

MUNICIPAL MORTGAGE & EQUITY LLC  
Form 10-K/A  
March 25, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-K/A**

(Amendment No. 1)

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

For the fiscal year ended December 31, 2013  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-55051  
**MUNICIPAL MORTGAGE & EQUITY, LLC**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**621 East Pratt Street, Suite 600**  
**Baltimore, Maryland**

(Address of principal executive offices)  
**21202**  
(Zip Code)

**52-1449733**  
(I.R.S. Employer Identification No.)

**(443) 263-2900**  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None  
Securities registered pursuant to Section 12(g) of the Act: Common Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of our common shares held by non-affiliates was \$47,060,605 based on the last sale price as reported in the over the counter market on June 30, 2013.

There were 38,801,812 shares of common shares outstanding at March 13, 2014.

Portions of the Registrant's Proxy Statement to be filed on or about April 7, 2014 have been incorporated by reference into Part II of this report.

**EXPLANATORY NOTE**

The sole purpose of this Amendment No. 1 (this “Amendment”) to Municipal Mortgage & Equity, LLC’s Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission on March 21, 2014 (the “Form 10-K”), is to file a signed Report of Independent Registered Public Accounting Firm. The original Form 10-K included the Report of Independent Registered Public Accounting firm, but inadvertently omitted the conformed signature of KPMG.

No other modifications or changes have been made to the Form 10-K. This Amendment speaks as of the original filing date of the Form 10-K, does not reflect events that may have occurred subsequent to the original filing date and does not modify or update in any way disclosures made in the original Form 10-K.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certificates by our principal executive officer and principal financial officer are filed herewith as exhibits to this Amendment.

**PART IV**

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(1) The following is a list of the consolidated financial statements included at the end of this Report:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets at December 31, 2013 and 2012

Consolidated Statements of Operations for the Years Ended December 31, 2013 and 2012

Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2013 and 2012

Consolidated Statements of Equity for the Years Ended December 31, 2013 and 2012

Consolidated Statements of Cash Flows for the Years Ended December 31, 2013 and 2012

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules:

Schedule II – Valuation and Qualifying Accounts (The information required is presented within the notes to the Consolidated Financial Statements)

(3) Exhibit Index

See Exhibit Index immediately preceding the exhibits

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders  
Municipal Mortgage and Equity, LLC:

We have audited the accompanying consolidated balance sheets of Municipal Mortgage and Equity, LLC and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Municipal Mortgage and Equity, LLC and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years then ended in conformity with U.S. generally accepted accounting principles.

(signed) KPMG LLP

Baltimore, Maryland  
March 21, 2014

*Municipal Mortgage & Equity, LLC*  
**CONSOLIDATED BALANCE SHEETS**  
*(in thousands, except share data)*

	December 31, 2013	December 31, 2012
<b>ASSETS</b>		
Cash and cash equivalents (includes \$41,634 at December 31, 2012 in a consolidated subsidiary that had restrictions on distributions)	\$ 66,794	\$ 50,857
Restricted cash (includes \$52,897 and \$53,957 related to CFVs)	87,903	55,313
Bonds available-for-sale (includes \$134,769 and \$925,346 pledged as collateral and/or restricted)	195,332	969,394
Investments in Lower Tier Property Partnerships related to CFVs	286,007	333,335
SA Fund investments related to CFVs	158,325	161,433
Real estate held-for-use, net (includes \$15,644 and \$17,756 pledged as collateral and \$102,314 and \$111,931 related to CFVs)	120,576	129,687
Real estate held-for-sale, net (includes \$15,338 at December 31, 2012 related to CFVs)	24,090	15,338
Investment in preferred stock	31,371	31,371
Other assets (includes \$11,907 and \$14,691 pledged as collateral and \$23,664 and \$17,568 related to CFVs)	44,960	55,024
<b>Total assets</b>	<b>\$ 1,015,358</b>	<b>\$ 1,801,752</b>
<b>LIABILITIES AND EQUITY</b>		
Debt (includes \$91,602 and \$55,433 related to CFVs)	\$ 441,963	\$ 1,042,959
Derivative liabilities	626	3,544
Accounts payable and accrued expenses	8,723	12,498
Unfunded equity commitments to Lower Tier Property Partnerships related to CFVs	13,461	15,881
Other liabilities (includes \$4,043 and \$6,150 related to CFVs)	11,726	15,145
<b>Total liabilities</b>	<b>\$ 476,499</b>	<b>\$ 1,090,027</b>
<b>Commitments and contingencies</b>		
<b>Equity:</b>		
Perpetual preferred shareholders' equity in a subsidiary company, liquidation preference of \$159,000 at December 31, 2012	\$	\$ 155,033
Noncontrolling interests in CFVs and IHS (net of \$575 and \$1,533 of subscriptions receivable)	473,513	511,791
<b>Common shareholders' equity:</b>		
Common shares, no par value (39,279,596 and 40,638,614 shares issued and outstanding and 1,281,080 and 1,873,348 non-employee directors' and employee	28,687	(93,786)

deferred shares issued at December 31, 2013 and 2012, respectively)

