

First Commonwealth Mortgage Trust

Report for the Nine Months Ended September 30, 2011

December 5, 2011

To Our Shareholders:

The financial statements of First Commonwealth Mortgage Trust ("FCMT") for the nine months ended September 30, 2011 and September 30, 2010 (unaudited) are included at the end of this report.

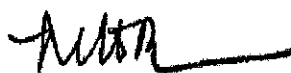
For the first nine months of 2011, FCMT's total revenues were \$575,614. There was a net loss of \$787,537 and a net loss per share of \$0.53. The primary reason for the loss is that FCMT wrote off obligations owed to it by Heights of Tampa, LLC.

In the third quarter, the three equity owners of the Heights of Tampa project filed for bankruptcy under Chapter 7. In all probability this means there will be no assets available for distribution to unsecured creditors. As a result a further impairment loss of \$955,000 was taken. This completely writes off the obligations of those entities to FCMT except for its first mortgage positions.

The bankruptcy automatically stays litigation against the Heights entities. A petition to the bankruptcy court to lift the stay will be necessary to start foreclosure proceedings against the mortgagors. At this juncture FCMT is coordinating with the other mortgagees to develop a strategy to maximize recovery on their loans.



Kenneth A. McGaw
President



Robert Burns
Vice President and Treasurer

Forward Looking Statement – *Information provided by this statement contains or may contain forward-looking statements concerning anticipated financial events, results, circumstances, economic performance or expectations with respect to FCMT and its subsidiaries, including its business operations, business strategy, and financial condition. Forward-looking statements reflect management's beliefs and assumptions and are based on information currently available. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of FCMT to differ materially from those expressed or implied in the statements. FCMT assumes no obligation to update or revise any statement herein, except as required by law.*

FIRST COMMONWEALTH MORTGAGE TRUST
BALANCE SHEET (unaudited)
September 30, 2011 and 2010

<u>ASSETS</u>	<u>September 30, 2011</u>	<u>September 30, 2010</u>
Mortgage Notes Receivable:		
Mortgage notes receivable, net of participations payable of \$1,400,000 and \$1,400,000 at September 30, 2011 and 2010, respectively	\$ 13,046,430	\$ 12,601,055
Allowance for losses	(2,710,277)	(386,814)
	<u>10,336,153</u>	<u>12,214,241</u>
Cash and cash equivalents	12,928	90,507
Certificate of deposit	-	102,816
Accrued interest receivable, net of participations interest payable of \$36,480 and \$104,706 at September 30, 2011 and 2010, respectively	593,245	2,118,464
Other receivables	-	15,127
Investment in affiliates	226,995	226,995
Investment in marketable securities	-	2,963
Prepaid Expenses	-	40,000
	<u>\$ 11,169,321</u>	<u>\$ 14,811,113</u>
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Liabilities:		
Accounts payable and other liabilities	\$ 63,844	\$ 65,206
Notes Payable	501,468	100,001
Total Liabilities	<u>565,312</u>	<u>165,207</u>
 Shareholders' Equity:		
Shares of beneficial interest, no par value, unlimited shares authorized, 1,490,571 shares issued and outstanding at September 30, 2011 and 2010	14,723,823	14,723,823
Accumulated deficit	(4,119,814)	74,933
Accumulated other comprehensive loss	-	(152,850)
	<u>10,604,009</u>	<u>14,645,906</u>
	<u>\$ 11,169,321</u>	<u>\$ 14,811,113</u>

FIRST COMMONWEALTH MORTGAGE TRUST
STATEMENT OF INCOME (unaudited)
Year to Date Ending September 30, 2011 and 2010

	<u>September 30, 2011</u>	<u>September 30, 2010</u>
Revenue:		
Interest income	\$ 569,363	\$ 1,126,297
Service fees and miscellaneous income	6,251	6,969
	<u>575,614</u>	<u>1,133,266</u>
Costs and Expenses:		
Management fees	180,307	142,801
Professional fees	32,337	30,942
Interest expense	24,297	1,254
Bad Debt Expense	970,000	200,000
Loss on Sale of Securities	153,414	-
General and administrative	2,796	3,175
	<u>1,363,151</u>	<u>378,172</u>
Net Income	<u>\$ (787,537)</u>	<u>\$ 755,094</u>
Weighted average shares outstanding	<u>1,490,571</u>	<u>1,490,571</u>
Net income per share, basic	<u>\$ (0.528)</u>	<u>\$ 0.507</u>

TRUST MANAGERS

George Beatty, Jr.
President, George Beatty Associates

William C. Brooks
Financial Consultant

Josef C. Hermans
Hotel Consultant

Kenneth A. McGaw
President,
First Commonwealth Mortgage Trust

Robert W. Scharar
President,
Holly Mortgage Trust, First Commonwealth Holdings Corporation, and FCA Corp

EXECUTIVE OFFICERS

Kenneth A. McGaw
President

Robert A. Burns
Vice President and Treasurer

William B. LeVay
Secretary

Steven C. Crawford
Assistant Secretary

TRANSFER AGENT

Wells Fargo Shareowner Services
161 North Concord Exchange Street, South St. Paul, MN 55075
Phone: (800) 468-9716 Fax: (651) 450-4033
Web: www.wellsfargo.com/shareownerservices

FIRST COMMONWEALTH MORTGAGE TRUST

791 Town & Country Blvd, Suite 250, Houston, TX 77024
Phone: (713) 281-7856 Fax: (713) 268-6000
Web: www.fcmt.net