FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarterly period ended September 30, 1999 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> Sept. 30, 1999 (unaudited)	<C> Dec. 31, 1998
Assets		
Cash and temporary cash investments, at cost which approximates market value (Note 4)	$ 4,720,681	$ 920,801
Investment in tax-exempt mortgage bonds, at estimated fair value (Note 5)	71,720,000	71,720,000
Interest receivable	434,558	503,234
Other assets	1,213,067	277,890
	$ 78,088,306	$ 73,421,925
Liabilities and Partners' Capital		
Liabilities		
Accounts payable (Note 6)	$ 223,754	$

		276,184
Distribution payable (Note 3)	464,535	453,597
Debt financing	5,000,000	-
	5,688,289	729,781
Partners' Capital		
General Partner	2,504	5,426
Beneficial Unit Certificate Holders ($7.25 per BUC in 1999 and $7.28 in 1998)	72,397,513	72,686,718
	72,400,017	72,692,144
	$ 78,088,306	$ 73,421,925

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 Sept. 30, 1999	For the Quarter Ended Sept. 30, 1998	For the Nine Months Ended Sept. 30, 1999 (combined)	For the Nine Months Ended Sept. 30, 1998
<S>	<C>	<C>	<C>	<C>
Income				
Mortgage bond investment income	$ 1,379,794	$ 1,467,082	$ 4,393,032	$ 4,500,059
Interest income on temporary cash investments	23,258	12,608	33,140	38,300
Contingent interest income (Note 5)	26,408	36,874	68,508	86,107
	1,429,460	1,516,564	4,494,680	4,624,466
Expenses				
General and administrative expenses (Note 6)	200,563	200,777	659,729	604,959
Interest expense	28,100	-	28,100	-
	228,663	200,777	687,829	604,959
Net income and comprehensive income	$ 1,200,797	$ 1,315,787	$ 3,806,851	$ 4,019,507
Net income allocated to:				
General Partner	$ 18,345	$ 22,008	$ 54,510	$ 60,861
BUC Holders	1,182,452	1,293,779	3,752,341	3,958,646
	$ 1,200,797	$ 1,315,787	$ 3,806,851	$ 4,019,507
Net income, basic and diluted, per BUC	$ .12	$ .13	$ .38	$ .40

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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 NINE MONTHS ENDED SEPTEMBER 30, 1999
(UNAUDITED)
<TABLE>
<CAPTION>

	General Partner	Beneficial Unit Certificate Holders	Total
Partners' Capital (excluding accumulated other comprehensive income)			
Balance at December 31, 1998	$ 5,426	$ 73,592,718	$ 73,598,144
Net income (combined)	54,510	3,752,341	3,806,851
Cash distributions paid or accrued (Note 3) (combined)	(57,432)	(4,041,546)	(4,098,978)
	2,504	73,303,513	73,306,017
Accumulated Other Comprehensive Income			
Balance at December 31, 1998 and September 30, 1999	-	(906,000)	(906,000)
Balance at September 30, 1999	$ 2,504	$ 72,397,513	$ 72,400,017

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 Nine Months Ended Sept. 30, 1999 (combined) <C>	For the Nine Months Ended Sept. 30, 1998 <C>
Cash flows from operating activities		
Net income	$ 3,806,851	$ 4,019,507
Adjustments to reconcile net income to net cash from operating activities		
Decrease in interest receivable	68,676	11,015
Increase in other assets	(5,126)	(15,659)
Decrease in accounts payable	(52,430)	(26,086)
Net cash provided by operating activities	3,817,971	3,988,777
Cash flow used in investing activities		
Bond issuance costs paid	(142,886)	(48,554)
Increase in other assets	(787,165)	-
Net cash used in investing activities	(930,051)	(48,554)
Cash flow from financing activities		
Distributions paid	(4,088,040)	(4,103,245)
Proceeds from debt financing	5,000,000	-
Net cash provided by (used in) financing activities	911,960	(4,103,245)
Net increase (decrease) in cash and temporary cash investments	3,799,880	(163,022)
Cash and temporary cash investments at beginning of period	920,801	1,522,893
Cash and temporary cash investments at end of period	$ 4,720,681	$ 1,359,871

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

Supplemental disclosure of non-cash investing activity: During the nine months ended September 30, 1999, the tax-exempt mortgage bonds secured by Shoals Crossing and Ashley Square with 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 activity:
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.