Accumulated other comprehensive income	36,659	138,687
Total common shareholders' equity	65,346	44,901
Total equity	538,859	711,725
Total liabilities and equity	\$ 1,015,358	\$ 1,801,752

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

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*Municipal Mortgage & Equity, LLC*  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(in thousands)*

	For the year ended December 31,	
	2013	2012
Interest income		
Interest on bonds	\$ 37,280	\$ 64,916
Interest on loans and short-term investments	648	875
Total interest income	37,928	65,791
<b>Interest expense <sup>(1)</sup></b>		
Bond related debt	22,996	24,233
Non-bond related debt	1,256	2,426
Total interest expense	24,252	26,659
Net interest income	13,676	39,132
Non-interest revenue		
Income on preferred stock investment	5,260	5,749
Other income	2,650	2,525
Revenue from CFVs	21,310	11,212
Total non-interest revenue	29,220	19,486
Total revenues, net of interest expense	42,896	58,618
Operating and other expenses		
Interest expense <sup>(2)</sup>	14,988	18,542
Salaries and benefits	12,318	10,428
General and administrative	4,699	5,025
Professional fees	8,492	6,764
Impairment on bonds:		
Total other-than-temporary impairment on bonds	2,619	7,217
Portion of other-than-temporary impairment recognized in AOCI	(547)	
Net impairment of bonds recognized in earnings	2,072	7,217
Net loan (recovery)	5	(5,647)
Other expenses	6,245	6,446
Expenses from CFVs	53,708	28,124
Total operating and other expenses	102,527	76,899
Net gains on assets and derivatives	78,783	81
Net gains (losses) on early extinguishment of liabilities	36,583	(1,774)
Net gains due to initial real estate consolidation and foreclosure	10,895	5,404
Net gains related to CFVs	31,795	12,441
Equity in losses from Lower Tier Property Partnerships of CFVs	(26,609)	(39,391)
Net income (loss) from continuing operations before income taxes	71,816	(41,520)
Income tax benefit (expense)	1,304	(101)
Income from discontinued operations, net of tax	26,727	2,960
Net income (loss)	99,847	(38,661)
Income allocable to noncontrolling interests:		
Income allocable to perpetual preferred shareholders of a subsidiary company	(3,714)	(9,443)

Net losses (income) allocable to noncontrolling interests in CFVs and IHS:		
Related to continuing operations	33,058	48,825
Related to discontinued operations	(1,351)	2,394
Net income to common shareholders	\$ 127,840	\$ 3,115

(1) Represents interest expense related to debt which finances interest-bearing assets. See Note 6, "Debt."

(2) Represents interest expense related to debt which does not finance interest-bearing assets. See Note 6, "Debt."

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

*Municipal Mortgage & Equity, LLC*  
**CONSOLIDATED STATEMENTS OF OPERATIONS (continued)**  
*(in thousands, except per share data)*

	For the year ended December 31,	
	2013	2012
Basic income per common share:		
Income (loss) from continuing operations	\$ 2.44	\$ (0.06)
Income from discontinued operations	0.60	0.13
Income per common share	\$ 3.04	\$ 0.07
Diluted income per common share:		
Income (loss) from continuing operations (adjusted for liability classified awards)	\$ 2.38	\$ (0.06)
Income from discontinued operations	0.58	0.13
Income per common share	\$ 2.96	\$ 0.07
Weighted-average common shares outstanding:		
Basic	42,118	42,259
Diluted	43,587	42,443

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

*Municipal Mortgage & Equity, LLC*  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
*(in thousands)*

	For the year ended December 31,	
	2013	2012
Net income to common shareholders	\$ 127,840	\$ 3,115
Net loss allocable to noncontrolling interests	(27,993)	(41,776)
Net income (loss)	\$ 99,847	\$ (38,661)
Other comprehensive (loss) income allocable to common shareholders:		
Bond related changes:		
Net unrealized (losses) gains arising during the period	\$ (16,104)	\$ 34,255
Reversal of net unrealized gains on sold/redeemed bonds	(77,226)	(1,420)
Reclassification of unrealized bond losses to operations due to impairment	2,072	7,217
Reclassification of unrealized bond gains to operations due to consolidation of funds and ventures	(10,895)	(5,404)
Net changes in other comprehensive income due to bonds	(102,153)	34,648
Foreign currency translation adjustment	125	(15)
Other comprehensive (loss) income allocable to common shareholders	\$ (102,028)	\$ 34,633
Other comprehensive loss allocable to noncontrolling interests:		
Foreign currency translation adjustment for SA Fund and IHS	\$ (26,552)	\$ (5,875)
Comprehensive income to common shareholders	\$ 25,812	\$ 37,748
Comprehensive loss to noncontrolling interests	(54,545)	(47,651)
Comprehensive loss	\$ (28,733)	\$ (9,903)

