than temporary, are recognized in income and the cost basis of the investment security is adjusted. Other-than-temporary unrealized losses are based on management's assessment of various factors affecting the expected cash flow from the investment securities, including an other-than-temporary deterioration of the credit quality of the underlying mortgages and/or the credit protection available to the related mortgage pool.

Gains or losses on the sale of investment securities are based on the specific identification method.

Interest income is accrued based on the outstanding principal amount of the investment securities and their contractual terms. Premiums and discounts associated with the purchase of the investment securities are amortized into interest income over the lives of the securities using the effective yield method. Such calculations are adjusted for actual prepayment activity.

Dividend income is recognized based on the ex-dividend date.

D) Credit Risk
The Company limits its exposure to credit losses on its investment portfolio by requiring that at least 50% of its investment portfolio consist of adjustable-rate mortgage securities that are insured or guaranteed as to principal and interest by an agency of the U.S. government, such as the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), or the Federal Home Loan Mortgage Corporation (FHLMC). The remainder of the Company's assets may be either: (i) investments in multifamily apartment properties; (ii) investments in limited partnerships, real estate investment trusts or closed-end funds owning a portfolio of mortgage assets; or (iii) other fixed-income instruments (corporate debt or equity securities or mortgage backed securities) that provide increased call protection relative to the

Company's mortgage assets. Corporate debt that is rated below investment-grade will be limited to less than 5% of the Company's total assets. As of September 30, 2001, and December 31, 2000, approximately 83% and 75%, respectively, of the Company's total assets consisted of adjustable-rate mortgage securities insured or guaranteed by the U.S. government or an agency thereof. At September 30, 2001, management determined no allowance for credit losses was necessary.

E) Other Investments
Other investments consist of certain non-consolidated investments accounted for under the equity method, including: (i) non-voting preferred stock of a corporation owning interests in real estate limited partnerships, and (ii) investments in limited partnerships owning real estate.

F) Repurchase Agreements
Borrowings under repurchase agreements (see Note 7) are carried at their unpaid principal balances, net of unamortized discount or premium. Any discount or premium is recognized as an adjustment to interest expense

utilizing the interest method over the expected term of the related borrowings.

G) Net Income per Share
Net income per share is based on the weighted average number of common shares and common equivalent shares (e.g., stock options), if dilutive, outstanding during the period. Basic net income per share is computed by dividing net income available to shareholders by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing the diluted net income available to common shareholders by the weighted average number of common shares and common equivalent shares outstanding during the period. The common equivalent shares are calculated using the treasury stock method which assumes that all dilutive common stock equivalents are exercised and the funds generated by the exercise are used to buy back outstanding common stock at the average market price during the reported period.
As more fully discussed in Note 8, options to purchase 520,000 and 300,000 shares of common stock were granted on April 6, 1998, and August 13, 1999, respectively. During the three months ended September 30, 2001 and 2000, the average price of the Company's stock was greater than the exercise price of the options granted on August 13, 1999. As such, exercise of such options under the treasury stock method is dilutive. Accordingly, these dilutive securities were considered in diluted earnings per share. With regard to the options granted on April 6, 1998, the exercise price is greater than the average stock price during the three months ended September 30, 2001, and September 30, 2000; therefore, exercise of such options under the treasury stock method would be anti-dilutive. Accordingly, these potentially dilutive securities were not considered in diluted earnings per share.

The following table sets forth the reconciliation of the weighted average shares outstanding for the calculation of basic earnings per share to the weighted average shares outstanding for the calculation of diluted earnings per share for each period presented:

<TABLE>
<CAPTION>

	For the Three Months Ended September 30, 2001 (Unaudited)	For the Three Months Ended September 30, 2000 (Unaudited)	For the Nine Months Ended September 30, 2001 (Unaudited)	For the Nine Months Ended September 30, 2000 (Unaudited)
<S>	<C>	<C>	<C>	<C>
Weighted average shares outstanding for basic earnings per share	19,034,850	8,870,431	12,330,554	8,894,425
Add effect of assumed shares issued under treasury stock method for stock options	113,495	24,602	93,657	15,865
Weighted average shares outstanding for diluted earnings per share	19,148,345	8,895,033	12,424,211	8,910,290

</TABLE>

H) Comprehensive Income
Statement of Financial Accounting Standards No. 130, "Reporting

Comprehensive Income" requires the Company to display and report comprehensive income, which includes all changes in Stockholders' Equity with the exception of additional investments by or dividends to shareholders. Comprehensive income for the Company includes net income and the change in net unrealized holding gains (losses) on investments.

Comprehensive income for the three and nine months ended September 30, 2001, and September 30, 2000 was as follows:

<TABLE>
<CAPTION>

	For the Three Months Ended September 30, 2001 (Unaudited)	For the Three Months Ended September 30, 2000 (Unaudited)	For the Nine Months Ended September 30, 2001 (Unaudited)	For the Nine Months Ended September 30, 2000 (Unaudited)
<S>	<C>	<C>	<C>	<C>
Net income	$ 5,087,326	$ 3,297,927	$ 11,378,439	$ 6,213,166
Other comprehensive income				
Unrealized holding gains (losses)				
Net unrealized holding gains arising during the period	10,882,881	3,044,098	14,244,547	747,207
Change in classification of corporate debt securities from held-to-maturity to available-for-sale	(3,012,937)	-	(3,012,937)	-
Reclassification adjustment for realized gains included in net income	185,923	-	146,474	-
Other comprehensive income	8,055,867	3,044,098	11,378,084	747,207
Comprehensive income	$ 13,143,193	$ 6,342,025	$ 22,756,523	$ 6,960,373

</TABLE>

I) Federal Income Taxes
The Company has elected to be taxed as a real estate investment trust (REIT) under the provisions of the Internal Revenue Code and the corresponding provisions of state law. As such, no provision for income taxes has been made in the accompanying financial statements.

J) New Accounting Pronouncements
In June, 1998, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities " ("FAS 133"). Certain provisions of FAS 133 were amended by Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" ("FAS 138") in June, 2000. These statements provide new accounting and reporting standards for the use of derivative instruments. Although the Company has not historically used such instruments, it is not precluded from doing so. In the future, management anticipates using such derivative instruments only as hedges to manage interest rate risk. Management does not

anticipate entering into derivatives for speculative or trading purposes. As of January 1, 2001, the Company had no outstanding derivative hedging instruments nor any imbedded derivatives requiring bifurcation and separate accounting under FAS 133, as amended. Accordingly, there was no cumulative effect upon adoption of FAS 133, as amended, on January 1, 2001.

