FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

AMERICAN INSURED MORTGAGE INVESTORS L P SERIES 86

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

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

For the fiscal year ended December 31, 1993

Commission file number 0-15615

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

(Exact name of registrant as specified in charter)

Delaware	13-2943272
(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) 468-9200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Depository Units of Limited Partnership Interest	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE

(Title of class)

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 (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 4, 1994, 9,575,790 Depositary Units of Limited Partnership Interest with an aggregate market value of $124,485,720 were outstanding and held by nonaffiliates of the Registrant on such date.

DOCUMENTS INCORPORATED BY REFERENCE

Form 10-K Parts	Document
II and IV	Prospectus of Registrant dated March 7, 1986

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

1993 ANNUAL REPORT ON FORM 10-K

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PART I

PART I

ITEM 1. BUSINESS

Development and Description of Business

Information concerning the business of American Insured Mortgage Investors L.P.-Series 86 (the Partnership) is contained in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and in Notes 1, 4 and 5 of the notes to the financial statements of the Partnership contained in Part IV (filed in response to Item 8 hereof), which is incorporated herein by reference. Also see Schedule XII-

Mortgage Loans on Real Estate, contained in Item 14, for the table of the Insured Mortgages (as defined below), including Assets Held for Sale Under Coinsurance Program (as defined below), invested in by the Partnership as of December 31, 1993.

Employees

The business of the Partnership is managed by CRIIMI, Inc. (the General Partner), while its portfolio of mortgages is managed by AIM Acquisition Partners, L. P. (the Advisor) and CRI/AIM Management, Inc. (the Sub-advisor). CRIIMI, Inc. is a wholly-owned subsidiary of CRIIMI MAE Inc. (CRIIMI MAE), formerly CRI Insured Mortgage Association, Inc., which is managed by an adviser whose general partner is C.R.I., Inc. (CRI). CRI is also an affiliate of the Sub-advisor. The Partnership has no employees.

Competition

In acquiring Insured Mortgages, the Partnership competes with private investors, mortgage banking companies, mortgage brokers, state and local government agencies, lending institutions, trust funds, pension funds, and other entities, some with similar objectives to those of the Partnership and some of which are or may be affiliates of the Partnership, its General Partner, the Advisor or their respective affiliates. Some of these entities may have substantially greater capital resources and experience than the Partnership in acquiring mortgages which are fully insured or guaranteed by the Federal National Mortgage Association, the Government National Mortgage Association (GNMA), the Federal Housing Administration (FHA) or the Federal Home Loan Mortgage Corporation.

Pursuant to the Sub-advisory Agreements, the Advisor retained the Sub-advisor to perform the services required of the Advisor under the Advisory Agreements. The Sub-advisor performs advisory services for American Insured Mortgage Investors (AIM 84), American Insured Mortgage Investors - Series 85, L.P. (AIM 85) and American Insured Mortgage Investors L.P.-Series 88 (AIM 88), as well as the Partnership (collectively, the AIM Partnerships). CRI also serves as a general partner of the advisers to CRIIMI MAE and CRI Liquidating REIT, Inc., which have investment objectives similar to those of the AIM Partnerships. CRI and its affiliates are also general partners of a number of other real estate limited partnerships. CRI and its affiliates also may serve as general partners, sponsors or managers of real estate limited partnerships, real estate investment trusts (REITs) or other entities in the future. With respect to mortgage acquisitions, CRI may from time to time be faced with a conflict in determining whether to place a particular mortgage with the Partnership, one of the other AIM Partnerships, or other entities which CRI and its affiliates may sponsor or manage. CRIIMI, Inc., as General Partner, may also face a similar conflict. Both CRI and CRIIMI, Inc., however, are subject to their fiduciary duties in evaluating the appropriate action to be taken when faced with such conflicts.

ITEM 2. PROPERTIES

Although the Partnership does not own the underlying real estate, the Insured Mortgages in which the Partnership has invested are first liens on the respective multifamily residential developments or retirement homes.

ITEM 3. LEGAL PROCEEDINGS

There are no material legal proceedings to which the

Partnership is a party.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to the security holders to be voted on during the fourth quarter of 1993.

PART II

ITEM 5. MARKET FOR REGISTRANT'S SECURITIES AND RELATED SECURITY HOLDER MATTERS

Principal Market and Market Price for Units

The United States Congress recently repealed portions of the Federal tax code which have had an adverse impact on tax-exempt investors in "publicly traded partnerships." This tax code change, effective January 1, 1994, cleared away the major impediment standing in the way of listing the Partnership's Depository Units of Limited Partnership Interest ("Units") for trading on a national stock exchange. As a result, the General Partner listed the Partnership's Units for trading on the American Stock Exchange (AMEX) on January 18, 1994 in order to provide investment liquidity as contemplated in the Partnership's original prospectus. The Units are traded under the symbol "AIJ."

Prior to listing of the Partnership's Units for trading on the AMEX, the Units were only tradable through an informal market called the "secondary market".

Distribution Information

Distributions per Unit, payable out of the cash flow of the Partnership during 1993 and 1992 were as follows:

Distributions for the Quarter Ended	Amount of Distribution Per Unit
March 31, 1993	$ .23
June 30, 1993	.21
September 30, 1993	.29(1)
December 31, 1993	.28(2)
	$ 1.01
March 31, 1992	$ .30
June 30, 1992	.22
September 30, 1992	.30
December 31, 1992	.32
	$ 1.14

(1) In September 1993, the Partnership received $591,872 (approximately $.06 per Unit) from the mortgage on Victoria Pointe Apartments-Phase II, representing mortgage interest from October 1991 through June 1992, and a partial payment for July 1992. The Partnership distributed approximately $.03 per Unit of this previously undistributed interest and reserved approximately $.03 per Unit for the continued funding of coinsurance expenses. The Partnership distributed the remaining interest of approximately $.03 per Unit to Unitholders as part of the fourth quarter distribution, as discussed below.

ITEM 5. MARKET FOR REGISTRANT'S SECURITIES AND RELATED SECURITY HOLDER MATTERS - Continued

(2) Includes a special distribution of approximately $.10 per Unit comprised of (i) $.03 per Unit of previously undistributed accrued interest from the mortgage on Victoria Pointe Apartments-Phase II which was reserved as part of the third quarter distribution, described above, and (ii) $.07 per Unit representing previously undistributed accrued interest received in December 1993 resulting from the disposition of the mortgage on Victoria Pointe Apartments-Phase II.

Title of Class	Approximate Number of Unitholders as of December 31, 1993
Depository Units of Limited Partnership Interest	15,000

ITEM 6. SELECTED FINANCIAL DATA
(Dollars in thousands, except per Unit amounts)

<TABLE><CAPTION>

	For the Years Ended December 31,				
	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Income	$ 14,430	$ 12,235	$ 13,776	$ 15,396	$ 16,339
Loan losses	(63)	(107)	(4,922)	(1,747)	--
Net earnings	12,170	9,536	6,086	10,944	13,484
Net earnings per Limited Partnership Unit (1)	1.21	.95	.60	1.09	1.34
Distributions per Limited Partnership Unit(1)(2)	1.01	1.14	1.262	1.35	1.405
Total assets	180,776	179,146	181,103	186,973	188,619
Partners' equity	176,007	174,007	175,950	182,612	185,276

(1) Calculated based upon the weighted average number of Units outstanding. See Note 2 of the notes to the financial statements of the Partnership contained in Item 8 "Financial Statements and Supplementary Data."

(2) Includes distributions due the Unitholders for the Partnership's fiscal quarters ended December 31, 1993, 1992, 1991, 1990 and 1989, which were paid subsequent to year end. See Notes 5 and 7 of the notes to the financial statements of the Partnership contained in Item 8 "Financial Statements and Supplementary Data."
</TABLE>

ITEM 6. SELECTED FINANCIAL DATA - Continued

The selected statements of operations data presented above for the years ended December 31, 1993, 1992 and 1991, and the balance sheet data as of December 31, 1993 and 1992, are derived from and are qualified by reference to the Partnership's financial statements which have been included elsewhere in this Form 10-K. The statements of operations data for the years ended December 31, 1990 and 1989 and the balance sheet data as of December 31, 1991, 1990 and 1989 are derived from audited financial statements not included in this Form 10-K. This data should be read in conjunction with the financial statements and the notes thereto.

PART II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

American Insured Mortgage Investors L.P. - Series 86 (the Partnership) was formed under the Uniform Limited Partnership Act of the State of Delaware on October 31, 1985. During the period from May 2, 1986 (the initial closing date of the Partnership's public offering) through June 6, 1987 (the termination date of the offering), the Partnership, pursuant to its public offering of Units, raised a total of $191,523,300 in gross proceeds. In addition, the initial limited partner contributed $2,500 to the capital of the Partnership and received 125 units of limited partnership interest in exchange therefor.

From inception through September 6, 1991, AIM Capital Management Corp. served as managing general partner (with a partnership interest of 4.8%), IRI Properties Capital Corp. served as corporate general partner (with a partnership interest of 0.1%) and Second Group Partners, an affiliate of the former general partners, served as the associate general partner (with a partnership interest of 0.1%). All of the foregoing general partners are sometimes collectively referred to as former general partners.

At a special meeting of the limited partners and Unitholders of the Partnership held on September 4, 1991, a majority of these interests approved, among other items, the assignment of the general partner interests and the shares of the company which acts as the assignor limited partner in the Partnership.

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. purchased the interests of the former managing general partner and the former corporate general partner pursuant to the terms of the Partnership Agreement. CRIIMI, Inc. is a wholly-owned subsidiary of CRIIMI MAE Inc. (CRIIMI MAE), formerly CRI Insured Mortgage Association, Inc., which is managed by an adviser whose general partner is C.R.I., Inc. (CRI). In addition, the General Partner acquired the shares of the company which acts as the assignor limited partner in the Partnership. The interest of the former associate general partner (0.1%) was purchased by the Partnership on September 6, 1991, pursuant to the terms of the Partnership Agreement.

Also, on September 6, 1991, AIM Acquisition Partners, L.P. (the Advisor) succeeded Integrated Funding, Inc. (IFI) as the adviser of the Partnership. AIM Acquisition Corporation (AIM Acquisition) is the general partner of the Advisor and the limited partners include, but are not limited to, AIM

Acquisition, The Goldman Sachs Group, L.P., Broad Inc. and a limited partnership formed by CRI and CRIIMI MAE. Pursuant to the terms of certain amendments to the Partnership Agreement, as discussed below, the General Partner is required to receive the consent of the Advisor prior to taking certain significant actions which affect the management and policies of the Partnership. The limited partners and Unitholders of the Partnership approved the execution of a Sub-advisory Agreement with CRI/AIM Management, Inc., an affiliate of CRI, pursuant to which CRI/AIM Management, Inc. manages the Partnership's portfolio and directs the acquisition and disposition of the Partnership's mortgages.

