FIRST

COMMONWEALTH

MORTGAGE

TRUST

2001 ANNUAL REPORT

TO OUR SHAREHOLDERS:

We are pleased to report that First Commonwealth Mortgage Trust ("FCM") had net income of $921,304 for the year ended December 31, 2001. Net income on a per share basis was $0.91.

For the year 2000 FCM had a record net income of $1,093,200 and an all time high net income per share of $1.13. These results were favorably impacted by additional interest earned as an equity enhancement on a $2.4 million loan repaid that year. Although the results for 2001 show a decline in earnings from the year 2000, net income for 2001 is in line with results for earlier years when you exclude extraordinary income items.

There presently is a $988,000 principal amount loan in default and litigation was brought against the corporate borrower and each of several guarantors. This suit has now been settled. In the opinion of management the settlement should permit FCM to avoid any write-off.

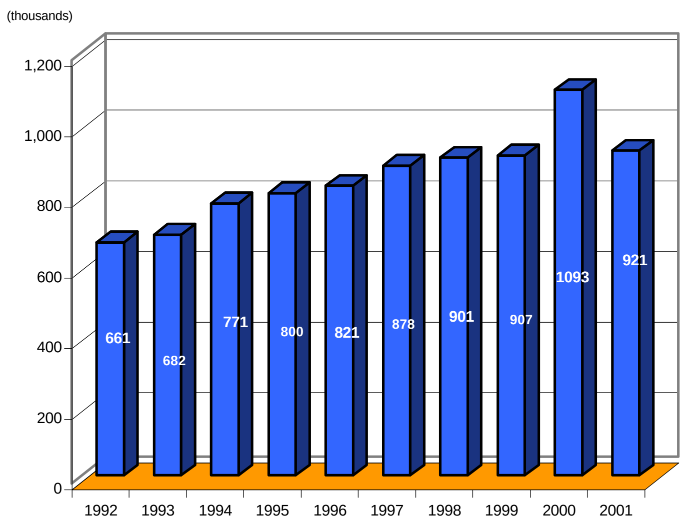
During 2001, five loans totaling $1.8 million were repaid and these proceeds plus the proceeds from additional capital were used to fund new loans or increase existing loans totaling over $3.5 million. The new loans were at annual rates averaging 11.9%. All loans, in management's judgment, have been made using conservative loan to value ratios. Where properties collaterizing a loan do not have an established cash flow, FCM has obtained additional collateral.

During 2001, slightly over 100,000 new shares were issued increasing equity a little more than $1 million.

A ten year summary of selected financial data and a description of all loans outstanding at the end of 2001 appear on the next pages and the 2001 financial statements audited by Mann Frankfort Stein & Lipp appear at the end of this report.

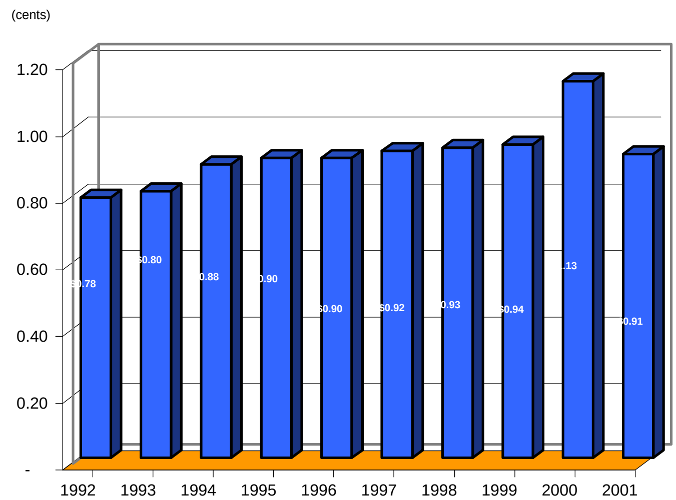
The charts below show for the last ten years FCM's total net income and per share net income, dividends and book value.

