FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarterly period ended September 30, 2001
OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 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 (I.R.S. Employer
incorporation or organization) 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

	Sept. 30, 2001 (unaudited)	Dec. 31, 2000
Assets		
Cash and cash equivalents	$ 4,675,241	$ 5,858,216
Investment in tax-exempt mortgage bonds, at estimated fair value	110,455,000	110,500,000
Investment in other tax-exempt bonds, at estimated fair value	3,861,000	3,000,000
Interest receivable	1,335,473	948,081
Other assets	4,883,008	4,059,207
	$ 125,209,722	$ 124,365,504
Liabilities and Partners' Capital		
Liabilities		
Accounts payable	$ 546,755	$ 511,178
Distribution payable	1,341,536	1,341,536
Debt financing	49,210,000	49,255,000
	51,098,291	51,107,714
Partners' Capital		
General Partner	12,319	3,392
Beneficial Unit Certificate Holders ($7.53 per BUC in 2001 and $7.45 in 2000)	74,099,112	73,254,398
	74,111,431	73,257,790
	$ 125,209,722	$ 124,365,504

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

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)

	For the Three Months Ended Sept. 30, 2001	For the Three Months Ended Sept. 30, 2000	For the Nine Months Ended Sept. 30, 2001	For the Nine Months Ended Sept. 30, 2000
Income				
Mortgage bond investment income	$ 2,029,333	$ 1,864,271	$ 6,408,973	$ 5,092,647
Other bond investment income	80,438	-	227,219	-
Other interest income	122,044	115,516	405,799	262,615
Contingent interest income	-	-	16,897	-
	2,231,815	1,979,787	7,058,888	5,355,262
Expenses				
Realized loss on investment in tax-exempt mortgage bond	-	-	-	1,100,000
Interest expense	409,860	509,823	1,539,270	912,125
General and administrative expenses	190,307	233,657	598,274	767,621
	600,167	743,480	2,137,544	2,779,746
Net income	1,631,648	1,236,307	4,921,344	2,575,516
Other comprehensive income:				
Unrealized gains on securities				
Net unrealized holding losses arising during the period	(78,000)	-	(39,000)	-
Net comprehensive income	$ 1,553,648	$ 1,236,307	$ 4,882,344	$ 2,575,516
Net income allocated to:				
General Partner	$ 16,317	$ 12,363	$ 53,269	$ 36,755
BUC Holders	1,615,331	1,223,944	4,868,075	2,538,761
	$ 1,631,648	$ 1,236,307	$ 4,921,344	$ 2,575,516
Net income, basic and diluted, per BUC	$ 0.16	$ 0.13	$ 0.49	$ 0.26
Weighted average number of BUCs outstanding, basic and diluted	9,837,928	9,837,928	9,837,928	9,855,050

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

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
STATEMENT OF PARTNERS' CAPITAL

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
(UNAUDITED)

	General Partner	Beneficial Unit Certificate Holders # of Units	Beneficial Unit Certificate Holders Amount	Total
Partners' Capital				
(excluding accumulated other comprehensive income)				
Balance at December 31, 2000	$ 3,392	9,837,928	$ 71,535,398	$ 71,538,790
Net income	53,269	-	4,868,075	4,921,344
Cash distributions paid or accrued	(44,342)	-	(3,984,361)	(4,028,703)
	12,319	9,837,928	72,419,112	72,431,431
Accumulated Other Comprehensive Income				
Balance at December 31, 2000	-	-	1,719,000	1,719,000
Other comprehensive income	-	-	(39,000)	(39,000)
	-	-	1,680,000	1,680,000
Balance at September 30, 2001	$ 12,319	9,837,928	$ 74,099,112	$ 74,111,431