Until the change in the Partnership's investment policy, as discussed below, the Partnership was in the business of originating mortgage loans (Originated Insured Mortgages) and acquiring mortgage loans (Acquired Insured Mortgages, and together with Originated Insured Mortgages, referred to herein as Insured Mortgages). As of December 31, 1993, the Partnership had invested in either Originated Insured Mortgages which are insured or guaranteed, in whole or in part, by the FHA or Acquired

PART II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

Insured Mortgages which are fully insured (as more fully described below).

The Partnership's reinvestment period expires on December 31, 1994 and the Partnership Agreement states that the Partnership will terminate on December 31, 2020, unless previously terminated under the provisions of the Partnership Agreement. The Partnership's principal investment objectives are to invest in Insured Mortgages which (i) preserve and protect the Partnership's invested capital; (ii) provide quarterly distributions of adjusted cash from operations which may be increased over time as a result of Participations (as defined below), when obtainable, on Originated Insured Mortgages; and (iii) provide appreciation by selecting Acquired Insured Mortgages which present the possibility of early prepayment.

Effective September 19, 1991, the General Partner changed, at the Advisor's recommendation, the investment policies of the Partnership to invest only in Acquired Insured Mortgages which are fully insured or guaranteed by the Federal National Mortgage Association, the Government National Mortgage Association (GNMA), FHA or the Federal Home Loan Mortgage Corporation.

The Partnership had invested in 18 Insured Mortgages, including Mortgages Held for Disposition and Assets Held for Sale under Coinsurance Program (AHFS), with an aggregate carrying value of $167,145,316 and a face value of $165,972,392 as of December 31, 1993, as discussed below. As of December 31, 1993, the Partnership had available approximately $7.5 million for reinvestment in Acquired Insured Mortgages.

Results of Operations

1993 versus 1992

Net earnings for 1993 increased as compared to 1992 primarily due to an increase in mortgage investment income, as discussed below.

Mortgage investment income increased during 1993 as compared to 1992 primarily as a result of the Partnership beginning, effective January 1, 1993, to recognize mortgage investment income for the mortgages classified as AHFS in the amount coinsured by the United States Department of Housing and Urban Development (HUD). Given the improved financial performance of the borrowers and the General Partner's assessment of the collateral underlying the mortgages, the General Partner determined that it was appropriate to begin recognizing interest income at least to the level of insurance provided by HUD. To the extent the borrower remits interest in excess of the HUD insured amount, this excess amount is recognized as income on the cash basis.

Interest and other income decreased during 1993 as compared to 1992 primarily due to a reduction in funds available for short-term investment and a reduction in short-term interest rates. In 1992, the Partnership had proceeds from a December 1991 mortgage disposition approximating $3 million which were invested in short-term investments pending the acquisition of two Acquired Insured Mortgages during the first quarter of 1992.

General and administrative expenses decreased for 1993 as compared to 1992 due primarily to reductions in payroll reimbursements and nonrecurring professional fees incurred in 1992, in connection with the mortgages with performance problems, as discussed below. Also contributing to the decrease in general and administrative expenses was a reduction in quarterly and annual reporting expense resulting from reduced mailing costs.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

The following is a discussion of the types of Insured Mortgages, along with the risks related to each type of investment:

Fully Insured Originated Insured Mortgages and Acquired Insured Mortgages

The former managing general partner, on behalf of the Partnership, had invested in eight fully insured Originated Insured Mortgages with an aggregate carrying value of $69,539,851 and $69,888,943 as of December 31, 1993 and 1992, respectively, and an aggregate face value of $66,934,689 and $67,240,257 as of December 31, 1993 and 1992, respectively. As of December 31, 1993 and 1992, the Partnership had invested in two fully insured Acquired Insured Mortgages with an aggregate carrying value of $3,012,158 and $3,026,972, respectively, and an aggregate face value of $3,034,084 and $3,049,283, respectively. As of December 31, 1993, all of the fully insured Originated Insured Mortgages and Acquired Insured Mortgages are current with respect to the payment of principal and interest.

In connection with Originated Insured Mortgages, the Partnership has sought, in addition to base interest payments, additional interest (commonly termed Participations) based on a percentage of the net cash flow from the development and of the net proceeds from the refinancing, sale or other disposition of the underlying development. All eight of the Originated Insured Mortgages made by the Partnership contain such Participations. During the years ended December 31, 1993, 1992 and 1991, the Partnership received additional interest of $113,822, $104,350 and $52,816, respectively, from the Participations. These amounts are included in mortgage investment income in the accompanying statements of operations.

In the case of fully insured Originated Insured Mortgages and Acquired Insured Mortgages, the Partnership's maximum exposure for purposes of determining loan losses would generally be approximately 1% of the unpaid principal balance of the Originated Insured Mortgage or Acquired Insured Mortgage (an assignment fee charged by FHA) at the date of a default, plus the unamortized balance of acquisition fees and closing costs paid in connection with the acquisition of the Insured Mortgages and the loss of approximately 30-days accrued interest.

PART II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

Coinsured Mortgages

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 case, 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.

While the Partnership is due payment of all amounts owed under the mortgage, the coinsurance lender is responsible for the timely payment of principal and interest to the Partnership. The coinsurance lender is prohibited from entering into any workout arrangement with the borrower without the Partnership's consent and must file a claim for coinsurance benefits with HUD, upon default, if the Partnership so directs. As an ongoing HUD-approved coinsurance lender, and under the terms of the participation documents, the coinsurance lender is required to satisfy minimum net worth requirements as set forth by HUD. However, it is possible that the coinsurance lender's potential liability for loss on these developments, and others, could exceed its HUD-required minimum net worth. In such case, the Partnership would bear the risk of loss if the coinsurance lenders were unable to meet their coinsurance obligations. In addition, HUD's obligation for the payment of its share of the loss could be diminished under certain conditions, such as the lender not adequately pursuing regulatory violations of the borrower or the failure to comply with other terms of the mortgage. However, the General Partner is not aware of any conditions or actions that would result in HUD diminishing its insurance coverage.

1. Coinsured by third parties

   As of December 31, 1993 and 1992, the former managing general partner, on behalf of the Partnership, had invested in eight and nine coinsured mortgages respectively, five of which are coinsured by an unaffiliated third party coinsurance lender under the

HUD coinsurance program. Two of the coinsured mortgages which are coinsured by an unaffiliated third party are classified as Mortgages Held for Disposition as of December 31, 1993 and are discussed below. The remaining three coinsured mortgages which are coinsured by unaffiliated third parties are current with respect to the payment of principal and interest and are classified as investment in mortgages as of December 31, 1993 and 1992. As of December 31, 1993 and 1992, these three coinsured mortgages had an aggregate carrying value of $22,680,052 and $22,792,326, respectively, and an aggregate face value of $21,945,884 and $22,047,027 respectively.

The following is a discussion of actual and potential performance problems with respect to certain mortgage investments coinsured by an unaffiliated third party:

The Originated Insured Mortgage on The Villas, a 405-unit apartment complex located in Lauderhill, Florida, is coinsured by the Patrician Mortgage Company

(Patrician) and had a carrying value equal to its face value of $15,856,842 and $15,878,027 as of December 31, 1993 and 1992, respectively. Since August 1, 1990, the mortgagor has not made the full monthly payments of principal and interest to Patrician. Patrician began collecting rents from the project and continued to make the monthly debt service payments to the Partnership through February 1992. The Partnership and Patrician entered into a modification agreement which provided for reduced payments through July 1992, regular scheduled payments from August 1992 to December 1992, and then increased payments for a period lasting approximately 10 years.

The mortgagor of the mortgage on The Villas was unable to comply with the terms of the modification. As a result, Patrician filed a foreclosure action on October 14, 1993. On November 2, 1993, the mortgagor of The Villas filed for protection under Chapter 11 of the Federal Bankruptcy Code. If Patrician and the mortgagor are unable to negotiate a settlement, Patrician intends to litigate the case in bankruptcy court and to subsequently acquire and dispose of the property. As of March 4, 1994, Patrician had made payments of principal and interest due through November 1993.

The mortgagor of The Villas mortgage is also the mortgagor of the Originated Insured Mortgage on St. Charles Place-Phase II, a 156-unit apartment complex located in Miramar, Florida, which is also coinsured by Patrician. The St. Charles Place-Phase II mortgage had a carrying value and a face value of $3,098,630 and $3,107,542 as of December 31, 1993 and December 31, 1992, respectively. These amounts represent the Partnership's approximately 45% ownership interest in the mortgage. The remaining 55% ownership interest is held by AIM 88, an affiliated entity.

During 1993, the mortgagor of St. Charles Place-Phase II paid its monthly principal and interest payments to

Patrician in arrears, and did not make the monthly payment of principal and interest due to Patrician for the period of October 1993 through December 1993. However, Patrician has remitted monthly payments of principal and interest due for these months to the Partnership. As the mortgagor was unable to bring the loan current, Patrician filed a foreclosure action on October 14, 1993. On November 2, 1993, the mortgagor of the mortgage on St. Charles Place-Phase II filed for protection under Chapter 11 of the Federal Bankruptcy Code. If Patrician and the mortgagor are unable to negotiate a settlement, Patrician intends to litigate the case in bankruptcy court and to subsequently acquire and dispose of the property.

The General Partner is overseeing Patrician's efforts to complete the foreclosure action, including the subsequent acquisition and disposition of the above two properties. As the coinsurance lender, Patrician is liable to the Partnership for the outstanding principal balance of both mortgages plus all accrued but unpaid interest through the date of such payment. If the sale of the properties collateralizing the mortgages produces insufficient net proceeds to repay the mortgage obligations to the Partnership, Patrician will be liable to the Partnership for the coinsurance lender's share of the deficiency. Based on the General Partner's assessment of the collateral underlying the mortgages, including information related to the

financial condition of Patrician, the General Partner believes the carrying value of these assets is realizable. As a result of Patrician's coinsurance obligation these mortgages were classified as Mortgages Held for Disposition as of December 31, 1993. The Partnership intends to reinvest any net disposition proceeds from these mortgages in Acquired Insured Mortgages.

The General Partner intends to continue to oversee the Partnership's interest in these mortgages to ensure that Patrician meets its coinsurance obligations. The General Partner's assessment of the realizability of The Villas and St. Charles Place-Phase II mortgages is based on current information, and to the extent current conditions change or additional information becomes available, then 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

a. The former managing general partner, on behalf of the Partnership, had invested in coinsured originated mortgages where the coinsurance lender is IFI. As of December 31, 1993 and 1992, the Partnership had investments remaining in three and four coinsured originated mortgages, respectively, where the coinsurance lender is IFI. 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. As of December 31, 1993 and 1992, one and two of these mortgages, respectively, were classified as AHFS and are discussed below.