NET INCOME



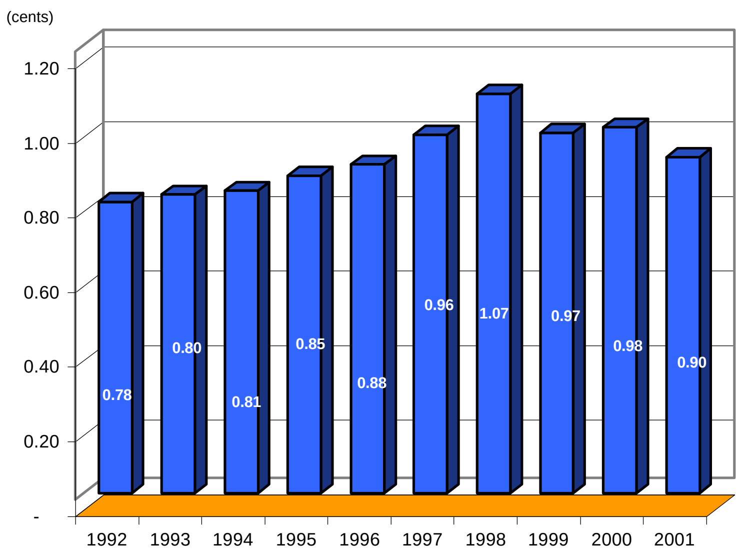
Total net income for 2001 reflects a 39% increase over that for 1992.

NET INCOME PER SHARE



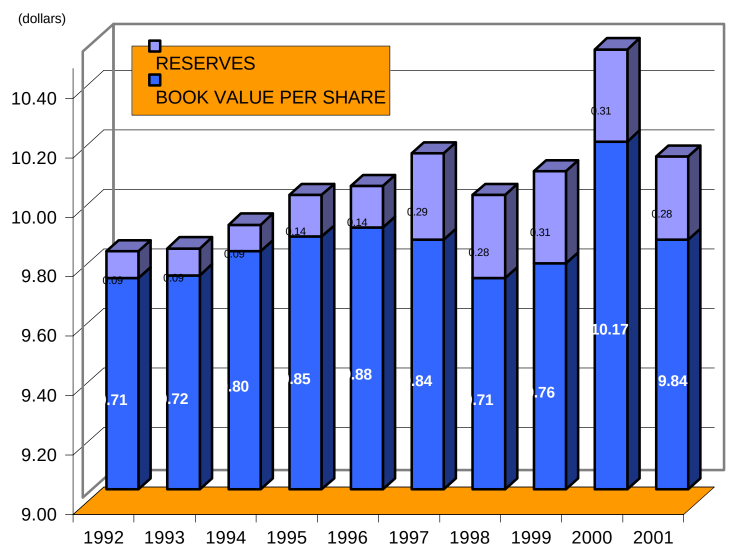
Net income per share has averaged 97 cents per share for the last five years. This is over a nine percent return on the original $10 offering price.

DIVIDENDS PER SHARE



Since FCM's inception in 1985, cummulative dividends of $13.11 exceed the original $10 price.

BOOK VALUE AND RESERVES PER SHARE



FCM's book value per share, including reserves, at December 31, 2001 was $10.12. This is slightly more than the $10 original offering price.

SELECTED FINANCIAL DATA
10-YEAR SUMMARY

YEAR ENDED DECEMBER 31	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
REVENUES:										
INTEREST AND DIVIDENDS	$ 1,114,566	$ 1,265,876	$ 1,121,204	$ 1,039,829	$ 1,095,563	$ 986,982	$ 939,917	$ 930,018	$ 800,689	$ 756,633
COMMITMENT FEES	1000	2,500	2,000	8,428	9,584	4,893	19,490	11,125	23,917	43,137
OTHER REVENUE	19066	27,925	33,734	34,889	122,486 (3)	21,288	38,665	63,231 (2)	36,055	62,017 (1)
	1,134,632	1,296,301	1,156,938	1,083,146	1,227,633	1,013,163	998,072	1,004,374	860,661	861,787
COST AND EXPENSES	213,328	203,101	249,747	182,299	349,649	191,882	198,347	233,861	178,284	200,171
NET INCOME	$ 921,304	$ 1,093,200	$ 907,191	$ 900,847	$ 877,984	$ 821,281	$ 799,725	$ 770,513	$ 682,377	$ 661,616
PER SHARE DATA										
NET INCOME	$ 0.91	$ 1.13	$ 0.94	$ 0.93	$ 0.92	$ 0.90	$ 0.90	$ 0.88	$ 0.80	$ 0.78
DIVIDENDS	$ 0.90	$ 0.98	$ 0.97 (5)	$ 1.07 (4)	$ 0.96	$ 0.88	$ 0.85	$ 0.81	$ 0.80	$ 0.78
YEAR END DATA										
TOTAL ASSETS	$ 10,582,576	$ 9,568,768	$ 9,749,670	$ 10,429,390	$ 9,526,482	$ 9,555,860	$ 9,311,376	$ 8,892,409	$ 8,363,831	$ 8,250,496
SHAREHOLDERS' EQUITY	10546800	9,561,136	9,494,300	9,370,430	9,491,375	9,446,865	8,787,801	8,711,451	8,245,260	8,241,727
SHARES OUTSTANDING	1071671	970,403	972,323	965,363	964,283	955,703	891,333	888,333	848,545	848,545
BOOK VALUE PER SHARE	$ 9.84	$ 10.17	$ 9.76	$ 9.71	$ 9.84	$ 9.88	$ 9.85	$ 9.80	$ 9.72	$ 9.71

