FIRST
COMMONWEALTH
MORTGAGE
TRUST

20th Anniversary
Annual Report
1985-2004

TO OUR SHAREHOLDERS:

First Commonwealth Mortgage Trust ("FCM") issued its first annual report twenty years ago. At the end of 1985 FCM had assets of $3.6 million. Since 1985, FCM's assets have grown to $13,398, 297. The dividends paid to on the original FCM shares through 2004 aggregate $15.63, which exceeds the original $10.00 issue price.

Gross revenues, net revenue and net income per share of FCM for the years ending December 31, 2004 and 2003 are shown in the following table.

	2004	2003
Gross Revenues	$1,503,244	$1,303.915
Net Income	$ 757,570	$ 871,788
Net Income per Share	$ .58	$ .71

The increase in gross revenues relates entirely to interest on loans. The decreases in net income and net income per share relate to the fact that FCM increased the addition to the provision for bad debts from $189,000 in 2003 to $445,000 in 2004. The additional $256,000 represents 19.5 cents per share. Without this additional change, net income per share for 2004 would have been 77.5 cents.

There are two loans on motels in San Antonio, Texas that have experienced problems over the last few years. First, there was a decrease in travel following September 11. Later, the war in Iraq reduced the activity at the nearby Air Force base on which both motels rely for the majority of their business. The addition to the bad debt revenue reflects management's estimate of the amount required to maintain an allowance adequate to reflect the risks inherent in the loan portfolio.

On a more positive note, FCM has continued to be able to find attractive loan opportunities despite the low interest rates prevailing throughout 2004. Many of FCM's investments are so-called *bridge loans or mezzanine financing* where a borrower needs short term financing, often to rehab a commercial project, and intends to replace the loan later with long term permanent financing.

During 2004, seven loans totaling $2.949 million were repaid, and all of these payments plus the proceeds from the stock sale of 96,900 shares in 2004 were used to fund new loans or increase existing loans. The new loans were at annual rates averaging 13%. The principal reason for the high average interest rate in that $1,142,000 has been loaned at 18% p.a. to an entity involved in the redevelopment of an older section of Tampa, Florida near the downtown area.

Although FCM's fixed interest rates are often higher than those quoted by other lenders, the borrower's total costs for a short term loan generally are competitive because FCM doesn't charge points or require borrowers to incur expenses for appraisals, engineering reports, etc.

All new 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 such as personal guarantees.

A ten year summary of selected financial data and a description of all loans outstanding at the end of 2004 are shown on the following pages, and the 2004 financial statements audited by Mann Frankfort Stein & Lipp appear at the end of this report.

SELECTED FINANCIAL DATA
10-YEAR SUMMARY

YEAR ENDED DECEMBER 31	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
REVENUES:										
INTEREST AND DIVIDENDS	1,451,632	1,254,308	1,214,987	1,114,566	1,265,876	1,121,204	1,039,829	1,095,563	986,982	939,917
COMMITMENT FEES	8,250	10,000	3,000	1,000	2,500	2,000	8,428	9,584	4,893	19,490
OTHER REVENUE	43,362	39,607	21,574	19,066	27,925	33,734	34,889	122,486 (2)	21,288	38,665
	1,503,244	1,303,915	1,239,561	1,134,632	1,296,301	1,156,938	1,083,146	1,227,633	1,013,163	998,072
COST AND EXPENSES	745,674	432,127	253,477	213,328	203,101	249,747	182,299	349,649	191,882	198,347
NET INCOME	$ 757,570	871,788	986,084	921,304	1,093,200	907,191	900,847	877,984	821,281	799,725
PER SHARE DATA										
NET INCOME	$ 0.58	$ 0.71	$ 0.84	$ 0.91	$ 1.13	$ 0.94	$ 0.93	$ 0.92	$ 0.90	$ 0.90
DIVIDENDS	$ 0.88	$ 0.76	$ 0.88	$ 0.90	$ 0.98	$ 0.97 (4)	$ 1.07 (3)	$ 0.96	$ 0.88	$ 0.85
YEAR END DATA										
TOTAL ASSETS	$ 13,398,297	13,242,074	11,746,086	10,582,576	9,568,768	9,749,670	10,429,390	9,526,482	9,555,860	9,311,376
SHAREHOLDERS' EQUITY	12,959,716	12,775,920	11,713,729	10,546,800	9,561,136	9,494,300	9,370,430	9,491,375	9,446,865	8,787,801
SHARES OUTSTANDING	1,381,571	1,294,671	1,194,671	1,071,671	970,403	972,323	965,363	964,283	955,703	891,333
BOOK VALUE PER SHARE	$ 9.38	9.87	9.80	9.84	10.17	9.76	9.71	9.84	9.88	9.85

