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 June 30, 2000 or

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: 000-24843

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
(Exact name of registrant as specified in its

Agreement of Limited Partnership)

Delaware	47-0810385
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Suite 400, 1004 Farnam Street, Omaha, Nebraska	68102
(Address of principal executive offices)	(Zip Code)

(402) 444-1630
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by the 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 TAX EXEMPT INVESTORS, L.P.
BALANCE SHEETS
<TABLE>
<CAPTION>

<S>	<C> June 30, 2000 (Unaudited)	<C> Dec. 31, 1999
Assets		
Cash and temporary cash investments, at cost which approximates market value (Note 4)	$ 2,469,135	$ 3,914,863
Investment in tax-exempt mortgage bonds, at estimated fair value (Notes 3 and 5)	103,775,000	71,720,000
Interest receivable	995,566	627,379
Other assets	3,315,789	1,727,483
	$ 110,555,490	$ 77,989,725
Liabilities and Partners' Capital		
Liabilities		
Accounts payable (Note 6)	$ 412,850	$

		242,220
Distribution payable	1,341,535	-
Debt financing (Note 3)	38,155,000	5,000,000
	39,909,385	5,242,220
Partners' Capital		
General Partner	3,525	5,980
Beneficial Unit Certificate Holders ($7.18 per BUC in 2000 and $7.29 in 1999)	70,642,580	72,741,525
	70,646,105	72,747,505
	$ 110,555,490	$ 77,989,725

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

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
COMBINED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)
<TABLE>
<CAPTION>

	For the Quarter Ended June 30, 2000	For the Quarter Ended June 30, 1999	For the Six Months Ended June 30, 2000	For the Six Months Ended June 30, 1999 (combined)
<S>	<C>	<C>	<C>	<C>
Income				
Mortgage bond investment income	$ 1,792,132	$ 1,573,264	$ 3,228,376	$

				3,013,238
Other interest income	80,282	3,986	147,099	9,882
Contingent interest income (Note 5)	-	22,702	-	42,100
	1,872,414	1,599,952	3,375,475	3,065,220
Expenses				
Realized loss on investment in tax-exempt mortgage bond	1,100,000	-	1,100,000	-
Interest expense	340,469	-	402,302	-
General and administrative expenses (Note 6)	296,263	217,831	533,964	459,166
	1,736,732	217,831	2,036,266	459,166
Net income and comprehensive income	$ 135,682	$ 1,382,121	$ 1,339,209	$ 2,606,054
Net income allocated to:				
General Partner	$ 12,357	$ 19,270	$ 24,392	$ 36,165
BUC Holders	123,325	1,362,851	1,314,817	2,569,889
	$ 135,682	$ 1,382,121	$ 1,339,209	$ 2,606,054
Net income, basic and diluted, per BUC	$ .01	$ .14	$ .13	$ .26
Weighted average number of BUCs outstanding	9,837,928	9,979,128	9,863,611	9,979,128

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

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
STATEMENT OF PARTNERS' CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2000
(UNAUDITED)

<TABLE>
<CAPTION>

		Beneficial Unit Certificate Holders		
	General Partner	# of BUCs	Amount	Total
<S>	<C>	<C>	<C>	
Partners' Capital (excluding accumulated other comprehensive income)				
Balance at December 31, 1999	$ 5,980	9,979,128	$ 73,647,525	$ 73,653,505
Net income	24,392	-	1,314,817	1,339,209
Cash distributions paid or accrued	(26,847)	-	(2,657,833)	(2,684,680)
Purchase of BUCs		(141,200)	(755,929)	(755,929)
	3,525	9,837,928	71,548,580	71,552,105
Accumulated Other Comprehensive Income				
Balance at December 31, 1999 and June 30, 2000	-	-	(906,000)	(906,000)

Balance at June 30, 2000	$ 3,525	9,837,928	$ 70,642,580	$ 70,646,105
	==============	===============	==============	==============

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

</TABLE>

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
COMBINED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	For the Six Months Ended June 30, 2000 <C>	For the Six Months Ended June 30, 1999 (combined) <C>
Cash flows from operating activities		
Net income	$ 1,339,209	$ 2,606,054
Adjustments to reconcile net income to net cash from operating activities		
Realized loss on investment in tax-exempt mortgage bond	1,100,000	-
Increase in interest receivable	(368,187)	(146,267)
Increase (decrease) in accounts payable	170,630	(73,403)
Net cash provided by operating activities	2,241,652	2,386,384
Cash flows used in investing activities		
Acquisition of tax-exempt mortgage bonds	(33,155,000)	-
Increase in other assets	(1,588,306)	(213,367)
Purchase of BUCs	(755,929)	-
Bond issuance costs paid	-	(116,682)
Net cash used in investing activities	(35,499,235)	(330,049)
Cash flows from financing activities		
Proceeds from debt financing	33,155,000	-
Distributions paid	(1,343,145)	(2,726,283)
Net cash provided by (used in) financing activities	31,811,855	(2,726,283)
Net decrease in cash and temporary cash investments	(1,445,728)	(669,948)
Cash and temporary cash investments at beginning of period	3,914,863	920,801
Cash and temporary cash investments at end of period	$ 2,469,135	$ 250,853
	==============	==============