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

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

	For the Nine Months Ended Sept. 30, 2001	For the Nine Months Ended Sept. 30, 2000
Cash flows from operating activities		
Net income	$ 4,921,344	$ 2,575,516
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	(387,392)	(590,142)
Decrease in other assets	4,856	4,856
Increase in accounts payable	35,577	483,103
Net cash provided by operating activities	4,574,385	3,573,333
Cash flows from investing activities		
Acquisition of tax-exempt bonds	(900,000)	(33,155,000)
Increase in other assets	(828,657)	(1,762,920)
Principal payment received on tax-exempt mortgage bonds	45,000	-
Purchase of BUCs	-	(755,929)
Net cash used in investing activities	(1,683,657)	(35,673,849)
Cash flows from financing activities		
Distributions paid	(4,028,703)	(2,684,680)
Principal payment on debt financing	(45,000)	-
Proceeds from debt financing	-	33,155,000
Proceeds from sale of tax-exempt mortgage bond	-	7,000,000
Net cash provided by (used in) financing activities	0	40,155,000
Net increase (decrease) in cash and cash equivalents	2,890,728	8,054,484
Cash and cash equivalents at beginning of period	5,858,216	3,914,863
Cash and cash equivalents at end of period	$ 8,748,944	$ 11,969,347
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 1,435,302	$ 408,285

Supplemental disclosure of non-cash financing activity:

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.

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001
(UNAUDITED)

1. Organization

America First Tax Exempt Investors, L.P. 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 Partnership commenced operations on February 1, 1999. The General Partner of the Partnership is America First Capital Associates Limited Partnership Two (AFCA 2).

2. Basis of Presentation

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 accounting principles generally accepted in the United States of America (GAAP) 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, 2000. In the opinion of management, all normal and recurring adjustments necessary to present fairly the financial position at September 30, 2001, and results of operations for all periods presented have been made. The results of operations for the three and nine-month periods ended September 30, 2001 are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with GAAP 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

The Partnership's debt financing bears interest at a weekly floating bond rate as follows:

Debt Financing Principal	Three months ended September 30, 2001	Nine months ended September 30, 2001
$32,130,000	3.32%	3.93%
$17,080,000	3.28%	4.64%

4. 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 2001 was $691,832 ($144,065 during the three months ended September 30, 2001). The reimbursed expenses included in this footnote are presented on a cash basis and do not reflect accruals made at quarter end which are reflected in the accompanying financial statements.

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 mortgage bond or other mortgage investment, unless the owner of the property financed by such tax-exempt mortgage 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 2001. However, the Partnership paid to AFCA 2 $13,478 in 2001 ($4,388 for the three months ended September 30, 2001) in administrative fees related to an investment in other tax-exempt bonds acquired in November 2000 and April 2001. The Partnership may become obligated to pay additional administrative fees to AFCA 2 in the event it acquires additional tax-exempt mortgage 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 mortgage bonds by reason of foreclosure. AFCA 2 received administrative fees of $311,636 during 2001 ($105,779 during the three months ended September 30, 2001) from the owners of properties financed by the tax-exempt mortgage 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 mortgage bonds secured by these properties.

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.

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, Clear Lake Colony Apartments and Bent Tree Apartments. 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 $440,882 during 2001 ($146,047 for the three months ended September 30, 2001). 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.

The Partnership's "other assets" include approximately $4,297,752, ($3,291,334 at December 31, 2000), of taxable mortgage loans due from the owners of Iona Lakes Apartments, Clear Lake Colony Apartments, Bent Tree Apartments and Lake Forest Apartments which collateralize the Partnership's respective tax-exempt mortgage bonds (or, in the case of Lake Forest Apartments, the tax-exempt mortgage bonds the Partnership plans to acquire an interest in as described in Note 5.) The taxable mortgage loans bear interest ranging from 8.25% to 9.10% per annum, may be repaid at any time, and may increase for additional advances. Each such taxable mortgage loan is secured by a second mortgage on the respective property. The owners of the aforementioned properties are employees of the general partner of AFCA 2.

5. Commitments and Contingencies

In May 2001, the Partnership entered into a Standby Reimbursement Agreement guaranteeing reimbursement of sums up to $12,727,751 as part of a plan to acquire certain securities representing an interest in tax-exempt mortgage bonds secured by the Lake Forest Apartments which total $12,375,000. In connection with the Standby Reimbursement Agreement the Partnership pledged its other tax-exempt bonds with a principal balance of $3,900,000 as of September 30, 2001, (of which $900,000 was acquired on April 6, 2001) and $4,000,000 of Primary Trust Certificates related to certain tax-exempt mortgage bonds as security. This Standby Reimbursement Agreement is expected to terminate on or about December 1, 2001 in connection with the issuance of tax-exempt refunding bonds secured by Lake Forest Apartments. The Partnership plans to acquire certain securities representing an interest in such tax-exempt mortgage bonds upon their issuance.