(1) Includes gain of $35,550 on sale of land
(2) Includes gain of $29,702 on sale of securities
(3) Includes gain of $79,062 on purchase of discounted note
(4) Includes $.025/share Holly stock dividend
(5) Includes $.087/share additional dividend paid in 2000

LOANS

The following tabulation summarizes all of the mortgage loans outstanding at December 31, 2001 either wholly or partially funded by FCM. Loans funded entirely by others but being serviced by FCM on a fee basis are not included.

Original Principal Amount (1)	Maturity (2)	Interest Provisions (3)	Property Securing Loan (4)
$1,700,000	2003	12%	Sites for apartment projects in Houston, Texas
$1,220,000	2005	Discounted to yield 10.5%	Motel in San Antonio, Texas
$1,141,000	2020	11%	Motel in San Antonio, Texas
$988,000	2001	11.5%	Manufacturing plant in Amarillo, Texas
$925,000	2004	11 ½% plus contingent interest of 8 ½%	Participation in second mortgage on urban village project near Sante Fe, New Mexico
$900,000	2004	12%	Development property in Rosenberg, Texas
$510,000	2005	11%	Commercial properties in Scottsdale, Arizona
$500,000	2009	11.75%	Office building in Florida
$500,000	2002	10.25%	Restaurant in El Paso, Texas
$430,000	2003	12%	Subdivision lots in Katy, Texas
$402,701	2003	9.8%	Assets of Holly Mortgage Trust

Original Principal Amount (1)	Maturity (2)	Interest Provisions (3)	Property Securing Loan (4)
$344,333	2011	9%	Three rental Duplexes in Tyler, Texas
$300,000	2002	12%	Participation in secured loan by California based REIT
$240,000	2002	11%	Assets of Holly Mortgage Trust
$215,000	Demand	9.8%	Participation in loans secured by live/work building in San Francisco, California
$200,000	2003	12%	Various properties in Florida and Texas
$160,000	2002	12%	Professional office building in Hampton, Virginia
$103,825	2004	Variable Prime Rate	Office Building in Midland, Texas
$89,000	2016	11%	Commercial property in Lakeland, Florida
$87,693	2002	11.5%	Convenience store in Plant City, Florida
$ 80,000	2016	9.5%	Retail building in Chickasha, Oklahoma
$65,000	2003	10.5%	House in Lakeland, Florida
$30,000	2011	10.5%	House in Lakeland, Florida
$ 23,786	2004	Discounted to yield 14%	Residence in Lakeland, Florida

