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 March 31, 1999 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

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

<S>	March 31, 1999 (Unaudited) <C>	Dec. 31, 1998 <C>
Assets		
Investment in mortgage securities (Note 3)	$ 341,540,726	$ 241,895,462
Investment in corporate securities (Note 4)	5,158,436	4,673,127
Investment in preferred stock	2,063,214	1,153,800
Cash and cash equivalents, at cost which approximates market value	11,205,366	6,045,956
Accrued interest receivable	2,303,054	1,540,576
Other investments (Note 5)	1,150,486	

		1,197,341
Goodwill, net	7,461,506	7,361,338
Other assets	514,806	801,302
	$ 371,397,594	$ 264,668,902
Liabilities		
Repurchase agreements (Note 6)	$ 297,073,067	$ 190,250,084
Accrued interest payable	839,284	795,785
Accounts payable	465,020	212,085
Dividends or distributions payable	2,417,269	2,413,803
	300,794,640	193,671,757
Minority interest in Pension Fund (Note 1)	31,017	64,388
Stockholders' Equity		
Stockholders' Equity		
Common stock, $.01 par value; 10,000,000 shares authorized 9,055,142 issued and outstanding	90,551	90,551
Additional paid in capital	76,203,009	76,203,009
Retained earnings	(5,466,446)	(4,302,981)
Accumulated other comprehensive income	(255,177)	(1,057,822)
	70,571,937	70,932,757
	$ 371,397,594	$ 264,668,902

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

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

	Company For the Three Months Ended March 31, 1999	Company and Predecessor For the Three Months Ended March 31, 1998
<S>	<C>	<C>
Mortgage securities income	$ 4,564,789	$ 613,793
Corporate securities income	130,899	-
Interest income on temporary cash investments	131,385	148,799
Total interest income	4,827,073	762,592
Interest expense on borrowed funds	3,143,155	-
Net interest income	1,683,918	762,592
Income from other investments	186,697	145,167
Loss on sale of investments	(1,534)	-
	185,163	145,167
General and administrative expenses	616,193	421,293
Minority interest	490	-
	616,683	421,293
Net income	$ 1,252,398	$ 486,466
Net income, basic and fully diluted, per share	$ .14	N/A
Net income, basic and fully diluted, per unit	N/A	$ .08
Weighted average number of shares outstanding	9,055,142	N/A
Weighted average number of units outstanding	N/A	5,775,797

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

AMERICA FIRST MORTGAGE INVESTMENTS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 1999
(UNAUDITED)

<TABLE>
<CAPTION>

Stockholders' Equity

	Common Stock	Paid-in	Retained	Accumulated Other Comprehensive

<S>	# of Shares <C>	Amount <C>	Capital <C>	Earnings <C>	Income <C>	Total <C>
Balance at December 31, 1998	9,055,142	$ 90,551	$76,203,009	$(4,302,981)	$(1,057,822)	$70,932,757
Comprehensive income:						
Net income	-	-	-	1,252,398	-	1,252,398
Net unrealized holding gains arising during the period	-	-	-	-	802,645	802,645
Comprehensive income	-	-	-	1,252,398	802,645	2,055,043
Dividends paid or accrued	-	-	-	(2,415,863)		(2,415,863)
Balance at March 31, 1999	9,055,142	$ 90,551	$76,203,009	$ (5,466,446)	$ (255,177)	$70,571,937

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

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

	Company For the Three Months Ended	Company and Predecessor For the Three Months Ended