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OFOPERATIONS

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, 2000.

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 nine multifamily housing projects. The nine multifamily projects financed at September 30, 2001 are listed in the following table:

			At September 30, 2001	
Property Name	Location	Number of Units	Number of Units Occupied	Percentage of Units Occupied
Shoals Crossing	Atlanta, GA	176	160	91%
Ashley Square	Des Moines, IA	144	142	99%
Northwoods Lake Apartments	Duluth, GA	492	443	90%
Woodbridge Apts. Of Bloomington III	Bloomington, IN	280	278	99%
Woodbridge Apts. Of Louisville II	Louisville, KY	190	170	89%
Iona Lakes Apartments	Ft. Myers, FL	350	315	90%
Clear Lake Colony Apartments	West Palm Beach, FL	316	305	97%
Ashley Point at Eagle Crest	Evansville, IN	150	146	97%
Bent Tree Apartments	Columbia, SC	232	217	94%
		2,330	2,176	93%

The aggregate carrying value of the tax-exempt mortgage bonds at September 30, 2001 was $110,455,000. The carrying value of the bonds reflects the general partner's estimate of the fair value of such bonds. As of September 30, 2001, the Partnership has pledged a total of $87,786,000 of its tax-exempt mortgage bond portfolio in connection with securitizations of its tax-exempt mortgage bonds as described herein. In addition, the Partnership pledged $4,000,000 of its tax-exempt mortgage bond portfolio in connection with a standby reimbursement agreement as more fully described below.

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 eight of the bonds do not amortize over their respective terms. The remaining bond (Iona Lakes Apartments) requires semiannual payments of principal and interest out of operating cash flow.

Tax-exempt interest earned on the mortgage 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 interest on debt financing, 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:

	For the Nine Months Ended Sept. 30, 2001	For the Nine Months Ended Sept. 30, 2000
Cash Distributions		
Income	$ .4050	$ .2933
Return of capital	-	.1117
Income	$ .4050	$ .4050
Distributions		
Paid out of current cash flow	$ .4050	$ .3697
Paid out of prior undistributed cash flow	-	.0353
Income	$ .4050	$ .4050

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 September 30, 2001, the amount held by the Partnership in the reserve was $5,158,522. During the nine months ended September 30, 2001, undistributed income totaling $892,640 ($290,112 for the three months ended September 30, 2001) was placed into reserves. 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.

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 mortgage bonds. 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, in May 2001, the Partnership entered into a Standby Reimbursement Agreement guaranteeing reimbursement of sums up to $12,727,751 as part of a plan to acquire certain securities representing an interest in tax-exempt mortgage bonds secured by the Lake Forest Apartments which total $12,375,000. In connection with the Standby Reimbursement Agreement the Partnership pledged $3,900,000 of its other tax-exempt bonds (of which $900,000 was acquired on April 6, 2001) and $4,000,000 of Primary Trust Certificates related to the Northwoods Lake Apartments tax-exempt mortgage bonds as security. This Standby Reimbursement Agreement is expected to terminate on or about December 1, 2001 in connection with the issuance of tax-exempt refunding bonds secured by Lake Forest Apartments. The Partnership plans to acquire certain securities representing an interest in such tax-exempt mortgage bonds upon their issuance.

The terrorist attacks which occurred in New York City and Washington, D.C. on September 11 , 2001, and the subsequent military actions taken by the United States and its allies in response, have caused significant uncertainty in the global financial markets. While the short-term and long-term effects of these events and their potential consequences are uncertain, they could have a material adverse effect on general economic conditions, consumer confidence and market liquidity. Among other things, it is possible that short-term interest rates may be affected by these events. If short-term interest rates increase rapidly, it may cause our borrowing costs to increase in excess of the interest rates we earn on our tax-exempt bonds. If that were to happen, our earnings would be negatively affected. In addition, fair market values of our tax-exempt bonds could decrease as a result of adverse economic conditions, changes in interest rates and other factors, all of which could be affected by the events of September 11, 2001 and their aftermath.