In September, 2000, the FASB issued Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("FAS 140"). This statement is applicable for transfers of assets and extinguishments of liabilities occurring after March 31, 2001. The Company adopted the provisions of this statement as required for all transactions entered into on or after April 1, 2001. The adoption of FAS 140 did not have a significant impact on the Company.

In July, 2001, the FASB issued Financial Accounting Standards (FAS) No. 141, "Business Combinations" and FAS No. 142, "Goodwill and Other Intangible Assets" which provide guidance on how entities are to account for business combinations and for the goodwill and other intangible assets that arise from those combinations or are acquired otherwise. These standards are effective for the Company on January 1, 2002.

FAS 142 will require that goodwill no longer by amortized, but instead be tested for impairment at least annually. As of the date of adoption, the Company expects to have unamortized goodwill in the amount of approximately $7,189,000. Amortization expense related to such goodwill was approximately $150,000 for the nine month period ended September 30, 2001 and is expected to be approximately $200,000 for the year ended December

31, 2001. Management expects to adopt such statement effective January 1, 2002, as required but has not yet completed its evaluation as to the potential implications to the financial statements.

In October, 2001, the FASB issued Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"). FAS 144 provides new guidance on the recognition of impairment losses on long-lived assets to be held and used or to be disposed of and also broadens the definition of what constitutes a discontinued operation and how the results of a discontinued operation are to be measured and presented. The provisions of FAS 144 are effective for the Company on January 1, 2002. The adoption of FAS 144 is not expected to have a significant impact on the Company.

K) Reclassifications
Certain prior period amounts have been reclassified to conform with the current period presentation.

3. Mortgage Securities

The following table presents the Company's mortgage securities as of September 30, 2001 and December 31, 2000.

<TABLE>
<CAPTION>

	September 30, 2001 (Unaudited)	December 31, 2000
FNMA Certificates	$ 929,974,143	$ 377,668,990
GNMA Certificates	13,461,932	24,529,046
FHLMC Certificates	265,211,640	8,981,226
Commercial mortgage securities	11,631,000	17,135,031
Non-agency AAA assets	148,740,676	42,261,378
	$ 1,369,019,391	$ 470,575,671

</TABLE>

At September 30, 2001, and December 31, 2000, mortgage securities consisted of pools of adjustable-rate mortgage securities with carrying values of $1,357,044,781 and $450,992,165, respectively, and fixed-rate mortgage securities with carrying values of $11,974,610 and $19,583,506, respectively.

The Federal National Mortgage Association (FNMA) Certificates are backed by first mortgage loans on pools of single-family properties. The FNMA Certificates are debt securities issued by FNMA and are guaranteed by FNMA as to the full and timely payment of principal and interest on the underlying loans.

The Government National Mortgage Association (GNMA) Certificates are backed by first mortgage loans on multifamily residential properties and pools of single-family properties. The GNMA Certificates are debt securities issued by a private mortgage lender and are guaranteed by GNMA as to the full and timely payment of principal and interest on the underlying loans.

The Federal Home Loan Mortgage Corporation (FHLMC) Certificates are backed by first mortgage loans on pools of single-family properties. The FHLMC Certificates are debt securities issued by FHLMC and are guaranteed by FHLMC as to the full and timely payment of principal and interest on the underlying loans.

The commercial mortgage securities are rated AA or A by Standard and Poor's.

The non-agency assets are generally rated AAA by Standard and Poor's.

At September 30, 2001, and December 31, 2000, all mortgage securities were classified as available-for-sale and as such are carried at their fair value. The following table presents the amortized cost, gross unrealized gains, gross

unrealized losses and fair value of the mortgage securities at September 30, 2001, and December 31, 2000, respectively:

<TABLE>
<CAPTION>

	As of September 30, 2001 (Unaudited)	As of December 31, 2000	
<S>	<C>	<C>	
Amortized cost	$ 1,359,167,703	$ 474,638,436	
Gross unrealized gains	11,194,592	351,662	
Gross unrealized losses	(1,342,904)	(4,414,427)	
Fair value		$ 1,369,019,391	470,575,671

</TABLE>

4. Corporate Debt Securities

Corporate debt securities are classified as either held-to-maturity or available-for-sale. Prior to September 30, 2001, all corporate debt securities were classified as held-to-maturity. However, on September 30, 2001, because the continued deterioration of the issuer's credit worthiness has resulted in a change in management's long term plans to hold certain corporate debt securities, these investments were reclassified from the held-to-maturity classification to the available-for-sale classification and as such are now carried at their fair value. The total amortized cost, gross unrealized losses and aggregate fair value of the securities transferred were $4,587,937, $3,012,937 and $1,575,000 respectively. As a result of the change in classification, other comprehensive income decreased by $3,012,937.

The following tables presents the amortized cost, gross unrealized gains, gross unrealized losses and fair value of the corporate debt securities as of September 30, 2001, and December 31, 2000:

<TABLE>
<CAPTION>

Held-to-maturity securities:

	As of September 30, 2001 (Unaudited)	As of December 31, 2000
<S>	<C>	<C>
Amortized cost	$ 7,612,159	$ 15,665,727
Gross unrealized gains	-	24,900
Gross unrealized losses	(4,087,159)	(3,795,002)
Fair value	$ 3,525,000	$ 11,895,625

</TABLE>

<TABLE>
<CAPTION>

Available-for-sale securities:

	As of September 30, 2001 (Unaudited)	As of December 31, 2000

<S>	<C>	<C>
Amortized cost	$ 4,587,937	$ -
Gross unrealized gains	-	-
Gross unrealized losses	(3,012,937)	-
Fair value	$ 1,575,000	$ -

</TABLE>

The following table presents the carrying value of corporate debt securities at September 30, 2001 and December 31, 2000:

<TABLE>
<CAPTION>

	As of September 30, 2001 (Unaudited)	As of December 31, 2000
<S>	<C>	<C>
Held-to-maturity securities	$ 7,612,159	$ 15,665,727
Available-for-sale securities	1,575,000	-
Carrying value	$ 9,187,159	$ 15,665,727

</TABLE>

The Company recognized a permanent impairment loss of $273,890 during the three months ended June 30, 2001, on one of its investments in corporate debt securities. The amortized cost basis of such security was adjusted accordingly. During the three months ended September 30, 2001, the Company sold its entire remaining investment in such security and realized an additional loss of approximately $332,000 on such sale.

