

**FIRST
COMMONWEALTH
MORTGAGE
TRUST**

2000 ANNUAL REPORT

TO OUR SHAREHOLDERS:

We are pleased to report that First Commonwealth Mortgage Trust ("FCM") had another successful year. For the year ended December 31, 2000, FCM had net income of \$1,093,200, a 20% increase, over \$907,191 for 1999. Net income on a per share basis was \$1.13 in 2000, compared to \$0.94 for the prior year.

The improvement in net income for the year 2000 is primarily attributable to additional interest earned on a \$2.4 million loan repaid last year.

During 2000 six loans totaling \$5.3 million were repaid and the proceeds were used to fund new loans or increase existing loans totaling over \$4.8 million. These were at annual rates averaging 11.7%. All loans, in management's judgment, have been made using conservative loan to value ratios. Where properties collateralizing a loan do not have an established cash flow, FCM has obtained additional collateral.

A ten year summary of selected financial data and a description of all loans outstanding at the end of 2000 appear on the next pages and the 2000 financial statements audited by Mann Frankfort Stein & Lipp appear at the end of this report.

The charts on the inside back cover show for the last ten years FCM's total net income and per share net income, dividends and book value.

LOANS

The following tabulation summarizes all of the mortgage loans outstanding at December 31, 2000 either wholly or partially funded by FCM. Loans funded entirely by others but being serviced by FCM on a fee basis are not included.

<u>Original Principal Amount (1)</u>	<u>Maturity (2)</u>	<u>Interest Provisions (3)</u>	<u>Property Securing Loan (4)</u>
\$1,645,000	2004	11 ½% plus contingent interest of 8 ½%	Participation in second mortgage on urban village project near Sante Fe, New Mexico
\$1,220,000	2005	Discounted to yield 10.5%	Motel in San Antonio, Texas
\$1,100,000	2020	11%	Motel in San Antonio, Texas
\$900,000	2001	11.5%	Manufacturing plant in Amarillo, Texas
\$510,000	2005	11%	Commercial properties in Scottsdale, Arizona
\$500,000	2009	11.75%	Office building in Florida
\$500,000	2001	11.5%	Restaurant in El Paso, Texas
\$402,701	2001	9.8%	Assets of Holly Mortgage Trust
\$344,333	2001	6%	Three rental Duplexes in Tyler, Texas
\$300,000	2002	11%	Assets of Holly Mortgage Trust

<u>Original Principal Amount (1)</u>	<u>Maturity (2)</u>	<u>Interest Provisions (3)</u>	<u>Property Securing Loan (4)</u>
\$300,000	2001	17%	Participation in loan secured by restaurant in The Woodlands, Texas
\$300,000	2001	12%	Participation in secured loan by California based REIT
\$260,000	2001	12%	Various properties in Florida and Texas
\$225,000	2001	10.75%	Commercial properties in Scottsdale, Arizona
\$215,000	On Demand	9.8%	Participation in loans secured by live/work building in San Francisco, California
\$160,000	2002	12%	Professional office building in Hampton, Virginia
\$87,693	2002	11.5%	Convenience store in Plant City, Florida
\$ 80,000	2016	9.5%	Retail building in Chickasha, Oklahoma
\$ 55,000	2003	10.75%	Residence in Watertown, MA
\$ 23,786	2004	Discounted to yield 14%	Residence in Lakeland, Florida