<S>	March 31, 1999 <C>	March 31, 1998 <C>
Cash flows from operating activities		
Net income	$ 1,252,398	$ 486,466
Net cash provided by (used in) operating activities:		
Loss on sale of investments	1,534	-
Minority interest	490	-
Amortization	221,617	(1,959)
Decrease (increase) in interest receivable	(762,478)	8,302
Decrease in other assets	298,779	6,241
Increase in accounts payable	252,935	565,608
Increase in accrued interest payable	43,499	-
Net cash provided by operating activities	1,308,774	1,064,658
Cash flows from investing activities		
Principal payments on mortgage securities	25,533,537	867,630
Purchases of mortgage securities	(124,778,490)	-
Purchases of corporate securities	(476,250)	-
Purchases of preferred stock	(850,333)	-
Decrease in other investments	46,855	42,869
Merger transaction costs paid	-	(729,509)
Net cash provided by (used in) investing activities	(100,524,681)	180,990
Cash flows from financing activities		
Net borrowings from repurchase agreements	106,822,983	-
Dividends and distributions paid	(2,447,666)	(1,535,007)
Net cash provided by (used in) financing activities	104,375,317	(1,535,007)
Net increase (decrease) in cash and cash equivalents	5,159,410	(289,359)
Cash and temporary cash investments at beginning of period	6,045,956	10,426,181
Cash and temporary cash investments at end of period	$ 11,205,366	$ 10,136,822
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 3,099,656	$ -

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

AMERICA FIRST MORTGAGE INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1999
(UNAUDITED)

1. Organization

America First Mortgage Investments, Inc. (the Company) was incorporated in Maryland on July 24, 1997, but had no operations prior to April 10, 1998.

On April 10, 1998, (the Merger Date) the Company and three partnerships: America First Participating/Preferred Equity Mortgage Fund Limited Partnership (Prep Fund 1), America First Prep Fund 2 Limited Partnership (Prep Fund 2), America First Prep Fund 2 Pension Series Limited Partnership (Pension Fund), consummated a merger transaction whereby their pre-existing net assets and operations or majority interest in the preexisting partnership were contributed to the Company in exchange for 9,035,084 shares of the Company's common stock. For financial accounting purposes, Prep Fund 1, the largest of the three partnerships, was considered the Predecessor entity (the Predecessor) and its historical operating results are presented in the financial statements contained herein. The Merger was accounted for using the purchase method of accounting in accordance with generally accepted accounting principles. Prep Fund 1 was deemed to be the acquirer of the other partnerships under the purchase method. Accordingly, the Merger resulted, for financial accounting purposes, in the effective purchase by Prep Fund 1 of all the Beneficial Unit Certificates (BUCs) of Prep Fund 2 and approximately 99% of the BUCs of Pension Fund. As the surviving entity for financial accounting purposes, the assets and liabilities of Prep Fund 1 were recorded by the Company at their historical cost and the assets and liabilities of Prep Fund 2 and Pension Fund were adjusted to fair value. The excess of the fair value of stock issued over the fair value of net assets acquired has been recorded as goodwill in the accompanying balance sheet.

The Company has entered into an advisory agreement with America First Mortgage Advisory Company (the Advisor) which provides advisor services in connection with the conduct of the Company's business activities.

2. Summary of Significant Accounting Policies

A) Method of Accounting

The accompanying 1999 consolidated financial statements include the accounts of the Company and its subsidiaries, Pension Fund and America First Capital Associates Limited Partnership Six (the general partner of Pension Fund). All significant intercompany transactions and accounts have been eliminated in consolidation. In addition, as more fully discussed in Note 5, the Company has an investment in a corporation and investments in four real estate limited partnerships, none of which are controlled by the Company. These investments are accounted for under the equity method. Neither the corporation nor the real estate limited partnerships are consolidated for income tax purposes.

The accompanying 1998 consolidated and combined financial statements include the consolidated accounts of the Company from April 10, 1998, through December 31, 1998, and the combined accounts of the Company, Prep Fund 1 and America First Participating/Preferred Equity Mortgage Fund (the managing general partner of Prep Fund 1) (together referred to as the Predecessor) for the periods prior to the Merger.

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.

C) Mortgage Securities and Corporate 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 and corporate securities (collectively referred to as investment securities) as either held-to-maturity, available-for-sale or trading. 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.

Mortgage 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 securities are classified as held-to-maturity and are carried at amortized cost.