5. Corporate Equity Securities

Corporate equity securities are classified as available-for-sale. The following table presents the cost, gross unrealized gains, gross unrealized losses and fair value of the corporate equity securities as of September 30, 2001, and December 31, 2000:

<TABLE>
<CAPTION>

	As of September 30, 2001 (Unaudited)	As of December 31, 2000
<S>	<C>	<C>
Cost	$ 5,003,324	$ 9,045,923
Gross unrealized gains	784,648	613,843
Gross unrealized losses	(343,465)	(649,228)
Fair value	$ 5,444,507	$ 9,010,538

</TABLE>

The Company recognized a permanent impairment loss of $124,000 during the three months ended March 31, 2001, on one of its investments in corporate equity securities. The cost basis of such security was adjusted accordingly. During the three months ended September 30, 2001, the Company sold its entire investment in such equity security and realized an additional loss of approximately $77,000 on such sale.

6. Other Investments

Other investments consisted of the following as of September 30, 2001 and December 31, 2000:

<TABLE>
<CAPTION>

	As of September 30, 2001 (Unaudited)	As of December 31, 2000
<S>	<C>	<C>
Investment in Retirement Centers Corporation	$ 5,166,794	$ 2,540,180
Investment in and advances to real estate limited partnerships	4,345,686	4,000,390

Total	$ 9,512,480	$ 6,540,570

</TABLE>

The Company's investment in Retirement Centers Corporation (RCC) represents a 95% ownership interest in such corporation. The Company owns 100% of the non-voting preferred stock of RCC and a third party owns 100% of the common stock. The Company accounts for its investment in RCC on the equity method. As of September 30, 2001, RCC owned (i) a 128-unit apartment property located in Omaha, Nebraska, which was acquired on January 12, 2000 and (ii) an 88.3% undivided interest in a 192-unit apartment property located in Lawrenceville, Georgia, which was acquired on January 18, 2001.

At December 31, 2000, RCC owned (i) the 128-unit apartment property referenced above and (ii) a limited partnership interest in a real estate limited partnership which operates an assisted living center located in Salt Lake City, Utah. On January 2, 2001, the limited partnership which owned the assisted living center was liquidated with RCC receiving an undivided interest in the net assets of such partnership. RCC then sold its undivided interest in the net assets of the assisted living center. Such sale contributed approximately $2,100,000 ($2,600,000 less an incentive fee of approximately $511,000) (see Note 9) to the Company's net income for the nine months ended September 30, 2001. The proceeds of such sale were utilized to acquire the 192-unit apartment property on January 18, 2001 as discussed above.

Investments in and advances to unconsolidated real estate limited partnerships consist of investments in or advances made to limited partnerships which own properties. These investments are not insured or guaranteed by any government agency or third party. The value of these investments is a function of the underlying value of the real estate owned by such limited partnerships. They are accounted for under the equity method of accounting. Certain of the investments have a zero carrying value and, as such, earnings are recorded only to the extent distributions are received. Such investments have not been reduced below zero through recognition of allocated investment losses since the Company has no legal obligation to provide additional cash support to the underlying property partnerships as it is not the general partner, nor has it indicated any commitment to provide this support. As of September 30, 2001, and December 31, 2000, the Company had investments in five (including the acquisition discussed below) such limited partnerships. On January 18, 2001, the Company and one of its real estate limited partnerships acquired the remaining 11.7% undivided interest in the 192-unit apartment property discussed above.

7. Repurchase Agreements

The Company finances the acquisition of its mortgage securities at short-term borrowing rates through the use of repurchase agreements. Under a repurchase agreement, the Company sells securities to a lender and agrees to repurchase those securities in the future for a price that is higher than the original sales price. The difference between the sale price the Company receives and the repurchase price the Company pays represents interest paid to the lender. Although structured as a sale and repurchase obligation, a repurchase agreement operates as a financing under which the Company effectively pledges its securities as collateral to secure a short-term loan which is equal in value to a specified percentage of the market value of the pledged collateral. The Company retains beneficial ownership of the pledged collateral, including the right to distributions. At the maturity of a repurchase agreement, the Company is required to repay the loan and concurrently receives back its pledged collateral from the lender or, with the consent of the lender, the Company renews such agreement at the then prevailing financing rate. The repurchase agreements may require the Company to pledge additional assets to the lender in the event the market value of the existing pledged collateral declines. Through September 30, 2001, the Company has not had margin calls on its repurchase agreements that it was not able to satisfy with either cash or additional pledged collateral.

The Company's repurchase agreements generally range from one month to one year in duration. Should the providers of the repurchase agreements decide not to renew them at maturity, the Company must either refinance these obligations or be in a position to satisfy the obligations. If, during the term of a repurchase agreement, a lender should file for bankruptcy, the Company might experience difficulty recovering its pledged assets and may have an unsecured claim against the lender's assets. To reduce its exposure, the Company enters into repurchase agreements only with financially sound institutions whose holding or parent company's long-term debt rating is "A" or better as determined by both Standard and Poor's Corporation and Moody's Investors Services, where applicable. If this minimum criterion is not met, then the Company will not enter into repurchase agreements with that lender without the specific approval of its board of directors. In the event an existing lender is downgraded below "A," the Company will seek board approval before entering into additional repurchase agreements with that lender. The Company generally seeks to diversify its exposure by entering into repurchase agreements with at least four lenders with a maximum exposure to any lender of no more than three times the Company's stockholders' equity. As of September 30, 2001, the Company had repurchase agreements with nine lenders with a maximum exposure to any one lender of not more than 2.2 times its stockholders' equity.

As of September 30, 2001, the Company had outstanding balances of $1,280,934,852 under 96 repurchase agreements with a weighted average borrowing rate of 3.62% and a weighted average remaining maturity of 4.6 months. As of September 30, 2001, all of the Company's borrowings were fixed-rate term repurchase agreements with original maturities that range from one to twelve months. As of December 31, 2000, the Company had outstanding balances of $448,583,432 under 55 repurchase agreements with a weighted average borrowing rate of 6.60%.

At September 30, 2001, the repurchase agreements had the following remaining maturities:

<TABLE>
<CAPTION>

<S>	<C>
Within 30 days	$ 195,409,010
30 to 90 days	130,218,102
90 days to one year	955,307,740
	$ 1,280,934,852

</TABLE>

The repurchase agreements are collateralized by the Company's mortgage securities and corporate debt securities with an aggregate current face value of approximately $1.338 billion and corporate equity securities with a current market value of approximately $5.4 million. The repurchase agreements generally bear interest at rates that are London Interbank Offered Rate ("LIBOR") based.