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 1999
(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). Under the terms of the merger agreement, the New Partnership was the surviving partnership and effectively took over the operations of the Prior Partnership as of that date. Unit holders of the Prior Partnership received one Beneficial Unit Certificate (BUC) of the New Partnership for each BUC they held in the Prior Partnership as of the record date. The Prior Partnership was terminated under the provisions of the Prior Partnership's Partnership Agreement. The New Partnership will terminate on December 31, 2050, unless terminated earlier under the provisions of its Partnership Agreement. 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. Summary of Significant Accounting Policies

A) Financial Statement Presentation
The accompanying 1999 financial statements include the combined accounts of the New Partnership from February 1, 1999 (the Merger Date), through September 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. Financial statements for 1998 include the accounts of the Prior Partnership.

The financial statements of the Partnership are prepared without audit on the accrual basis of accounting in accordance with generally accepted accounting principles. The financial statements should be read in conjunction with the financial statements and notes thereto included in the Prior Partnership's Annual Report on Form 10-K for the year ended December 31, 1998 and the New Partnership's Annual Report on Form 10-K for the year ended December 31, 1998. In the opinion of management, all normal and recurring adjustments necessary to present fairly the financial position at September 30, 1999, and results of operations for all periods presented have been made.

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) Investment in Tax-Exempt Mortgage Bonds
Investment securities are classified as held-to-maturity, available-for-

sale or trading. Investments classified as available-for-sale are reported at fair value with any unrealized gains or losses excluded from earnings and reflected in other comprehensive income. Subsequent increases and decreases in the net unrealized gain/loss on available-for-sale securities are reflected as adjustments to the carrying value of the portfolio and in other comprehensive income. The Partnership does not have investment securities classified as held-to-maturity or trading. The carrying value of tax-exempt mortgage bonds is periodically reviewed and adjusted when there are significant changes in the estimated net realizable value of the underlying collateral.

Accrual of mortgage bond investment income is excluded from income, when, in the opinion of management, collection of related interest is doubtful. This interest is recognized as income when it is received.

C) Income Taxes
No provision has been made for income taxes since the Beneficial Unit Certificate (BUC) Holders are required to report their share of the Partnership's taxable income for federal and state income tax purposes.

D) Temporary Cash Investments
Temporary cash investments are invested in federally tax-exempt securities purchased with an original maturity of three months or less.

E) Debt Financing
The Partnership has deposited $25,250,000 of its 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. 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)).

For financial statement purposes, the transaction is accounted for as a financing transaction and, accordingly, the $5 million of tax-exempt mortgage bonds financed is restricted to be held in trust, the net cash proceeds are classified as cash and temporary cash investments, and the subordinated interest is classified as other assets. The financing debt of $5 million bears interest at a weekly floating bond rate which averaged approximately 3.5% from August 12, 1999, the date of closing, through September 30, 1999.

F) Net Income per BUC
Net income per BUC has been calculated based on the number of BUCs outstanding (9,979,128) for all periods presented.

G) New Accounting Pronouncement
On January 1, 1999, the Partnership adopted Statement of Position 98-5, "Reporting on the Costs of Start-up Activities" (SOP 98-5). SOP 98-5 requires costs of start-up activities and organization costs to be expensed as incurred. The adoption of SOP 98-5 did not have an impact on the Partnership's financial statements.

H) Reclassifications
Certain prior period amounts have been reclassified to conform with the current period classification.

3. Partnership Income, Expenses and Cash Distributions

The Partnership Agreement contains provisions for the distribution of Net Interest Income and Net Residual Proceeds and for the allocation of income and expenses for tax purposes among AFCA 2 and BUC Holders.