Unrealized losses on mortgage 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 mortgage security is adjusted. Other-than-temporary unrealized losses are based on management's assessment of various factors affecting the expected cash flow from the mortgage 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 based on, among other things, anticipated estimated prepayments. Such calculations are periodically adjusted for actual prepayment activity.

D) Credit Risk

The Company limits its exposure to credit losses on its investment portfolio by requiring that at least 70% of its investment portfolio consist of mortgage securities or mortgage loans that are either (i) insured or guaranteed as to principal and interest by an agency of the U.S. government, such as Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), or Federal Home Loan Mortgage Corporation (FHLMC), (ii) rated in one of the two highest rating categories by either Standard & Poor's or Moody's, or (iii) considered to be of equivalent credit quality as determined by the Advisor and approved by the Company's investment committee. The remainder of the Company's assets may be either: (i) mortgage assets rated at least investment grade or considered to be of equivalent credit quality by the Advisor with approval from the Company's investment committee; (ii) direct investment (mezzanine or equity) in multifamily projects collateralizing mortgage loans owned by the Company; (iii) investments in limited partnerships, real estate investment trusts or closed-end funds owning a portfolio of mortgage assets; or (iv) other fixed income instruments (corporate or government) that provide increased call protection relative to the Company's mortgage securities. Corporate debt that is rated below investment grade will be limited to less than 5% of the Company's total assets. As of March 31, 1999, approximately 93% of the Company's investment portfolio consisted of mortgage securities insured or guaranteed by the U.S. government or an agency thereof. At March 31, 1999, management determined no allowance for credit losses was necessary.

E) Other Investments

Other investments consist of: (i) non-voting preferred stock of a corporation owning interests in real estate limited partnerships, (ii) investments in limited partnerships owning real estate, (iii) direct investments in multifamily projects collateralizing mortgage loans owned by the Company, and (iv) other real estate investments.

F) 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 7, options to purchase 520,000 shares of common stock were issued during the quarter ended June 30, 1998. Because the average stock price during the quarter during which such options were issued was less than the exercise price, exercise of such options under the treasury stock method would be anti-dilutive. Accordingly, these potentially dilutive securities were not considered in fully diluted earnings per share and, as a result, basic and fully diluted net income per share are the same for the three months ended March 31, 1999. With regard to the Predecessor, no options were issued. As such, basic and diluted net income per Unit of the Predecessor were the same for the three months ended March 31, 1998, as no dilutive equivalent units existed.

G) Comprehensive Income

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" requires the Company and the Predecessor to display and report comprehensive income, which includes all changes in Stockholders' Equity or Partners' Capital with the exception of additional investments by or dividends to shareholders of the Company or additional investments by or distributions to partners of the Predecessor. Comprehensive income for the Company and the Predecessor include net income and the change in net unrealized holding gains (losses) on investments. Comprehensive income for the three months ended March 31, 1999, and March 31, 1998 was as follows:

<TABLE>
<CAPTION>

	March 31, 1999 (Unaudited)	March 31, 1998 (Unaudited)
<S>	<C>	<C>
Net income	$ 1,252,398	$ 486,466
Change in net unrealized holding gains (losses)	802,645	(21,235)
Comprehensive income	$ 2,055,043	$ 465,231

</TABLE>

3. Mortgage Securities

The following table presents the Company's mortgage securities as of March 31, 1999, and December 31, 1998.

<TABLE>
<CAPTION>

	March 31, 1999 (Unaudited)	December 31, 1998
<S>	<C>	<C>
GNMA Certificates	$ 57,545,490	$ 59,452,502
FNMA Certificates	247,993,099	159,686,597
FHLMC Certificates	18,912,401	22,756,363
Commercial mortgage securities	17,089,736	-
	$ 341,540,726	$ 241,895,462

</TABLE>

At March 31, 1999, mortgage securities consisted of pools of adjustable-rate mortgage securities with a carrying value of $296,988,745, and fixed-rate mortgage securities with a carrying value of $44,551,981. At December 31, 1998, mortgage securities consisted of pools of adjustable-rate mortgage securities with a carrying value of $194,542,316 and fixed-rate mortgage securities with a carrying value of $47,353,146.

