FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
SEC Accession No. 0000811437-96-000004

(HTML Version on secdatabase.com)

FILER

AMERICAN INSURED MORTGAGE INVESTORS L P SERIES 88

CIK:**811437**| IRS No.: **133398206** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-12724** | Film No.: **96665771**
SIC: **6799** Investors, nec

Business Address
11200 ROCKVILLE PIKE
ROCKVILLE MD 20852
3014689200

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended September 30, 1996

Commission file number 1-12724

AMERICAN INSURED MORTGAGE INVESTORS - L.P.- SERIES 88
(Exact name of registrant as specified in charter)

Delaware	13-3398206
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11200 Rockville Pike, Rockville, Maryland	20852
(Address of principal executive offices)	(Zip Code)

(301) 816-2300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of September 30, 1996, 8,802,091 depositary units of limited partnership interest were outstanding.

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 88

INDEX TO FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 1996

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 88

BALANCE SHEETS

<TABLE>
<CAPTION>

	September 30, 1996 (Unaudited)	December 31, 1995
ASSETS		
<S>	<C>	<C>
Investment in FHA-Insured Certificates and GNMA Mortgage-Backed Securities, at fair value:		
Acquired insured mortgages	$ 73,626,070	$ 77,918,878
Originated insured mortgages	44,365,287	45,426,757
	117,991,357	123,345,635
Investment in FHA-Insured Loans, at amortized cost, net of unamortized discount and premium:		
Originated insured mortgages	29,784,532	30,162,342
Acquired insured mortgages	1,137,813	1,161,339
	30,922,345	31,323,681
Due from HUD	3,221,611	285,330
Cash and cash equivalents	1,772,450	2,881,537
Investment in affiliate	1,177,774	1,189,316
Notes receivable from affiliates and due from affiliates	833,595	797,687
Receivables and other assets	2,398,325	2,103,710
Total assets	$ 158,317,457	$161,926,896
LIABILITIES AND PARTNERS' EQUITY		
Distributions payable	$ 2,776,685	$ 2,961,797
Accounts payable and accrued expenses	121,337	159,092
Total liabilities	2,898,022	3,120,889
Commitments and contingencies		
Partners' equity:		
Limited partners' equity	158,544,865	159,332,082
General partner's deficit	(969,037)	(928,476)
Less: Repurchased Limited Partnership Units - 50,000 Units	(618,750)	(618,750)
Unrealized losses on investment in FHA-Insured Certificates and GNMA Mortgage-Backed Securities	(3,388,856)	(1,519,157)
Unrealized gains on investment in FHA-Insured Certificates and GNMA Mortgage-Backed Securities	1,851,213	2,540,308
Total partners' equity	155,419,435	158,806,007
Total liabilities and partners' equity	$158,317,457	$161,926,896

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

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 88

STATEMENTS OF OPERATIONS

(Unaudited)

<TABLE>
<CAPTION>

	For the three months ended September 30, 1996	For the three months ended September 30, 1995	For the nine months ended September 30, 1996	For the nine months ended September 30, 1995
<S>	<C>	<C>	<C>	<C>
Income:				
Mortgage investment income	$ 2,999,765	$ 3,073,789	$ 9,215,191	$ 9,402,950
Interest and other income	33,748	101,690	201,827	653,103
	3,033,513	3,175,479	9,417,018	10,056,053
Expenses:				
Asset management fee to related parties	378,945	369,564	1,124,352	1,117,525
General and administrative	65,093	120,054	227,377	297,250
	444,038	489,618	1,351,729	1,414,775
Earnings before gains (losses) on mortgage dispositions and mortgage modifications	2,589,475	2,685,861	8,065,289	8,641,278
Net gains (losses) on mortgage dispositions and mortgage modifications	--	--	(377,900)	2,452,221
Net earnings	$ 2,589,475	$ 2,685,861	$ 7,687,389	$ 11,093,499
Net earnings allocated to:				
Limited partners - 95.1%	$ 2,462,591	$ 2,554,254	$ 7,310,707	$ 10,549,918
General partner - 4.9%	126,884	131,607	376,682	543,581
	$ 2,589,475	$ 2,685,861	$ 7,687,389	$ 11,093,499
Net earnings per Limited Partnership Unit	$ 0.28	$ 0.29	$ 0.83	$ 1.20