Includes gain of $35,550 on sale of land

(1) Includes gain of $29,702 on sale of securities

(2) Includes gain of $79,062 on purchase of discounted note

(3) Includes $.025/share Holly stock dividend

(4) Includes $.087/share additional dividend paid in 2000

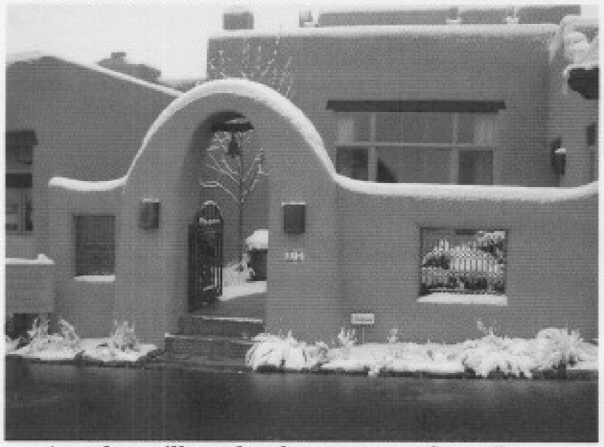
The following tabulation summarizes all of the mortgage loans outstanding on December 31, 2004 wither wholly or partially funded by FCM. Loans funded entirely by others but being serviced by FCM on a fee basis are not included.

Funded by FCM	Funded by Others	Annual Percentage Int. Rate	Maturity [3]	Property Securing Loan [4]
$1,750,000	250,000	12.0	2007	Development in Tampa, FL
1,672,400	1,267,600	12.5	2005	Office building in Phoenix, AZ
1,325,000	-	10.0	2018	Office building in Scottsdale, AZ
1,285,300	-	10.0 [1]	2020	Motel in San Antonio, TX
1,141,900	857,500	18.0	2007	Development in Tampa, FL
931,600		10.0	2008	Commercial properties in Scottsdale, AZ
904,700	188,500	10.5 [1]	2020	Motel in San Antonio, TX
705,000	-	11.5	2006	Urban village project in Santa Fe, NM *
650,000	-	12.0	2005	Residential lot in Houston, TX
263,200	-	10.5	2005	Restaurant in El Paso, TX
252,000	450,000	12.0	2007	Development in Tampa, FL
250,000	-	15.0	2008	Development in Pasadena, TX
237,200	587,500	12.0	2007	Development in Tampa, FL
220,000	50,000	12.0	2005	Commercial project in Houston, TX
200,000	-	12.0	2005	Various residential properties
165,000	-	3.5 [2]	2006	Development project in Cumberland, TN *
160,000	-	14.0	2006	Development in El Paso, TX *
150,000	-	12.0	2006	Partnership interest in apartments in Pasadena, CA *
136,000	-	6.0	2014	Warehouse in Amaraillo, TX *
62,500	-	9.5	2016	Retail building in Chichasha, OK
54,000	-	10.0	2010	Apartment complex in El Paso, TX *
43,500	-	8.0	2005	Assets of Holly Mortgage Trust

[1] Discounted to yield 12% p.a.
[2] Plus additional interest based on proceeds from sale of lots.
[3] Most loans will have a balance due at maturity.
[4] An asterick denotes loan participation.

We thought it might be interesting to our shareholders to see some of the projects in which FCM has provided some of the financing. These are shown below.