8. Stockholders' Equity

Common Stock Offerings

The Company filed a registration statement with respect to a public offering and sale of 9,000,000 shares of its common stock that became effective June 21, 2001. In addition, the Company granted the underwriters an option to purchase up to 1,335,214 additional shares to cover over-allotments which the underwriters exercised in full. The public offering closed on June 27, 2001. The shares were priced at $7 per share with the Company receiving net proceeds of approximately $67.1 million after deducting total offering costs of approximately $5.2 million, including underwriting discounts.

On September 25, 2001, the Company filed a registration statement with the Securities and Exchange Commission relating to the future offerings of up to $300,000,000 of its common stock, preferred stock or any combination thereof. The Company may offer any or all of these shares for cash at any time or from time to time, in a variety of transactions, including underwritten public offerings. To the extent the Company raises additional capital from the offering of its common or preferred stock, the Company would anticipate that the net proceeds of any such offering would be used to acquire additional mortgage securities, interests in multifamily apartment properties and other investments consistent with its investment criteria, and for general corporate purposes. There can be no assurance, however, that the Company will be able to raise additional equity capital at any time or on any particular terms. See Note 10 - Subsequent Events for a discussion of the underwritten public offering of 8,000,000 shares of common stock under this registration statement that closed on November 7, 2001.

Also see Note 9 - Related Party Transactions, for a discussion of the 1,287,501 shares of common stock to be issued in conjunction with the proposed merger between the Company and the Manager.

1997 Stock Option Plan

The Company has a 1997 Stock Option Plan (the Plan) which authorizes the granting of options to purchase an aggregate of up to 1,400,000 shares of the Company's common stock, but not more than 10% of the total outstanding shares of the Company's common stock. The Plan authorizes the board of directors, or a committee of the board of directors, to grant Incentive Stock Options (ISOs) as defined under section 422 of the Internal Revenue Code, Non-Qualified Stock

Options (NQSOs) and Dividend Equivalent Rights (DERs) to eligible persons, other than non-employee directors. Non-employee directors are eligible to receive grants of NQSOs with DERs pursuant to the provisions of the Plan. The exercise price for any options granted to eligible persons under the Plan shall not be less than the fair market value of the common stock on the day of the grant. The options expire if not exercised within ten years after the date granted or upon certain other conditions.

On April 6, 1998, 500,000 ISOs were granted to buy common shares at an exercise price of $9.375 per share (the 1998 Grant). In addition, 20,000 NQSOs were issued at an exercise price of $9.375 per share. On August 13, 1999, 300,000 ISOs were granted to buy common shares at an exercise price of $4.875 per share (the 1999 Grant). Prior to the 1998 Grant, no other options were outstanding. As of September 30, 2001 and December 31, 2000, 725,000 and 525,000, respectively, ISOs were vested and exercisable. During the three and nine months ended September 30, 2001, 5,000 NQSQs expired. As of September 30, 2001 and December 31, 2000, 15,000 and 20,000, respectively, NQSOs were vested and exercisable. As of September 30, 2001, no options had been exercised.

In addition to the options granted on April 6, 1998, 500,000 and 5,000 DERs were also granted on the ISOs and NQSOs, respectively, based on the provisions of the Plan. No DERs were granted on the ISOs granted on August 13, 1999. DERs on ISOs vest on the same basis as the options. DERs on NQSOs became fully vested in April, 1999. Payments are made on vested DERs only. Vested DERs are paid only to the extent of ordinary income and not on returns of capital. Dividends paid on ISOs are charged to stockholders' equity when declared and dividends paid on NQSOs are charged to earnings when declared. For the three and nine months ended September 30, 2001, the Company recorded charges of $112,500 and $282,500, respectively, to stockholders' equity (included in dividends paid or accrued) associated with the DERs on ISOs and charges of $844 and $2,544, respectively, to earnings associated with DERs on NQSOs. For the three and nine months ended September 30, 2000, the Company recorded charges of $58,125 and $163,125, respectively, to stockholders' equity (included in dividends paid or accrued) associated with DERs on ISOs and charges of $775 and $2,875, respectively, to earnings associated with DERs on NQSOs.

The options and related DERs issued were accounted for under the provisions of SFAS 123, "Accounting for Stock Based Compensation". Because the ISOs were not issued to officers who are direct employees of the Company, ISOs granted were accounted for under the option value method as variable grants and a periodic charge is recognized based on the vesting schedule. The charge for options which vested immediately with the 1998 Grant was included as capitalized transaction costs in connection with the Merger. Until fixed and determinable, management estimates the value of the ISOs granted as of each balance sheet date using a Black-Scholes valuation model, as adjusted for the discounted value of dividends not to be received under the unvested DERs. In the absence of comparable historical market information for the Company, management originally utilized assumptions consistent with activity of a comparable peer group of companies including an estimated option life, a volatility rate, a risk-free rate and a current dividend yield (or 0% if the related DERs are issued). For the three and nine months ended September 30, 2001, as part of operations, the Company reflected earnings charges of $9,802 and $145,945, respectively, representing the value of ISOs/DERs granted over their vesting period. For the three and nine months ended September 30, 2000, as part of operations, the Company reflected earnings charges of $14,344 and $167,019, respectively, representing the value of the ISOs/DERs granted over their vesting period. NQSOs granted were accounted for using the intrinsic method and, accordingly, no earnings charge was reflected since the exercise price was equal to the fair market value of the common stock at the date of the grant.

The Company pays its non-employee directors a portion of their annual retainer in common stock of the Company. During the nine months ended September 30, 2001, and 2000, the Company issued 6,811 and 7,804 shares of its common stock

with an aggregate value of $50,003 and $39,996, respectively, to such directors (none during the three months ended September 30, 2001, and 2000, respectively).