</TABLE>

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

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 88

STATEMENT OF CHANGES IN PARTNERS' EQUITY

For the nine months ended September 30, 1996

(Unaudited)

<TABLE>
<CAPTION>

General Partner	Limited Partners	Repurchased Limited Partnership Units	Unrealized Gains on Investment in FHA-Insured Certificates and GNMA Mortgage-Backed Securities	Unrealized Losses on Investment in FHA-Insured Certificates and GNMA Mortgage-Backed Securities	Total Partners' Equity

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995	$ (928,476)	$ 159,332,082	$ (618,750)	$ 2,540,308	$ (1,519,157)	$ 158,806,007
Net earnings	376,682	7,310,707	--	--	--	7,687,389
Distributions paid or accrued of $0.92 per Unit, including return of capital	(417,243)	(8,097,924)	--	--	--	(8,515,167)
Adjustment to net unrealized gains (losses) on investment in FHA-Insured Certificates and GNMA Mortgage-Backed Securities	--	--	--	(689,095)	(1,869,699)	(2,558,794)
Balance, September 30, 1996	$ (969,037)	$ 158,544,865	$ (618,750)	$ 1,851,213	$ (3,388,856)	$ 155,419,435
Limited Partnership Units outstanding - September 30, 1996		8,802,091				

</TABLE>

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

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 88

STATEMENTS OF CASH FLOWS

(Unaudited)

<TABLE>
<CAPTION>

	For the nine months ended September 30, 1996	1995
<S>	<C>	<C>
Cash flows from operating activities:		
Net earnings	$ 7,687,389	$ 11,093,499
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Net loss (gain) on mortgage dispositions	377,900	(2,452,221)
Payments made and treated as additions to Due from HUD	(37,452)	(67,180)
Changes in assets and liabilities:		
Increase in receivables and other assets	(294,615)	(58,294)
Decrease in accounts payable and accrued expenses	(37,755)	(7,550)
Increase in notes receivable from affiliates and due from affiliates	(35,908)	(26,903)
Decrease in investment in affiliate	11,542	--
Net cash provided by operating activities	7,671,101	8,481,351
Cash flows from investing activities:		
Proceeds from dispositions of insured mortgages	8,571,748	9,316,015
Investment in acquired insured mortgages	(9,416,014)	(6,640,122)
Receipt of principal from scheduled payments	764,357	685,534
Net cash (used in) provided by investing activities	(79,909)	3,361,427
Cash flows from financing activities:		
Distributions paid to partners	(8,700,279)	(13,513,200)
Net cash used in financing activities	(8,700,279)	(13,513,200)
Net decrease in cash and cash equivalents	(1,109,087)	(1,670,422)
Cash and cash equivalents, beginning of period	2,881,537	5,364,255
Cash and cash equivalents, end of period	$ 1,772,450	$ 3,693,833

</TABLE>

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

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 88

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. ORGANIZATION

American Insured Mortgage Investors L.P. - Series 88 (the Partnership) was formed under the Uniform Limited Partnership Act of the state of Delaware on February 13, 1987. The Partnership's reinvestment period expires on December 31, 1996 and the Partnership Agreement states that the Partnership will terminate on December 31, 2021, unless previously terminated under the provisions of the Partnership Agreement.

Effective September 6, 1991, CRIIMI, Inc. (the General Partner) succeeded the former general partners to become the sole general partner of the Partnership. CRIIMI, Inc. is a wholly owned subsidiary of CRIIMI MAE Inc. (CRIIMI MAE). From inception through June 30, 1995, CRIIMI MAE was managed by an advisor whose general partner is C.R.I., Inc. (CRI). However, effective June 30, 1995, CRIIMI MAE became a self-managed and self-administered real estate investment trust (REIT) and, as a result, the advisor no longer advises CRIIMI MAE.