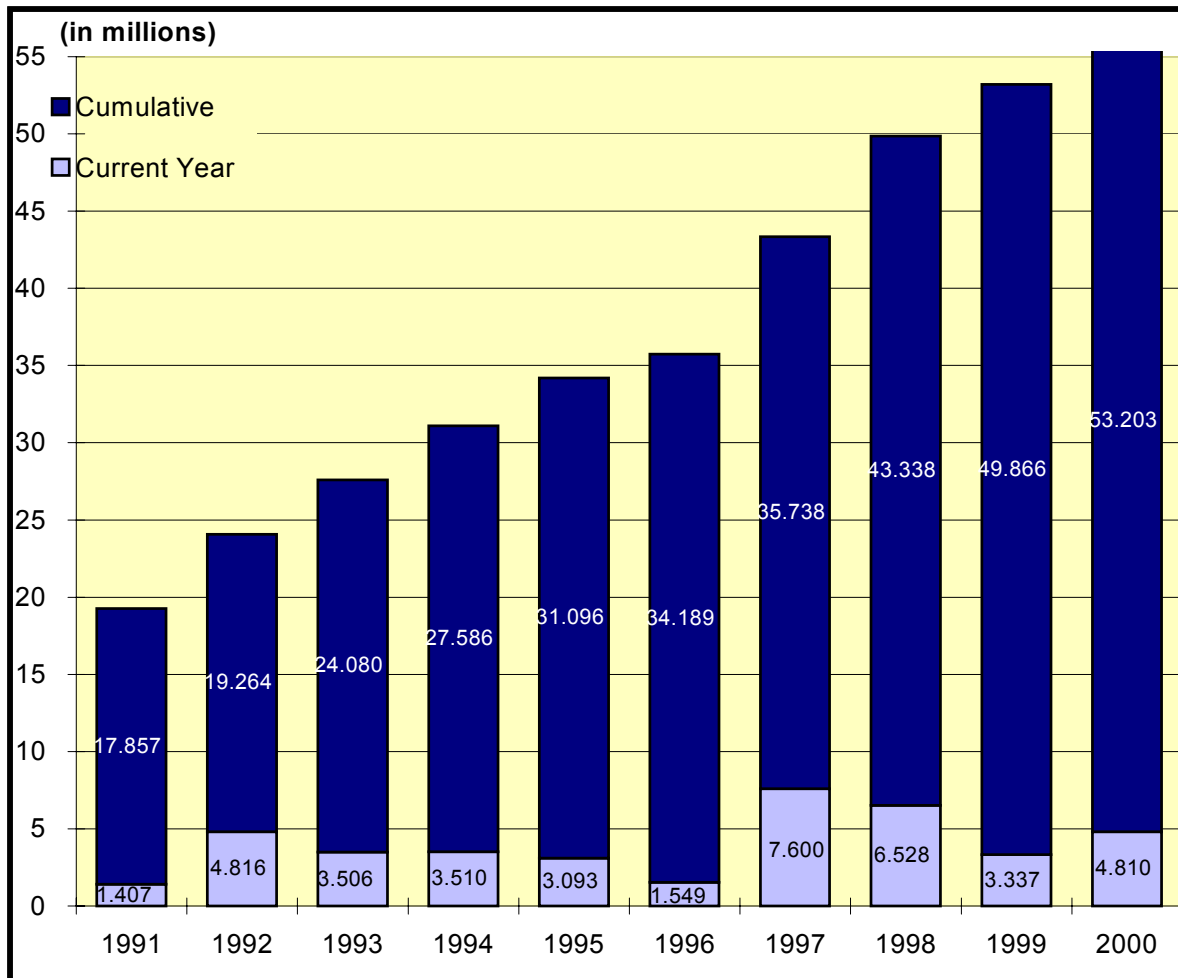
(1) Loan originated or purchased by FCM.

(2) Most loans are amortized over periods longer than the terms of loans and there are balloon payments at maturity.

(3) Percentages, unless otherwise noted, are annual interest rates.

(4) All liens are first mortgages and all loans are with recourse to the borrower unless otherwise noted.

The following chart shows the dollar amount of loans originated by FCM each year since 1991 and the cumulative total of all loans since FCM began operations: Some loans originated by FCM have been funded in whole or in part, by third party participations.



Through last year the federal tax provisions for REITs required that 95% of taxable income be distributed to shareholders. This requirement was lowered to 90% starting in 2001. The payment of a special 35 cent dividend last December satisfied the distribution requirement for 2000.

FIRST COMMONWEALTH MORTGAGE TRUST

NOTICE

OF

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD _____, 2002

The annual meeting of shareholders of First Commonwealth Mortgage Trust will be held at 10:00 a.m. on _____, 2002 at the offices of its advisor, First Commonwealth Holding Corporation, 5847 San Felipe, Suite 850, Houston, Texas.

The purposes of the meeting are to (1) elect five Trustees for the next year and (2) transact any other business that may properly come before the meeting. Only shareholders of record at the close of business on _____, 2002 are entitled to notice of and to vote at the meeting.

Shareholders are cordially invited to attend the meeting in person. Regardless of whether you expect to attend, we ask that you read the enclosed proxy statement and then complete, sign and return the enclosed proxy in the envelope provided to assure a quorum is present. The proxy may be revoked at any time by written notice to the Trust.

By Order of the Board of Trustees

Scott Ueckert
Secretary

Houston, Texas
_____, 2002

**FIRST COMMONWEALTH MORTGAGE TRUST
PROXY STATEMENT
FOR
ANNUAL SHAREHOLDERS' MEETING
TO BE HELD ON _____, 2002**

The annual meeting of shareholders of First Commonwealth Mortgage Trust ("FCM") will be held on _____, 2002 at 10:00 a.m. at 5847 San Felipe, Suite 850, Houston, Texas.

The purposes of the meeting are to (1) elect five Trustees for the next year, and (2) transact any other business that may properly come before the meeting. Only shareholders of record at the close of business on _____, 2002 are entitled to notice of and to vote at the meeting.

ELECTION OF TRUSTEES

The following individuals, all of whom are currently Trustees of FCM, have been nominated to continue to serve as Trustees until the 2003 annual meeting of shareholders of FCM or until their successors are duly elected and qualified:

George Beatty, Jr., President of the Chamber of Commerce Division, Greater Houston Partnership. Mr. Beatty holds engineering degrees from North Carolina A & T University and The University of Toledo. Prior to assuming his current role, Mr. Beatty held other executive positions in the Partnership since 1990.