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

*Municipal Mortgage & Equity, LLC*  
**CONSOLIDATED STATEMENTS OF EQUITY**  
*(in thousands)*

	Common Equity Before Accumulated Other Comprehensive Income		Accumulated Other Comprehensive Income	Total Common Shareholders' Equity	Perpetual Preferred Shareholders' Equity	Noncontrolling Interest in CFV and IHS	Total Equity
	Number	Amount					
Balance, January 1, 2012	42,119	\$ (99,222)	\$ 104,054	\$ 4,832	\$ 155,033	\$ 545,185	\$ 705,050
Net income (loss)		3,115		3,115	9,443	(51,219)	(38,661)
Other comprehensive income			34,633	34,633		(5,875)	28,758
Distributions					(9,443)		(9,443)
Contributions						20,462	20,462
Common shares (restricted and deferred) issued under employee and non-employee director share plans	393	126		126			126
Mark-to-market activity for liability classified awards previously classified as equity		(7)		(7)			(7)
Net change due to consolidation		2,202		2,202		3,238	5,440
Balance, December 31, 2012	42,512	\$ (93,786)	\$ 138,687	\$ 44,901	\$ 155,033	\$ 511,791	\$ 711,725
Net income (loss)		127,840		127,840	3,714	(31,707)	99,847
Other comprehensive loss			(102,028)	(102,028)		(26,552)	(128,580)
Distributions					(3,714)	(631)	(4,345)
Contributions						13,465	13,465
Common shares (restricted and deferred) issued under employee and non-employee director share plans	147	205		205			205
Mark-to-market activity for liability		(15)		(15)			(15)

classified awards previously classified as equity							
Net change due to consolidation		(695)		(695)		7,147	6,452
Employee and non-employee shares cancelled	(32)						
Common share repurchases	(2,066)	(2,682)		(2,682)			(2,682)
Preferred share repurchases		842		842	(37,055)		(36,213)
Preferred shares transferred to TEB purchaser		(3,022)		(3,022)	(117,978)		(121,000)
Balance, December 31, 2013	40,561	\$ 28,687	\$ 36,659	\$ 65,346	\$	\$ 473,513	\$ 538,859

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

*Municipal Mortgage & Equity, LLC*  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(in thousands)*

	For the year ended December 31,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 99,847	\$ (38,661)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Net gains on sales of bonds and loans	(78,765)	(1,729)
Net gains due to real estate consolidation and foreclosure	(10,895)	(5,404)
Net gains related to CFVs	(36,625)	(14,019)
Provisions for credit losses and impairment	24,548	14,889
Equity in losses from Lower Tier Property Partnerships of CFVs	26,884	40,070
Interest rate swap termination payments	(1,967)	(10,452)
Subordinate debt effective yield amortization and interest accruals	7,902	10,263
Net gains on early extinguishment of liabilities	(36,583)	-
Net gains on sales of real estate and other investments	(19,577)	(40)
Depreciation and other amortization	18,343	9,775
Foreign currency loss	11,691	1,377
Stock-based compensation expense	1,823	300
Other	(3,760)	(1,422)
Net cash provided by operating activities	2,866	4,947
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Advances on and purchases of bonds	-	(6,189)
Principal payments and sales proceeds received on bonds	16,383	45,782
Advances on and originations of loans held for investment	(512)	(550)
Principal payments received on loans held for investment	598	7,981
Insurance recoveries on real estate	-	753
Investments in property partnerships and real estate	(30,927)	(58,425)
Proceeds from the sale of real estate and other investments	87,154	24,134
Proceeds received on redemption of investment in preferred stock	-	5,000
Net proceeds from the sale of a subsidiary company	19,151	-
Increase in restricted cash and cash of CFVs	(22,832)	(3,575)
Capital distributions received from investments in partnerships	16,784	9,142
Net cash provided by investing activities	85,799	24,053
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowing activity	116,494	593,570
Repayment of borrowings	(157,323)	(619,686)
Payment of debt issuance costs	(1,202)	(5,271)
Contributions from holders of noncontrolling interests	13,465	20,462
Distributions paid to holders of noncontrolling interests	(631)	-
Purchase of treasury stock	(2,682)	-
Distributions paid to perpetual preferred shareholders of a subsidiary company	(4,636)	(9,334)
Redemption of perpetual preferred shares	(36,213)	-
Net cash used in financing activities	(72,728)	(20,259)

Net increase in cash and cash equivalents	15,937	8,741
Cash and cash equivalents at beginning of period	50,857	42,116
Cash and cash equivalents at end of period	\$ 66,794	\$ 50,857

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

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*Municipal Mortgage & Equity, LLC*  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
*(in thousands)*

	For the year ended December 31,	
	2013	2012
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$	31,668