Cash distributions included in the financial statements represent the actual cash distributions made during each period and the cash distributions accrued at the end of each period.

4. Partnership Reserve Account

The Partnership maintains a reserve account which totaled $ 4,926,310 at September 30, 1999. The reserve account was established to maintain working capital for the Partnership and is available to supplement distributions to BUC Holders or for any other contingencies related to the ownership of the mortgage bonds and the operation of the Partnership.

5. Investment in Tax-Exempt Mortgage Bonds

Descriptions of the tax-exempt mortgage bonds owned by the Partnership at September 30, 1999, are as follows:

<TABLE>

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)
Woodbridge Apts. of Bloomington III (6)	Bloomington, IN	280	12/01/27	7.5% (2)
Shoals Crossing	Atlanta, GA	176	12/01/25	7.5% (2), (3)
Ashley Pointe at Eagle Crest	Evansville, IN	150	12/01/27	7.0% (2)
Woodbridge Apts. of Louisville II	Louisville, KY	190	12/01/27	7.5% (2)
Northwoods Lake Apartments (5)	Duluth, GA	492	09/01/25	7.5% (2)
Ashley Square	Des Moines, IA	144	12/01/25	7.5% (3), (4)

</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 received additional contingent interest from Arama Apartments of $45,806 during the quarter and nine months ended September 30, 1999.

(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 received additional contingent interest from Ashley Pointe at Eagle Crest of $22,702 during the nine months ended September 30, 1999 (none during the quarter ended September 30, 1999).

(3) The tax-exempt bonds secured by these properties were reissued by their local housing finance authority on February 25, 1999, and June 16, 1999, for Shoals Crossing and Ashley Square, respectively. The existing tax-exempt bonds held by the Partnership were terminated and new bonds in the same principal amounts were issued to the Partnership. The new bonds provide for the payment of base interest to the Partnership at a rate of 7.5% per annum compared to 8.5% per annum for the previous bonds.

(4) 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.

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

(6) Tax-exempt bonds of $12,600,000 in addition to the $2,000,000 of Primary Trust Certificates described in (5) above, have been pledged as security for a reimbursement obligation regarding a $17,350,000 letter of credit. Such letter of credit was issued for the benefit of the purchaser of Iona Lakes Apartments (the Project) located in Ft. Myers, Florida 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 issued on or around April 1, 2000. Pending issuance of such bonds and certain other events, the Partnership's obligations under the reimbursement obligation will cease and the $12,600,000 of tax-exempt mortgage bonds and $2 million of Primary Trust Certificates will be released from such pledge.

The Partnership classified its investment in tax-exempt mortgage bonds as available-for-sale. At September 30, 1999 and December 31, 1998, 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.

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 capitalized costs were incurred in connection with the reissuance of the tax-exempt bonds. The amount of such expenses reimbursed to AFCA 2 during 1999 was $837,684 ($217,663 for the quarter ended September 30, 1999). 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 or nine months ended September 30, 1999. 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. In addition, AFCA 2 was 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 received administrative fees of $224,573 during 1999 ($64,380 for the quarter ended September 30, 1999), 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.

An affiliate of AFCA 2 has been retained by the owners of Ashley Square, Northwoods Lake Apartments, Ashley Pointe at Eagle Crest and Shoals Crossing to provide property management services for these properties. 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 $233,692 in 1999 ($75,545 for the quarter ended September 30, 1999). 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.

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

Liquidity and Capital Resources

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). Under the terms of the merger agreement, the New Partnership was the surviving partnership and effectively took over the operations of the Prior Partnership as of that date. Unit holders of the Prior Partnership received one Beneficial Unit Certificate (BUC) of the New Partnership for each BUC they held in the Prior Partnership as of the record date. The Prior Partnership was terminated under the provisions of the Prior Partnership's Partnership Agreement. 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.