Asset Quality

It is the policy of the Partnership to make a periodic review of the real estate collateralizing the Partnership's tax-exempt mortgage bonds in order to assess for impairment the carrying value of the tax-exempt mortgage bonds. 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, except for one tax-exempt mortgage bond which requires semiannual payments of principal and interest out of operating cash flow.

Based on reviews performed during 2001 on the real estate collateralizing the Partnership's tax-exempt mortgage bonds, there are no indications of impairment of the tax-exempt mortgage bonds.

Results of Operations

Comparison of the Three Months Ended September 30, 2001 and September 30, 2000

Mortgage bond investment income increased $165,062 (9%) from $1,864,271 for the three months ended September 30, 2000 to $2,029,333 for the three months ended September 30, 2001. Approximately $197,557 of such increase is attributable to the acquisition of the Bent Tree Apartments tax-exempt mortgage bonds in December 2000. Offsetting such additions to income were decreases of $15,000 from the Northwoods Lake Apartments tax-exempt mortgage bond, $8,941 from the Shoals Crossing tax-exempt mortgage bond, $4,582 from the Iona Lakes Apartments tax-exempt mortgage bond and $3,972 from the Ashley Square tax-exempt mortgage bond.

The $15,000 decrease in income earned on the Northwoods Lake Apartments tax-exempt mortgage bond is attributable to a decrease in the receipt of past due base interest received during the three months ended September 30, 2001 on the mortgage bond that was due to the Partnership prior to the reissuance in 1998. The Partnership received $100,000 of past due base interest on this mortgage bond during the comparable period of 2000 as compared to $85,000 during the three months ended September 30, 2001. Past due base interest payments are a function of the net cash flow generated by the underlying property. Despite such variation in the property's net cash flow, the Partnership earned the full amount of base interest due on this mortgage bond during the three months ended September 30, 2001 and 2000.

The Partnership earned $80,438 of bond investment income during the three months ended September 30, 2001, on an investment in $3,900,000 of tax-exempt bonds ($3,000,000 of which was acquired in November 2000 and $900,000 of which was acquired in April 2001). No such income was earned for the comparable period of 2000 as the Partnership did not have similar investments during such period.

Other interest income increased $6,528 (6%) for the three months ended September 30, 2001, compared to the same period in 2000. Such increase is primarily attributable to an increase in the Partnership's taxable mortgage loans which are classified as other assets on the Partnership's balance sheet.

During the three months ended September 30, 2001, the Partnership incurred interest expense of $409,860 on the $49,210,000 of debt financing obtained in connection with securitizing certain of its tax-exempt mortgage bonds. For the comparable period of 2000, the Partnership incurred interest expense of $509,823 on $38,155,000 of debt financing. Accordingly, interest expense decreased $99,963 (20%) for the three months ended September 30, 2001, compared to the comparable period of 2000. This decrease is attributable to the decline in short term tax-exempt interest rates from 2000 to 2001. Such rates averaged 3.31% for the three months ended September 30, 2001 compared to 4.50% for the comparable period of 2000.

General and administrative expenses for the three months ended September 30, 2001 decreased $43,350 (19%) compared to the same period in 2000. Such decrease is attributable to decreases of approximately $25,000 in salaries and related expense, $15,000 in filing fees and $3,000 in various other general and administrative expenses.

Comparison of the Nine Months Ended September 30, 2001 and September 30, 2000

Mortgage bond investment income increased $1,316,326 (26%) from $5,092,647 for the nine months ended September 30, 2000 to $6,408,973 for the nine months ended September 30, 2001. Approximately $1,363,152 of such increase is attributable to the acquisitions of the Iona Lakes Apartments, Clear Lake Colony Apartments and Bent Tree Apartments tax-exempt mortgage bonds in March, June, and December 2000, respectively. Also contributing to the higher income were increases of $149,740 and $4,821 earned on the Northwoods Lake Apartments and Ashley Square tax-exempt mortgage bonds, respectively. Offsetting such additions to income were decreases of $167,965, $21,275 and $8,974 on the Arama Apartments, Woodbridge Apartments of Bloomington III, and Shoals Crossing tax-exempt mortgage bonds, respectively, and a net decrease of $3,173 in income earned on certain of the Partnership's other tax-exempt mortgage bonds.