AIM Acquisition Partners L.P. (the Advisor) serves as the advisor of the Partnership. The general partner of the Advisor is AIM Acquisition Corporation and the limited partners include an affiliate of CRIIMI MAE (and through June 30, 1995, an affiliate of CRI). Effective September 6, 1991 and through June 30, 1995, a sub-advisory agreement (the Sub-advisory agreement) existed whereby CRI/AIM Management, Inc. (the Sub-advisor), an affiliate of CRI, managed the Partnership's portfolio. In connection with the transaction in which CRIIMI MAE became a self-managed and self-administered REIT, an affiliate of CRIIMI MAE acquired the Sub-advisory Agreement. As a consequence of this transaction, effective June 30, 1995, CRIIMI MAE Services Limited Partnership, an affiliate of CRIIMI MAE, manages the Partnership's portfolio. These transactions had no effect on the Partnership's financial statements.

The Partnership's investment in mortgages consists of participation certificates evidencing a 100% undivided beneficial interest in government insured multifamily mortgages issued or sold pursuant to Federal Housing Administration (FHA) programs (FHA-Insured Certificates), mortgage-backed securities guaranteed by the Government National Mortgage Association (GNMA) (GNMA Mortgage-Backed Securities) and FHA-insured mortgage loans (FHA-Insured Loans). The mortgages underlying the FHA-Insured Certificates, GNMA Mortgage-Backed Securities and FHA-Insured Loans are non-recourse first liens on multifamily residential developments or retirement homes.

2. BASIS OF PRESENTATION

In the opinion of the General Partner, the accompanying unaudited financial statements contain all adjustments of a normal recurring nature necessary to present fairly the financial position of the Partnership as of September 30, 1996 and December 31, 1995 and the results of its operations for the three and nine months ended September 30, 1996 and 1995 and its cash flows for the nine months ended September 30, 1996 and 1995.

These unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. While the General Partner believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these financial statements be read in conjunction with the financial statements and the notes to the financial statements included in the

2. BASIS OF PRESENTATION - Continued

Partnership's Annual Report filed on Form 10-K for the year ended December 31, 1995.

3. INVESTMENT IN FHA-INSURED CERTIFICATES AND GNMA MORTGAGE-BACKED SECURITIES

A. Fully-insured mortgage investments

As of September 30, 1996 and December 31, 1995, the Partnership's investment in fully insured acquired insured mortgages, recorded at fair value, consisted of five and seven FHA-Insured Certificates, respectively, and 22 and 19 GNMA Mortgage-Backed Securities, respectively. As of September 30, 1996 and December 31, 1995, these mortgage investments had an aggregate amortized cost of $73,876,605 and $76,462,511, respectively, an aggregate face value of $74,125,661 and $76,636,450, respectively, and an aggregate fair value of $73,626,070 and $77,918,878, respectively.

As of September 30, 1996 and December 31, 1995, the Partnership's investment in fully insured originated insured mortgages, recorded at fair value, consisted of one FHA-Insured Certificate with an amortized cost of $11,370,372 and $11,411,412, respectively, a face value of $11,007,336 and $11,043,976, respectively, and a fair value of $11,022,530 and $11,289,584, respectively.

As of October 31, 1996, all fully insured mortgages were current with respect to the payment of principal and interest.

In February 1996, the General Partner instructed the servicer for the mortgage on Water's Edge of New Jersey, a fully insured acquired construction loan, to file a Notice of Default and an Election to Assign the mortgage with the Department of Housing and Urban Development (HUD). The property underlying this construction loan is a nursing home located in Trenton, New Jersey. As of October 31, 1996, the Partnership had received approximately $7.6 million or 70% of the proceeds from the assignment. The remainder of the proceeds, approximately $3.1 million, is included in Due from HUD. In conjunction with the assignment of the mortgage, the Partnership recognized a loss of approximately $204,000 in the second quarter of 1996.