Aldea de Santa Fe – New Mexico

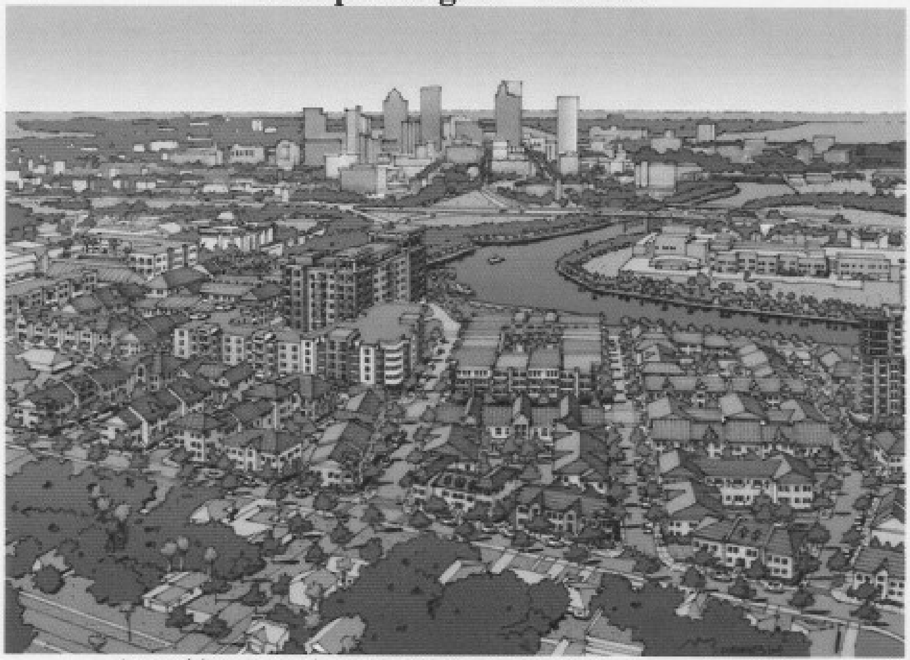


An urban village development near Santa Fe.
The homes are in the traditional pueblo style.

Scottsdale Canal Project - Arizona

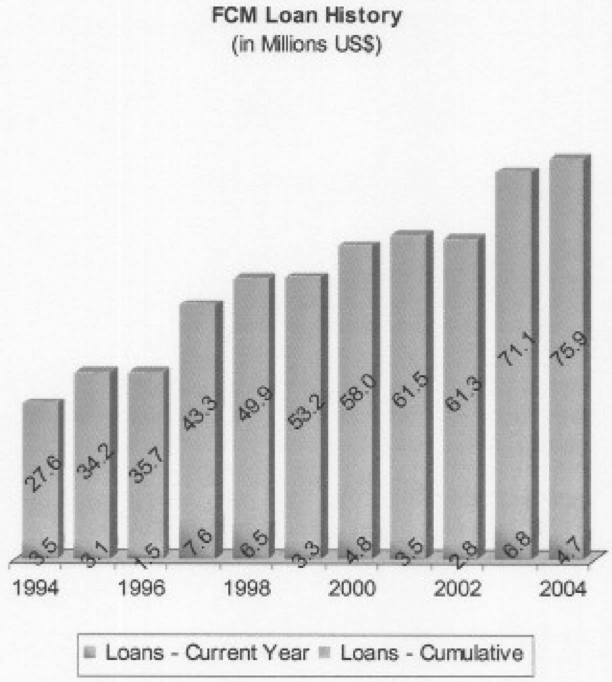
An architect's rendition of a development along the Canal in part of downtown Scottsdale.

Tampa Heights - Florida



An architect's rendition of the development of an area along the Hillsborough River near downtown Tampa.

The following chart shows the dollar amount of loans originated by FCM each year since 1995 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.



FCM maintains a website www.fcmt.net that contains additional information about FCM. Quarterly reports are posted on the website along with notices of dividend declarations.

Kenneth A. McGaw
Chairman of the Board & President

Robert P. Messer, Jr.
Executive Vice President

June 1, 2005

FIRST COMMONWEALTH MORTGAGE TRUST
FINANCIAL STATEMENTS

December 31, 2004 and 2003

FIRST COMMONWEALTH MORTGAGE TRUST
FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

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UHY Mann Frankfort Stein & Lipp
Certified Public Accountants

A Limited Liability Partnership

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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 (the "Trust") as of December 31, 2004 and 2003, 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 of America. 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, 2004 and 2003, 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 of America.