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 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 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.

At March 31, 1999, and December 31, 1998, 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 mortgage securities March 31, 1999 and December 31, 1998 respectively:

<TABLE>
<CAPTION>

	March 31, 1999 (Unaudited)	Dec. 31, 1998
<S>	<C>	<C>
Amortized cost	$ 340,939,341	$ 242,142,861
Gross unrealized gains	2,039,686	1,177,638
Gross unrealized losses	(1,438,301)	(1,425,037)

Fair value	$ 341,540,726	$ 241,895,462
	==================	==================

</TABLE>

As of March 31, 1999, the Company had commitments to purchase three mortgage securities with a current face value totaling approximately $31.2 million.

4. Corporate Securities

Corporate securities are classified as held-to-maturity. At March 31, 1999, and December 31, 1998, the total amortized cost, gross unrealized gains and fair value of the corporate securities were $5,158,436, $350,514, and $5,508,950 and $4,673,127, $273,123 and $4,946,250, respectively.

5. Other Investments

Other investments consisted of the following as of March 31, 1999 and December 31, 1998:

<TABLE>
<CAPTION>

	March 31, 1999 (Unaudited)	Dec. 31, 1998
<S>	<C>	<C>
Investment in Retirement Centers Corporation	$ 320,121	$ 349,076
Investment in and advances to real estate limited partnerships	830,365	848,265
Total	$ 1,150,486	$ 1,197,341

</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. RCC owns limited partnership interests in five real estate limited partnerships which operate assisted living centers. The Company accounts for its investment in RCC on the equity method.

Investments in and advances to real estate limited partnerships consist of investments in or advances made to four limited partnerships which own the properties underlying certain mortgage securities owned by the Company. These investments are not insured or guaranteed but rather are collateralized by the value of the real estate underlying 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.

6. Repurchase Agreements

As of March 31, 1999, the Company had outstanding balances of $297,073,067 under 29 repurchase agreements with a weighted average borrowing rate of 4.9% and a weighted average remaining maturity of 4.6 months. As of March 31, 1999, 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, 1998, the Company had outstanding balances of $190,250,084 under 13 repurchase agreements with a weighted average borrowing rate of 5.04%.

At March 31, 1999, the repurchase agreements had the following remaining maturities:

<TABLE>
<CAPTION>

<S>	<C>
Within 30 days	$ 47,110,792
30 to 90 days	87,152,000
90 days to one year	162,810,275
	$ 297,073,067

</TABLE>

The repurchase agreements are collateralized by the Company's mortgage securities with a principal balance of approximately $303.4 million and bear interest at rates that are LIBOR based.

7. Stockholders' Equity

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 1,000,000 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 ten years after the date granted.

During the quarter ended June 30, 1998, there were 500,000 ISOs granted to buy common shares at an exercise price of $9.375 per share, of which 125,000 were vested and exercisable. In addition, there were 20,000 NQSOs issued at an exercise price of $9.375 per share, of which 5,000 were vested and exercisable. Prior to this grant, no other options were outstanding and no additional options were granted through March 31, 1999. As of March 31, 1999, no options have been exercised.

In addition to options, 500,000 and 20,000 DERs were granted on the ISOs and NQSOs, respectively, during the quarter ended June 30, 1998, based on the provisions of the Plan. DERs vest on the same basis as the options and 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 months ended March 31, 1999, the Company recorded a $16,250 charge to stockholders' equity (included in dividends paid or accrued) associated with the DERs on ISOs and a $650 charge to earnings associated with DERs on NQSOs. There were no DERs granted as of March 31, 1998.

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 and a periodic charge will be recognized based on the vesting schedule. The charge of options which vested at date of grant were included as capitalized transaction costs in connection with the Merger. Management estimated the value of the ISOs at the date of grant to be approximately $1.88 per share 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 utilized assumptions consistent with activity of a comparable peer group of companies including an estimated option life of five years, a 25% volatility rate and a risk-free rate of 5.5% and a dividend yield of 0% (because of the DERs). During the three months ended March 31, 1999, as part of operations, the Company reflected an earnings charge of approximately $58,899, representing the value of 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.