Supplemental disclosure of cash flow information:

Cash paid during the period for interest	$ 140,248	$ -
	==============	==============

</TABLE>

Supplemental disclosure of non-cash investing activity:

During the six months ended June 30, 1999, the tax-exempt mortgage bonds secured by Shoals Crossing and Ashley Square with a principal balances of $4,500,000 and $6,500,000, respectively, were refinanced by their local housing finance authorities. The bonds held by the Partnership were terminated and new bonds in the same principal amounts were issued to the Partnership.

Supplemental disclosure of non-cash financing activities:

As more fully described in Notes 3 and 5(9), on March 28, 2000 and June 1, 2000, the Partnership securitized $17,155,000 and $16,000,000, respectively, of tax-exempt mortgage bonds on Iona Lakes Apartments and Clear Lake Colony Apartments, respectively, by depositing such bonds with a custodian. The bonds were credit enhanced and interests in substantially all of such bonds were sold to institutional investors with the Partnership acquiring residual interests therein. These arrangements have been accounted for as financing transactions.

In connection with the February 1, 1999, merger of the Partnership and America First Tax Exempt Mortgage Fund Limited Partnership (the Prior Partnership) described in Note 1 to the financial statements, unit holders of the Prior Partnership received one Beneficial Unit Certificate (BUC) of the Partnership for each BUC they held in the Prior Partnership as of the record date.

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

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2000
(UNAUDITED)

1. Organization

America First Tax Exempt Investors, L.P. (the New Partnership) was formed on April 2, 1998 under the Delaware Revised Uniform Limited Partnership Act for the purpose of acquiring, holding, operating, selling and otherwise dealing with a portfolio of federally tax-exempt mortgage bonds which have been issued to provide construction and/or permanent financing of multifamily residential apartments. The New Partnership commenced operations on February 1, 1999, when it was merged with America First Tax Exempt Mortgage Fund Limited Partnership (the Prior Partnership). The General Partner of both the Prior Partnership and the New Partnership is America First Capital Associates Limited Partnership Two (AFCA 2). The New Partnership and the Prior Partnership are collectively referred to as the Partnership.

2. Basis of Presentation

The accompanying 2000 financial statements include the accounts of the New Partnership. The accompanying 1999 financial statements include the combined accounts of the New Partnership from February 1, 1999 (the Merger Date), through June 30, 1999, and the accounts of the Prior Partnership from January 1, 1999 until the Merger Date. The combination of the accounts of the Prior Partnership and the New Partnership is reflected on an "as-if" pooling basis for a merger of entities under common control.

The 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 Partnership's Annual Report on Form 10-K for the year ended December 31, 1999. In the opinion of management, all normal and recurring adjustments necessary to present fairly the financial position at June 30, 2000, and results of operations for all periods presented have been made. The results of operations for the three and six-month periods ended June 30, 2000 are not necessarily indicative of the results to be expected for the full year.

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.

3. Debt Financing

As of June 30, 2000, the Partnership had securitized $38,155,000 of its tax-exempt mortgage bond portfolio under three separate financing transactions as described below.

The Partnership securitized $5,000,000 of its Northwoods Lake Apartments tax-exempt mortgage bonds during August, 1999. In connection with the securitization, the Partnership deposited $25,250,000 of such tax-exempt mortgage bonds into a trust (the Primary Trust) which issued $25,250,000 in trust certificates (the Primary Trust Certificates). The Primary Trust issued and delivered to a Merrill Lynch affiliate $5,000,000 in Primary Trust Certificates which have a first priority claim on principal and base interest on the underlying tax-exempt mortgage bonds. The $5,000,000 in Primary Trust Certificates were placed in a secondary trust (the Secondary Trust) and credit enhanced by a Merrill Lynch affiliate. The Merrill Lynch affiliate sold to institutional investors floating rate securities (the Secondary Securities) in the amount of $4,995,000. The Partnership also pledged and transferred an additional $3,000,000 of Primary Trust Certificates to a Merrill Lynch affiliate to secure payment of the $5,000,000 principal amount of and accrued interest on the aforementioned Primary Trust Certificates. The Partnership obtained ownership of the remaining Primary Trust Certificates in the principal amount of $17,250,000 and the rights to all subordinate interest paid on the related tax-exempt mortgage bonds. The Partnership also acquired

a residual interest in the Secondary Trust with a face amount of $5,000 and proceeds of the transfer of the Primary Trust Certificates to the Merrill Lynch affiliate in the amount of $4,995,000. The Partnership has a call right on the Secondary Securities and upon exercise of such right may collapse the Secondary and Primary Trusts and, therefore, retains a level of control over the Secondary Securities. The purchase price of Secondary Securities is equal to the par amount plus 10% of any increase in the market price of the underlying Primary Trust Certificates. (Also see Note 5 (5)).