William C. Brooks, financial consultant. Mr. Brooks is a graduate of Oberlin College in Oberlin, Ohio. Mr. Brooks was formerly Chief Financial Officer, Senior Vice President and Treasurer of UST Corp., a NASDAQ bank holding company, from 1980 to 1994.

Josef C. Hermans, consultant to the hotel industry. Mr. Hermans is a graduate of the Lausanne, Switzerland Hotel Management School. In addition to his early experience in European hotels, Mr. Hermans served as Vice President of Operations of Mariner Corporation between 1976 and 1983.

Kenneth A. McGaw, Chairman of the Board and President of FCM. Mr. McGaw received his Juris Doctorate degree from the University of Illinois. Prior to becoming an officer of FCM in 1984, Mr. McGaw was Vice President, Legal, Environmental and Public Affairs for Occidental Chemical Corporation.

Robert W. Scharar, President of First Commonwealth Holdings Corporation, a registered investment advisor. Mr. Scharar received his Bachelor of Science in Business Administration in Accounting from the University of Florida; Masters of Business Administration and Juris Doctorate from Northeastern University; and a Masters of Law (LLM) in Taxation from Boston University School of Law. For more than the last twenty-five years, Mr. Scharar has been President of FCA Corp.

Messrs. Beatty, Brooks, Hermans and McGaw receive an annual fee of \$8,000. The fee payable to First Commonwealth Holdings Corporation, as advisor, is reduced by the amount paid to Mr. McGaw. Mr. Scharar receives no compensation from the Trust but is paid a salary by First Commonwealth Holding Corporation.

MANAGEMENT RECOMMENDS ELECTION OF ITS NOMINEES FOR TRUSTEES

There are no other matters scheduled to be voted upon at the meeting. If any matter is properly presented, the holders of the proxies solicited by management would, unless otherwise directed, exercise their discretion in voting the shares of FCM represented by the proxies.

We hope all shareholders will be able to attend the meeting. Even if you expect to attend, we request you sign and return the proxy provided to assure a quorum is present. If a shareholder wants to vote in person, the proxy may be revoked at any time by written notice to the Trust.

Kenneth A. McGaw
Chairman, President
and Chief Executive Officer

_____, 2002

FIRST COMMONWEALTH MORTGAGE TRUST

PROXY

The undersigned shareholder of First Commonwealth Mortgage Trust (the "Trust") hereby appoints Robert W. Scharar and Kenneth A. McGaw, or either of them, as the duly authorized representative of the undersigned to vote the shares of stock of the Trust standing in the name of the undersigned on the books of the Trust at the Annual Meeting of Shareholders to be held on June 22, 2001 or any adjournments or such meeting, as follows:

FOR AGAINST

the election of George Beatty, Jr., William C. Brooks, Josef C. Hermans, Kenneth A. McGaw and Robert W. Scharar as Trustees of the Trust

Instruction: To withhold authority to vote for any Individual nominee; list the individual's name above.

Proxies not otherwise marked will be voted for Management's nominees for Trustees and in the discretion of the holders of this proxy on any other matters that may properly come before the meeting.

This proxy may be revoked at any time by the undersigned by written notice to the Trust.

DATED: _____, 2001

Sign: _____

Do you expect to attend the meeting? YES NO

Your management intends to continue to follow the conservative underwriting practices that have made FCM profitable every year.

Kenneth A. McGaw
Chairman of the Board & President

A handwritten signature in black ink, appearing to read "Eric W. Porter", with a long horizontal line extending to the right.

Eric W. Porter
Vice President & Chief Operating
Officer

May 3, 2001

**FIRST COMMONWEALTH
MORTGAGE TRUST**

FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

TRUSTEES

George Beatty, Jr.
President, Chamber of Commerce Division
Greater Houston Partnership

William C. Brooks
Financial Consultant

Josef C. Hermans
Hotel Consultant

Kenneth A. McGaw
Chief Executive Officer,
First Commonwealth Mortgage Trust

Robert W. Sharar
President, FCA Corp

EXECUTIVE OFFICERS

Kenneth A. McGaw
Chairman, President and
Chief Executive Officer

Eric W. Porter
Vice President and Chief
Operating Officer

Robert P. Messer, Jr.
Vice President

Scott Ueckert
Secretary

FIRST COMMONWEALTH MORTGAGE TRUST
5847 SAN FELIPE, SUITE 850
HOUSTON, TEXAS 77057
713/781-2856
713/268-6000 (FAX)

The Declaration of Trust establishing First Commonwealth Mortgage Trust provides the Trust property is liable for satisfaction of Trust obligation and that no trustee, shareholder or officer of the Trust shall have any personal liability for those obligations.