Dividends/Distributions

On March 24, 1999, the Company declared a distribution of $.265 per share for the quarter ended March 31, 1999, which is to be paid on May 17, 1999, to shareholders of record as of April 5, 1999. The distribution consists in part of a dividend paid from earnings and in part of a return of capital.

8. Related Party Transactions

The Advisor manages the operations and investments of the Company and performs administrative services for the Company. In turn, the Advisor 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 Advisor, as incentive compensation for each fiscal quarter, an amount equal to 20% of the dollar amount by which the annualized Return on Equity for such fiscal quarter exceeds the amount necessary to provide an annualized Return on Equity equal to the Ten-Year U.S. Treasury Rate plus 1%. For the three months ended March 31, 1999, the Advisor earned a base management fee of $189,822 and incentive compensation of approximately $45,000.

America First Properties Management Company L.L.C., (the Manager), provides property management services for certain of the multifamily properties in which the Company has an interest. The Manager also provided property management services to certain properties previously associated with the

Predecessor which were acquired in the Merger. The Manager receives a management fee equal to a stated percentage of the gross revenues generated by the properties under management, ranging from 4.5% to 5% of gross revenues. Such fees paid by the Company for the three months ended March 31, 1999, amounted to $73,108 and such fees paid by the Predecessor for the three months ended March 31, 1998, amounted to $45,527.

Prior to the Merger Date, the general partner of the Predecessor (AFCA 3) was entitled to an administrative fee of .35% per annum of the outstanding amount of investments of the Predecessor to be paid by the Predecessor to the extent such amount is not paid by property owners. AFCA 3 earned administrative fees of $53,617 for the three months ended March 31, 1998 of which $38,659 was paid by the Predecessor and the remainder was paid by owners of real properties financed by the Predecessor.

Prior to the Merger Date, substantially all of Predecessor's general and administrative expenses and certain costs capitalized by the Predecessor were paid by AFCA 3 or an affiliate and reimbursed by the Predecessor. The amount of such expenses reimbursed to AFCA 3 or an affiliate was $165,439 for the three months ended March 31, 1998.

9. Subsequent Events

During April, 1999, the Company acquired three FNMA whole-pool mortgage-backed certificates with an aggregate remaining principal balance of $31.2 million (FNMA Certificates). The FNMA Certificates bear interest at rates ranging from 7.06% to 7.27% per annum. The total purchase price paid for the FNMA Certificates, including accrued interest, was approximately $32.2 million. The Company also acquired four private label floating rate securities with an aggregate remaining principal balance of $43.1 million. The private label floating rate securities bear interest at rates ranging from 5.71% to 5.89% per annum. The total purchase price paid for the private label floating rate securities, including accrued interest, was approximately $43.2 million. The acquisitions were financed in part with the proceeds of various LIBOR-based repurchase agreements aggregating $73.8 million and the remainder from cash reserves of the Company.

10. Pro Forma Financial Statements (Unaudited)

The following summary pro forma information includes the effects of the Merger as if the Merger had been completed on January 1, 1998.

Pro Forma Statement of Operations
<TABLE>
<CAPTION>

	For the Three Months Ended March 31, 1998
<S>	<C>
Mortgage securities income	$ 986,379
Interest income on temporary cash investments	214,082
Total interest income	1,200,461
Income from other investments	201,662
General and administrative expenses (1)	675,417
Net income	$ 726,706
Net income, basic and fully diluted, per share	$ .08
Weighted average number of shares outstanding	9,035,084

</TABLE>

(1) Excludes transaction costs incurred by Prep Fund 2 and Pension Fund.

The pro forma financial information is not necessarily indicative of what the consolidated results of operations of the Company would have been as of and for the period indicated, nor does it purport to represent the results of operations for future periods.

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

General

The Company was incorporated in Maryland on July 24, 1997, but did not begin operations until April 10, 1998.