As of December 31, 1993, the remaining two IFI coinsured mortgages, as shown in the table below, are classified as investment in mortgages and are current with respect to the payment of principal and interest. The General Partner believes there is adequate collateral value underlying the mortgages. Therefore, no loan losses were recognized on these mortgages during the years ended December 31, 1993, 1992 and 1991.

<TABLE><CAPTION>

	Carrying Amount December 31, 1993	Face Amount December 31, 1993	Carrying Amount December 31, 1992	Face Amount December 31, 1992
<S>	<C>	<C>	<C>	<C>
Pembrook Apartments	$ 15,684,341	$ 15,060,875	$ 15,756,698	$ 15,123,548
Spring Lake Village	5,169,914	5,054,317	5,191,641	5,074,329

</TABLE>

b. Assets Held for Sale Under Coinsurance Program

As of December 31, 1993 and 1992, the former managing general partner, on behalf of the Partnership, had invested in one and two coinsured mortgages which are accounted for as AHFS, respectively. The coinsurer on these mortgages is IFI and the Partnership bears the risk of any coinsurance loss.

Coinsured mortgage loans are deemed to be AHFS when a determination has been made that the borrower meets the following criteria:

1. The borrower has little or no equity in the collateral, considering the current fair value of the collateral; and
2. proceeds for repayment of the loan can be expected to come only from the operation or sale of the collateral; and
3. the borrower has either:
    a. formally or effectively abandoned control of the collateral to the creditor; or,
    b. retained control of the collateral, but

because of the current financial condition of the borrower or the economic prospects for the borrower and/or the collateral in the foreseeable future, it is doubtful that the borrower will be able to rebuild equity in the collateral or otherwise repay the loan in the foreseeable future.

AHFS represent the estimated cash flow to be received from any claims filed with HUD, including the estimated asset disposition proceeds. The disposition proceeds are based on the estimated fair value of the collateral underlying the mortgage which represents the amount that could reasonably be expected to be received in a current sale between a willing buyer and a willing seller. The General Partner initially determined the estimated fair values of the AHFS and the General Partner periodically assesses the estimated current fair value of the properties to determine whether additional loan losses are appropriate due to, among other factors, a change in market conditions affecting the properties. The loan losses related to these AHFS reduce the carrying value of the Originated Insured Mortgages.

On the AHFS determination date for the applicable mortgages and through December 31, 1993, the Partnership discontinued accruing interest income in accordance with the original terms of the mortgage. For the years ended December 31, 1992 and 1991, the Partnership recognized $1,170,700 and $572,572, respectively, as interest income and received $2,794,186 and $1,461,309, respectively, representing the borrowers interest payments on the mortgages which were applied to reduce the outstanding basis in the mortgage investment. Beginning on January 1, 1993, the Partnership began to recognize mortgage investment income for the mortgages classified as AHFS in the amount coinsured by HUD. Given the improved financial performance of the borrowers and the General Partner's assessment of the collateral underlying the mortgages, the General Partner determined that it was appropriate to begin recognizing interest income at least to the level of insurance provided by HUD. To the extent the borrower remits interest in excess of the HUD insured amount, this excess amount is recognized as income on the cash basis.

During 1993, the Partnership recognized $2,898,882 in interest income. Cash totalling $639,756 was received from mortgages classified as AHFS.

The following table summarizes the coinsured mortgages accounted for as AHFS as of December 31, 1993 and 1992, respectively:

<TABLE><CAPTION>

	Carrying Amount December 31, 1993	Face Amount December 31, 1993	Carrying Amount December 31, 1992	Face Amount December 31, 1992	Loan Losses Recognized 1993	Loan Losses Recognized 1992	Loan Losses Recognized 1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
One East Delaware	$32,103,528	$34,987,071	$29,257,820	$34,987,071	$ --	$ --	$3,665,654
Victoria Pointe Apts.- Phase II(a)	--	--	8,852,196	9,787,127	63,488	106,870	1,255,554
	$32,103,528	$34,987,071	$38,110,016	$44,774,198	$ 63,488	$ 106,870	$4,921,208

(a) The Partnership received settlement proceeds from the disposition of this mortgage in December 1993 and January 1994, as discussed below.

</TABLE>

The following is a discussion of performance problems with respect to those mortgage investments accounted for as AHFS:

1. In December 1993, the General Partner entered into a Modification Agreement with the mortgagor of the mortgage on One East Delaware wherein the mortgagor had until April 30, 1994 to pay off the mortgage at a discount. The mortgagor prepaid the loan in January 1994. Total proceeds received were approximately $33.6 million, which resulted in a financial statement gain of approximately $1.2 million which was recognized in 1994. The Partnership intends to reinvest the net disposition proceeds from this mortgage in Acquired Insured Mortgages.

2. In December 1993, the Partnership settled, for approximately $9,050,000, the mortgage on Victoria Pointe Apartments-Phase II. As of December 31, 1993, the Partnership recognized a loan loss amounting to $63,488 which is reflected in the accompanying statement of operations for the year ended December 31, 1993. As of December 31, 1993, the Partnership had committed to reinvest the net disposition proceeds in Acquired Insured Mortgages.

1992 versus 1991

Net earnings for 1992 increased compared to 1991 primarily due to the recognition of loan losses of approximately $4.9 million in 1991 as a result of the General Partner's evaluation of certain coinsured mortgages considered AHFS. This increase was partially offset by a decrease in mortgage investment income during 1992, as discussed below.

Mortgage investment income decreased for 1992 as compared to 1991 primarily due to the discontinuance of the accrual of mortgage interest income for the two coinsured mortgages classified as AHFS, partially offset by income from accreting the discount on these two mortgages. Also contributing to the reduction in mortgage investment income was temporarily reduced interest payments from the mortgage on The Villas resulting from a modification agreement. The decrease in mortgage investment income was partially offset by the mortgage investment income recognized on the two Acquired Insured Mortgages which the Partnership purchased in January and March 1992.

The Asset Management Fee decreased during 1992 compared to 1991 primarily as a result of a reduction in the Asset Management Fee percentage, effective October 1, 1991. At a special meeting held on September 4, 1991, the limited partners and Unitholders consented to, among other items, a reduction in the Asset Management Fee payable by the Partnership to the Advisor from the previous level of 1.25% to .95%, effective October 1, 1991 through December 31, 1991, and a reduction in the Asset Management Fee payable from January 1, 1992 through December 31, 1996 from the previous level of 1.00% to .95%. As provided for in the Partnership Agreement, the annual Asset Management Fee will be reduced from the previous level of .95% to .75% as of January 1, 1997 and will remain at that level thereafter. The limited partners and Unitholders also consented to the elimination of the subordinated fees.

General and administrative expenses increased during 1992 as compared to 1991 primarily as a result of an increase in payroll expense and professional fees incurred in connection with the property issues, as previously discussed, partially offset by a reduction in investor services expenses.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

Fair Value of Financial Instruments

The following estimated fair values of the Partnership's financial instruments are presented in accordance with generally accepted accounting principles which define fair value as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. These estimated fair values, however, do not represent the liquidation value or the market value of the Partnership.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

<TABLE><CAPTION>

	As of December 31, 1993		As of December 31, 1992	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<S>	<C>	<C>	<C>	<C>
Investment in Mortgages:				

Originated Insured Mortgages	$113,074,158	$110,234,670	$132,615,177	$125,038,506
Acquired Insured Mortgages	3,012,158	3,161,263	3,026,972	3,107,202
	$116,086,316	$113,395,933	$135,642,149	$128,145,708
Mortgages Held for Disposition	$ 18,955,472	$ 18,555,559	$ --	$ --

</TABLE>

PART II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investment in mortgages and mortgages held for disposition

The fair value of the fully insured mortgages is based on the average of the quoted market prices from three investment banking institutions which trade these investments as part of their day-to-day activities.

In order to determine the fair value of the coinsured mortgage portfolio, the Partnership valued the coinsured mortgages as though they were fully insured (in the same manner fully insured mortgages were valued). From this amount, the Partnership deducted five percent of the face value of the loan and fifteen percent of the difference between the remaining face value and the value of these loans as though they were uninsured. These deductions are based on HUD's coinsurance limitations. The uninsured values were based on the average of the quoted market prices from two investment banking institutions which trade these types of investments as part of their day-to-day activities.

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 1993 to meet operating requirements.

The basis for paying distributions to Unitholders is cash flow from operations, which is comprised of regular interest income and principal from Insured Mortgages and gain, if any, from mortgage dispositions. Although 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 and monthly mortgage payments 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.

If necessary, the Partnership has the right to establish reserves either from the Net Proceeds of the Offering or from Cash Flow (as defined in the Partnership Agreement). It should be noted, however, that the Partnership also has the right to reinvest the Proceeds of Mortgage Prepayments, Sales and Insurance in Acquired Insured Mortgages through December 31, 1994 and generally intends to distribute substantially all of its Cash Flow from operations. If any reserves are deemed to be necessary by the Partnership, they will be invested in short-term, interest-bearing investments.

The Partnership anticipates that reserves generally would only be necessary in the event the Partnership elected to foreclose on an Originated Insured Mortgage insured by FHA and take over the operations of the underlying development. In such case, there may be a need for additional capital. Since foreclosure proceedings can be expensive and time-consuming, the Partnership expects that it will generally assign the fully insured Originated Insured Mortgages to HUD for insurance proceeds rather than foreclose. In the case of an Originated Insured Mortgage insured under the HUD coinsurance program, the likelihood of foreclosure (and the potential need for reserves) exists since these coinsured mortgages generally cannot be

assigned to HUD and the coinsurance lender would be required to acquire title to the property and hold the property for 12 months or until an earlier sale in order to realize the benefit of HUD insurance. The determination of whether to assign the mortgage to HUD or institute foreclosure procedures or whether to set aside any reserves will be made on a case-by-case basis by the General Partner, the Advisor and the Sub-advisor. As of December 31, 1993 and 1992, the Partnership had not set aside any reserves.

Cash flow - 1993 versus 1992

Net cash provided by operating activities decreased during 1993 as compared to 1992 principally due to mortgage investment income accrued for mortgages classified as AHFS. Also contributing to the decrease was an increase in receivables and other assets in 1993 due to the balance of disposition proceeds, received in January 1994, from the disposition of the mortgage on Victoria Pointe Apartments-Phase II.

Net cash provided by investing activities increased in 1993 as compared to 1992 principally due to disposition proceeds received in 1993 of approximately $9.0 million from the mortgage on Victoria Pointe Apartments-Phase II, partially offset by the acquisition in 1992 of two Acquired Insured Mortgages of approximately $3.0 million.