During March 1996, a retained yield holder in the Harbor View Estates loan, exercised its right to purchase the participation certificate with respect to this insured mortgage after a Notice of Default was filed with HUD. In March 1996, the Partnership received approximately $709,100 in disposition proceeds, including approximately $17,400 of interest due to the Partnership from this prepayment. The net principal proceeds were approximately $691,000, resulting in a gain of approximately $600. The net proceeds have been reinvested in fully insured mortgages. In April 1996, approximately $4,900 was remitted to the retained yield holder in the Harbor View Estates mortgage in connection with the final accounting of this disposition. This resulted in a net loss of approximately $4,000 which is included on the accompanying statement of operations for the nine months ended September 30, 1996.

3. INVESTMENT IN FHA-INSURED CERTIFICATES AND GNMA MORTGAGE-BACKED SECURITIES - Continued

In June 1996, the Partnership entered into a modification agreement with the mortgagor of Turn at Gresham. This agreement effectively lowered the interest rate on the mortgage from 8.375% to 8% for a period until maturity. In addition, a seven year prepayment lockout was included in the modification, followed by a 3%, 2%, and 1% penalty in years eight, nine, and ten, respectively. The Partnership incurred a loss of approximately $169,600 in connection with this modification which represents the write off of unamortized costs.

During the nine months ended September 30, 1996, the Partnership acquired the following fully insured mortgages:

3. INVESTMENT IN FHA-INSURED CERTIFICATES AND GNMA MORTGAGE-BACKED SECURITIES - Continued

<TABLE>
<CAPTION>

Complex Name	Date of Acquisition	Purchase Price	Net Interest Rate
<S>	<C>	<C>	<C>
Lorenzo Carolina Apartments	June 1996	$ 1,036,515	7.875%
Silver Lake Plaza Apartments	July 1996	5,241,474	7.700%
Woodcrest Townhomes	July 1996	3,138,025	8.125%
Total		$ 9,416,014	

</TABLE>

B. Coinsured FHA-Insured Certificates

As discussed in the Partnership's Annual Report on Form 10-K for the year ended December 31, 1995, under the HUD coinsurance program, both HUD and the coinsurance lender are responsible for paying a portion of the insurance benefits if a mortgagor defaults and the sale of the development collateralizing the mortgage produces insufficient net proceeds to repay the mortgage obligation. In such cases, the coinsurance lender will be liable to the Partnership for the first part of such loss in an amount up to 5% of the outstanding principal balance of the mortgage as of the date foreclosure proceedings are instituted or the deed is acquired in lieu of foreclosure. For any loss greater than 5% of the outstanding principal balance, the responsibility for paying the insurance benefits will be borne on a pro-rata basis, 85% by HUD and 15% by the coinsurance lender.

As of September 30, 1996 and December 31, 1995, the Partnership held investments in three FHA-Insured Certificates secured by coinsured mortgages. One of these coinsured mortgage investments, the mortgage on St. Charles Place - Phase II, is coinsured by The Patrician Mortgage Company (Patrician), an unaffiliated third party coinsurance lender under the HUD coinsurance program. As of September 30, 1996 and December 31, 1995, the remaining two coinsured FHA-Insured Certificates are coinsured by Integrated Funding, Inc. (IFI), an affiliate of the Partnership.