On April 10, 1998, the Company and three partnerships: America First Participating/Preferred Equity Mortgage Fund Limited Partnership (Prep Fund 1), America First Prep Fund 2 Limited Partnership (Prep Fund 2), America First Prep Fund 2 Pension Series Limited Partnership (Pension Fund), consummated a merger transaction whereby their pre-existing net assets and operations or majority interest in the pre-existing partnership were contributed to the Company in exchange for 9,035,084 shares of the Company's common stock. For financial accounting purposes, Prep Fund 1, the largest of the three Partnerships, was considered the Predecessor entity (the Predecessor) and its historical operating results are presented in the financial statements contained herein. The Merger was accounted for using the purchase method of accounting in accordance with generally accepted accounting principles. Prep Fund 1 was deemed to be the acquirer of the other Partnerships under the purchase method. Accordingly, the Merger resulted, for financial accounting purposes, in the effective purchase by Prep Fund 1 of all the Beneficial Unit Certificates (BUCs) of Prep Fund 2 and approximately 99% (98% on the date of the Merger and 1% since the Merger) of the BUCs of Pension Fund. As the surviving entity for financial accounting purposes, the assets and liabilities of Prep Fund 1 were recorded by the Company at their historical cost and the assets and liabilities of Prep Fund 2 and Pension Fund were adjusted to fair value. The excess of the fair value of stock issued over the fair value of net assets acquired has been recorded as goodwill in the accompanying balance sheet of the Company.

Concurrently with the Merger, the Company entered into an Advisory Agreement with America First Mortgage Advisory Corporation (the "Advisor") and adopted an investment policy which significantly differed from that pursued by the predecessor partnerships. This strategy includes leveraged investing in adjustable rate mortgage securities and mortgage loans. The Company began implementing this investment strategy in the second quarter of 1998. During the period from the consummation of the Merger through March 31, 1999, the Company purchased 29 positions in mortgage backed securities for an aggregate purchase cost of approximately $297.1 million (16 positions for an aggregate purchase cost of approximately $64.6 million for the three months ended March 31, 1999).

The Company has elected to become subject to tax as a real estate investment trust (REIT) under the Code beginning with its 1998 taxable year and, as such, anticipates distributing annually at least 95% 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. Further, as part of the Merger transaction, the Company has committed to make distributions in the first year following the Merger of at least $1.06 per common share, to be paid in four equal quarterly installments, which is expected to significantly exceed taxable income. Accordingly, a portion of distributions received by shareholders in 1998 and 1999 will consist in part of a dividend paid from earnings and in part of a cash merger payment representing non-taxable return of capital. There is no commitment by the Company to distribute amounts in excess of taxable income beyond the first year of operations. For tax purposes, the dividend declared on December 15, 1998, and paid on February 19, 1999, will be treated as a 1999 event for shareholders.

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.

The Merger, other related transactions and on-going implementation of the change in investment strategy will materially impact the Company's future operations as compared to those of the Predecessor. Accordingly, the

currently reported financial information is not necessarily indicative of the

Company's future operating results or financial condition.

Liquidity and Capital Resources

The Company requires capital to fund its investment strategy and pay its operating expenses. The Company's capital sources upon consummation of the Merger include cash flow from operations and borrowings under repurchase agreements.

Since the Merger, the Company has primarily financed its mortgage investments through repurchase agreements totaling $297.1 million with a weighted average borrowing rate of 4.9% at March 31, 1999. The repurchase agreements have balances of between $639,000 and $48.8 million. These arrangements have original terms to maturity ranging from one month to twelve months and annual interest rates based on LIBOR. To date, the Company has not had any significant margin calls on its repurchase agreements.

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 new investment policy.

Results of Operations

Three Month Period Ended March 31, 1999 Compared to 1998

During the three months ended March 31, 1999, total interest income for the Company increased $4.1 million as compared to total interest income of the Predecessor for the three months ended March 31, 1998. This increase is a result of the interest generated by mortgage investments acquired in the merger from Prep Fund 2 and Pension Fund in the Merger as well as the acquisition of additional mortgage investments during 1998 and 1999.