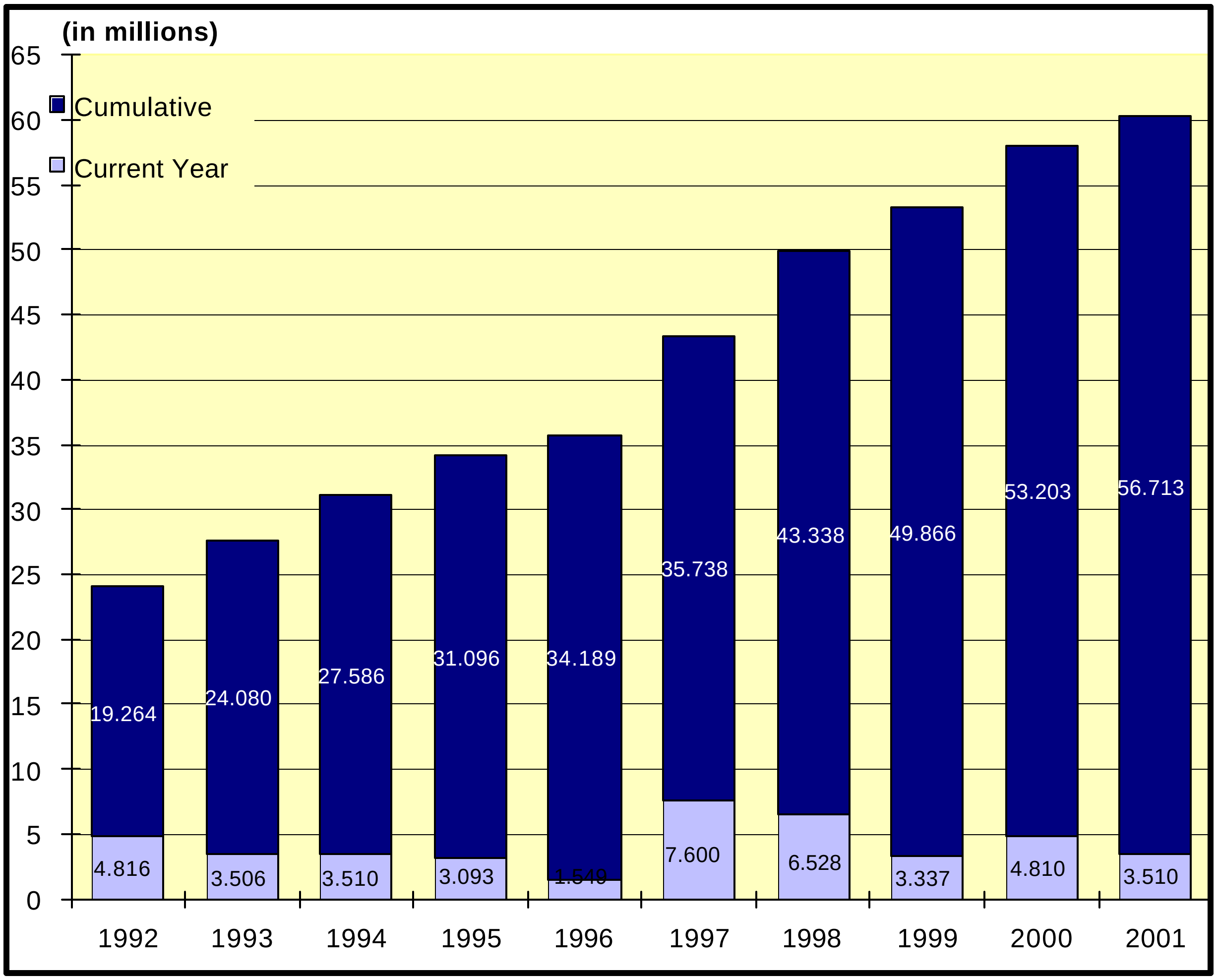
(1) Loan originated or purchased by FCM.

(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 1992 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.



Federal tax provisions for REITs now require that 90% of taxable income be distributed to shareholders. The dividends paid by FCM satisfied the distribution requirement for 2001.

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

Kenneth A. McGaw	Robert P. Messer, Jr.
Chairman of the Board & President	Executive Vice President

July 10, 2002

FIRST COMMONWEALTH
MORTGAGE TRUST

FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

FIRST COMMONWEALTH MORTGAGE TRUST
FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

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Independent Auditors' Report

To the Board of Trustees of
First Commonwealth Mortgage Trust
Houston, Texas

We have audited the balance sheets of First Commonwealth Mortgage Trust as of December 31, 2001 and 2000, and the related statements of income, comprehensive income, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Commonwealth Mortgage Trust at December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Mann Frankfort Stein & Lipp CPAs, L.L.P.