The Partnership also securitized tax-exempt mortgage bonds of $17,155,000 on Iona Lakes Apartments which were acquired by the Partnership on March 28, 2000. Similar to the $5,000,000 securitization described above, the $17,155,000 of tax-exempt mortgage bonds (the Iona Bonds) were deposited with a custodian pursuant to a custody and participation agreement (the Custody Agreement). The custodian issued (i) a certificate to a Merrill Lynch affiliate evidencing a beneficial ownership interest in all outstanding principal and base interest on the Iona Bonds (the Senior Certificate) and (ii) a certificate to the Partnership evidencing a beneficial ownership interest in all contingent interest on the Iona Bonds (the Residual Certificate). The Merrill Lynch affiliate then transferred the Senior Certificate to a secondary trust (Secondary Trust) and credit enhanced such Senior Certificate. The Merrill Lynch affiliate sold to institutional investors floating rate securities (the Secondary Securities) in the amount of $17,150,000. In addition to the Residual Certificate, the Partnership acquired for $5,000 a residual interest in the Secondary Trust with a face amount of $5,000. The Partnership has a call right on the Secondary Securities and, upon exercise of such right, may collapse the Custody Agreement and the Secondary Trust and, therefore, retains a level of control over the Secondary Securities. The purchase price of the Secondary Securities is equal to the par amount plus 10% of any increase in the market value of the underlying Senior Certificates. The Partnership has also pledged $12,600,000 of its Woodbridge Apartments of Bloomington III tax-exempt mortgage bonds and $5,300,000 of Primary Trust Certificates related to the Northwoods Lake Apartments tax-exempt bonds as additional collateral in connection with the securitization. (Also see Notes 5(5) and (8)).

The Partnership also securitized tax-exempt mortgage bonds of $16,000,000 on Clear Lake Colony Apartments which was acquired by the Partnership on June 1, 2000. This securitization is structured similar to the $17,155,000 securitization described above. Floating rate securities in the amount of $15,995,000 were sold to institutional investors and the Partnership acquired a residual interest in a trust with a face value of $5,000 for $5,000. The Partnership also pledged $8,976,000 of its Woodbridge Apartments of Louisville II tax-exempt mortgage bonds and $2,000,000 of Primary Trust Certificates related to the Northwoods Lake Apartments tax-exempt mortgage bonds as additional collateral in connection with the securitization. (Also see Notes 5(5) and (9)).

For financial statement purposes, the transactions described above have been accounted for as financing transactions and, in effect, provide variable-rate financing for the acquisition of new, or the securitization of existing, tax-exempt bonds. Accordingly, the $38,155,000 of tax-exempt mortgage bonds financed are restricted to be held in trust, the subordinated interests are classified as other assets, and, in the case of the $5,000,000 debt financing, the net cash proceeds were classified as cash and temporary cash investments. In all of the transactions, the financing debt bears interest, plus credit enhancement, servicing, trustee and related fees, at a weekly floating bond rate which averaged approximately 4.31% for the six month period ended June 30, 2000 (4.72% for the quarter ended June 30, 2000). The stated maturity date is September 2025 for the $5,000,000 of debt financing; April 2030 for the $17,155,000 of debt financing; and June 2030 for the $16,000,000 of debt financing, and, in each case, is subject to the respective call feature described above. The Partnership did not recognize a gain or loss in connection with any of the financing transactions.

4. Partnership Reserve Account

The Partnership maintains a reserve account which totaled $2,503,415 at June 30, 2000.

In connection with the Partnership's plan to repurchase up to $1,000,000 of the Partnership's Beneficial Unit Certificates (BUCs), the Partnership utilized a portion of the reserve account to purchase and cancel, in open market transactions, 141,200 BUCs at an aggregate cost of $755,929 during the six months ended June 30, 2000 (11,800 BUCs at an aggregate cost of $62,597 during the quarter ended June 30, 2000).

<TABLE>

5. Investment in Tax-Exempt Mortgage Bonds

The Partnership classified its investment in tax-exempt mortgage bonds as available-for-sale. At June 30, 2000, the total amortized cost, gross unrealized holding losses and aggregate fair value of available-for-sale securities were $104,681,000, $906,000 and $103,775,000, respectively. At December 31, 1999, the total amortized cost, gross unrealized holding losses and aggregate fair value of available-for-sale securities were $72,626,000, $906,000, and $71,720,000 respectively.