Dividends

The Company declared the following dividends during 2001 and 2000:

<TABLE>
<CAPTION>

Declaration Date	Record Date	Payment Date	Amount per Share
<S>	<C>	<C>	<C>
During 2001:			

February 12, 2001	April 16, 2001	April 30, 2001	$ 0.165
April 9, 2001	June 30, 2001	July 16, 2001	$ 0.175
September 19, 2001	October 2, 2001	October 18, 2001	$ 0.225
During 2000:			
March 17, 2000	April 14, 2000	May 17, 2000	$ 0.140
June 14, 2000	June 30, 2000	August 17, 2000	$ 0.140
September 8, 2000	October 16, 2000	November 17, 2000	$ 0.155
December 14, 2000	January 15, 2001	January 30, 2001	$ 0.155

</TABLE>

Stock Repurchase Plan

During the fourth quarter of 1999, the Company implemented a 600,000 share repurchase program. Pursuant to this program, through September 30, 2001, the Company has purchased and retired 378,221 shares at an aggregate cost of $1,923,821 (none during the three or nine months ended September 30, 2001).

9. Related Party Transactions

The Manager manages the operations and investments of the Company and performs administrative services for the Company. In turn, the Manager receives a management fee payable monthly in arrears in an amount equal to 1.10% per annum of the first $300 million of Stockholders' Equity of the Company, plus .80% per annum of the portion of Stockholders' Equity of the Company above $300 million. The Company also pays the Manager, on a quarterly basis, an incentive compensation fee of 20% of the amount by which its Return on Equity for each quarter exceeds a return based on the Ten-Year U.S. Treasury Rate plus 1%. For the three and nine months ended September 30, 2001, the Manager earned a base management fee of $395,229 and $875,279, respectively, and incentive compensation of $743,189 and $1,753,112, respectively. For the three and nine months ended September 30, 2000, the Manager earned a base management fee of $183,572 and $545,919, respectively, and incentive compensation of $544,985 and $670,214, respectively.

America First Properties Management Company L.L.C., (the Property Manager), provides property management services for multifamily properties in which the Company has an interest. The Property Manager receives a management fee equal to a stated percentage of the gross revenues generated by the properties under management, ranging from 3.5% to 4% of gross revenues. Such fees paid by the entities which own the multifamily properties in which the Company has an interest for the three and nine months ended September 30, 2001, amounted to $107,758 and $327,334, respectively, and such fees paid for the three and nine months ended September 30, 2000, amounted to $96,774 and $288,340, respectively.

The Company entered into an Agreement and Plan of Merger, dated as of September 24, 2001 (the "Merger Agreement") with the Manager, America First Companies L.L.C., the principal stockholder of the Manager ("AFC"), and Stewart Zimmerman, William S. Gorin, and Ronald A. Freydberg, the other stockholders of the Manager (the "Manager Stockholders"). Pursuant to the Merger Agreement, the Manager will merge with and into the Company, and the Company will become a self-advised real estate investment trust. Under the

Merger Agreement, the Company will issue 1,287,501 shares of its common stock to the owners of the Manager. The issuance of shares of the Company's common stock pursuant to, and the other transactions contemplated by the Merger Agreement are conditioned upon, among other things, the affirmative vote of a majority of the shares of the Company's common stock voting at a special meeting of stockholders which is expected to take place in the fourth quarter of 2001. On October 9, 2001, the Company filed a preliminary proxy statement with the Securities and Exchange Commission with respect to this special meeting of stockholders.

10. Subsequent Events

On October 16, 2001, in order to reduce interest rate risk exposure on its LIBOR-based repurchase agreements, the Company entered into a LIBOR interest rate cap agreement struck at 5.75% for a notional amount of $50 million covering the monthly periods from October 25, 2002 to October 25, 2004.

On November 7, 2001, the Company closed an underwritten public offering of 8,000,000 shares of its common stock. As of that date, the underwriters had not exercised their option to purchase up to 1,200,000 additional shares to cover over-allotments. The shares were priced at $8.00 per share with the Company receiving net proceeds of approximately $59.7 million after payment of offering expenses of $4,300,000, including underwriting discounts. Net proceeds of the offering will be utilized to acquire additional adjustable-rate mortgage securities.

Item 2.
AMERICA FIRST MORTGAGE INVESTMENTS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with all of the financial statements and notes included in Item 1 of this report as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

General

The Company was incorporated in Maryland on July 24, 1997. The Company began operations on April 10, 1998 when it merged with three partnerships: America First Participating/Preferred Equity Mortgage Fund Limited Partnership ("Prep Fund 1"), America First Prep Fund 2 Limited Partnership ("Prep Fund 2") and America First Prep Fund 2 Pension Series Limited Partnership ("Pension Fund").

America First Mortgage Advisory Corporation (the "Manager") provides advisory services to the Company in connection with the conduct of the Company's business activities. The Company's principal investment strategy includes leveraged investing in adjustable-rate mortgage securities. The Company's investment strategy also provides for the acquisition of multifamily housing properties, REIT securities and high-yield corporate securities.

The Company has elected to become subject to tax as a real estate investment trust ("REIT") for federal income tax purposes beginning with its 1998 taxable year and, as such, anticipates distributing annually at least 90% (95% prior to January 1, 2001) of its taxable income, subject to certain adjustments. Generally, cash for such distributions is expected to be largely generated from the Company's operations, although the Company may borrow funds to make distributions. The Company declared the following dividends during 2001 and 2000:

<TABLE>
<CAPTION>

Declaration Date	Record Date	Payment Date	Amount per Share
<S>	<C>	<C>	<C>
During 2001:			
February 12, 2001	April 16, 2001	April 30, 2001	$ 0.165
April 9, 2001	June 30, 2001	July 16, 2001	$ 0.175
September 19, 2001	October 2, 2001	October 18, 2001	$ 0.225
During 2000:			
March 17, 2000	April 14, 2000	May 17, 2000	$ 0.140
June 14, 2000	June 30, 2000	August 17, 2000	$ 0.140
September 8, 2000	October 16, 2000	November 17, 2000	$ 0.155
December 14, 2000	January 15, 2001	January 30, 2001	$ 0.155

</TABLE>

The Company's operations for any period may be affected by a number of factors including the investment assets held, general economic conditions affecting underlying borrowers and, most significantly, factors which affect the interest rate market. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors beyond the control of the Company.

Liquidity and Capital Resources

The Company's principal sources of capital consist of borrowings under repurchase agreements, principal payments received on its portfolio of mortgage securities, cash provided by operations and proceeds from public equity offerings. Principal uses of cash include the acquisition of investment securities, the payment of operating expenses and the payment of dividends to shareholders.