Net cash used in financing activities decreased during 1993 compared to 1992 as a result of a decrease in 1993 distributions to Unitholders as compared to 1992 distributions. This decrease in distributions to Unitholders was due, in part, to the delinquencies and subsequent cessation of the receipt of principal and interest from the mortgage on One East Delaware and the delinquency of the monthly payments by the mortgagor of the mortgages on The Villas and St. Charles Place-Phase II.

Cash flow - 1992 versus 1991

Net cash provided by operating activities decreased in 1992 as compared to 1991 principally due to a decrease in mortgage investment income, partially offset by a net decrease in expenses, as previously discussed. This decrease was partially offset by payments received from the AHFS mortgages, principally One East Delaware, during 1992 and the payment of the Accrued Fees, as discussed below, in 1991.

Net cash used in investing activities increased in 1992 as compared to 1991 principally due to the acquisition in 1992 of two Acquired Insured Mortgages.

Net cash used in financing activities decreased during 1992 as compared to 1991 as a result of the decrease in distributions paid to investors. This decrease was primarily the result of the one to two month delay of monthly payments by the mortgagor of the mortgage on One East Delaware and the modification agreement entered into in May 1992 with the mortgagor on The Villas mortgage which provided for a temporary reduction in the monthly principal and interest payments during 1992. In addition, the distributions for 1992 decreased from 1991 as a result of the default by the mortgagor of the Victoria Pointe Apartments-Phase II mortgage in 1991.

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115), effective for fiscal years beginning after December 15, 1993. This statement requires that investments in debt and equity securities be classified into one of the following investment categories based upon the circumstances under which such securities might be sold: Held to Maturity, Available for

Sale, and Trading. Generally, certain debt securities for which an enterprise has both the ability and intent to hold to maturity should be accounted for using the amortized cost method and all other securities must be recorded at their fair values. The General Partner believes that the majority of securities held by the Partnership will fall into either the Held to Maturity or Available for Sale categories. However, the General Partner has not yet determined the ultimate impact of the implementation of this statement in the Partnership's financial statements.

Also in May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 114 "Accounting by Creditors for Impairment of a Loan" (SFAS 114), effective for fiscal years beginning after December 15, 1994. This statement requires that applicable loans which are impaired be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or at the loan's market price, or the fair value of the collateral for impaired loans that are collateral dependent. The General Partner does not believe the ultimate impact of the implementation of this statement will materially affect the Partnership's financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is contained in Part IV.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a),(b),(c),(e)

The Partnership has no officers or directors. The affairs of the Partnership are generally managed by the General Partner, which is wholly-owned by CRIIMI MAE, a company whose shares are listed on the New York Stock Exchange. CRIIMI MAE is managed by an adviser whose general partner is CRI.

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. purchased the interests of the former managing general partner and the former corporate general partner pursuant to the terms of the Partnership Agreement. CRIIMI, Inc. is a wholly-owned subsidiary of CRIIMI MAE Inc. (CRIIMI MAE), formerly CRI Insured Mortgage Association, Inc., which is managed by an adviser whose general partner is C.R.I., Inc. (CRI). In addition, the General Partner acquired the shares of the company which acts as the assignor limited partner in the Partnership. The interest of the former associate general partner (0.1%) was purchased by the Partnership on September 6, 1991, pursuant to the terms of the Partnership Agreement.

Also, on September 6, 1991, AIM Acquisition Partners, L.P. (the Advisor) succeeded Integrated Funding, Inc. (IFI) as the adviser of the Partnership. AIM Acquisition Corporation (AIM Acquisition) is the general partner of the Advisor and the limited partners include, but are not limited to, AIM Acquisition, The Goldman Sachs Group, L.P., Broad Inc. and a limited partnership formed by CRI and CRIIMI MAE. Pursuant to the terms of certain amendments to the Partnership Agreement, as discussed below, the General Partner is required to receive the consent of the Advisor prior to taking certain significant actions which affect the management and policies of the Partnership. The limited partners and Unitholders of the Partnership approved the execution of a Sub-advisory Agreement with CRI/AIM Management, Inc., an affiliate of CRI, pursuant to which CRI/AIM Management, Inc. manages the Partnership's portfolio and directs the acquisition and disposition of the Partnership's mortgages.

The General Partner is also the general partner of AIM 84, AIM 85 and AIM 88, limited partnerships with investment objectives similar to those of the Partnership.

(d) There is no family relationship between any of the officers and directors of the General Partner.

(f) Involvement in certain legal proceedings.

None.

(g) Promoters and control persons.

Not applicable.

(h) Based solely on its review of Forms 3 and 4 and amendments thereto furnished to the Partnership, and written representations from certain reporting persons that no Form 5s were required for those persons, the Partnership believes that all reporting persons have filed on a timely basis Forms 3, 4 and 5 as required in the fiscal year ended December 31, 1993.

PART III

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to Note 7 of the notes to the financial statements of the Partnership contained in Part IV.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of December 31, 1993, no person was known by the Partnership to be the beneficial owner of more than five percent (5%) of the outstanding Units of the Partnership.

As of December 31, 1993, neither the officers and directors, as a group, of the General Partner nor any individual director of the General Partner, are known to own more than 1% of the outstanding Units of the Partnership.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(a) Transactions with management and others.

Note 7 of the notes to the Partnership's financial statements contained in Part IV of this report which contains a discussion of the amounts, fees and other compensation paid or accrued by the Partnership to the directors and executive officers of the General Partner and their affiliates, is incorporated herein by reference.

(b) Certain business relationships.

Other than as set forth in Item 11 of this report which is incorporated herein by reference, the Partnership has no business relationship with entities of which the former general partners or the current General Partner of the Partnership are officers, directors or equity owners.

(c) Indebtedness of management.

None.

(d) Transactions with promoters.

Not applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) Financial Statements:

See Item 8. "Financial Statements and Supplementary Data."

(a)(2) Financial Statement Schedules:

XII - Mortgage Loans on Real Estate

All other schedules have been omitted because they are inapplicable, not required, or the information is included in the Financial Statements or Notes thereto.

(a)(3) Exhibits:

3. Amended and Restated Certificate of Limited Partnership is incorporated by reference to Exhibit 4(a) to Amendment No. 1 to the Partnership's Registration Statement on Form S-11 (No. 33-1735) dated March 6, 1986 (such Registration Statement, as amended, is referred to herein as the "Amended Registration Statement").

4. Second Amended and Restated Agreement of Limited Partnership is incorporated by reference in Exhibit 3 to the Amended Registration Statement.

4.(a) Material Amendments to the Second Amended and Restated Agreement of Limited Partnership are incorporated by reference to Exhibit 4(a) to the Annual Report on Form 10-K for the year ended December 31, 1987.

4.(b) Amendment to the Second Amended and Restated Agreement of Limited Partnership of the Partnership dated February 12, 1990, incorporated by reference to Exhibit 4(b) to the Partnership's Annual Report on Form 10-K for the year ended December 31, 1989.

10.(a) Escrow Agreement is incorporated by reference to Exhibit 10(a) to the Amended Registration Statement.

10.(b) Origination and Acquisition Services Agreement is incorporated by reference to Exhibit 10(b) to the Amended Registration Statement.

10.(c) Management Services Agreement is incorporated by reference to Exhibit 10(c) to the Amended Registration Statement.

10.(d) Disposition Services Agreement is incorporated by reference to Exhibit 10(d) to the Amended Registration Statement.

10.(e) Agreement among the former managing general partner, the former associate general partner and Integrated Resources, Inc. is incorporated by reference to Exhibit 10(e) to the Amended Registration Statement.

10.(f) Reinvestment Plan is incorporated by reference to the Prospectus contained in the Amended Registration Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K - Continued

10.(g) Mortgagor-Participant Agreement regarding the One East Delaware Originated Insured Mortgage is incorporated by reference to Exhibit 10(g) to the Annual Report on Form 10-K for the year ended December 31, 1987.

10.(h) Mortgage, Assignment of Rents and Security Agreements regarding One East Delaware Originated Insured Mortgage is incorporated by reference to Exhibit 10(h) to the Annual Report on Form 10-K for the year ended December 31, 1987.

28. Pages A-1 - A-5 of the Partnership Agreement of Registrant.

28.(a) Purchase Agreement among AIM Acquisition, the former managing general partner, the former corporate general partner, IFI and Integrated dated as of December 13, 1990, as amended January 9, 1991.

28.(b) Purchase Agreement among CRIIMI, Inc., AIM Acquisition, the former managing general partner, the former corporate general partner, IFI and Integrated dated as of December 13, 1990 and executed as of March 1, 1991.

28.(c) Amendment to Partnership Agreement dated September 4, 1991. Incorporated by reference to Exhibit 28.(a), above.

28.(d) Non-negotiable promissory note to American Insured Investors - Series 85, L.P. in the amount of $1,737,722 dated December 31, 1991.

28.(e) Sub-Management Agreement by and between AIM Acquisition and CRI/AIM Management, Inc., dated as of March 1, 1991.

28.(f) Expenses Reimbursement Agreement by Integrated Funding Inc. and the AIM Funds, effective December 31, 1992.

(b) Reports on Form 8-K filed during the last quarter of the fiscal year: None.

All other items are not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN INSURED MORTGAGE
INVESTORS L.P. - SERIES 86
(Registrant)

By: CRIIMI, Inc.
General Partner

March 16, 1994	/s/H. William Willoughby
DATE	H. William Willoughby President and Principal Financial Officer and Board Member
March 16, 1994	/s/William B. Dockser
DATE	William B. Dockser Chairman of the Board and Principal Executive Officer
March 15, 1994	/s/Garrett G. Carlson, Sr.
DATE	Garrett G. Carlson, Sr. Director
March 10, 1994	/s/G. Richard Dunnells

DATE	G. Richard Dunnells Director
March 10, 1994	/s/Robert F. Tardio
DATE	Robert F. Tardio Director

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AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

Financial Statements as of December 31, 1993 and 1992

and for the Years Ended December 31, 1993, 1992 and 1991

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Partners of
American Insured Mortgage Investors L.P. - Series 86:

We have audited the accompanying balance sheets of American Insured Mortgage Investors L.P. - Series 86 (the Partnership) as of December 31, 1993 and 1992, and the related statements of operations, changes in partners' equity and cash flows for the years ended December 31, 1993, 1992 and 1991. These financial statements and the schedule referred to below are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and the schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit 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 the Partnership as of December 31, 1993 and 1992, and the results of its operations and its cash flows for the years ended December 31, 1993, 1992 and 1991, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule XII-Mortgage Loans on Real Estate as of December 31, 1993 is presented for purposes of complying with the Securities and Exchange Commission's rules and regulations and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Washington, D.C. Arthur Andersen & Co.
March 4, 1994