Descriptions of the tax-exempt mortgage bonds owned by the Partnership at June 30, 2000, are as follows:

Property Name	Location	Number of Units	Maturity Date	Base Interest Rate
<S>	<C>	<C>	<C>	<C>
Arama Apartments	Miami, FL	293	07/01/10	8.5% (1)
Shoals Crossing	Atlanta, GA	176	12/01/25	7.5% (2)
Ashley Square	Des Moines, IA	144	12/01/25	7.5% (3)
Northwoods Lake Apartments (5)	Duluth, GA	492	09/01/25	7.5% (2)
Woodbridge Apts. of Bloomington III (6)	Bloomington, IN	280	12/01/27	7.5% (2)
Woodbridge Apts. of Louisville II (7)	Louisville, KY	190	12/01/27	7.5% (2)
Iona Lakes Apartments (8)	Ft. Myers, FL	350	04/01/30	6.9% (4)
Clear Lake Colony Apartments (9)	West Palm Beach, FL	316	06/15/30	6.9% (4)
Ashley Pointe at Eagle Crest (10)	Evansville, IN	150	12/01/27	7.0% (2)

</TABLE>

(1) In addition to the base interest rate shown, the bond bears additional contingent interest, as defined in the revenue note, which, when combined with the base interest, is limited to a cumulative, noncompounded amount not greater than 12% per annum. The Partnership did not receive additional contingent interest during the quarter or six months ended June 30, 2000.

(2) In addition to the base interest rates shown, the bonds bear additional contingent interest, as defined in each revenue note, of an additional 3.5% per annum that is payable out of 50% (100% in the case of Shoals Crossing, Ashley Pointe at Eagle Crest and Northwoods Lake Apartments) of the net cash flow generated by the respective property. The Partnership did not receive additional contingent interest from any such bonds during the quarter or six months ended June 30, 2000.

(3) In addition to the base interest rate shown, the bond bears additional contingent interest, as defined in the revenue note, of an additional 3% per annum payable out of the net cash flow generated by the property. Past due unpaid contingent interest compounds at a rate of 10.5% per annum. The Partnership did not receive any additional contingent interest during the quarter or six months ended June 30, 2000.

(4) In addition to the base interest rate shown, the bonds bear additional contingent interest, as defined in the revenue note, of an additional 2.6% per annum for Iona Lakes Apartments and 1.885% per annum for Clear Lake Colony Apartments payable out of the net cash flow generated by the property. Past due unpaid contingent interest compounds at a rate of 9.5% for Iona Lakes Apartments and 8.785% for Clear Lake Colony Apartments per annum.

(5) Tax-exempt mortgage bonds of $25,250,000 have been deposited with a trust (the Primary Trust as described in Note 3). The Partnership also pledged Primary Trust Certificates representing a beneficial interest in $5,300,000 and $2,000,000 in principal amount of such bonds as described in (6) and (7) below, respectively.

(6) Tax-exempt bonds of $12,600,000, in addition to the $5,300,000 of Primary Trust Certificates described in (5) above, have been pledged as additional security to the beneficial owner of the tax-exempt mortgage bonds as described in (8) below.

(7) Tax-exempt bonds of $8,976,000, in addition to the $2,000,000 of Primary Trust Certificates described in (5) above, have been pledged as additional security to the beneficial owner of the tax-exempt mortgage bonds as described in (9) below.

(8) Tax-exempt bonds of $17,155,000 secured by Iona Lakes Apartments were acquired by the Partnership on March 28, 2000. Such bonds have been deposited with a custodian as described in Note 3. Also see (5) and (6) above.

(9) Tax-exempt bonds of $16,000,000 secured by Clear Lake Colony Apartments were acquired by the Partnership on June 1, 2000. Such bonds have been deposited with a custodian as described in Note 3. Also see (5) and (7) above.

(10) Tax-exempt bonds of $6,700,000 have been pledged as security for a reimbursement obligation regarding a $11,350,000 letter of credit. Such letter of credit was issued for the benefit of the purchaser of Bent Tree Apartments (the Project) located in Columbia, South Carolina, as part of a plan by the Partnership to acquire certain securities representing an interest in tax-exempt bonds secured by the Project which are anticipated to be refunded on or around December 21, 2000. Pending issuance of such bonds and certain other events, the Partnership's obligations under the reimbursement obligation will cease and the $6,700,000 of tax-exempt mortgage bonds will be released from such pledge. However, upon issuance of the new bonds, the Partnership anticipates that substantially all of these securities will be pledged as collateral to the beneficial owner of the new bonds.

During the quarter ended June 30, 2000, the Partnership determined it is not likely to recover or receive its contracted cash flows (including the repayment of principal) on its investment in the Arama Apartments tax-exempt mortgage bond based on a commitment by the Partnership to the obligor of such tax-exempt mortgage bond. Accordingly, the Partnership realized a loss of $1,100,000 and the previously adjusted cost basis of the tax-exempt mortgage bond was written down to fair value as a new cost basis.

6. Transactions with Related Parties

Substantially all of the Partnership's general and administrative expenses and certain costs capitalized by the Partnership are paid by AFCA 2 or an affiliate and are reimbursed by the Partnership. The amount of such expenses reimbursed to AFCA 2 during 2000 was $661,485 ($295,133 for the quarter ended June 30, 2000). The reimbursed expenses are presented on a cash basis and do not reflect accruals made at quarter end.