Houston, Texas
February 12, 2002, except for Note J as to which
the date is May 24, 2002

FIRST COMMONWEALTH MORTGAGE TRUST
BALANCE SHEETS

	December 31, 2001	December 31, 2000
ASSETS		
Cash and cash equivalents	$ 712,709	$ 668,688
MORTGAGE NOTES RECEIVABLE, net		
Mortgage notes receivable, net of participations of $400,000 and $0 at December 31, 2001 and 2000, respectively	9,490,972	7,920,337
Discounts and deferred loan fees	(49,683)	(47,174)
Allowance for losses	(300,000)	(300,000)
TOTAL MORTGAGE NOTES RECEIVABLE, net	9,141,289	7,573,163
Notes receivable - affiliate	462,702	582,702
Accrued interest receivable	181,395	181,533
Prepaids	22,595	231
Computer equipment and software, net	3,755	3,023
Investment in affiliate, at cost	58,131	58,131
Investments in marketable securities	-	501,297
TOTAL ASSETS	$ 10,582,576	$ 9,568,768
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and other liabilities	$ 35,775	$ 34,631
Notes payable	1	1
TOTAL LIABILITIES	35,776	34,632
SHAREHOLDERS' EQUITY		
Shares of beneficial interest, no par value, unlimited shares authorized, 1,074,671 issued and 1,071,671 outstanding at December 31, 2001 and 973,403 issued and 970,403 outstanding at December 31, 2000	10,561,823	9,549,144
Accumulated earnings	11,977	10,340
Accumulated other comprehensive income	-	1,652
	10,573,800	9,561,136
Less: treasury stock; 3,000 shares at cost	(27,000)	(27,000)
TOTAL SHAREHOLDERS' EQUITY	10,546,800	9,534,136
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 10,582,576	$ 9,568,768

See accompanying notes to financial statements.

FIRST COMMONWEALTH MORTGAGE TRUST
STATEMENTS OF INCOME

	Year Ended December 31, 2001	Year Ended December 31, 2000
REVENUES		
Interest income	$ 1,114,566	$ 1,265,876
Service fees and miscellaneous income	20,066	30,425
	1,134,632	1,296,301
COSTS AND EXPENSES		
Advisory fees to affiliate	135,690	130,415
General and administrative	77,638	72,686
	213,328	203,101
NET INCOME	$ 921,304	$ 1,093,200
NET INCOME PER SHARE, basic and diluted	$ .91	$ 1.13
WEIGHTED AVERAGE SHARES OUTSTANDING	1,012,281	970,793

See accompanying notes to financial statements.

FIRST COMMONWEALTH MORTGAGE TRUST
STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2001	Year Ended December 31, 2000
NET INCOME	$ 921,304	$ 1,093,200
OTHER COMPREHENSIVE INCOME:		
UNREALIZED GAINS ON SECURITIES:		
Unrealized holding gains arising during period	703	1,652
Less: reclassification adjustment for net (gains) losses realized in net income	(2,355)	-
	(1,652)	1,652
COMPREHENSIVE INCOME	$ 919,652	$ 1,094,852

See accompanying notes to financial statements.

FIRST COMMONWEALTH MORTGAGE TRUST
STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2001 AND 2000

	Shares of Beneficial Interest		Retained Earnings	Accumulated Other Comprehensive	Treasury	Total Shareholders'
	Shares	Amount	(Deficit)	Income	Stock	Equity
Balance, January 1, 2000	972,323	$ 9,538,344	$ (44,044)	$ -	$ -	$ 9,494,300
Issuance of shares of beneficial interest for services	1,080	10,800	-	-	-	10,800
Repurchase of stock	(3,000)	-	-	-	(27,000)	(27,000)
Cash dividends, $1.07 per share	-	-	(1,038,816)	-	-	(1,038,816)
Comprehensive income: Net income	-	-	1,093,200	-	-	1,093,200
Unrealized gain on marketable securities	-	-	-	1,652	-	1,652
Total comprehensive income						1,094,852
Balance, December 31, 2000	970,403	9,549,144	10,340	1,652	(27,000)	9,534,136
Issuance of shares of beneficial interest	101,268	1,012,679	-	-	-	1,012,679
Cash dividends, $0.90 per share	-	-	(919,667)	-	-	(919,667)
Comprehensive income: Net income	-	-	921,304	-	-	921,304
Unrealized loss on marketable securities	-	-	-	(1,652)	-	(1,652)
Total comprehensive income						919,652
Balance, December 31, 2001	1,071,671	$ 10,561,823	$ 11,977	$ -	$ (27,000)	$ 10,546,800

See accompanying notes to financial statements.