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

			At September 30, 1999	
Property Name	Location	Number of Units	Number of Units Occupied	Percentage of Units Occupied
Woodbridge Apts. of Bloomington III	Bloomington, IN	280	244	87%
Ashley Pointe at Eagle Crest	Evansville, IN	150	142	95%
Woodbridge Apts. of Louisville II	Louisville, KY	190	178	94%
Northwoods Lake Apartments	Duluth, GA	492	472	96%
Shoals Crossing	Atlanta, GA	176	175	99%
Ashley Square	Des Moines, IA	144	136	94%
Arama Apartments	Miami, FL	293	288	98%
		1,725	1,635	95%

The aggregate carrying value of the tax-exempt bonds at September 30, 1999 was $71,720,000. Because the sole source of funds available for the repayment of principal of the bonds is the net proceeds from the sale or refinancing of the financed properties, the carrying value of the bonds reflects the general partner's current estimate of the aggregate fair market value of the financed properties.

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 amounts of the bonds do not amortize over their respective terms.

The tax-exempt bonds secured by Shoals Crossing and Ashley Square were reissued by their respective local housing finance authorities on February 25, 1999 and June 16, 1999. The existing tax-exempt bonds held by the Partnership were terminated and new bonds in the same principal amounts were issued to the Partnership. The new bonds have terms expiring on December 1, 2025, and provide for the payment of base interest to the Partnership at a rate of 7.5% per annum. The tax exempt bonds also bear contingent interest of up to an additional 3.5% per annum in the case of Shoals Crossing and up to an additional 3% per annum in the case of Ashley Square. Contingent interest is payable out of the net cash flow generated by the respective property. Unpaid contingent interest on Ashley Square compounds at a rate of 10.5% per annum.

As a result of refinancing all but one of the tax-exempt bonds in 1998 and 1999 and the reduction in the base and contingent interest rates, AFCA 2 anticipates that base and contingent interest earned on the mortgage bonds in

1999 will be approximately $150,000 to $250,000 less than that earned in 1998. In addition, the reduction in the base interest rates will make it more likely that AFCA 2 will receive its administrative fees from the property owners on a current basis. A reduction in the contingent interest rates will limit the Partnership's potential participation in future increases, if any, in the net cash flow generated by the financed properties and in the net proceeds generated by the ultimate sale or refinancing of these properties. Management is considering the possible sale or refinancing of the property securing the sole remaining tax-exempt mortgage bond.

Tax-exempt interest earned on the bonds represents the Partnership's principal source of liquidity. The Partnership also earns tax-exempt interest on temporary 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>

	For the Nine Months Ended Sept. 30, 1999 (combined)	For the Nine Months Ended Sept. 30, 1998
<S>	<C>	<C>
Regular monthly distributions		
Income	$ .4050	$ .4050
Distributions		
Paid out of current cash flow	$ .3760	$ .3967
Paid out of prior undistributed cash flow	.0290	.0083
	$ .4050	$ .4050

</TABLE>

In addition to current interest income, the Partnership may draw on its reserve to pay operating expenses or to supplement cash distributions to BUC holders. As of September 30, 1999, the amount held by the Partnership in the reserve was $4,926,310. During the nine months ended September 30, 1999, a net amount of undistributed income totaling $292,127 was withdrawn from reserves ($166,395 of income was withdrawn from reserves for the quarter ended September 30, 1999). 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 temporary 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 expenses and distributions to BUC Holders. Income from the tax-exempt mortgage bond secured by Arama Apartments is expected to be substantially reduced beginning in 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 next year. As a result, the General Partner may have to lower the per share distribution rate in the year 2000 to keep from depleting its cash reserves.

The Partnership intends to invest in additional tax-exempt mortgage bonds and related investments and expects to finance such acquisitions through the sale of senior interests in its existing 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 existing tax-exempt bonds, the Partnership will forego a portion of the interest it currently earns on its existing tax-exempt bonds, but expects to reinvest the sale proceeds in instruments which 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, if any, 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 the above, on August 12, 1999, the Partnership deposited $25,250,000 of its Northwoods Lake 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. 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. As described in Note 2 (E) to the financial statements, this arrangement has been accounted for as a financing transaction.