UHY Mann Frankfort Stein & Lipp CPAs, LLP

Houston, Texas
February 17, 2005

FIRST COMMONWEALTH MORTGAGE TRUST
BALANCE SHEETS

	December 31, 2004	December 31, 2003
ASSETS		
Cash and cash equivalents	$ 347,178	$ 348,474
MORTGAGE NOTES RECEIVABLE, net		
Mortgage notes receivable, net of participations payable of $3,641,076 and $2,131,037 at December 31, 2004 and 2003, respectively	12,718,281	11,919,592
Discounts and deferred loan fees	(41,007)	(50,939)
Allowance for losses	(512,132)	(91,655)
TOTAL MORTGAGE NOTES RECEIVABLE, net	12,165,142	11,776,998
Notes receivable - affiliate	43,496	230,000
Accrued interest receivable	259,766	165,286
Other receivables	-	82,669
Prepaids	224,584	120,117
Computer equipment and software, net	-	399
Property held for sale, net of impairment of $0 and $397,345 at December 31, 2004 and 2003, respectively	-	160,000
Investments in affiliates	208,131	208,131
Investments in marketable securities	150,000	150,000
TOTAL ASSETS	$ 13,398,297	$ 13,242,074
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and other liabilities	$ 37,327	$ 16,153
Dividend payable	301,306	-
Notes payable	99,948	450,001
TOTAL LIABILITIES	438,581	466,154
SHAREHOLDERS' EQUITY		
Shares of beneficial interest, no par value, unlimited shares authorized, 1,384,571 issued and 1,381,571 outstanding at December 31, 2004 and 1,297,671 issued and 1,294,671 outstanding at December 31, 2003	13,660,823	12,791,823
Retained earnings (accumulated deficit)	(674,107)	11,097
	12,986,716	12,802,920
Less: treasury stock; 3,000 shares at cost	(27,000)	(27,000)
TOTAL SHAREHOLDERS' EQUITY	12,959,716	12,775,920
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 13,398,297	$ 13,242,074

See accompanying notes to financial statements.

FIRST COMMONWEALTH MORTGAGE TRUST
STATEMENTS OF INCOME

	Year Ended December 31, 2004	Year Ended December 31, 2003
REVENUES		
Interest income	$ 1,451,632	$ 1,254,308
Service fees and miscellaneous income	51,612	49,607
	1,503,244	1,303,915
COSTS AND EXPENSES		
Advisory fees to affiliate	180,680	155,668
Provision for bad debts	445,000	189,000
Professional fees	41,179	25,250
Interest expense	27,832	13,315
General and administrative	50,983	48,894
	745,674	432,127
NET INCOME	$ 757,570	$ 871,788
NET INCOME PER SHARE, basic	$ .58	$ .71
WEIGHTED AVERAGE SHARES OUTSTANDING	1,314,054	1,223,921

See accompanying notes to financial statements.

FIRST COMMONWEALTH MORTGAGE TRUST
STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2004	Year Ended December 31, 2003
NET INCOME	$ 757,570	$ 871,788
OTHER COMPREHENSIVE INCOME:		
UNREALIZED GAIN (LOSS) ON SECURITIES:		
Unrealized holding gains arising during period	-	1,187
Less: reclassification adjustment for net gains realized in net income	-	(3,343)
	-	(2,156)
COMPREHENSIVE INCOME	$ 757,570	$ 869,632

See accompanying notes to financial statements.

FIRST COMMONWEALTH MORTGAGE TRUST
STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2004 AND 2003

	Shares of Beneficial Interest		Retained Earnings	Accumulated Other		
	Shares Outstanding	Amount	(Accumulated Deficit)	Comprehensive Income	Treasury Stock	Total Shareholders' Equity
Balance, January 1, 2003	1,194,671	$ 11,791,823	$ (53,250)	$ 2,156	$ (27,000)	$ 11,713,729
Issuance of shares of beneficial interest	100,000	1,000,000	-	-	-	1,000,000
Cash dividends, $0.66 per share	-	-	(807,441)	-	-	(807,441)
Comprehensive income: Net income	-	-	871,788	-	-	871,788
Unrealized loss on marketable securities	-	-	-	(2,156)	-	(2,156)
Total comprehensive income						869,632
Balance, December 31, 2003	1,294,671	12,791,823	11,097	-	(27,000)	12,775,920
Issuance of shares of beneficial interest	86,900	869,000	-	-	-	869,000
Cash dividends, $1.10 per share	-	-	(1,442,774)	-	-	(1,442,774)
Comprehensive income: Net income	-	-	757,570	-	-	757,570
Unrealized loss on marketable securities	-	-	-	-	-	-
Total comprehensive income						757,570
Balance, December 31, 2004	1,381,571	$ 13,660,823	$ (674,107)	$ -	$ (27,000)	$ 12,959,716

See accompanying notes to financial statements.