AFCA 2 is entitled to receive an administrative fee from the Partnership equal to 0.45% of the outstanding principal balance of any tax-exempt bond or other mortgage investment, unless the owner of the property financed by such tax-exempt bond or other mortgage investment or another third party is required to pay such administrative fee. Under the terms of each of the Partnership's existing tax-exempt mortgage bonds, the property owners are obligated to pay the administrative fee to AFCA 2. Therefore, the Partnership did not pay any administrative fees to AFCA 2 during the quarter and six months ended June 30, 2000. The Partnership may become obligated to pay administrative fees to AFCA 2 in the event it acquires additional tax-exempt bonds or other mortgage investments and is not able to negotiate the payment of these fees by the property owners or in the event it acquires title to any of the properties securing its existing tax-exempt bonds by reason of foreclosure. AFCA 2 received administrative fees of $160,888 during 2000 ($96,206 during the quarter ended June 30, 2000), from the owners of properties financed by the tax-exempt bonds held by the Partnership. Since these administrative fees are not Partnership expenses, they have not been reflected in the accompanying financial statements. However, such fees are payable by the property owners prior to the payment of any contingent interest on the tax-exempt bonds secured by these properties.

In addition, AFCA 2 was also entitled to receive approximately $359,000 in administrative fees from the Partnership for the year ended December 31, 1989. The payment of these fees, which has been deferred by AFCA 2, is contingent upon, and will be paid only out of future profits realized by the Partnership from the disposition of any Partnership assets. This amount will be recorded as an expense by the Partnership when it is probable that these fees will be paid.

AFCA 2 earned a mortgage placement fees of $331,550 during 2000 ($160,000 during the quarter ended June 30, 2000), in connection with the acquisitions of the Iona Lakes Apartments and the Clear Lake Colony Apartments tax-exempt mortgage bonds. The mortgage placement fees were paid by the owner of Iona Lakes Apartments and Clear Lake Colony Apartments, respectively. Since such fees are not expenses of the Partnership, they have not been reflected in the accompanying financial statements.

An affiliate of AFCA 2 was retained to provide property management services for Ashley Square, Northwoods Lake Apartments, Ashley Pointe at Eagle Crest, Shoals Crossing, Iona Lakes Apartments (beginning in April 2000) and Clear Lake Colony Apartments (beginning in June 2000). The management fees paid to the affiliate of AFCA 2 reflect market rates for such services in the areas in which these properties are located and totaled $196,728 during 2000 ($121,146 for the quarter ended June 30, 2000). These management fees are not Partnership expenses and, accordingly, have not been reflected in the accompanying financial statements. However, such fees are paid out of the revenues generated by these properties prior to the payment of any interest on the tax-exempt bonds held by the Partnership on these properties.

7. Commitments and Contingencies

As more fully described in Note 5, the Partnership has pledged $6,700,000 of tax-exempt mortgage bonds as collateral for a letter of credit in the amount of $11,335,000.

Item 2.

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 Partnership's Annual Report on Form 10-K for the year ended December 31, 1999.

On February 1, 1999, America First Tax Exempt Investors, L.P. (the New Partnership) commenced operations when it merged with America First Tax Exempt Mortgage Fund Limited Partnership (the Prior Partnership). The General Partner of both the Prior Partnership and the New Partnership is America First Capital Associates Limited Partnership Two (AFCA 2). The New Partnership and the Prior Partnership are collectively referred to as the Partnership.

Liquidity and Capital Resources

The Partnership's primary capital resource consists of nine tax-exempt mortgage bonds which were issued to the Partnership in order to provide construction and/or permanent financing for the nine multifamily housing projects listed in the following table:

			At June 30, 2000	
Property Name	Location	Number of Units	Number of Units Occupied	Percentage of Units Occupied
Arama Apartments	Miami, FL	293	281	96%
Shoals Crossing	Atlanta, GA	176	173	98%
Ashley Square	Des Moines, IA	144	142	99%
Northwoods Lake Apartments	Duluth, GA	492	486	99%
Woodbridge Apts. of Bloomington III	Bloomington, IN	280	230	82%
Woodbridge Apts. of Louisville II	Louisville, KY	190	162	85%
Iona Lakes Apartments	Ft. Myers, FL	350	325	93%
Clear Lake Colony Apartments	West Palm Beach, FL	316	303	96%
Ashley Pointe at Eagle Crest	Evansville, IN	150	149	99%
		2,391	2,251	94%

The aggregate carrying value of the tax-exempt bonds at June 30, 2000 was $103,775,000. The Partnership has securitized $38,155,000 of its tax-exempt bonds as described herein.

Each of the bonds bears interest at a fixed rate and provides for the payment of additional contingent interest that is payable solely from available net cash flow generated by the financed property. The principal amount of the bonds does not amortize over their respective terms.