In addition to the aforementioned financing arrangement, on September 1, 1999, the Partnership pledged $12,600,000 of its Woodbridge Apartments of Bloomington III tax-exempt mortgage bonds and Primary Trust Certificates representing a beneficial interest in $2,000,000 in principal amount of the Northwoods Lake tax-exempt mortgage bonds as security for a reimbursement obligation regarding a $17,350,000 letter of credit. Such letter of credit was issued for the benefit of the purchaser of Iona Lakes Apartments (the Project) located in Ft. Myers, Florida 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 issued on or around April 1, 2000. Pending issuance of such bonds and certain other events, the Partnership's obligations under the reimbursement obligation will cease and the $12,600,000 of tax-exempt mortgage bonds and $2 million of Primary Trust Certificates will be released from such pledge.

Asset Quality

It is the policy of the Partnership to make a periodic review of the real estate collateralizing the Partnership's mortgage bonds in order to adjust, when necessary, the carrying value of the mortgage bonds. Mortgage bonds are classified as available-for-sale and are therefore carried at the estimated fair value of the underlying collateral. The fair value of the underlying collateral is based on management's best estimate of the net realizable value of the properties; however the ultimate realized values may vary from these estimates. Adjustments are made to the carrying value when there are significant changes in the estimated net realizable value of the underlying collateral. Internal property valuations and reviews performed during the nine months ended September 30, 1999, indicated that the mortgage bonds recorded on the balance sheet at September 30, 1999, required no adjustments to their current carrying amounts.

The overall status of the Partnership's mortgage bonds has generally remained constant since June 30, 1999.

Results of Operations

The tables below compare the results of operations for each period shown.
<TABLE>

	For the Quarter Ended Sept. 30, 1999	For the Quarter Ended Sept. 30, 1998	Increase (Decrease)

			From 1998
<S>	<C>	<C>	<C>
Mortgage bond investment income	$ 1,379,794	$ 1,467,082	$ (87,288)
Interest income on temporary cash investments	23,258	12,608	10,650
Contingent interest income	26,408	36,874	(10,466)
	1,429,460	1,516,564	(87,104)
General and administrative expenses	200,563	200,777	(214)
Interest expense	28,100	-	28,100
	228,663	200,777	27,886
Net income	$ 1,200,797	$ 1,315,787	$ (114,990)

	For the Nine Months Ended Sept. 30, 1999 (combined)	For the Nine Months Ended Sept. 30, 1998	Increase (Decrease) From 1998
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Mortgage bond investment income	$ 4,393,032	$ 4,500,059	$ (107,027)
Interest income on temporary cash investments	33,140	38,300	(5,160)
Contingent interest income	68,508	86,107	(17,599)
	4,494,680	4,624,466	(129,786)
General and administrative expenses	659,729	604,959	54,770
Interest expense	28,100	-	28,100
	687,829	604,959	82,870
Net income	$ 3,806,851	$ 4,019,507	$ (212,656)

</TABLE>

Mortgage-backed securities income decreased $87,288 for the quarter ended September 30, 1999, compared to the same period in 1998. This decrease was primarily attributable to a decrease in such income from Woodbridge Apartments of Bloomington III which experienced decreased occupancy and increased capital expenditures as compared to the same period in 1998. In addition, during 1998 the Partnership received cash flow in excess of base interest which represented past due accrued base interest whereas it received no such cash flow in 1999.

Mortgage-backed securities income decreased $107,027 for the nine months ended September 30, 1999, compared to the same period in 1998. This decrease was primarily attributable to a decrease in such income from Woodbridge Apartments of Louisville II. Although base interest was current on the tax-exempt mortgage bond secured by such property for both 1999 and 1998, the Partnership received less in past due accrued base interest in 1999 than 1998.