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

BALANCE SHEETS

ASSETS

	As of December 31, 1993	1992
Investment in mortgages:		
Originated insured mortgages	$108,995,765	$128,470,730
Acquired insured mortgages	3,034,084	3,049,283
	112,029,849	131,520,013
Plus: unamortized premium, net of unamortized discount	4,056,467	4,122,136
	116,086,316	135,642,149
Assets held for sale under coinsurance program	32,103,528	38,110,016
Mortgages held for disposition, at lower of cost or market	18,955,472	--
Cash and cash equivalents	9,095,255	2,557,009
Investment in affiliate	1,730,087	1,730,910
Receivables and other assets	2,805,604	1,105,832
Total assets	$180,776,262	$179,145,916

LIABILITIES AND PARTNERS' EQUITY

Distributions payable	$ 2,819,518	$ 3,222,311
Note payable to affiliate	1,737,723	1,730,910
Accounts payable and accrued expenses	212,428	185,706
Total liabilities	4,769,669	5,138,927
Partners' equity:		
Limited partners' equity	176,783,204	174,881,580
General partner's deficit	(776,611)	(874,591)
Total partners' equity	176,006,593	174,006,989
Total liabilities and partners' equity	$180,776,262	$179,145,916

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

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<TABLE>

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

STATEMENTS OF OPERATIONS

<CAPTION>

	For the years ended December 31, 1993	1992	1991
<S>	<C>	<C>	<C>
Income:			
Mortgage investment income	$ 14,387,837	$ 11,995,704	$ 13,667,168
Interest and other income	42,419	99,931	108,494
	14,430,256	12,095,635	13,775,662
Expenses:			
Asset management fee to related parties	1,694,280	1,688,681	2,101,026
General and administrative	363,463	624,639	666,884
Interest expense to affiliate	139,018	139,018	--
	2,196,761	2,452,338	2,767,910
Earnings before loan losses	12,233,495	9,643,297	11,007,752
Loan losses	(63,488)	(106,870)	(4,922,182)
Net earnings	$ 12,170,007	$ 9,536,427	$ 6,085,570
Net earnings allocated to:			
Limited partners - 95.1%	$ 11,573,677	$ 9,069,142	$ 5,787,377
General partner(s) - 4.9%	596,330	467,285	298,193
	$ 12,170,007	$ 9,536,427	$ 6,085,570
Net earnings per Limited Partnership Unit	$ 1.21	$ .95	$ .60

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

</TABLE>

<TABLE>

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86
STATEMENTS OF CHANGES IN PARTNERS' EQUITY
For the years ended December 31, 1993, 1992 and 1991

<CAPTION>

<S>	General Partner(s) <C>	Limited Partners <C>	Total Partners' Equity <C>
Balance, December 31, 1990	$ (445,761)	$ 183,057,383	$182,611,622
Net earnings	298,193	5,787,377	6,085,570
Distributions paid or accrued of $1.262 per Unit, including return of capital of $.66 per Unit	(631,813)	(12,115,327)	(12,747,140)
Balance, December 31, 1991	(779,381)	176,729,433	175,950,052
Net earnings	467,285	9,069,142	9,536,427
Distributions paid or accrued of $1.14 per Unit, including return of capital of $.19 per Unit	(562,495)	(10,916,995)	(11,479,490)
Balance, December 31, 1992	(874,591)	174,881,580	174,006,989
Net earnings	596,330	11,573,677	12,170,007
Distributions paid or accrued of $1.01 per Unit	(498,350)	(9,672,053)	(10,170,403)
Balance, December 31, 1993	$ (776,611)	$ 176,783,204	$176,006,593
Limited Partnership Units outstanding - December 31, 1993, 1992 and 1991		9,576,290	

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

</TABLE>
<TABLE>

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

STATEMENTS OF CASH FLOWS

<CAPTION>

<S>	For the years ended December 31, 1993 <C>	1992 <C>	1991 <C>
Cash flows from operating activities:			
Net earnings	$ 12,170,007	$ 9,536,427	$ 6,085,570
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Loan losses	63,488	106,870	4,922,182
Payments (made) received and treated as (an addition) a reduction of Assets Held for Sale under Coinsurance Program/Mortgage investment income accrued/accreted on AHFS	(3,106,783)	1,623,486	888,737
Changes in assets and liabilities:			

Increase in note payable to affiliate	6,813	--	--
Decrease in due to related parties	--	--	(1,082,284)
Increase (decrease) in accounts payable and accrued expenses	26,722	(46,037)	97,708
(Increase) decrease in receivables and other assets	(1,699,772)	5,236	833,570
Decrease in investment in affiliate	823	--	--
Net cash provided by operating activities	7,461,298	11,225,982	11,745,483
Cash flows from investing activities:			
Proceeds from disposition of Assets Held for Sale under Coinsurance Program	9,049,783	--	--
Proceeds from disposition of Originated Insured Mortgage	--	--	3,463,266
Investment in Acquired Insured Mortgages	--	(3,038,297)	--
Receipt of principal from scheduled payments	600,361	573,537	715,929
Net cash provided by (used in) investing activities	9,650,144	(2,464,760)	4,179,195

</TABLE>

<TABLE>

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

STATEMENTS OF CASH FLOWS (Continued)

<CAPTION>

	For the years ended December 31, 1993	1992	1991
<S>	<C>	<C>	<C>
Cash flows from financing activities:			
Distributions paid to partners	(10,573,196)	(11,441,106)	(12,708,331)
Net increase (decrease) in cash and cash equivalents	6,538,246	(2,679,884)	3,216,347
Cash and cash equivalents, beginning of year	2,557,009	5,236,893	2,020,546
Cash and cash equivalents, end of year	$ 9,095,255	$ 2,557,009	$ 5,236,893

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

</TABLE>

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

American Insured Mortgage Investors L.P. - Series 86 (the Partnership) was formed under the Uniform Limited Partnership Act of the state of Delaware on October 31, 1985.

From inception through September 6, 1991, AIM Capital Management Corp. served as the managing general partner (with a partnership interest of 4.8%), IRI Properties Capital Corp. served as corporate general partner (with a partnership interest of 0.1%) and Second Group Partners, an affiliate of the former general partners, served as the associate general partner (with a partnership interest of 0.1%). All of the foregoing general partners are sometimes collectively referred to as former general partners.

At a special meeting of the limited partners and Unitholders of the Partnership held on September 4, 1991, a majority of these interests approved, among other items, assignment of the general partner interests and the shares of the company which acts as the assignor limited partner in the Partnership.

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. purchased the interests of the former managing general partner and the former corporate general partner pursuant to the terms of the Partnership Agreement. CRIIMI, Inc. is a wholly-owned subsidiary of CRIIMI MAE Inc. (CRIIMI MAE), formerly CRI Insured Mortgage Association, Inc., which is managed by an adviser whose general partner is C.R.I., Inc. (CRI). In addition, the General Partner acquired the shares of the company which acts as the assignor limited partner in the Partnership. The interest of the former associate general partner (0.1%) was purchased by the Partnership on September 6, 1991, pursuant to the terms of the Partnership Agreement.

Also, on September 6, 1991, AIM Acquisition Partners, L.P. (the Advisor) succeeded Integrated Funding, Inc. (IFI) as the adviser of the Partnership. AIM Acquisition Corporation (AIM Acquisition) is the general partner of the Advisor and the limited partners include, but are not limited to, AIM Acquisition, The Goldman Sachs Group, L.P., Broad Inc. and a limited partnership formed by CRI and CRIIMI MAE. Pursuant to the terms of certain amendments to the Partnership Agreement, as discussed below, the General Partner is required to receive the consent of the Advisor prior to taking certain significant actions which affect the management and policies of the Partnership. The limited partners and Unitholders of the Partnership approved the execution of a Sub-advisory Agreement with CRI/AIM Management, Inc., an affiliate of CRI, pursuant to which CRI/AIM Management, Inc. manages the Partnership's portfolio and directs the acquisition and disposition of the Partnership's mortgages.

Until the change in the Partnership's investment policy, as discussed below, the Partnership was in the business of originating mortgage loans (Originated Insured Mortgages) and acquiring mortgage loans (Acquired Insured Mortgages, and together with Originated Insured Mortgages, referred to herein as Insured Mortgages). As of December 31, 1993, the Partnership had invested in either Originated Insured Mortgages which are insured or guaranteed, in whole or in part, by the Federal Housing Administration (FHA) or Acquired Insured Mortgages which are fully insured (as more fully described below).

The Partnership's reinvestment period expires on December 31, 1994 and the Partnership Agreement states that the Partnership will terminate on December 31, 2020, unless previously terminated under the provisions of the Partnership Agreement. The Partnership's principal investment objectives are to invest in Insured Mortgages which (i) preserve and protect the Partnership's invested capital; (ii) provide quarterly distributions of adjusted cash from operations which may be increased over time as a result of Participations (as defined

1. ORGANIZATION - Continued

below), when obtainable, on Originated Insured Mortgages; and (iii) provide appreciation by selecting Acquired Insured Mortgages which present the possibility of early prepayment.

Effective September 19, 1991, the General Partner changed, at the Advisor's recommendation, the investment policies of the Partnership to invest only in Acquired Insured Mortgages which are fully insured or guaranteed by the Federal National Mortgage Association, the Government National Mortgage Association (GNMA), FHA or the Federal Home Loan Mortgage Corporation.

The United States Congress recently repealed portions of the Federal tax code which have had an adverse impact on tax-exempt investors in "publicly traded partnerships." This tax code change, effective January 1, 1994, cleared away the major impediment standing in the way of listing the Partnership's Units for trading on a national stock exchange. As a result, the General Partner listed the Partnership's Units for trading on the American Stock Exchange (AMEX) on January 18, 1994 in order to provide investment liquidity as contemplated in the Partnership's original prospectus. The Units are traded under the symbol "AIJ."

2. SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Investment in Mortgages

As of December 31, 1993 and 1992, the Partnership accounted for its investment in mortgages at amortized cost. The difference between the cost and the unpaid principal balance at the time of purchase is carried as a discount or premium and amortized over the remaining contractual term of the mortgage using the effective interest method. The effective interest method provides a constant yield of income over the term of the mortgage. Mortgage investment income is comprised of amortization of the discount plus the stated mortgage interest received or accrued less the amortization of the premium.

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115), effective for fiscal years beginning after December 15, 1993. This statement requires that investments in debt and equity securities be classified into one of the following investment categories based upon the circumstances under which such securities might be sold: Held to Maturity, Available for Sale, and Trading. Generally, certain debt securities for which an enterprise has both the ability and intent to hold to maturity should be accounted for using the amortized cost method and all other securities must be recorded at their fair values. The General Partner believes that the majority of securities held by the Partnership will fall into either the Held to Maturity or Available for Sale categories. However, the General Partner has not yet determined the ultimate impact of the implementation of this statement in the Partnership's financial statements.