Tax-exempt interest earned on the bonds represents the Partnership's principal source of cash flow. The Partnership also earns tax-exempt interest and taxable interest on certain other investments. The Partnership's principal uses of cash are the payment of operating expenses and distributions to BUC holders. The following table sets forth information relating to cash distributions paid to BUC holders for the periods shown:

<TABLE>

<S>	<C> For the Six Months Ended June 30, 2000	<C> For the Six Months Ended June 30, 1999 (combined)
Cash distributions		
Income	$ .1583	$ .2700
Return of capital	.1117	-
Income	$ .2700	$ .2700
Distributions		
Paid out of current and prior undistributed cash flow	$ .2700	$ .2700

</TABLE>

In addition to cash generated from interest income, the Partnership may draw on its reserve to pay operating expenses or to supplement cash distributions to BUC holders. As of June 30, 2000, the amount held by the Partnership in the reserve was $2,503,415. During six months ended June 30, 2000, a net amount of undistributed income totaling $245,471 was withdrawn from reserves ($105,854 for the quarter ended June 30, 2000). Future distributions to BUC Holders will depend upon the amount of base and contingent interest received on the mortgage bonds, the size of the reserves established by the Partnership and the extent to which withdrawals are made from reserves.

The Partnership believes that cash provided by interest income from its tax-exempt bonds and other investments, supplemented, if necessary, by withdrawals from its reserve, will be adequate to meet its projected short-term and long-term liquidity requirements, including the payments of distributions to BUC Holders. Income from the tax-exempt mortgage bond secured by Arama Apartments is expected to be substantially reduced beginning in the latter part of the year 2000. Since 1986, Arama Apartments has been receiving rent subsidies from the Department of Housing and Urban Development and it is expected that these subsidies will be significantly reduced in 2000.

The Partnership is pursuing an investment strategy whereby it is investing in additional tax-exempt mortgage bonds and related investments and financing such acquisitions through the sale of senior interests in its tax-exempt bonds and/or by issuing additional BUCs. By acquiring additional investments, AFCA 2 hopes to (i) increase the amount of tax-exempt interest available for distribution to BUC holders, (ii) reduce risk through increased asset diversification and (iii) achieve improved economies of scale. By financing the acquisition of additional investments through the sale of senior interests in its tax-exempt bonds, the Partnership foregoes a portion of the interest it earns on its tax-exempt bonds, but reinvests the sale proceeds in instruments which are expected to generate a greater amount of interest income. To the extent the Partnership sells such senior interests and is unable to reinvest the proceeds in investments that generate interest at least as great as the interest paid on the senior interests, the amount of interest income available to the Partnership will decline. AFCA 2 is unable to estimate the amount of additional tax-exempt mortgage bonds and other investments that the Partnership may acquire and there can be no assurance that the Partnership will be able to achieve any of the goals stated above.

In keeping with its investment strategy, the Partnership acquired $33,155,000 of tax-exempt bonds during 2000. These acquisitions include $17,155,000 of tax-exempt mortgage bonds (the Iona Bonds) secured by Iona Lakes Apartments located in Ft. Myers, Florida, which were acquired on March 28, 2000, and $16,000,000 of tax-exempt mortgage bonds (the Clear Lake Colony Bonds) secured by Clear Lake Colony Apartments located in West Palm Beach, Florida, which were acquired on June 1, 2000. The Partnership securitized such bonds under two separate financing transactions by depositing them with a custodian which issued (i) certificates to a Merrill Lynch affiliate evidencing a beneficial ownership interest in all outstanding principal and base interest on the bonds and, in the case of the Iona bonds (ii) a residual certificate to the Partnership evidencing a beneficial ownership interest in all contingent interest on such bonds. With respect to the Clear Lake Colony Bonds, the Partnership owns a separate series of bonds entitling it to contingent interest thereon. The Merrill Lynch affiliate then transferred its certificates to trusts, which, in turn, sold to institutional investors floating rate securities credit enhanced by the Merrill Lynch affiliate. The trusts also issued to the Partnership residual interests in the trusts with a total face amount of $10,000 ($5,000 for each of the securitized bonds) for a total purchase price of $10,000 ($5,000 each). The Partnership has a call right on the senior floating rate securities and, upon exercise of such right, may collapse the trusts and, therefore, retains a level of control over such securities. The purchase price of the senior securities is equal to the par amount plus 10% of any increase in the market value of the underlying bonds. As described in Note 3 to the financial statements, these arrangements have been accounted for as financing transactions and, in effect, provide variable-rate financing to the Partnership.

As a result of the securitizations described above and one securitization completed during 1999, the Partnership has securitized $38,155,000 of its tax-exempt mortgage bond portfolio as of June 30, 2000. As of June 30, 2000, the Partnership has pledged a total of $62,031,000 of its tax-exempt mortgage bond portfolio in connection with its securitizations.