During the nine months ended September 30, 2001, the Company acquired $1.041

billion of mortgage securities and corporate equity securities. Financing for these acquisitions was provided primarily through the utilization of repurchase agreements, supplemented by cash flow from operations and net proceeds from the public offering of common stock described below. Net borrowings under repurchase agreements totaled $832.4 million during the nine months ended September 30, 2001. The Company also received principal payments of $147.9 million on its mortgage securities and proceeds of $13.2 million from the sale of mortgage securities, corporate debt securities and corporate equity securities during the nine months ended September 30, 2001. Other uses of funds during the nine months ended September 30, 2001, included $3.3 million primarily for the acquisition of an interest in a multifamily housing property and $6.3 million for dividend payments.

The Company's borrowings under repurchase agreements totaled $1.281 billion at September 30, 2001, and had a weighted average borrowing rate of 3.62% as of such date. At September 30, 2001, the repurchase agreements had balances of between $0.2 million and $68.0 million. These arrangements generally have original terms to maturity ranging from one month to twelve months and annual interest rates that are generally based on LIBOR. To date, the Company has not had margin calls on its repurchase agreements that it was not able to satisfy with either cash or additional pledged collateral.

On June 27, 2001, the Company closed a public offering of 10,335,214 shares of its common stock. The offering included the full exercise of the underwriters' option to purchase up to 1,335,214 additional shares to cover over-allotments. The shares were priced at $7 per share with the Company receiving net proceeds of approximately $67.1 million net of offering expenses of $5.2 million, including underwriting discounts. Net proceeds of this offering were fully utilized to acquire additional adjustable-rate mortgage securities during the three months ended September 30, 2001.

On September 25, 2001, the Company filed a registration statement with the Securities and Exchange Commission relating to $300,000,000 of its common stock and preferred stock that the Company may offer from time to time for cash in a variety of transactions, including underwritten public offerings. On November 7, 2001, the Company closed an underwritten public offering of 8,000,000 shares of its common stock pursuant to this registration statement. As of that date, the underwriters had not exercised their option to purchase up to 1,200,000 additional shares to cover over-allotments. The shares were sold at a public offering price of $8.00 per share, less commissions and discounts of $0.48 per share. Net offering proceeds after commissions, discounts and other offering expenses totaled approximately $59.7 million. The Company anticipates using the net proceeds of the offering to acquire additional adjustable-rate mortgage securities on a leveraged basis during the fourth quarter of 2001. To the extent the Company raises additional equity capital from future sales of common and/or preferred stock under this registration statement, it anticipates using the net proceeds to acquire additional mortgage securities, interests in multifamily apartment properties and other investments consistent with its investment policies. There can be no assurance, however, that the Company will be able to raise additional equity capital at any particular time or on any particular terms.

The primary component of the Company's general and administrative expenses are the base advisory and incentive compensation fees paid to the Manager. See Note 9 to the Financial Statements - Related Party Transactions for a description of these fees. Due to the increase in the Company's assets and stockholders' equity during 2001, its Board of Directors determined that the Company should become a "self-advised" REIT. Accordingly, on September 24, 2001, the Company entered into a merger agreement with the Manager and the stockholders of the Manager (the "Merger Agreement") under which the Manager will be merged with and into the Company. If the merger is completed, the employees of the Manager will become employees of the Company and the Company will assume all of the costs of operating its business, some of which are currently paid by the Manager. In addition, the Company's obligation to pay the base advisory and incentive compensation fees to the Manager will terminate upon the closing of the merger. Management of the Company believes that, under current market conditions, the additional costs incurred in operating the Company on a self-advised basis will be less than the amount of the fees that would be payable to the Manager had the Company remained an "externally-advised" REIT. However, there can be no assurance that the Company will incur lower expenses as a self-advised REIT. In addition, under the Merger Agreement, the Company will issue 1,287,501 shares of its common stock to the stockholders of the Manager. These shares will represent approximately 4.5% of the total outstanding shares of common stock after the

merger. As a result, earnings per share could decrease as a result of the merger even though the Company's costs decline as a result of becoming self-advised. The closing of the merger is subject to a number of conditions, including the approval of a majority of the shares of the Company's common stock voting at a special meeting of the stockholders that is expected to be held in the fourth quarter of 2001.

The Company believes it has adequate financial resources to meet its obligations as they come due and fund committed dividends as well as to actively pursue its investment policies.

The terrorist attacks which occurred in New York City and Washington, D.C. on September 11, 2001, and the subsequent military actions taken by the United States and its allies in response, have caused significant uncertainty in the global financial markets. While the short-term and long-term affects of these events and their potential consequences are uncertain, they could have a material adverse effect on general economic conditions, consumer confidence and market liquidity. Among other things, it is possible that short-term interest rates may be affected by these events. If short-term interest rates increase rapidly, it would cause the Company's borrowing costs to increase faster than increases in the interest rates the Company earns on its adjustable-rate mortgage securities. If that were to happen, the Company's earnings would be negatively affected. In addition, the rate of prepayment on the mortgages underlying the Company's mortgage securities could increase as a result of adverse economic conditions, changes in interest rates and other factors, all of which could be affected by the events of September 11, 2001 and their aftermath.

Results of Operations

Three Month Period Ended September 30, 2001 Compared to 2000

During the three months ended September 30, 2001, total interest and dividend income increased $7.53 million (82.3%) compared to the same period in the prior year. Mortgage securities income increased $7.63 million (91.8%) from $8.31 million to $15.94 million; income recognized on short-term investments in cash and cash equivalents increased $0.1 million. Increases in income from mortgage securities and income on cash and cash equivalents were partially offset by decreases in income from corporate debt securities and dividends of $0.2 million (26.2%). The increase in mortgage securities income was primarily the result of an increase in the Company's mortgage securities portfolio of $877.4 million (178.5%) from $491.6 million as of September 30, 2000 to $1.369 billion as of September 30, 2001. The decrease in corporate debt securities and dividend income is primarily attributable to a reduction in the average amount invested in such securities as a result of sales of the underlying investments.

The Company's interest expense increased $2.4 million (31.3%) for the three months ended September 30, 2001, compared to the same period in 2000. Such increase is primarily due to an increase of $807.5 million (170.6%) in repurchase agreements balances from $473.4 million as of September 30, 2000 to $1.281 billion as of September 30, 2001 partially offset by a decrease in the Company's average interest cost from 6.62% to 3.87% for the three months ended September 30, 2000 and 2001, respectively.

As a result of the increase in the Company's mortgage securities portfolio and the widening of the Company's interest rate margin (calculated by dividing annualized net interest and dividend income by average interest earning assets), net interest and dividend income increased $5.1 million (382.8%) from $1.3 million to $6.4 million for the three months ended September 30, 2000 and 2001, respectively.