3. INVESTMENT IN FHA-INSURED CERTIFICATES AND GNMA MORTGAGE-BACKED SECURITIES - Continued

1. Coinsured by third party

The Partnership's investment in the St. Charles Place - Phase II mortgage had an amortized cost equal to its face value of $3,735,895 and $3,749,991, as of September 30, 1996 and December 31, 1995, respectively, and a fair value of $3,528,207 and $3,583,856, as of September 30, 1996 and December 31, 1995, respectively. These amounts represent the Partnership's approximate 55% ownership interest in the mortgage. The remaining 45% ownership interest is held by American Insured Mortgage Investors L.P. - Series 86 (AIM 86), an affiliate of the Partnership. As of October 31, 1996, the mortgagor has made payments of principal and interest due on the mortgage through August 1995 to the Partnership. Patrician is litigating the case in bankruptcy court while pursuing negotiations on a modification agreement with the borrower.

The General Partner intends to continue to oversee the Partnership's interest in this mortgage investment in an effort to ensure that Patrician meets its coinsurance obligations. The General Partner's assessment of the realizability of the carrying value of the St. Charles Place-Phase II mortgage is based on the most recent information available and to the extent these conditions change or additional information becomes available, the General Partner's assessment may change. However, the General Partner does not believe that there would be a material adverse impact on the Partnership's financial condition or its results of operations should Patrician be unable to comply with its full coinsurance obligation.

2. Coinsured by affiliate

As of September 30, 1996 and December 31, 1995, the Partnership held investments in two FHA-Insured Certificates secured by coinsured mortgages, where the coinsurance lender is IFI. These investments were made on behalf of the Partnership by the former managing general partner. As structured by the former managing general partner, with respect to these mortgages, the Partnership bears the risk of loss upon default for IFI's portion of the coinsurance loss on these mortgage investments.

As of October 31, 1996, both of these mortgages were current with respect to the payment of principal and interest.

As of September 30, 1996 and December 31, 1995, these two mortgage investments had an aggregate fair value of $29,814,550 and $30,553,317, respectively, and amortized costs and face values as follows:

3. INVESTMENT IN FHA-INSURED CERTIFICATES AND GNMA MORTGAGE-BACKED SECURITIES - Continued

<TABLE>
<CAPTION>

	Amortized Cost September 30, 1996	Face Value September 30, 1996	Amortized Cost December 31, 1995	Face Value December 31, 1995	Cumulative Loan Losses Recognized(1)
<S>	<C>	<C>	<C>	<C>	<C>
The Breakers at Golf Mill	$ 22,535,864	$ 22,535,864	$ 22,662,648	$ 22,662,648	$ 980,000
Summerwind Apts.- Phase II	8,010,265	9,457,896	8,037,922	9,501,784	1,511,743
	$ 30,546,129	$ 31,993,760	$30,700,570	$ 32,164,432	$ 2,491,743

(1) No loan losses were recognized on these coinsured mortgages during the nine months ended September 30, 1996 and 1995.
</TABLE>

4. INVESTMENT IN FHA-INSURED LOANS

As of September 30, 1996 and December 31, 1995, the Partnership's investment in fully insured FHA-Insured Loans, consisted of four originated insured mortgages and two acquired insured mortgages. The four originated insured mortgages had an aggregate amortized cost of $29,784,532 and $30,162,342, an aggregate face value of $29,199,371 and $29,299,733, and an aggregate fair value of $29,661,631 and $30,199,166, as of September 30, 1996 and December 31, 1995, respectively. The two acquired insured mortgages had an aggregate amortized cost of $1,137,813 and $1,161,339, an aggregate face value of $1,134,927 and $1,158,329, and an aggregate fair value of $1,194,496 and $1,219,590, as of September 30, 1996 and December 31, 1995, respectively.

As of October 31, 1996, all of the Partnership's FHA-Insured Loans were current with respect to the payment of principal and interest.

In addition to base interest payments under originated insured mortgages, the Partnership is entitled to additional interest based on a percentage of the net cash flow from the underlying development (referred to as Participations). All of the FHA-Insured Loans contain Participations. During the nine months ended September 30, 1996, and September 30, 1995, the Partnership received additional interest of $84,947 and $46,581, respectively, from these Participations. No interest from Participations was received during the three months ended September 30, 1996, or September 30, 1995, respectively. These amounts, if any, are included in mortgage investment income on the accompanying statements of operations.