Interest income on temporary cash investments increased $10,650 for the quarter ended September 30, 1999 compared to the same period in 1998. This increase is attributable to an increase in the Partnership's cash reserve resulting from $5 million in debt financing obtained in August. Interest income on temporary cash investments declined $5,160 for nine months ended September 30, 1999 compared to the same period in 1998 due primarily to a decrease in the Partnership's average cash reserve resulting from withdrawals made from the Partnership's reserve in 1998 and 1999 to supplement distributions to BUC holders.

The decreases in contingent interest income for the quarter and nine months ended September 30, 1999, compared to the same period in 1998 is attributable to a slight reduction in net operating income generated by the Arama Apartments which was partially offset by contingent interest paid by Ashley Pointe at Eagle Crest.

General and administrative expenses increased $54,770 for the nine months ended September 30, 1999, compared to the same period in 1998 due primarily to increases in salaries and related expenses, insurance expense, and travel expense.

The Partnership incurred interest expense of $28,100 for the quarter and nine months ended September 30, 1999, related to the $5 million in debt financing. No such costs were incurred during the comparable periods in 1998.

Year 2000

The Partnership does not own or operate its own computer system and owns no business or other equipment. However, the operation of the Partnership's business relies on the computer system and other equipment maintained by America First Companies L.L.C., the parent company of its general partner ("America First"). In addition, the Partnership has business relationships with a number of third parties whose ability to perform their obligations to the Partnership 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 Partnership 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 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. This process, along with any necessary remediation or plans for remediation, has been completed. 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 Partnership's business. America First reviewed 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 Partnership's business activities. Based on this review, a need for significant modification or replacement of such "mission critical" systems was not identified.

The Partnership 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 Partnership. 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 Partnership's tax-exempt mortgage bonds, the Partnership's transfer and paying agent and the financial institutions with which the Partnership maintains accounts. America First has received initial assurances from certain of these third parties that their ability to perform their obligations to the Partnership 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 Partnership's business operations are owned or leased by America First. Under the terms of its partnership agreement, neither America First nor the Partnership's general partner may be reimbursed by the Partnership for expenses associated with their computer systems or other business equipment. Therefore, the costs associated with the identification, remediation and testing of America First's IT and non-IT systems will be paid by America First rather than the Partnership. The Partnership will bear its proportionate share of the costs associated with surveying the Year 2000 readiness of third parties. However, the Partnership's share of the costs associated with these activities is expected to be insignificant. Accordingly, the costs associated with addressing the Partnership's Year 2000 issues are not expected to have a material effect on the Partnership's results of operations, financial position or cash flow.

Year 2000 Risks

The Partnership's general partner 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 Partnership. For example, if an obligor on the Partnership's tax-exempt mortgage bonds encounters a serious and unexpected Year 2000 issue, it may be unable to make a timely payment of interest to the Partnership. This, in turn, could cause a delay or temporary reduction in cash distributions to BUC holders. In addition, if the Partnership's transfer and paying agent experiences Year 2000-related difficulties, it may cause delays in making distributions to BUC holders or in the processing of trading of BUCs. 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 Partnership. However, based on currently available information, the general partner 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 Partnership's business.

Contingency Plans

Because of the progress which America First has made toward achieving Year 2000 readiness, the Partnership 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 Partnership'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 Partnership will not be able to terminate its relationships with certain third parties, such as the obligors on its tax-exempt mortgage bonds, who may experience Year 2000 problems. The Partnership 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 Partnership 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 Partnership'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 Partnership has a material business relationship and (f) no material undiscovered flaws in America First's Year 2000 testing process.

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.
There have been no material changes in the Partnerships market risk since December 31, 1998.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) The following documents are filed as part of this report:

3. Exhibits. The following exhibits were filed as required by Item 14(c) 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 (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 (No. 333-50513) filed by the Registrant on September 14, 1998.

27. Financial Data Schedule.

(b) The following report on Form 8-K was filed during the period covered by this report:

Date of Report	Item Reported	Financial Statements Filed
August 12, 1999	Item 5. Other Events	No

SIGNATURES

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

Dated: November 11, 1999 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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