FIRST COMMONWEALTH MORTGAGE TRUST
STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 757,570	$ 871,788
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of discounts and deferred loan fees	(9,932)	(3,311)
Depreciation	399	1,174
Provision for bad debts	445,000	189,000
Gain on sale of marketable equity securities	-	(3,343)
Change in operating assets and liabilities:		
Discounts and deferred loan fees	-	7,362
Accrued interest receivable	(94,480)	(163,114)
Prepaids and other receivables	(21,798)	48,397
Accounts payable and other liabilities	21,174	(16,203)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,097,933	931,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Mortgage note originations	(5,907,159)	(7,150,655)
Mortgage note participations sold	1,385,926	370,000
Principal collected on mortgage notes receivable, net of participation	3,248,021	3,428,744
Advances on affiliate notes receivable	(142,500)	-
Proceeds from affiliate notes receivable	329,004	730,000
Proceeds from (payments on) property held for investment	160,000	(18,382)
Proceeds from purchase of marketable securities	-	103,347
Purchase of marketable securities	-	(150,000)
NET CASH USED IN INVESTING ACTIVITIES	(926,708)	(2,686,946)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	869,000	1,000,000
Net change in line of credit	99,947	-
Proceeds from issuance of debt	-	450,000
Cash dividends paid	(1,141,468)	(807,441)
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	(172,521)	642,559
DECREASE IN CASH AND CASH EQUIVALENTS	(1,296)	(1,112,637)
CASH AND CASH EQUIVALENTS, beginning of year	348,474	1,461,111
CASH AND CASH EQUIVALENTS, end of year	$ 347,178	$ 348,474
SUPPLEMENTAL INFORMATION		
Cash paid for interest	$ 30,646	$ 11,595
Notes payable transferred to participations payable	$ 450,000	$ -
Change in unrealized loss on marketable securities	$ -	$ (2,156)
Accrued interest transferred to notes receivable	$ -	$ 101,331
Allowance for losses transferred to impairment on property held for investment	$ -	$ 397,345
Mortgage note receivable transferred to property held for investment	$ -	$ 538,963

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. First Commonwealth Holdings Corporation ("FCHC"), whose principal shareholder 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 $399 and $1,174 during the years ended December 31, 2004 and 2003, 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, 2004 and 2003, the Trust had no unrealized holding gains or losses.

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. The Trust has no items that give rise to anti-dilutive shares. Accordingly, basic and dilutive shares presented are the same.

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, New Mexico, Virginia, Arizona and Oklahoma.

Management Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Such estimates include the value of collateral and, therefore, the resulting allowance for losses. 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 2025. Notes receivable bear interest at rates ranging from 9.5% to 15%.

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.

Commitments to lend additional funds were approximately $3,314,900 and $387,100 at December 31, 2004 and 2003, respectively. There are no commitments to lend additional funds to borrowers whose loans are impaired.

NOTE C - NOTES RECEIVABLE - AFFILIATE

At December 31, 2004 and 2003, the Trust has a note receivable of $43,496 and $230,000, respectively, 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, 2004 and 2003 was approximately $13,900 and $24,800, respectively. The note accrues interest at a rate of 9.8% and is payable quarterly. This note matured on December 31, 2004, and was repaid subsequent to year-end. The note is secured by a lien on the real estate assets of the affiliate.

The Trust had a mortgage note receivable from an affiliated business trust that was repaid during 2003. Interest income related to this note was approximately $40,500 for the year ended December 31, 2003.

NOTE D - INVESTMENTS IN AFFILIATES

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, 2004, the Trust also owns 58,131 shares of beneficial interest in Holly, which comprises approximately 4.1% of the outstanding shares in Holly. The investment is recorded using the cost method. The cost of this investment was $58,131 at December 31, 2004 and 2003.

The Trust owns 150 partnership units of Global REIT, L.P. The Trust accounts for this investment using the cost method of accounting. The cost of this investment was $150,000 at December 31, 2004 and 2003.

NOTE E - MARKETABLE SECURITIES

From time to time, the Trust invests its excess funds in short-term equity securities in order to maximize earnings. The cost basis and fair market values of marketable securities available-for-sale were $150,000 at December 31, 2004 and 2003.