5. DUE FROM HUD

As of September 30, 1996 and December 31, 1995, Due from HUD includes approximately $59,000 and $285,000, respectively, related to the 1994 disposition of Hazeltine Shores. In addition, as of September 30, 1996, Due from HUD includes approximately $3.1 million related to the final assignment proceeds of Water's Edge of New Jersey, as discussed in Note 3.

6. DISTRIBUTIONS TO UNITHOLDERS

The distributions paid or accrued to Unitholders on a per Unit basis for the three and nine months ended September 30, 1996 and 1995 are as follows:

	1996	1995
Quarter ended March 31,	$0.32(1)	$0.49(2)
Quarter ended June 30,	0.30	0.53(3)
Quarter ended September 30,	0.30	0.32(4)
	$0.92	$1.34

(1) This amount includes approximately $0.02 per Unit representing previously undistributed accrued interest received from delinquent mortgages.

(2) This amount includes approximately $0.15 per Unit of accrued, but previously undistributed, interest related to the receipt of claim proceeds from the mortgage on Pinewood Park Apartments and approximately $0.01 per Unit representing previously undistributed accrued interest received from a delinquent mortgage.

(3) This amount includes approximately $0.22 per Unit of accrued, but previously undistributed, interest and capital gain related to the receipt of claim proceeds from the mortgage on Hamlet at Cobb's Landing.

(4) This amount includes approximately $0.02 per Unit representing capital gain from the disposition of the mortgage on Gilbert Greens Apartments.

The basis for paying distributions to Unitholders is cash flow from operations, which includes regular interest income and principal from insured mortgages and gains, if any, from mortgage dispositions. Although the insured mortgages yield a fixed monthly mortgage payment once purchased, the cash distributions paid to the Unitholders will vary during each quarter due to (1) the fluctuating yields in the short-term money market where the monthly mortgage payments received are temporarily invested prior to the payment of quarterly distributions, (2) the reduction in the asset base due to monthly mortgage payments received or mortgage dispositions, (3) variations in the cash flow attributable to the delinquency or default of insured mortgages and professional fees and foreclosure and acquisition costs incurred in connection with those insured mortgages and (4) variations in the Partnership's operating expenses.

7. TRANSACTIONS WITH RELATED PARTIES

The General Partner and certain affiliated entities, during the three and nine months ended September 30, 1996 and 1995, have earned or received compensation or payments for services from the Partnership as follows:

7. TRANSACTIONS WITH RELATED PARTIES - Continued

<TABLE>
<CAPTION>

COMPENSATION PAID OR ACCRUED TO RELATED PARTIES

Name of Recipient	Capacity in Which Served/Item	For the three months ended September 30, 1996	1995	For the nine months ended September 30, 1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
CRIIMI, Inc.(1)	General Partner/Distribution	$ 136,057	$ 145,128	$ 417,243	$ 607,724

AIM Acquisition Partners, L.P.(2)	Advisor/Asset Management Fee	378,945	369,564	1,124,352	1,117,525
CRI(3)	Affiliate of General Partner/ Expense Reimbursement	--	9,212	--	62,347
CRIIMI MAE Management, Inc.(3)	Affiliate of General Partner/ Expense Reimbursement	25,515	8,595	60,178	8,595

(1) The General Partner, pursuant to amendments to the Partnership Agreement, effective September 6, 1991, is entitled to receive 4.9% of the Partnership's income, loss, capital and distributions, including, without limitation, the Partnership's Adjusted Cash from Operations and Proceeds of Mortgage Prepayments, Sales or Insurance (both as defined in the Partnership Agreement).