FIRST COMMONWEALTH MORTGAGE TRUST
STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2001	Year Ended December 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 921,304	$ 1,093,200
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of discounts and deferred loan fees	(2,139)	(2,941)
Depreciation	1,658	1,734
Gain on sale of marketable equity securities	(2,355)	-
Issuance of stock for services provided	-	10,800
Change in operating assets and liabilities:		
Discounts and deferred loan fees	4,648	-
Accrued interest receivable	(81,774)	(124,219)
Prepaids	(22,364)	2,275
Accounts payable and other liabilities	1,144	(4,132)
	(101,182)	(116,483)
NET CASH PROVIDED BY OPERATING ACTIVITIES	820,122	976,717
CASH FLOWS FROM INVESTING ACTIVITIES		
Mortgage note originations	(3,948,976)	(6,524,734)
Mortgage note participations sold	400,000	-
Principal collected on mortgage notes receivable, net of participation	2,060,253	7,568,424
Purchase of computer equipment	(2,390)	-
Advances to affiliate notes receivable	(72,190)	-
Proceeds from affiliate notes receivable	192,190	-
Proceeds from (purchase of) marketable securities	502,000	(499,645)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(869,113)	544,045
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	1,012,679	-
Proceeds from stock subscriptions	-	58,890
Payment to note payable	-	(2,695)
Purchase shares of beneficial interest	-	(27,000)
Cash dividends paid	(919,667)	(1,252,727)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	93,012	(1,223,532)
INCREASE IN CASH AND CASH EQUIVALENTS	44,021	297,230
CASH AND CASH EQUIVALENTS, beginning of year	668,688	371,458
CASH AND CASH EQUIVALENTS, end of year	$ 712,709	$ 668,688
SUPPLEMENTAL INFORMATION		
Cash paid for interest	$ 3,130	$ 216
Cash paid for taxes	$ 3,770	$ -
Change in unrealized gain (loss) on marketable securities	$ (1,652)	$ 1,652
Accrued interest transferred to notes receivable	$ 81,912	$ -

See accompanying notes to financial statements.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

First Commonwealth Mortgage Trust (the "Trust") was organized as a Massachusetts business trust on September 26, 1984 and commenced operations on June 27, 1985. The Trust is engaged primarily in the business of investing in loans collateralized by mortgages on real estate projects. FCA Corporation ("FCA"), a wholly owned subsidiary of First Commonwealth Holdings Corporation and whose principal stockholder is a trustee and shareholder of the Trust, is the Trust's compensated manager and advisor.

Cash and Cash Equivalents: The Trust considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Trust maintains cash balances in a bank which, at times, exceeds federal insured limits. The Trust monitors the financial condition of the bank and has experienced no losses associated with this account.

Mortgage Notes Receivable: Mortgage notes receivable are carried at unpaid principal balance since generally it is management's intention to hold mortgage notes to maturity. Commitment and origination fees collected from prospective borrowers are deferred and recognized as income using a method approximating the interest method over the life of those loans.

A loan is considered impaired when it is probable that the scheduled principal or interest will not be collected when due. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or collateral fair value, if the loan is collateral dependent. If the measure of the impaired loan is less than the recorded investment in the loan, an impairment loss is recognized through a valuation allowance and a corresponding charge to income.

Allowance for Losses: The allowance for losses is based on management's estimate of the amount required to maintain an allowance adequate to reflect the risks inherent in the loan portfolio after giving consideration to existing economic conditions, loss experience in relation to outstanding loans, changes in the loan portfolio, borrowers' performance in reducing loan principal, adequacy of loan collateral, and other relevant factors.

Computer Equipment and Software: Computer equipment and software are stated at cost and are depreciated utilizing the straight-line method over an estimated useful life of three and five years, respectively. Depreciation expense for the Trust totaled $1,658 and $1,734 during the years ended December 31, 2001 and 2000, respectively.

Marketable Securities: Marketable securities are classified as available-for-sale and are stated at fair value, with unrealized gains and losses included in a separate component of shareholders' equity.

Interest Income: Interest income on loans is accrued based upon the principal amount outstanding.

If a loan is placed on nonaccrual status, interest previously recognized but uncollected is reversed and charged against current income. Subsequent interest collected on such a loan is credited to principal if, in the opinion of management, collectibility of principal is doubtful; otherwise, the interest collected is recognized as revenue.

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Comprehensive Income: Comprehensive income is comprised of net income and all changes to shareholders' equity, except those due to investments by owners (changes in paid-in capital, if any) and distributions to owners (dividends). At December 31, 2001, the Trust had no marketable securities and, accordingly, had no unrealized holding gains or losses in a separate component of equity. For the year ended December 31, 2000, unrealized holding gains on securities available-for-sale are the Trust's only other comprehensive income component.