Also in May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 114 "Accounting by Creditors for Impairment of a Loan" (SFAS 114), effective for fiscal years beginning after December 15, 1994. This statement requires that applicable loans which are impaired be measured based on the present value of expected future cash flows discounted at the loan's

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

effective interest rate, or at the loan's market price, or the fair value of the collateral for impaired loans that are collateral dependent. The General Partner does not believe the ultimate impact of the implementation of this statement will materially affect the Partnership's financial statements.

Mortgages Held for Disposition

At any point in time, the Partnership may be aware of certain mortgages which have been (i) assigned to the United States Department of Housing and Urban Development (HUD) or (ii) for which the servicer has received proceeds from a prepayment or (iii) in the case of mortgages coinsured by unaffiliated third parties, the borrower is displaying continuous operating difficulties and the realization of the mortgage is dependent on a third party coinsurer (see Notes 4 B.1). In these cases, the Partnership will classify these mortgages as Mortgages Held for Disposition.

Gains from dispositions of mortgages are recognized upon the receipt of cash or HUD debentures.

Losses on dispositions of mortgages are recognized when it becomes probable that a mortgage will be disposed of and that the disposition will result in a loss. In the case of Insured Mortgages fully insured by HUD, the Partnership's maximum exposure for purposes of determining the loan losses would generally be an assignment fee charged by HUD representing approximately 1% of the unpaid principal balance of the Insured Mortgage at the date of default, plus the unamortized balance of acquisition fees and closing costs paid in connection with the acquisition of the Insured Mortgage and the loss of approximately 30-days accrued interest (see discussion below for losses on mortgages accounted for as AHFS, as defined below).

Assets Held for Sale Under Coinsurance Program (AHFS)

As of December 31, 1993 and 1992, the former managing general partner, on behalf of the Partnership, had invested in one and two coinsured mortgages which are accounted for as AHFS, respectively. The coinsurer on these mortgages is IFI and the Partnership bears the risk of any coinsurance loss.

Coinsured mortgage loans are deemed to be AHFS when a determination has been made that the borrower meets the following criteria:

1. The borrower has little or no equity in the collateral, considering the current fair value of the collateral; and
2. proceeds for repayment of the loan can be expected to come only from the operation or sale of the collateral; and
3. the borrower has either:
    a. formally or effectively abandoned control of the collateral to the creditor; or,
    b. retained control of the collateral, but because of the current financial condition of the borrower or the economic prospects for the borrower and/or the collateral in the foreseeable future, it is doubtful that the borrower will be able to rebuild equity in the collateral or otherwise repay the loan in the foreseeable future.

AHFS represent the estimated cash flow to be received from any claims filed with HUD, including the estimated asset disposition proceeds. The disposition proceeds are based on the estimated fair value of the collateral underlying the mortgage which represents the amount that

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

could reasonably be expected to be received in a current sale between a willing buyer and a willing seller. The General Partner initially determined the estimated fair values of the AHFS and the General Partner periodically assesses the estimated current fair value of the properties to determine whether additional loan losses are appropriate due to, among other factors, a change in market conditions affecting the properties. The loan losses related to these AHFS reduce the carrying value of the Originated Insured Mortgages.

The Partnership accounts for the AHFS at the lower of cost or market since its intent is to dispose of the assets in the short term and file coinsurance claims with HUD.

Cash and Cash Equivalents

Cash and cash equivalents consist of time and demand deposits and commercial paper with original maturities of three months or less.

Reclassification

Certain amounts in the statements of operations for the year ended December 31, 1992 have been reclassified to conform with the 1993 presentation.

Income Taxes

No provision has been made for Federal, state or local income taxes since they are the personal responsibility of the Unitholders.

Net Earnings Per Limited Partnership Unit

Net earnings per Limited Partnership Unit are computed based upon the weighted average number of Units outstanding of 9,576,290 for each of the years ended December 31, 1993, 1992 and 1991.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following estimated fair values of the Partnership's financial instruments are presented in accordance with generally accepted accounting principles which define fair value as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. These estimated fair values, however, do not represent the liquidation value or the market value of the Partnership.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

<TABLE><CAPTION>

	As of December 31, 1993		As of December 31, 1992	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investment in mortgages:				
Originated insured mortgages	$113,074,158	$110,234,670	$132,615,177	$125,038,506
Acquired insured mortgages	3,012,158	3,161,263	3,026,972	3,107,202
	116,086,316	113,395,933	135,642,149	128,145,708
Mortgages held for disposition	18,955,472	18,555,559	--	--
Cash and cash equivalents	9,095,255	9,095,255	2,557,009	2,557,009
Accrued interest receivable	1,311,345	1,311,345	1,037,102	1,037,102

</TABLE>

3. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investment in mortgages and mortgages held for disposition

The fair value of the fully insured mortgages is based on the average of the quoted market prices from three investment banking institutions which trade these investments as part of their day-to-day activities.

In order to determine the fair value of the coinsured mortgage portfolio, the Partnership valued the coinsured mortgages as though they were fully insured (in the same manner fully insured mortgages were valued). From this amount, the Partnership deducted five percent of the face value of the loan and fifteen percent of the difference between the remaining face value and the value of these loans as though they were uninsured. These deductions are based on HUD's coinsurance limitations. The uninsured values were based on the average of the quoted market prices from two investment banking institutions which trade these types of investments as part of their day-to-day activities.

Cash and cash equivalents and accrued interest receivable

The carrying amount approximates fair value because of the short maturity of these instruments.

4. INVESTMENT IN MORTGAGES

The following is a discussion of the types of Insured Mortgages, along with the risks related to each type of investment:

A. Fully Insured Originated Insured Mortgages and Acquired Insured Mortgages

The former managing general partner, on behalf of the Partnership, had invested in eight fully insured Originated

Insured Mortgages with an aggregate carrying value of $69,539,851 and $69,888,943 as of December 31, 1993 and 1992, respectively, and an aggregate face value of $66,934,689 and $67,240,257 as of December 31, 1993 and 1992, respectively. As of December 31, 1993 and 1992, the Partnership had invested in two fully insured Acquired Insured Mortgages with an aggregate carrying value of $3,012,158 and $3,026,972, respectively, and an aggregate face value of $3,034,084 and $3,049,283, respectively. As of December 31, 1993, all of the fully insured Originated Insured Mortgages and Acquired Insured Mortgages are current with respect to the payment of principal and interest.

In connection with Originated Insured Mortgages, the Partnership has sought, in addition to base interest payments, additional interest (commonly termed Participations) based on a percentage of the net cash flow from the development and of the net proceeds from the refinancing, sale or other disposition of the underlying development. All eight of the Originated Insured Mortgages made by the Partnership contain such Participations. During the years ended December 31, 1993, 1992 and 1991, the Partnership received additional interest of $113,822, $104,350 and $52,816, respectively, from the Participations. These amounts are included in mortgage investment income in the accompanying statements of operations.

In the case of fully insured Originated Insured Mortgages and Acquired Insured Mortgages, the Partnership's maximum exposure for purposes of determining loan losses would generally be approximately 1% of the unpaid principal balance of the Originated Insured Mortgage or Acquired Insured Mortgage (an assignment fee charged by FHA) at the

4. INVESTMENT IN MORTGAGES - Continued

date of a default, plus the unamortized balance of acquisition fees and closing costs paid in connection with the acquisition of the Insured Mortgages and the loss of approximately 30-days accrued interest.

B. Coinsured Mortgages

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 case, 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.

While the Partnership is due payment of all amounts owed under the mortgage, the coinsurance lender is responsible for the timely payment of principal and interest to the Partnership. The coinsurance lender is prohibited from entering into any workout arrangement with the borrower without the Partnership's consent and must file a claim for coinsurance benefits with HUD, upon default, if the Partnership so directs. As an ongoing HUD-approved coinsurance lender, and under the terms of the participation documents, the coinsurance lender is required to satisfy minimum net worth requirements as set forth by HUD. However, it is possible that the coinsurance lender's potential liability for loss on these developments, and others, could exceed its HUD-required minimum net worth. In such case, the Partnership would bear the risk of loss if the coinsurance lenders were unable to meet their coinsurance obligations. In addition, HUD's obligation for the payment of its share of the loss could be diminished under certain conditions, such as the lender not adequately pursuing regulatory violations of the borrower or the failure to comply with other terms of the mortgage. However, the General Partner is not aware of any conditions or actions that would result in HUD diminishing its insurance coverage.

1. Coinsured by third parties

As of December 31, 1993 and 1992, the former managing general partner, on behalf of the Partnership, had invested in eight and nine coinsured mortgages, respectively, five of which are coinsured by an unaffiliated third party coinsurance lender under the HUD coinsurance program. Two of the coinsured mortgages which are coinsured by an unaffiliated third party are classified as Mortgages Held for Disposition as of December 31, 1993 and are discussed below. The remaining three coinsured mortgages which are coinsured by unaffiliated third parties are current with respect to the payment of principal and interest and are classified as investment in mortgages as of December 31, 1993 and 1992. As of December 31, 1993 and 1992, these three coinsured mortgages had an aggregate carrying value of $22,680,052 and $22,792,326, respectively, and an aggregate face value of $21,945,884 and $22,047,027, respectively.

The following is a discussion of actual and potential performance problems with respect to certain mortgage investments coinsured by an unaffiliated third party:

4. INVESTMENT IN MORTGAGES - Continued

The Originated Insured Mortgage on The Villas, a 405-unit apartment complex located in Lauderhill, Florida, is coinsured by the Patrician Mortgage Company (Patrician) and had a carrying value equal to its face value of $15,856,842 and $15,878,027 as of December 31, 1993 and 1992, respectively. Since August 1, 1990, the mortgagor has not made the full monthly payments of principal and interest to Patrician. Patrician began collecting rents from the project and continued to make the monthly debt service payments to the Partnership through February 1992. The Partnership and Patrician entered into a modification agreement which provided for reduced payments through July 1992, regular scheduled payments from August 1992 to December 1992, and then increased payments for a period lasting approximately 10 years.

The mortgagor of the mortgage on The Villas was unable to comply with the terms of the modification. As a result, Patrician filed a foreclosure action on October 14, 1993. On November 2, 1993, the mortgagor of The Villas filed for protection under Chapter 11 of the

Federal Bankruptcy Code. If Patrician and the mortgagor are unable to negotiate a settlement, Patrician intends to litigate the case in bankruptcy court and to subsequently acquire and dispose of the property. As of March 4, 1994, Patrician had made payments of principal and interest due through November 1993.

The mortgagor of The Villas mortgage is also the mortgagor of the Originated Insured Mortgage on St. Charles Place-Phase II, a 156-unit apartment complex located in Miramar, Florida, which is also coinsured by Patrician. The St. Charles Place-Phase II mortgage had a carrying value and a face value of $3,098,630 and $3,107,542 as of December 31, 1993 and December 31, 1992, respectively. These amounts represent the Partnership's approximately 45% ownership interest in the mortgage. The remaining 55% ownership interest is held by American Insured Mortgage Investors L.P. - Series 88 (AIM 88), an affiliated entity.