(2) The Advisor, pursuant to the Partnership Agreement is entitled to an Asset Management Fee equal to 0.95% of Total Invested Assets (as defined in the Partnership Agreement). The Sub-advisor to the Partnership is entitled to a fee of 0.28% of Total Invested Assets. Of the amounts paid to the Advisor, CRIIMI MAE Services Limited Partnership, the Sub-advisor, earned a fee equal to $111,684 and $331,376, for the three and nine months ended September 30, 1996, respectively, and $108,923 for the three and nine months ended September 30, 1995. CRI/AIM Management, Inc., which acted as the Sub-advisor through June 30, 1995, earned a fee equal to $220,449.

(3) Prior to June 30, 1995, these amounts were paid to CRI as reimbursement for expenses incurred prior to June 30, 1995 on behalf of the General Partner and the Partnership. The transaction in which CRIIMI MAE became a self-administered REIT has no impact on the payments required to be made by the Partnership, other than that the expense reimbursement previously paid by the Partnership to CRI in connection with the provision of services by the Sub-advisor are, effective June 30, 1995, paid to a wholly-owned subsidiary of CRIIMI MAE, CRIIMI MAE Management, Inc.

</TABLE>

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The Partnership's Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that may be considered forward looking. These statements contain a number of risks and uncertainties as discussed herein and in the Partnership's reports filed with the Securities and Exchange Commission that could cause actual results to differ materially.

General

As of September 30, 1996, the Partnership had invested in 37 insured mortgages with an aggregate amortized cost of approximately $150 million, an aggregate face value of approximately $151 million and an aggregate fair value of approximately $149 million.

As of October 31, 1996, all of the FHA-Insured Certificates, GNMA Mortgage-Backed Securities and FHA-Insured Loans were current with respect to the payment of principal and interest except for the coinsured mortgage on St. Charles Place - Phase II, for which the mortgagor had made payments through August 1995.

Results of Operations

Net earnings decreased for the nine months ended September 30, 1996 as compared to the corresponding period in 1995 primarily as a result of a reduction in net gains and interest and other income, as discussed below. Net earnings decreased for the three months ended September 30, 1996 as compared to the corresponding period in 1995 primarily due to a reduction in mortgage interest income and other interest income.

Mortgage investment income decreased for the three and nine months ended September 30, 1996, as compared to the corresponding periods in 1995, primarily due to the reduction in the asset base due to 1995 and 1996 mortgage dispositions. The net proceeds from these dispositions have been reinvested in fully insured mortgages.

Interest and other income decreased for the three and nine months ended September 30, 1996 as compared to the corresponding periods in 1995 primarily due to the timing of the reinvestment of proceeds from mortgage dispositions.

General and administrative expenses decreased for the three and nine months ended September 30, 1996 as compared to the corresponding periods in 1995. This decrease was primarily the result of an overaccrual of expenses in 1995. Additionally, service fee expense decreased primarily as a result of the reduction in the mortgage base.

For the nine months ended September 30, 1996, the Partnership incurred net losses on mortgage dispositions of approximately $378,000. There were no dispositions or modifications for the three months ended September 30, 1996.

In February 1996, the General Partner instructed the servicer for the mortgage on Water's Edge of New Jersey, a fully insured construction loan, to file a Notice of Default and an Election to Assign the mortgage with the Department of Housing and Urban Development (HUD). The property underlying this construction loan is a nursing home located in Trenton, New Jersey. As of October 31, 1996, the Partnership had received approximately $7.6 million or 70% of the proceeds from the assignment. The remainder of the proceeds, approximately $3.1 million, is included in Due from HUD. In conjunction with the assignment of the mortgage, the Partnership recognized a loss of approximately $204,000 in the second quarter of 1996.

During March 1996, a retained yield holder in the Harbor View Estates loan, exercised its right to purchase the participation certificate with respect to this insured mortgage after a Notice of Default was filed with HUD. The Partnership received net proceeds of approximately $691,000 resulting in a loss of approximately $4,000.

In June 1996, the Partnership entered into a modification agreement with the mortgagor of Turn at Gresham. This agreement effectively lowered the interest rate on the mortgage from 8.375% to 8% for a period until maturity. In addition, a seven year prepayment lockout was included in the modification, followed by a 3%, 2%, and 1% penalty in years eight, nine, and ten, respectively. The Partnership incurred a loss of approximately $169,600 in connection with this modification which represents the write off of unamortized costs.