The $149,740 increase and $21,275 decrease in income earned on the Northwoods Lake and Woodbridge Apartments of Bloomington III tax-exempt mortgage bonds, respectively, are attributable to variations in the amount of past due base interest received on such mortgage bonds that was due to the Partnership prior to the reissuances in 1998. Such variations are a function of the net cash flow generated by the respective underlying property. Despite such variations in net cash flow, the Partnership earned the full amount of base interest due on each of these mortgage bonds during the nine months ended September 30, 2001 and 2000.

During the nine months ended September 30, 2001, the Partnership earned $346,285 of mortgage bond investment income on its former investment in the Arama Apartments tax-exempt mortgage bond. Such income represents the final payment of past due base interest and principal that the Partnership will receive on such bond which was sold in September 2000. During the nine months ended September 30, 2000, the Partnership recorded mortgage bond investment income of $514,250 on such bond. Accordingly, mortgage bond investment income earned on the Arama Apartments mortgage bond decreased $167,965 for the nine months ended September 30, 2001, compared to the same period in 2000.

The Partnership earned $227,219 of bond investment income during the nine months ended September 30, 2001, on an investment in $3,900,000 of tax-exempt bonds of which $3,000,000 was acquired in November 2000 and $900,000 of which was acquired in April 2001. No such income was earned for the comparable period of 2000 as the Partnership did not have similar investments during such period.

Other interest income increased $143,184 (55%) for the nine months ended September 30, 2001, compared to the same period in 2000. Such increase is primarily attributable to an increase in the Partnership's taxable mortgage loans which are classified as other assets on the Partnership's balance sheet.

The Partnership earned contingent interest income of $16,897 ($10,000 and $6,897 from the Ashley Point at Eagle Crest and Bent Tree Apartments tax-exempt mortgage bonds, respectively,) for the nine months ended September 30, 2001, whereas no such income was earned on any of the Partnership's tax-exempt mortgage bonds for the comparable period of 2000.

For the nine months ended September 30, 2000, the Partnership recorded a realized loss on its Arama Apartments tax-exempt mortgage bond. No such loss was recorded in the comparable period in 2001 as no investments were sold or deemed to have an other than temporary decline in estimated fair value.

During the nine months ended September 30, 2001, the Partnership incurred interest expense of $1,539,270 on the $49,210,000 of debt financing obtained in connection with securitizing certain of its tax-exempt mortgage bonds. For the comparable period of 2000, the Partnership incurred interest expense of $912,125 on $38,155,000 of debt financing (of which $17,155,000 and $16,000,000 were acquired in March and June of 2000, respectively). Accordingly, interest expense increased $627,145 (69%) for the nine months ended September 30, 2001, compared to the comparable period of 2000. Such rates averaged 4.18% for the nine months ended September 30, 2001 compared to 4.38% for the comparable period of 2000.

General and administrative expenses for the nine months ended September 30, 2001 decreased $169,347 (22%) compared to the same period in 2000. Such decrease is primarily attributable to decreases of approximately $101,000 in salaries and related expenses, $39,000 in servicing fees, $17,000 in filing fees and $12,000 in various other general and administrative expenses.

New Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board issued Financial Accounting Standards (FAS) No. 141, "Business Combinations" and FAS No. 142, "Goodwill and Other Intangible Assets" which provide guidance on how entities are to account for business combinations and for the goodwill and other intangible assets that arise from those combinations or are acquired otherwise. These standards are effective for the Partnership on January 1, 2002. The Partnership presently has no goodwill recorded and, as a result, the adoption of the new pronouncements is not expected to have a significant impact on the financial statements.

In October 2001, the FASB issued FAS No. 144, "Accounting for the Impairment of Long-Lived Assets", which provides guidance on the accounting of long-lived assets to be held and used or to be disposed of and the reporting of discontinued operations. The adoption of this standard, which is effective for the Partnership on January 1, 2002, is not expected to have a significant impact on the financial statements of the Partnership.

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 or financing debt since December 31, 2000.

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).

(b) Reports on Form 8-K

The Registrant did not file any reports on Form 8-K during the

quarter for which this report is filed.

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 12, 2001

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