Income from other investments decreased $2.7 million for the three months ended September 30, 2001, compared to the same period in 2000. Included in such income for the three months ended September 30, 2000 is a gain of approximately $2.6 million which resulted from the sale of the underlying real estate of an unconsolidated real estate limited partnership. The remaining decrease of $0.1 million is the result of a reduction in income generated by the Company's investments in unconsolidated real estate limited partnerships.

The Company recognized a net loss of approximately $124,000 resulting from the sales of certain corporate debt and equity investments during the three months ended September 30, 2001 compared to a net gain of approximately $53,000 resulting from the sales of certain corporate equity securities during the

three months ended September 30, 2000. Such 2001 losses resulted from the sales of certain corporate debt and equity securities of approximately $409,000 offset by gains from the sales of certain corporate debt and equity securities of approximately $285,000.

General and administrative expenses for the Company for the three months ended September 30, 2001, increased $0.4 million as compared to the three months ended September 30, 2000. Such increase is primarily attributable to higher base management and incentive compensation fees earned by the Manager due to an increase in income generated by the Company.

Nine Month Period Ended September 30, 2001 Compared to 2000

During the nine months ended September 30, 2001, total interest and dividend income increased $7.52 million (27.9%) compared to the same period in the prior year. Mortgage securities income increased $7.19 million (28.9%) from $24.92 million to $32.11 million. Income recognized on short-term investments in cash and cash equivalents increased $0.12 million and income from corporate debt securities increased $0.36 million. Increases in income from mortgage securities, income on cash and cash equivalents and interest on corporate debt securities were partially offset by a decrease in dividend income of $0.15 million. The increase in mortgage securities income was primarily the result of an increase in the Company's mortgage securities portfolio of $877.4 million (178.5%) from $491.6 million as of September 30, 2000 to $1.369 billion as of September 30, 2001. The increase in income from corporate debt securities and income on short-term investments in cash and cash equivalents was primarily the result of an increase in the average balances of such investments during the period. The decrease in dividend income is primarily attributable to a reduction in the average amount invested in such securities as a result of sales of the underlying investments.

The Company's interest expense increased $0.2 million for the nine months ended September 30, 2001, compared to the same period in 2000. Although repurchase agreements balances increased $807.5 million from $473.4 million as of September 30, 2000 to $1.281 billion as of September 30, 2001, the average interest cost decreased from 6.46% to 4.55% for the nine months ended September 30, 2000 and 2001, respectively.

As a result of the widening of the Company's interest rate margin, net interest and dividend income increased $7.32 million (159.3%) from $4.60 million to $11.92 million for the nine months ended September 30, 2000 and 2001, respectively.

Income from other investments decreased approximately $0.2 million for the nine months ended September 30, 2001, compared to the same period in 2000 as a result of a reduction in income generated by the Company's investments in unconsolidated real estate limited partnerships. Included in such income for the nine months ended September 30, 2001, is a gain of approximately $2.6 million which resulted from the sale by a non-consolidated subsidiary of its undivided interest in the net assets of an assisted living center. Included in such income for the nine months ended September 30, 2000 is a gain of approximately $2.6 million which resulted from the sale of the underlying real estate of an unconsolidated real estate limited partnership.

The Company recognized a net loss of approximately $0.38 million on its investments during the nine months ended September 30, 2001. Such net loss resulted from permanent impairment losses recognized on one of each of its investments in corporate debt and equity securities totaling approximately $0.4 million (See Notes 4 and 5). In addition, the Company recognized losses of approximately $1.01 million on sales of certain corporate debt and equity securities. Such losses were partially offset by gains on sales of commercial mortgage securities and corporate debt and equity securities of approximately $1.03 million. This compares to a net gain of $0.17 million recognized during the nine months ended September 30, 2000 resulting from the sale of corporate debt securities and corporate equity securities for a gain of $0.36 million which was partially offset by a loss of approximately $0.19 million on the sale of numerous small pools of fixed-rate mortgage securities.

General and administrative expenses for the Company for the nine months ended September 30, 2001, increased $1.4 million as compared to the nine months ended September 30, 2000. Such increase is primarily attributable to higher base management and incentive compensation fees earned by the Manager of which $0.5 million resulted from the sale described in Note 6 and $0.6 million resulted from an increase in income generated by the Company.

New Accounting Pronouncements

In June, 1998, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities " ("FAS 133"). Certain provisions of FAS 133 were amended by Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" ("FAS 138") in June, 2000. These statements provide new accounting and reporting standards for the use of derivative instruments. Although the Company has not historically used such instruments, it is not precluded from doing so. In the future, management anticipates using such derivative instruments only as hedges to manage interest rate risk. Management does not anticipate entering into derivatives for speculative or trading purposes. As of January 1, 2001, the Company had no outstanding derivative hedging instruments nor any imbedded derivatives requiring bifurcation and separate accounting under FAS 133, as amended. Accordingly, there was no cumulative effect upon adoption of FAS 133, as amended, on January 1, 2001.

In September, 2000, the FASB issued Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("FAS 140"). This statement is applicable for transfers of assets and extinguishments of liabilities occurring after March 31, 2001. The Company adopted the provisions of this statement as required for all transactions entered into on or after April 1, 2001. The adoption of FAS 140 did not have a significant impact on the Company.

In July, 2001, the FASB issued Financial Accounting Standards (FAS) No. 141, "Business Combinations" and FAS No. 142, "Goodwill and Other Intangible Assets" which provide guidance on how entities are to account for business combinations and for the goodwill and other intangible assets that arise from those combinations or are acquired otherwise. These standards are effective for the Company on January 1, 2002.

FAS 142 will require that goodwill no longer by amortized, but instead be tested for impairment at least annually. As of the date of adoption, the Company expects to have unamortized goodwill in the amount of approximately $7,189,000. Amortization expense related to such goodwill was approximately $150,000 for the nine month period ended September 30, 2001 and is expected to be approximately $200,000 for the year ended December 31, 2001. Management expects to adopt such statement effective January 1, 2002, as required but has not yet completed its evaluation as to the potential implications to the financial statements.

In October, 2001, the FASB issued Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"). FAS 144 provides new guidance on the recognition of impairment losses on long-lived assets to be held and used or to be disposed of and also broadens the definition of what constitutes a discontinued operation and how the results of a discontinued operation are to be measured and presented. The provisions of FAS 144 are effective for the Company on January 1, 2002. The adoption of FAS 144 is not expected to have a significant impact on the Company.