In addition to the securitizations described above, tax-exempt bonds of $6,700,000 have been pledged as security for a reimbursement obligation regarding a $11,350,000 letter of credit. Such letter of credit was issued for the benefit of the purchaser of Bent Tree Apartments (the Project) located in Columbia, South Carolina, as part of a plan by the Partnership to acquire certain securities representing an interest in tax-exempt bonds secured by the Project which are anticipated to be refunded on or around December 21, 2000. Pending issuance of such bonds and certain other events, the Partnership's obligations under the reimbursement obligation will cease and the $6,700,000 of tax-exempt mortgage bonds will be released from such pledge. However, upon issuance of the new bonds, the Partnership anticipates that substantially all of these securities will be pledged as collateral to the beneficial owner of the new bonds.

In connection with the Partnership's plan to repurchase up to $1,000,000 of the Partnership's BUCs, the Partnership purchased and cancelled 141,200 BUCs in open market transactions at a cost of $755,929 during the six months ended June 30, 2000.

Asset Quality

In conjunction with its periodic review of the real estate collateralizing the Partnership's mortgage bonds, the Partnership determined it is not likely to recover or receive its contracted cash flows (including the repayment of principal) on its investment in the Arama Apartments tax-exempt mortgage bond based on a commitment by the Partnership to the obligor of such tax-exempt mortgage bond. Accordingly, the Partnership realized a loss of $1,100,000 and the previously adjusted cost basis of the tax-exempt mortgage bond was written down to fair value as a new cost basis.

The overall status of the Partnership's other tax-exempt mortgage bonds has generally remained constant since December 31, 1999.

Results of Operations

Comparison of the Quarters Ended June 30, 2000 and June 30, 1999

During the quarters ended June 30, 2000 and 1999, the Partnership recognized the full amount of base interest due on all but two of its investments in

tax-exempt mortgage bonds. The acquisition of the tax-exempt mortgage bonds on Iona Lakes Apartments in March 2000 and Clear Lake Colony Apartments in June 2000 contributed $295,924 and $70,533, respectively, to the Partnership's mortgage bond investment income for the quarter ended June 30, 2000. Excluding income from these two newly acquired tax-exempt mortgage bonds, mortgage bond investment income decreased $147,589 (approximately 9%) for the quarter ended June 30, 2000, compared to the same period in 1999. Approximately $116,000 of such decrease is attributable to past due interest received during 1999 on the prior Woodbridge Apartments of Bloomington III, Woodbridge Apartments of Louisville II and Northwoods Lake Apartments tax-exempt mortgage bonds whereas no past due interest was received in 2000 on any prior bonds. The remaining decrease of approximately $32,000 is attributable to less interest earned on the tax-exempt mortgage bond secured by Shoals Crossing as the property generated less cash flow in 2000 than in 1999.

Other interest income increased $76,296 for the quarter ended June 30, 2000, compared to the same period in 1999. Such increase is attributable to the investment of cash proceeds resulting from $5 million in debt financing obtained in August 1999.

The Partnership earned contingent interest income of $22,702 from the Arama Apartments tax-exempt mortgage bond for the quarter ended June 30, 1999, whereas no such income was earned for the comparable period of 2000 due to a reduction in net operating income generated by the Arama Apartments.

During the quarter ended June 30, 2000, the Partnership realized a loss of $1,100,000 on its tax-exempt mortgage bond secured by Arama Apartments, as management determined it was not likely to recover or receive its contracted cash flows (including repayment of principal) on such investment. No such loss was realized for the comparable quarter of 1999.

During the quarter ended June 30, 2000, the Partnership incurred interest expense of $370,469 on the $38,155,000 of debt financing obtained since August 1999 in connection with securitizing $38,155,000 of its tax-exempt mortgage bonds. The Partnership had no such financing prior to August 1999 and therefore incurred no interest expense for the quarter ended June 30, 1999.

General and administrative expenses for the quarter ended June 30, 2000 increased $78,432 compared to the same period in 1999. Such increase is attributable to (i) an increase of approximately $36,000 salaries and related expenses and (ii) net increases of approximately $42,000 in the Partnership's other general and administrative expenses.

Comparison of the Six Months ended June 30, 2000 and June 30, 1999

During the six months ended June 30, 2000 and 1999, the Partnership recognized the full amount of base interest due on all but two of its investments in tax-exempt mortgage bonds. The acquisition of the tax-exempt mortgage bonds on Iona Lakes Apartments in March 2000 and Clear Lake Colony Apartments in June 2000 contributed $295,924 and $70,533, respectively to the Partnership's mortgage bond investment income for the six months ended June 30, 2000. Excluding income from these two newly acquired tax-exempt mortgage bonds, mortgage bond investment income decreased $151,319 (approximately 5%) for the six months ended June 30, 2000 compared to the same period in 1999. This decrease is primarily attributable to past due interest aggregating $172,000 received during 1999 on the prior Woodbridge Apartments of Bloomington III (Bloomington), Woodbridge Apartments of Louisville II and Northwoods Lake Apartments tax-exempt mortgage bonds whereas approximately $19,000 of past due base interest was received in 2000 on the Bloomington tax-exempt mortgage bond.

Other interest income increased $137,217 for the six months ended June 30, 2000, compared to the same period in 1999. Such increase is attributable to the investment of cash proceeds resulting from $5 million in debt financing obtained in August 1999.