Net Income per Share: Net income per share is calculated by dividing net income by the weighted average number of shares of beneficial interest outstanding during the year.

Concentrations of Credit Risk: The Trust's primary business activity is investing in loans collateralized by mortgages on real estate projects. These loans are principally collateralized by real estate in Texas, Florida, California, New Mexico, Virginia, North Carolina, South Carolina, Arizona, New Jersey, and Oklahoma.

Management Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

NOTE B - MORTGAGE NOTES RECEIVABLE AND COMMITMENTS

Notes receivable from funding mortgage loans are principally collateralized by first mortgage loans on commercial or residential property and are due at various dates, with the latest maturity due in 2020. Notes receivable bear interest at rates ranging from 9.0% to 13.5%.

Additionally, certain of the mortgage notes receivable contain equity features that may provide the Trust with income in excess of the stated rate of the notes, although realization of such income cannot be assured.

There are no commitments to lend additional funds to borrowers whose loans are impaired.

NOTE C - NOTES RECEIVABLE - AFFILIATE

At December 31, 2001 and 2000, the Trust has a note receivable of $402,702 from an affiliated business trust (see Note D). The original amount of the note was $602,702. Interest income related to this note for the years ended December 31, 2001 and 2000 was approximately $38,700 and $39,400, respectively. The note accrues interest at a rate of 9.8% and is payable quarterly. Principal may be paid at any time with unpaid principal due at March 31, 2002. The note is secured by a lien on the real estate assets of the affiliate.

At December 31, 2001 and 2000, the Trust has a note receivable from an affiliated business trust in the amount of $60,000 and $180,000, respectively (see Note D). The original amount of the loan was $300,000. Interest income related to this note for the years ended December 31, 2001 and 2000 was approximately $18,400 and $19,600, respectively. The note accrues interest at a rate of 11% and is expected to be payable annually in $60,000 installments. The payment for 2000 was made in 2001. The note is secured by a lien on the real estate assets of the affiliate.

NOTE D - INVESTMENT IN AFFILIATE

The Trust participates with Holly Mortgage Trust ("Holly"), a Massachusetts business trust, for the purpose of investing in second mortgages and equity participation mortgages. At December 31, 2001, the Trust owns 58,131 shares of beneficial interest in Holly, which comprises approximately 7% of the outstanding shares in Holly. The investment is recorded using the cost method.

NOTE E - MARKETABLE SECURITIES

From time to time, the Trust invests its excess funds in short-term government agency bonds in order to maximize earnings. During 2001, these assets were liquidated. The cost basis and fair market values of marketable securities available-for-sale for December 31, 2000 were as follows:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities	$ 499,645	$ 1,652	$ -	$ 501,297

NOTE F - NOTES PAYABLE

The Trust has a $500,000 revolving line of credit facility with a bank, collateralized by the Trust's mortgage notes receivable. The borrowing arrangement bears interest at the bank's prime rate. Interest is payable monthly. At December 31, 2001 and 2000, $1 was outstanding under the line of credit. This line of credit is guaranteed by FCA and matures May 2002.

The Trust has a $100,000 unsecured revolving line of credit facility with a bank. The borrowing arrangement bears interest at prime plus 1%. Interest is payable monthly. The line matures on April 11, 2002. At December 31, 2001, there was no outstanding debt associated with this line.

NOTE G - FEDERAL INCOME TAXES

The Trust operates in such a manner to qualify as a "real estate investment trust" under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. Under those sections, the Trust will not be taxed on that portion of its qualifying income distributed to shareholders so long as at least 95% of the Trust's otherwise taxable income is distributed to shareholders each year and other requirements of a qualified real estate investment trust are met. The Trust paid $3,770 in federal income taxes for the year ended December 31, 2001 which were related to 2000 and are included in general and administrative expenses. The Trust is expected to satisfy the income distribution requirements for the year ending December 31, 2001. Management believes that all other requirements of a qualified real estate investment trust have been met.

The tax status of per-share dividend distributions declared attributable to the year presented is as follows:

	2001	2000
Ordinary income	$ .91	$ 1.07

NOTE H - ADVISORY AGREEMENT AND RELATED PARTY TRANSACTIONS

The Trust is managed and advised by FCA, whose principal shareholder is a trustee and shareholder of the Trust. Advisory fee expenses were approximately $136,000 and $130,000 for the years ended December 31, 2001 and 2000, respectively. The advisory fee is based on 1.4% of the book value of the assets of the Trust at the end of each fiscal year. The advisory fee was net of an $8,000 trustee fee at December 31, 2001 and 2000, which is paid directly to a FCA employee.