The increase in the Company's interest expense on borrowed funds during the three months ended March 31, 1999 compared to that of the Predecessor for the three months ended March 31, 1998, relates to interest expense on repurchase arrangements used to fund additional investments.

Income from other investments increased as a result of income generated by other investments acquired from Prep Fund 2 and Pension Fund.

General and administrative expenses for the Company for the three months ended March 31, 1999 increased $194,900 as compared to that of the Predecessor for the three months ended March 31, 1998 as a result of the increased scope of operations resulting from the Merger.

Year 2000

The Company does not own or operate its own computer system and owns no business or other equipment. However, the operation of the Company's business relies on the computer system and other equipment maintained by America First Companies L.L.C., the principal shareholder of the Company's Advisor ("America First"). In addition, the Company has business relationships with a number of third parties whose ability to perform their obligations to the Company depend on such systems and equipment. Some or all of these systems and equipment may be affected by the inability of certain computer programs and embedded circuitry to correctly recognize dates occurring after December 31, 1999. America First has adopted a plan to deal with this so-called "Year 2000 problem" with respect to its information technology ("IT") systems, non-IT systems and third party business relationships.

State of Readiness

The IT system maintained by America First consists primarily of personal computers, most of which are connected by a local area network. All accounting and other record keeping functions relating to the Company that are conducted in house by America First are performed on this PC-LAN system. America First does not own or operate any "mainframe" computer systems. The PC-LAN system runs software programs that America First believes are compatible with dates after December 31, 1999. America First has engaged a third party computer consulting firm to review and test its PC-LAN system to ensure that it will function correctly after that date and expects that this process, along with any necessary remediation, will be completed by mid-1999. America First believes any Year 2000 problems relating to its IT systems will be resolved without significant operational difficulties. However, there can be no assurance that testing will discover all potential Year 2000 problems or that it will not reveal unanticipated material problems with the America First IT systems that will need to be resolved.

Non-IT systems include embedded circuitry such as microcontrollers found in telephone equipment, security and alarm systems, copiers, fax machines, mail room equipment, heating and air conditioning systems and other infrastructure systems that are used by America First in connection with the operation of the Company's business. America First is reviewing its non-IT systems along with the providers that service and maintain these systems, with initial emphasis being placed on those, such as telephone systems, which have been identified as necessary to America First's ability to conduct the operation of the Company's business activities. America First expects that any necessary modification or replacement of such "mission critical" systems will be accomplished by mid-1999.

The Company has no control over the remediation efforts of third parties with which it has material business relationships and the failure of certain of these third parties to successfully remediate their Year 2000 issues could have a material adverse effect on the Company. Accordingly, America First has undertaken the process of contacting each such third party to determine the state of their readiness for Year 2000. Such parties include, but are not limited to, the obligors on the Company's mortgage securities, the Company's transfer and paying agent and the financial institutions with which the Company maintains accounts. America First has received initial assurances from certain of these third parties that their ability to perform their obligations to the Company are not expected to be materially adversely affected by the Year 2000 problem. America First will continue to request updated information from these material third parties in order to assess their Year 2000 readiness. If a material third party vendor is unable to provide assurance to America First that it is, or will be, ready for Year 2000, America First intends to seek an alternative vendor to the extent practical.

Costs

All of the IT systems and non-IT systems used to conduct the Company's business operations are owned or leased by America First. The Company will bear its proportionate share of the costs associated with surveying the Year 2000 readiness of third parties and with the identification, remediation and testing of America First's IT and non-IT systems. However, the Company's share of the costs associated with these activities is expected to be insignificant. Accordingly, the costs associated with addressing the Company's Year 2000 issues are not expected to have a material effect on the Company's results of operations, financial position or cash flow.