These 1996 dispositions and modifications compare to net gains of approximately $2.5 million for the nine months ended September 30, 1995, which resulted from two dispositions and one modification. There were no dispositions or modifications for the three months ended September 30, 1995. These gains are primarily the result of the settlement of the coinsurance claims on Pinewood Park Apartments for approximately $1.1 million and Hamlet at Cobb's Landing for approximately $1.2 million.

Liquidity and Capital Resources

The Partnership's operating cash receipts, derived from payments of principal and interest on insured mortgages, plus cash receipts from interest on short-term investments, were sufficient during the first nine months of 1996 and 1995 to meet operating, investing, and financing cash requirements.

The basis for paying distributions to Unitholders is cash flow from operations, which includes regular interest income and principal from insured mortgages and gains, if any, from mortgage dispositions. Although the insured mortgages yield a fixed monthly mortgage payment once purchased, the cash distributions paid to the Unitholders will vary during each quarter due to (1) the fluctuating yields in the short-term money market where the monthly mortgage payments received are temporarily invested prior to the payment of quarterly distributions, (2) the reduction in the asset base due to monthly mortgage payments received or mortgage dispositions, (3) variations in the cash flow attributable to the delinquency or default of insured mortgages and professional fees and foreclosure and acquisition costs incurred in connection with those insured mortgages and (4) variations in the Partnership's operating expenses.

Net cash provided by operating activities decreased for the nine months ended September 30, 1996 as compared to the corresponding period in 1995, primarily due to a reduction in net earnings, as discussed above. Also contributing to this decrease in cash provided by operating activities was an increase in receivables due to the disposition of the mortgage on Water's Edge of New Jersey.

Net cash used in investing activities increased for the nine months ended September 30, 1996 as compared to the corresponding period in 1995 primarily due to an increase in investment in acquired mortgages from $6.6 million to $9.4 million.

Net cash used in financing activities decreased for the nine months ended September 30, 1996 as compared to the corresponding period in 1995 primarily due to a reduction in distributions paid to partners as a result of special distributions during 1995 related to the previously undistributed accrued

interest received in connection with the disposition of certain coinsured mortgages.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FROM 8-K

No reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended September 30, 1996.

The exhibits filed as part of this report are listed below:

Exhibit No.	Description
27	Financial Data Schedule

SIGNATURE

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.

AMERICAN INSURED MORTGAGE
INVESTORS L.P. - SERIES 88
(Registrant)

By:CRIIMI, Inc.
General Partner

/s/ Cynthia O. Azzara

------------------ --------------------------------

Date Cynthia O. Azzara
Principal Financial and
Accounting Officer

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH QUARTERLY REPORT ON FORM 10-Q.

</LEGEND>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-START>	JAN-01-1996
<PERIOD-END>	SEP-30-1996
<CASH>	1,772
<SECURITIES>	117,991
<RECEIVABLES>	38,554
<ALLOWANCES>	0
<INVENTORY>	0
<CURRENT-ASSETS>	0
<PP&E>	0
<DEPRECIATION>	0
<TOTAL-ASSETS>	158,317
<CURRENT-LIABILITIES>	2,898
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	0
<OTHER-SE>	155,419
<TOTAL-LIABILITY-AND-EQUITY>	158,317
<SALES>	0
<TOTAL-REVENUES>	9,417
<CGS>	0
<TOTAL-COSTS>	0
<OTHER-EXPENSES>	1,352
<LOSS-PROVISION>	378
<INTEREST-EXPENSE>	0
<INCOME-PRETAX>	7,687
<INCOME-TAX>	0
<INCOME-CONTINUING>	7,687
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	7,687
<EPS-PRIMARY>	.83
<EPS-DILUTED>	0

</TABLE>