NOTE F - NOTES PAYABLE

At December 31, 2003, the Trust had four notes payable to individuals totaling $450,000. During 2004, these notes were transferred to participations payable.

At December 31, 2004 and 2003, the Trust had a $200,000 revolving line of credit facility with a bank. The borrowing arrangement bears interest at 5%. Interest is payable monthly and the line matures in September 2005. At December 31, 2004 and 2003, borrowings under this line of credit were $99,947 and $-0-, respectively. The Trust is subject to certain restrictive covenants associated with its bank borrowings including, but not limited to, a ratio of total liabilities to tangible net worth, as defined in the credit agreement. The Trust was in compliance with these covenants as of December 31, 2004.

In addition, the Trust has a $500,000 revolving line of credit facility with another bank, collateralized by the Trust's mortgage notes receivable. The borrowing arrangement bears interest at 8%. Interest is payable monthly. At December 31, 2004 and 2003, $1 was outstanding under the line of credit. This line of credit is guaranteed by FCHC and matures during June 2005.

For the years ended December 31, 2004 and 2003, interest expense was $28,926 and $13,315, respectively.

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 90% 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 is expected to satisfy the income distribution requirements for the year ending December 31, 2004. Management believes that all other requirements of a qualified real estate investment trust have been met.

NOTE G - FEDERAL INCOME TAXES (Continued)

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

	2004	2003
Ordinary income	$ 1.10	$ 0.66

NOTE H - ADVISORY AGREEMENT AND RELATED PARTY TRANSACTIONS

Advisory fees paid to FCHC were approximately $181,000 and $156,000 for the years ended December 31, 2004 and 2003, 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, 2004 and 2003, which is paid directly to a FCHC employee.

During 2004, the Trust engaged in seven mortgage participation receivables with various affiliated business trusts. At December 31, 2004, the Trust had six outstanding mortgage participation receivables that totaled $1,484,000 and are included in mortgage notes receivable, net on the balance sheet. The participations incur interest at rates ranging from 3.5% to 14% (excluding possible contingent interest rates up to 8.5%) and maturity dates ranging from September 2005 to October 2010. The notes are secured by various affiliated business trusts and/or second mortgages. Interest income on such participations collected by the affiliates on the Trust's behalf amounted to approximately $144,800 for the year ended December 31, 2004.

During 2003, the Trust engaged in six mortgage participation receivables with various affiliated business trusts. At December 31, 2003, the Trust had four outstanding mortgage participation receivables that totaled $1,137,619 and are included in mortgage notes receivable, net on the balance sheet. The participations incur interest at rates ranging from 11.5% to 14% (excluding possible contingent interest rates up to 8.5%) and maturity dates ranging from November 2004 to July 2010. The notes are secured by various affiliated business trusts and/or second mortgages. Interest income on such participations collected by the affiliates on the Trust's behalf amounted to approximately $110,000 for the year ended December 31, 2003.

During 2004, the Trust engaged in two mortgage participations payable with an officer of the Trust. At December 31, 2004, the Trust had two outstanding mortgage participations payable that totaled $175,000 and are included in Mortgage Notes Receivable, net on the balance sheet. The participations incur interest at 12% and 11% and mature May 2005. The participations are secured by an affiliated business trust. Interest collected on these participations and passed through to the participant was approximately $21,900 for the year ended December 31, 2004.

During 2003, the Trust engaged in two mortgage participations payable with an officer of the Trust. At December 31, 2003, the Trust had one outstanding mortgage participation payable that totaled $125,000 and is included in Mortgage Notes Receivable, net on the Balance Sheet. The participation incurs interest at 12% and matures May 2004. The participation is secured by an affiliated business trust. Interest collected on this participation and passed through to the participant was approximately $16,900 for the year ended December 31, 2003.

NOTE I - SIGNIFICANT MORTGAGE NOTES RECEIVABLE

In 2004, the Trust derived approximately 24% of its interest income from two mortgage notes. At December 31, 2004, these mortgage notes comprise approximately 33% of the mortgage notes receivable, net of participations payable.

In 2003, the Trust derived approximately 26% of its interest income from two mortgage notes. At December 31, 2003, these mortgage notes comprise approximately 27% of the mortgage notes receivable, net of participations payable.