During 1993, the mortgagor of St. Charles Place-Phase II paid its monthly principal and interest payments to Patrician in arrears, and did not make the monthly payment of principal and interest due to Patrician for the period of October 1993 through December 1993. However, Patrician has remitted monthly payments of principal and interest due for these months to the Partnership. As the mortgagor was unable to bring the loan current, Patrician filed a foreclosure action on October 14, 1993. On November 2, 1993, the mortgagor of the mortgage on St. Charles Place-Phase II filed for protection under Chapter 11 of the Federal Bankruptcy Code. If Patrician and the mortgagor are unable to negotiate a settlement, Patrician intends to litigate the case in bankruptcy court and to subsequently acquire and dispose of the property.

The General Partner is overseeing Patrician's efforts to complete the foreclosure action, including the subsequent acquisition and disposition of the above two properties. As the coinsurance lender, Patrician is liable to the Partnership for the outstanding principal balance of both mortgages plus all accrued but unpaid interest through the date of such payment. If the sale of the properties collateralizing the mortgages produces insufficient net proceeds to repay the mortgage obligations to the Partnership, Patrician will be liable to the Partnership for the coinsurance lender's share of the deficiency. Based on the General

4. INVESTMENT IN MORTGAGES - Continued

Partner's assessment of the collateral underlying the mortgages, including information related to the financial condition of Patrician, the General Partner believes the carrying value of these assets is realizable. As a result of Patrician's coinsurance obligation these mortgages were classified as Mortgages Held for Disposition as of December 31, 1993. The Partnership intends to reinvest any net disposition proceeds from these mortgages in Acquired Insured Mortgages.

The General Partner intends to continue to oversee the Partnership's interest in these mortgages to ensure that Patrician meets its coinsurance obligations. The General Partner's assessment of the realizability of The Villas and St. Charles Place-Phase II mortgages is based on current information, and to the extent current conditions change or additional information becomes available, then 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

a. The former managing general partner, on behalf of the Partnership, had invested in coinsured originated mortgages where the coinsurance lender is IFI. As of December 31, 1993 and 1992, the Partnership had investments remaining in three and four coinsured originated mortgages, respectively, where the coinsurance lender is IFI. 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. As of December 31, 1993 and 1992, one and two of these mortgages, respectively, were classified as AHFS and are discussed below.

As of December 31, 1993, the remaining two IFI coinsured mortgages, as shown in the table below, are classified as investment in mortgages and are current with respect to the payment of principal and interest. The General Partner believes there is adequate collateral value underlying the mortgages. Therefore, no loan losses were recognized on these mortgages during the years ended December 31, 1993, 1992 and 1991.

	Carrying Amount December 31, 1993	Face Amount December 31, 1993	Carrying Amount December 31, 1992	Face Amount December 31, 1992
Pembrook Apartments	$ 15,684,341	$ 15,060,875	$ 15,756,698	$ 15,123,548
Spring Lake Village	5,169,914	5,054,317	5,191,641	5,074,329

b. Assets Held for Sale Under Coinsurance Program

On the AHFS determination date for the applicable mortgages and through December 31, 1993, the Partnership discontinued accruing interest income in accordance with the original terms of the mortgage. For the years ended December 31, 1992 and 1991, the Partnership recognized $1,170,700 and $572,572, respectively, as interest income and received $2,794,186 and $1,461,309, respectively, representing the borrowers interest payments on the mortgages which were applied to reduce the outstanding basis in the mortgage investment. Beginning on January 1, 1993, the Partnership began to recognize mortgage investment income for the mortgages classified as AHFS in the amount coinsured by HUD. Given the improved financial performance of the borrowers and the General Partner's assessment of the collateral underlying the mortgages, the General Partner determined that it was appropriate to begin recognizing interest income at least to the level of insurance provided by HUD. To the extent the borrower remits interest in excess of the HUD insured amount, this excess amount is recognized as income on the cash basis.

During 1993, the Partnership recognized $2,898,882 in interest income. Cash totalling $639,756 was received from mortgages classified as AHFS.

4. INVESTMENT IN MORTGAGES - Continued

The following table summarizes the coinsured mortgages accounted for as AHFS as of December 31, 1993 and 1992, respectively:

<TABLE><CAPTION>

	Carrying Amount December 31, 1993	Face Amount December 31, 1993	Carrying Amount December 31, 1992	Face Amount December 31, 1992	Loan Losses Recognized 1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
One East Delaware	$32,103,528	$34,987,071	$29,257,820	$34,987,071	$ --	$ --	$3,665,654
Victoria Pointe Apts.- Phase II(a)	--	--	8,852,196	9,787,127	63,488	106,870	1,255,554
	$32,103,528	$34,987,071	$38,110,016	$44,774,198	$ 63,488	$ 106,870	$4,921,208

(a) The Partnership received settlement proceeds from the disposition of this mortgage in December 1993 and January 1994, as discussed below.
</TABLE>

4. INVESTMENT IN MORTGAGES - Continued

The following is a discussion of performance problems with respect to those mortgage investments accounted for as AHFS:

1. In December 1993, the General Partner entered into a Modification Agreement with the mortgagor of the mortgage on One East Delaware wherein the mortgagor had until April 30, 1994 to pay off the mortgage at a discount. The mortgagor prepaid the loan in January 1994. Total proceeds received were approximately $33.6 million, which resulted in a financial statement gain of approximately $1.2 million which was recognized in 1994. The Partnership intends to reinvest any net disposition proceeds from this mortgage in Acquired Insured Mortgages.

2. In December 1993, the Partnership settled, for approximately $9,050,000, the mortgage on Victoria Pointe Apartments-Phase II. As of December 31, 1993, the Partnership recognized a loan loss amounting to $63,488 which is reflected in the accompanying statement of operations for the year ended December 31, 1993. As of December 31, 1993 the Partnership had committed to reinvest the net disposition proceeds in Acquired Insured Mortgages.

5. DISTRIBUTIONS TO UNITHOLDERS

The composition of distributions paid or accrued to Unitholders on a per Limited Partnership Unit basis for the years ended December 31, 1993, 1992 and 1991 are as follows:

	1993	1992	1991
Quarter ended March 31,	$ .230	$ .300	$ .325
Quarter ended June 30,	.210	.220	.325
Quarter ended September 30,	.290(1)	.300	.285
Quarter ended December 31,	.280(2)	.320	.327
	$1.010	$1.140	$1.262

(1) In September 1993, the Partnership received $591,872 (approximately $.06 per Unit) from the mortgage on Victoria Pointe Apartments-Phase II, representing mortgage interest from October 1991 through June 1992, and a partial payment for July 1992. The Partnership distributed approximately $.03 per Unit of this previously undistributed interest and reserved approximately $.03 per Unit for the continued funding of coinsurance expenses. The Partnership distributed the remaining interest of approximately $.03 per Unit to Unitholders as part of the fourth quarter distribution, as discussed below.

(2) This includes a special distribution of approximately $.10 per Unit comprised of (i) $.03 per Unit of previously undistributed accrued interest from the mortgage on Victoria Pointe Apartments-Phase II which was reserved as part of the third quarter distribution, described above, and (ii) $.07 per Unit representing previously undistributed accrued interest received in December 1993 resulting from the disposition of the mortgage on Victoria Pointe Apartments-Phase II.

5. DISTRIBUTIONS TO UNITHOLDERS - Continued

The basis for paying distributions to Unitholders is cash flow from operations, which is comprised of regular interest income and principal from Insured Mortgages and gain, if any, from mortgage dispositions. Although 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 and monthly mortgage payments 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.

6. INVESTMENT IN AFFILIATE AND NOTE PAYABLE TO AFFILIATE

Effective December 31, 1991, American Insured Mortgage Investors-Series 85, L.P. (AIM 85) transferred a GNMA security in the amount of $4,696,548 to IFI in order to capitalize IFI with sufficient net worth under HUD regulations. The Partnership and AIM 88 each issued a demand note payable to AIM 85 and recorded an investment in IFI through an affiliate (AIM Mortgage, Inc.) at an amount proportionate to each entity's coinsured mortgages for which IFI was the mortgagee of record as of December 31, 1991. The Partnership accounts for its investment in IFI on the equity method of accounting. Interest expense on the note, based on an interest rate of 8% per annum, was $139,018 for each of the years ended December 31, 1993 and 1992.

In 1992, IFI entered into an expense reimbursement agreement with the Partnership, AIM 85 and AIM 88 (the AIM Funds) whereby IFI reimburses the AIM Funds for general and administrative expenses incurred on behalf of IFI. The expense reimbursement is allocated to the AIM Funds based on an amount proportionate to each entity's coinsured mortgages. The expense reimbursement, along with the Partnership's equity interest in IFI's net income or loss, substantially equals the interest expense on the note payable.

7. TRANSACTIONS WITH RELATED PARTIES

In addition to the related party transactions described above in Note 6, the General Partner, former general partners and certain affiliated entities, during the years ended December 31, 1993, 1992 and 1991, 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 years ended December 31, 1993	1992	1991
<S>	<C>	<C>	<C>	<C>
CRIIMI, Inc.(1)	General Partner/Distribution	$ 498,350	$ 562,495	$ 198,031
AIM Acquisition Partners, L.P.(2)	Advisor/Asset Management Fee	1,694,280	1,688,681	573,694
CRI(5)	Affiliate of General Partner/ Expense Reimbursement	142,495	209,880	69,604

AIM Capital Management Corp.; IRI Properties Capital Corp.; and Second Group Partners(3)	Former general partners/ Distribution January 1, 1991 through September 6, 1991	--	--	433,782
IFI(4)	Former advisor/ Asset Management Fee January 1, 1991 through September 6, 1991	--	--	1,527,332

</TABLE>

7. TRANSACTIONS WITH RELATED PARTIES - Continued

(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).

The principal officers of the General Partner for the period September 7, 1991 through December 31, 1993 did not receive fees for serving as officers of the General Partner, nor are any fees expected to be paid to the officers in the future.

(2) The Advisor, pursuant to the Purchase Agreement and amendments to the Partnership Agreement, is entitled to an Asset Management Fee equal to .95% of Total Invested Assets (as defined in the Partnership Agreement), effective October 1, 1991. The Asset Management Fee was based on 1.25% of Total Invested Assets from September 7, 1991 through September 30, 1991.

Of the amounts paid to the Advisor, the Sub-advisor earned a fee equal to $499,332, $497,716 and $158,545, or .28% of Total Invested Assets, for the years ended December 31, 1993 and 1992 and for the period September 7, 1991 through December 31, 1991, respectively.