The Partnership earned contingent interest income of $42,100 from the Arama Apartments tax-exempt mortgage bond for the six months ended June 30, 1999, whereas no such income was earned for the comparable period of 2000 due to a reduction in net operating income generated by the Arama Apartments.

During the six months ended June 30, 2000, the Partnership realized a loss of $1,100,000 in its tax-exempt mortgage bond secured by Arama Apartments, as management determined it was not likely to recover or receive its contracted cash flows (including repayment of principal) on such investment. No such loss was realized for the comparable period of 1999.

During the six months ended June 30, 2000, the Partnership incurred interest expense of $402,302 on the $38,155,000 of debt financing obtained since August 1999 in connection with securitizing $38,155,000 of its tax-exempt mortgage bonds. The Partnership had no such financing prior to August 1999 and; therefore, incurred no interest expense for the six months ended June 30, 1999.

General and administrative expenses for the six months ended June 30, 2000 increased $74,798 compared to the same period in 1999. Such increase is attributable to (i) an increase of approximately $49,000 salaries and related expenses; (ii) net increases of approximately $46,000 in other general and administrative expenses partially offset by (iii) expenses of approximately $20,000 incurred in 1999 in conjunction with the Merger.

Forward Looking Statements

This report contains forward looking statements that reflect management's current beliefs and estimates of future economic circumstances, industry conditions, the Partnership's performance and financial results. All statements, trend analysis and other information concerning possible or assumed future results of operations of the Partnership and the real estate investments it has made (including, but not limited to, the information contained in Management's Discussion and Analysis of Financial Condition and Results of Operations"), constitute forward-looking statements. BUC holders and others should understand that these forward looking statements are subject to numerous risks and uncertainties and a number of factors could affect the future results of the Partnership and could cause those results to differ materially from those expressed in the forward looking statements contained herein.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Partnership's primary market risk exposure is interest rate risk related to its investment portfolio and financing debt. There have been no significant changes in the Partnership's interest rate risk on its investment portfolio since December 31, 1999. However, in March 2000, the Partnership significantly increased its financing debt through the acquisitions of a $17,155,000 tax-exempt mortgage bond in March 2000 and a $16,000,000 tax-exempt mortgage bond in June 2000. Such acquisitions were effectively financed with variable-rate debt as more fully described under Liquidity and Capital Resources.

At June 30, 2000, the Partnership had total debt financing with a principal amount of and fair value of $38,155,000. The weighted average interest rate of the variable-rate financing was 4.31% at June 30, 2000.

The tax-exempt bonds secured by the $5,000,000 of financing debt have a stated maturity of September 2025; the tax-exempt bonds secured by the $17,155,000 of financing debt have a stated maturity of April 2030; and the tax-exempt bonds secured by the $16,000,000 of financing debt have a stated maturity of June 2030. However, the Partnership has the right to collapse each of the financing transactions at any time.

As the above discussion incorporates only new positions or exposures since December 31, 1999, and that existed as of June 30, 2000, it does not consider those exposures or positions that could arise after June 30, 2000. Moreover, because future commitments are not discussed above, the information presented has limited predictive value. As a result, the Partnership's ultimate economic impact with respect to interest rate fluctuations will depend on the exposures that arise during the period, the Partnership's risk mitigating strategies at that time and interest rates.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following documents are filed as part of this report. Exhibit numbers refer to the paragraph numbers under Item 601 of Regulation S-K:

3. Articles of Incorporation and Bylaws of America First Fiduciary Corporation Number Five (incorporated herein by reference to Form S-11 Registration Statement filed August 30, 1985, with the Securities and Exchange Commission by America First Tax Exempt Mortgage Fund Limited Partnership (Commission File No. 2-99997)).

4(a) Form of Certificate of Beneficial Unit Certificate incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-4 (Commission File No. 333-50513) filed by the Registrant on April 17, 1998.

4(b) Agreement of Limited Partnership of the Registrant (incorporated by reference to Form 10-K dated December 31, 1998 filed pursuant to Section 13 or 15(d) of the Securities Act of 1934 by America First Tax Exempt Investors, L.P. (Commission File No. 000-24843)).

4(c) Amended Agreement of Merger, dated June 12, 1998, between the Registrant and America First Tax Exempt Mortgage Fund Limited Partnership (incorporated by reference to Exhibit 4.3 to Amendment No. 3 to Registration Statement on Form S-4 (Commission File No. 333-50513) filed by the Registrant on September 14, 1998.

27. Financial Data Schedule.

(b) Reports on Form 8-K

The Registrant did not file any reports on Form 8-K during the period covered by this report.

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: August 11, 2000 AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

By America First Capital
Associates Limited
Partnership Two, General
Partner of the Registrant

By America First Companies L.L.C.,
General Partner of America First
Capital Associates Limited
Partnership Two

By /s/ Michael Thesing
Michael Thesing
Vice President
and Principal Financial Officer

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