Total fees paid to unaffiliated trustees were approximately $32,000 in 2001 and 2000. During 1996, the Trust initiated a five-year program whereby each of the three independent trustees was paid 360 shares of beneficial interest per year valued at $10 per share. Prior to the termination of the program in 2000, $10,800 of the trustee fees was satisfied by issuing a total of 1,080 shares of beneficial interest. These shares are restricted as to transfer or sale for two years after the issuance date.

At December 31, 2001 and 2000, the Trust has a mortgage participation receivable of $925,000 and $1,645,000, respectively, from an affiliated business trust. Interest income related to this note for the years ended December 31, 2001 and 2000 was approximately $115,000 and $32,000, respectively. The note accrues interest at a rate of 11.5% and contingent interest at 8.5% on the Trust's unpaid participating amount until maturity or earlier prepayment of the note. The note provides for payments of the 11.5% stated interest on a quarterly basis, principal payments are payable on a cash available from the sale of lots basis with a maturity on November 6, 2004, and the 8.5% contingent interest is due on maturity of the loan, in that order. The note is secured by an affiliated business trust and a second mortgage on a large residential project in Santa Fe, New Mexico.

At December 31, 2001 and 2000, the Trust has a mortgage participation receivable of $103,458 and $215,000, respectively, from an affiliated business trust. Interest income related to this note for the year ended December 31, 2001 and 2000 was approximately $25,000. This participation is made up of two individual notes at December 31, 2001 and four individual notes at December 31, 2000. Interest rates range from 9.5% to 12.5% and maturity dates range from June 1, 2004 to March 25, 2007. The note is secured by an affiliated business trust.

At December 31, 2001 and 2000, the Trust has a mortgage participation receivable of $300,000 from an affiliated business trust. Interest income related to this note for the years ended December 31, 2001 and 2000 was approximately $35,000 and $15,000, respectively. The note accrues interest at a rate of 12% and is due July 19, 2002. The note is secured by an affiliated business trust.

At December 31, 2001, the Trust has a mortgage participation receivable of $200,000 from an affiliated business trust. Interest income related to this note for the year ended December 31, 2001 was approximately $26,000. The note accrues interest at a rate of 18% (18.5% less .5% debt service fee) and matures April 10, 2003.

During 2001, the Trust had a mortgage participation receivable that was issued and paid off from an affiliated business trust. Interest income related to this note for the year ended December 31, 2001 was approximately $13,000.

At December 31, 2000, the Trust had a mortgage participation receivable of $300,000 from an affiliated business trust. Interest income related to this note for the years ended December 31, 2001 and 2000 was approximately $50,000 and $25,000, respectively. The note matured during 2001.

NOTE H - ADVISORY AGREEMENT AND RELATED PARTY TRANSACTIONS (Continued)

The Trust had a mortgage participation receivable from an affiliated business trust that matured during 2000. Interest income related to this note for the year ended December 31, 2000 was approximately $42,000.

NOTE I - MAJOR LOANS

In 2001, the Trust derived approximately 44% of its interest income from four mortgage notes. These mortgage notes comprise approximately 48% of the mortgage notes receivable, net of participation. In 2000, the Trust derived approximately 50% of interest income from two mortgage notes. These mortgage notes were paid in full during 2000.

NOTE J - SUBSEQUENT EVENT

On January 31, 2002, the Trust secured an additional $300,025 line of credit facility with a bank, collateralized by the Trust's mortgage notes receivable. This additional funding will be used for short term working capital. The borrowing arrangement bears interest at the bank's prime rate. Interest is payable monthly. This line of credit is guaranteed by FCA and was paid in full on February 27, 2002.

Subsequent to year end, foreclosure proceedings were initiated on a note representing approximately 10% of mortgage notes receivable outstanding at December 31, 2001. On April 11, 2002, an out of court settlement was reached. Under the terms of the settlement, the Trust is to receive a combination of cash and a portion of the proceeds from the sale of the real estate securing the note. On May 24, 2002, the Trust received an initial payment of $400,000 pursuant to the settlement.