(3) The former general partners were entitled to receive an aggregate 5% of the Partnership's income, loss, capital and distributions through September 6, 1991 (4.8% to the former managing general partner, 0.1% to the former corporate general partner and 0.1% to the former associate general partner).

(4) Asset management fees for managing the Partnership's mortgage portfolio for the period January 1, 1991 through September 6, 1991 were based on 1.25% of Total Invested Assets.

(5) These amounts are paid to CRI as reimbursement for expenses incurred on behalf of the General Partner and the Partnership.

8. PARTNERS' EQUITY

Depository Units representing economic rights in limited partnership interests were issued at a stated value of $20. A total of 9,576,165 depository Units of limited partnership interest were issued for an aggregate capital contribution of $191,523,300. In addition, the initial limited partner contributed $2,500 to the capital of the Partnership and received 125 Units of limited partnership interests in exchange therefor and the former general partners contributed a total of $1,000 to the Partnership.

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

NOTES TO FINANCIAL STATEMENTS

9. SUMMARY OF QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)
(In Thousands, Except Per Unit Data)

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 1993 and 1992:

<TABLE><CAPTION>

1993 Quarter ended	March 31	June 30	September 30	December 31
<S>	<C>	<C>	<C>	<C>
Income	$ 3,677	$ 3,625	$ 3,989	$ 3,139
Loan losses	--	--	--	(63)
Net earnings	3,109	3,092	3,410	2,559
Net earnings per Limited Partnership Unit	.31	.31	.34	.25

</TABLE>
<TABLE><CAPTION>

1992 Quarter ended	March 31 *	June 30 *	September 30*	December 31
<S>	<C>	<C>	<C>	<C>
Income	$ 3,163	$ 2,792	$ 2,930	$ 3,211
Loan losses	--	--	--	(107)
Net earnings	2,532	2,144	2,352	2,508
Net earnings per Limited Partnership Unit	.25	.21	.23	.26

* Certain amounts in the statements of operations for the three months ended March 31, 1992, June 30, 1992 and September 30, 1992 were reclassified to conform with the 1993 presentation. These reclassifications are reflected herein.
</TABLE>

<TABLE>

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86
SCHEDULE XII - MORTGAGE LOANS ON REAL ESTATE
DECEMBER 31, 1993

<CAPTION>

Development Name/ Location	Maturity Date	Put Date (1)	Interest Rate on Mortgage (4)(5)	Face Amount of Mortgage	Net Carrying Value(2)(3) (9)(10)(14)	Cumulative Loan Losses	Annual Payment (Principal and Interest) (4)(11)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ORIGINATED INSURED MORTGAGES:							
Fully Insured Mortgages							
Iroquois Club Apts. Naperville, IL	3/29	12/03	8.25%	$ 18,659,525	$ 19,350,811	$ --	$ 1,629,873
Colony Square Apts. Rocky Mount, NC	10/28	4/02	8.25%	4,254,123	4,430,098	--	372,352
Lakewood Villas Vernon Hills, IL	6/28	5/02	8.50%	5,998,867	6,229,864	--	539,123

Argyle Place Hickory, NC	4/29	7/03	8.25%	4,974,917	5,158,984	--	434,902
Skyridge Club Crystal Lake, IL	7/29	7/05	8.25%	8,931,821	9,309,444	--	778,940
Arbor Station Montgomery, AL	10/29	7/02	8.25%	8,829,846	9,179,063	--	771,270
Greenbriar Place Glen Ellyn, IL	4/29	7/02	8.25%	5,822,185	6,053,458	--	508,353
Ridgeview Chase Apts. Westminster, MD	2/30	10/04	8.375%	9,463,405	9,828,129	--	833,588
				66,934,689	69,539,851		

</TABLE>

<TABLE>

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86
SCHEDULE XII - MORTGAGE LOANS ON REAL ESTATE
DECEMBER 31, 1993

<CAPTION>

Development Name/ Location	Maturity Date	Put Date (1)	Interest Rate on Mortgage (4)(5)	Face Amount of Mortgage	Net Carrying Value(2)(3) (9)(10)(14)	Cumulative Loan Losses	Annual Payment (Principal and Interest) (4)(11)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Coinsured Mortgages							
Woodland Apts. Minnetonka, MN(6)	5/29	10/02	8.25%	$ 11,946,172	$ 12,389,101	$ --	$1,043,897
Woodbine at Lakewood Apts. Boise, ID(6)	12/28	10/02	8.25%	5,075,963	5,273,352	--	443,917
Carmen Drive Estates Lake Oswego, OR(6)	4/29	12/02	8.50%	4,923,749	5,017,599	--	440,780
Pembrook Apts. Gurnee, IL(7)	6/30	10/05	8.25%	15,060,875	15,684,341	--	1,308,031
Spring Lake Village St. Petersburg, FL(7)	7/29	5/03	8.75%	5,054,317	5,169,914	--	463,226
Total Investment in Originated Insured Mortgages				42,061,076	43,534,307		
ACQUIRED INSURED MORTGAGES:							
Southampton Apts. Grove City, OH	4/27	--	8.50%	$ 2,024,552	$ 2,006,185	--	$ 183,038
Winburn Square Lexington, KY	1/27	--	9.00%	1,009,532	1,005,973	--	95,829
Total Investment in Acquired Insured Mortgages				$ 3,034,084	$ 3,012,158		
TOTAL INSURED MORTGAGES				$112,029,849	$116,086,316		

</TABLE>

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AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86
SCHEDULE XII - MORTGAGE LOANS ON REAL ESTATE
DECEMBER 31, 1993

<CAPTION>

	Interest	Net	Annual Payment (Principal

Development Name/ Location	Maturity Date	Put Date (1)	Rate on Mortgage (4)(5)	Face Amount of Mortgage	Carrying Value(2)(3) (9)(10)(14)	Cumulative Loan Losses	and Interest) (4)(11)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ASSET HELD FOR SALE UNDER COINSURANCE PROGRAM:							
One East Delaware Chicago, IL(7)	4/30	8/04	8.125%	$34,987,071(12)	$32,103,528	$ 4,550,654	$ 2,987,041
MORTGAGES HELD FOR DISPOSITION:							
The Villas Lauder Hill, FL (6)	7/29	8/02	8.75%	$15,856,842(12)	$15,856,842	$ 609,000	$ 1,491,805(13)
St. Charles Place-Phase II Miramer, FL (6)	2/30	12/03	8.625%	3,098,630(8,12)	3,098,630	106,000	279,571(8)
TOTAL MORTGAGES HELD FOR DISPOSITION				$18,955,472	$18,955,472		

</TABLE>

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

NOTES TO SCHEDULE XII - MORTGAGE LOANS ON REAL ESTATE

DECEMBER 31, 1993

(1) Under the Section 221 program of the National Housing Act of 1937, as amended, a mortgagee has the right to assign a mortgage (put) to the Federal Housing Administration (FHA) at the expiration of 20 years from the date of final endorsement, if the mortgage is not in default at such time. Any mortgagee electing to assign an FHA insured mortgage to FHA will receive in exchange HUD debentures having a total face value equal to the then outstanding principal balance of the FHA insured mortgage plus accrued interest to the date of assignment. These HUD debentures will mature 10 years from the date of assignment and will bear interest at the "going Federal" rate at such date. This assignment procedure is applicable to a mortgage which had a firm or conditional FHA commitment for insurance on or before November 30, 1983 and, in the case of mortgages sold in a GNMA auction, was sold in an auction prior to February of 1984. Certain of the Partnership's mortgages may have the right of assignment under this program. Certain mortgages that do not qualify under this program possess a special assignment option, in certain mortgage documents, which allows the Partnership, anytime after this date, the option to require payment of the unpaid principal balance of the mortgages. At such time, the borrowers must make payment to the Partnership or the Partnership may cancel the FHA insurance and institute foreclosure proceedings.

(2) Inclusive of closing costs and acquisition fees.

(3) Prepayment of these mortgages would be based upon the unpaid principal balance at the time of prepayment.

(4) This represents the base interest rate during the permanent phase of this mortgage loan. Additional interest (referred to as Participations) measured as a percentage of the net cash flow from the development and of the net proceeds from sale, refinancing or other disposition of the underlying development (as defined in the Participation Agreements), will also be due. During the years ended 1993, 1992 and 1991, the Partnership received additional interest of

$113,822, $104,350 and $52,816, respectively, as a result of the Participations.

(5) In addition, the servicer or the sub-servicer of the mortgage, primarily unaffiliated third parties, is entitled to receive compensation for certain services rendered. Effective January 1993, CRICO Mortgage Company, Inc., an affiliate of CRI, became the sub-servicer of 3 of the 8 coinsured mortgages.

(6) These mortgages are insured under the HUD coinsurance program, as previously discussed. The HUD-approved coinsurance lenders for these mortgages are Patrician Mortgage Company (The Villas and St. Charles Place-Phase II) and M-West Mortgage Corporation (Woodland Apartments, Woodbine at Lakewood Apartments and Carmen Drive Estates).

(7) These mortgages are insured under the HUD coinsurance program. IFI is the HUD-approved coinsurance lender, and the Partnership bears the risk of any principal loss, as previously discussed.

(8) These amounts represent the Partnership's 45% interest in these mortgages. The remaining 55% interest was acquired by AIM 88.

AMERICAN INSURED MORTGAGE INVESTORS L.P. - SERIES 86

NOTES TO SCHEDULE XII - MORTGAGE LOANS ON REAL ESTATE

DECEMBER 31, 1993

(9) A reconciliation of the carrying value of the Insured Mortgages, including Mortgages Held for Disposition and Assets Held for Sale Under Coinsurance Program, for the years ended December 31, 1993 and 1992 is as follows:

	1993	1992
Beginning balance	$173,752,165	$173,017,756
Investment in Acquired Insured Mortgages	--	3,032,831
Principal receipts on mortgages	(600,361)	(573,537)
Mortgage acquisition costs	--	5,471
Payments made (received) for AHFS/mortgage investment income accrued/accreted on AHFS	3,106,783	(1,623,486)
Loan losses	(63,488)	(106,870)
Disposition of AHFS	(9,049,783)	--
Ending balance	$167,145,316	$173,752,165

(10) The Partnership's mortgages are non-recourse first liens on multifamily residential developments or retirement homes.

(11) Principal and interest are payable at level amounts over the life of the mortgages.

(12) Represents principal amount subject to delinquent principal or interest. See Note 4 to financial statements.

(13) Annual payment reflects required principal and interest payments for 1993 as per the modification agreement.

(14) As of December 31, 1993 and 1992, the tax basis of the Insured Mortgages, including Mortgages Held for Disposition and Assets Held for Sale Under Coinsurance Program, was approximately $168.0 million and $176.1 million, respectively.