Year 2000 Risks

The Company's Advisor believes that the most reasonably likely worst-case scenario will be that one or more of the third parties with which it has a material business relationship will not have successfully dealt with its Year 2000 issues and, as a result, is unable to provide services or otherwise perform its obligations to the Company. For example, if an obligor on the Company's mortgage securities encounters a serious and unexpected Year 2000 issue, it may be unable to make a timely payment of principal and interest to the Company. This, in turn, could cause a delay in dividend payments to shareholders. In addition, if the Company's transfer and paying agent experiences Year 2000-related difficulties, it may cause delays in making dividend payments to shareholders or in the processing of trading of shares. It is also possible that one or more of the IT and non-IT systems of America First will not function correctly, and that such problems may make it difficult to conduct necessary accounting and other record keeping functions for the Company. However, based on currently available information, the Company's Advisor does not believe that there will be any protracted systemic failures of the IT or non-IT systems utilized by America First in connection with the operation of the Company's business.

Contingency Plans

Because of the progress which America First has made toward achieving Year 2000 readiness, the Company has not made any specific contingency plans with respect to the IT and non-IT systems of America First. In the event of a Year 2000 problem with its IT system, America First may be required to manually perform certain accounting and other record-keeping functions. America First plans to terminate the Company's relationships with material third party service providers that are not able to represent to America First that they will be able to successfully resolve their material Year 2000 issues in a timely manner. However, the Company will not be able to readily terminate its relationships with all third parties, such as the obligors on its mortgage securities, who may experience Year 2000 problems. The Company has no specific contingency plans for dealing with Year 2000 problems experienced with these third parties.

All forecasts, estimates or other statements in this report relating to the Year 2000 readiness of the Company and its affiliates are based on information and assumptions about future events. Such "forward-looking statements" are subject to various known and unknown risks and uncertainties that may cause actual events to differ from such statements. Important factors upon which the Company's Year 2000 forward-looking statements are based include, but are not limited to, (a) the belief of America First that the software used in IT systems is already able to correctly read and interpret dates after December 31, 1999 and will require little or any remediation; (b) the ability to identify, repair or replace mission critical non-IT equipment in a timely manner, (c) third parties' remediation of their internal systems to be Year 2000 ready and their willingness to test their systems interfaces with those of America First, (d) no third party system failures causing material disruption of telecommunications, data transmission, payment networks, government services, utilities or other infrastructure, (e) no unexpected failures by third parties with which the Company has a material business relationship and (f) no material undiscovered flaws in America First's Year 2000 testing process.

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 March 31, 1999, 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. The Company cautions that such forward looking statements speak only as of the date made and that various factors including regional and national economic conditions, changes in levels of market interest rates, credit and other risks of lending and investment activities, and competitive and regulatory factors could affect the Company's financial performance and could cause actual results for future periods to differ materially from those anticipated or projected.

The Company does not undertake and specifically disclaims any obligation to update any forward-looking statements 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, 1998.

PART II. OTHER INFORMATION

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)).

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

3.3 Agreement of Limited Partnership, dated May 25, 1988, of

America First Prep Fund 2 Pension Series Limited Partnership (incorporated herein by reference to Form 10-K, dated December 31, 1988, filed with the Securities and Exchange Commission (File No. 33-13407)).

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 Advisor (incorporated herein by reference from 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 Registrant 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 Registrant 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 Registrant pursuant to the Securities Act of 1933 (Commission File No. 333-46179)).

10.5 1997 Stock Option Plan of the Company (incorporated herein by reference from Form 8-K dated April 10, 1998, filed by the Company pursuant to the Securities Exchange Act of 1934 (Commission File No. 1-13991)).

10.6 Form of Dividend Reinvestment Plan (incorporated herein by reference to Appendix C 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)).

21. Subsidiaries of the Registrant

27. Financial Data Schedule

(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
2. Acquisition or Disposition of Assets	No	January 25, 1999

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: May 12, 1999   AMERICA FIRST MORTGAGE INVESTMENTS, INC.

By /s/ Gary Thompson
Gary Thompson
Authorized Officer and Chief Financial Officer

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

America First Prep Fund 2 Pension Series Limited Partnership
America First Capital Associates Limited Partnership Six

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