Other Matters

The Company at all times intends to conduct its business so as to not become regulated as an investment company under the Investment Company Act of 1940. If the Company were to become regulated as an investment company, then, among other things, the Company's ability to use leverage would be substantially reduced. The Investment Company Act exempts entities that are "primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate" (i.e. "Qualifying Interests"). Under the current interpretation of the staff of the SEC, in order to qualify for this exemption, the Company must maintain at least 55% of its assets directly in Qualifying Interests. In addition, unless certain mortgage securities represent an undivided interest in the entire pool backing such mortgage securities (i.e. "whole pool" mortgage securities), such mortgage securities may be treated as securities separate from the underlying mortgage loan, thus, may not be considered Qualifying Interests for purposes of the 55% exemption requirement. Accordingly, the Company monitors its compliance with this requirement in order to maintain its exempt status. As of September 30, 2001, the Company determined that it is in and has maintained compliance with this requirement.

Forward Looking Statements

When used in this Form 10-Q, in future SEC filings or in press releases or other written or oral communications, the words or phrases "will likely result", "are expected to", "will continue", "is anticipated", "estimate", "project" or similar expressions are intended to identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are subject to various risks and uncertainties, including those relating to:

- increases in the prepayment rates on the mortgage loans securing the Company's mortgage securities;
- changes in short-term interest rates;
- the Company's ability to use borrowings to finance its assets;
- whether the Company becomes a self-advised company or continues to be externally-advised;
- increases in the Company's advisory fees if it does not become self-advised;
- expenses associated with the process of becoming self-advised;
- risks associated with investing in real estate, including changes in business conditions and the general economy;
- changes in government regulations affecting the Company's business; and
- the Company's ability to maintain its qualification as a real estate investment trust for federal income tax purposes.

These risks, uncertainties and factors could cause the Company's actual results to differ materially from those projected in any forward-looking statements it makes.

All forward looking statements speak only as the date they are made and the Company does not undertake, and specifically disclaims, any obligation to update any forward-looking statement to reflect events or circumstances after the date of such statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the Company's market risk since December 31, 2000.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

The Company sold 10,335,214 shares of its common stock in an underwritten public offering on June 27, 2001 (SEC Registration No. 333-59800). Net proceeds of the offering, after deduction of underwriting discounts and expenses, were approximately $67.1 million. During the three months ended September 30, 2001, all remaining net proceeds of this public offering were utilized by the Company to acquire adjustable-rate mortgage securities.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

2.1 Agreement and Plan of Merger by and among the Registrant, America First Participating/Preferred Equity Mortgage Fund Limited Partnership, America First Prep Fund 2 Limited Partnership, America First Prep Fund 2 Pension Series Limited Partnership and certain other parties, dated as of July 29, 1997 (incorporated herein by reference to Exhibit 2.1 of the Registration Statement on Form S-4 dated February 12, 1998, filed by the Registrant pursuant to the Securities Act of 1933 (Commission File No. 333-46179)).

2.2 Agreement and Plan of Merger by and among the Registrant, America First Mortgage Advisory Corporation ("AFMAC") and the shareholders of AFMAC dated September 24, 2001 (incorporated herein by reference to Exhibit A of the Preliminary Proxy Statement dated October 9, 2001, filed by the Company pursuant to the Securities Exchange Act of 1934 (Commission File No. 1-13991)).

3.1 Amended and Restated Articles of Incorporation of the Registrant (incorporated herein by reference to Form 8-K dated April 10, 1998, filed by the Registrant pursuant to the Securities Exchange Act of 1934 (Commission File No. 1-13991)).

3.2 Amended and Restated Bylaws of the Registrant (incorporated herein by reference to Form 8-K dated April 10, 1998, filed by the Registrant pursuant to the Securities Exchange Act of 1934 (Commission File No. 1-13991)).

4.1 Specimen of Common Stock Certificate of the Company. (incorporated herein by reference to Exhibit 4.1 of the Registration Statement on Form S-4 dated February 12, 1998, filed by the Registrant pursuant to the Securities Act of 1933 (Commission File No. 333-46179)).

10.1 Advisory Agreement, dated April 9, 1998, by and between the Company and the Manager (incorporated herein by reference to Form 8-K dated April 10, 1998 filed by the Company pursuant to the Securities Exchange Act of 1934 (Commission File No. 1-13991)).

10.2 Employment Agreement of Stewart Zimmerman (incorporated herein by reference to Exhibit 10.2 of the Registration Statement on Form S-4 dated February 12, 1998, filed by the Company pursuant to the Securities Act of 1933 (Commission File No. 333-46179)).

10.3 Employment Agreement of William S. Gorin (incorporated herein by reference to Exhibit 10.3 of the Registration Statement on Form S-4 dated February 12, 1998, filed by the Company pursuant to the Securities Act of 1933 (Commission File No. 333-46179)).

10.4 Employment Agreement of Ronald A. Freydberg (incorporated herein by reference to Exhibit 10.4 of the Registration Statement on Form S-4 dated February 12, 1998, filed by the Company pursuant to the Securities Act of 1933 (Commission File No. 333-46179)).

10.5 Addendum to Employment Agreement of Stewart Zimmerman (incorporated herein by reference to Form 10-Q dated March 31, 2000, filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (Commission File No. 1-13991)).

10.6 Addendum to Employment Agreement of William S. Gorin (incorporated herein by reference to Form 10-Q dated March 31, 2000, filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (Commission File No. 1-13991)).

10.7 Addendum to Employment Agreement of Ronald A. Freydberg (incorporated herein by reference to Form 10-Q dated March 31, 2000, filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (Commission File No. 1-13991)).

10.8 Second Amended and Restated 1997 Stock Option Plan of the Company (incorporated herein by reference to Form 10-Q dated August 10, 2001, filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (Commission File No. 1-13991)).

(b) Reports on Form 8-K

The Registrant filed the following reports on Form 8-K during the quarter for which this report is filed:

Item Reported	Financial Statements Filed	Date of Report
5. Other Events	No	September 24, 2001

SIGNATURES

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

Dated: November 7, 2001 AMERICA FIRST MORTGAGE INVESTMENTS, INC.

By /s/ Stewart Zimmerman
Stewart Zimmerman
President and Chief Executive Officer

By /s/ William S. Gorin
William S. Gorin
Authorized Officer and Chief Financial Officer