



**CAPITAL
Mortgage
PLUS L.P.**

**QUARTERLY
REPORT**

**Ended
June 30, 2006**

August 2006

Message to Our BACsholders:

We would like to take this opportunity to present the Quarterly Report for Capital Mortgage Plus L.P. (the "Partnership") including financial statements for the quarter ended June 30, 2006.

On June 15, 2006, the Windemere property mortgage was satisfied, leaving one mortgage remaining in the Partnership's portfolio. The remaining mortgage for the property known as Fieldcrest is anticipated to be satisfied during the third quarter of this year. However no assurances can be given that the satisfaction of Fieldcrest's mortgage will occur within this timeframe. Any proceeds from the satisfaction of these mortgages are expected to be distributed by year-end. If the Partnership is terminated this year the Schedule K-1 form you will be receiving in 2007 for the 2006 tax year will be the final Schedule K-1 form. Please see the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this report for a more detailed explanation of Partnership operations.

Sincerely,

A handwritten signature in black ink that reads "Alan P. Hirmes". The signature is written in a cursive, flowing style.

Alan P. Hirmes
President
CIP Associates, Inc.

Statements of Financial Condition

| | June 30, 2006 <u>(Unaudited)</u> | December 31, 2005 <u>(Audited)</u> |
|--|--|--|
| ASSETS | | |
| Investments in mortgage loans (Note 2) | \$ 3,094,270 | \$ 10,541,743 |
| Loan origination costs (net of accumulated amortization of \$47,104 and \$148,496) | <u>96,086</u> | <u>325,334</u> |
| | 3,190,356 | 10,867,077 |
| Cash and cash equivalents | 9,189,981 | 591,905 |
| Accrued interest receivable (net of allowance of \$0 and \$963,033) | <u>22,382</u> | <u>72,164</u> |
| Total assets | <u>\$ 12,402,719</u> | <u>\$ 11,531,146</u> |
| LIABILITIES AND PARTNERS' CAPITAL (DEFICIT) | | |
| Liabilities | | |
| Accounts payable and other liabilities | \$ 18,115 | \$ 36,349 |
| Due to general partner and affiliates (Note 3) | <u>64,391</u> | <u>119,183</u> |
| Total liabilities | <u>82,506</u> | <u>155,532</u> |
| Partners' capital (deficit): | | |
| Limited Partners (1,836,660 BACs issued and outstanding) | 12,563,006 | 11,637,299 |
| General Partner | <u>(242,793)</u> | <u>(261,685)</u> |
| Total partners' capital (deficit) | <u>12,320,213</u> | <u>11,375,614</u> |
| Total Liabilities and Partners' Capital (Deficit) | <u>\$ 12,402,719</u> | <u>\$ 11,531,146</u> |

See accompanying notes to financial statements.

Statements of Income
(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-------------------|------------------------------|-------------------|
| | <u>2006</u> | <u>2005*</u> | <u>2006</u> | <u>2005*</u> |
| Revenues | | | | |
| Interest income: | | | | |
| Mortgage loans (Note 2)** | \$ (12,571) | \$ 243,866 | \$ 229,057 | \$ 488,015 |
| Temporary invest- ments | 5,621 | 1,454 | 25,072 | 15,038 |
| Other income | <u>737,233</u> | <u>1,100</u> | <u>740,101</u> | <u>2,400</u> |
| Total revenues | <u>730,283</u> | <u>246,420</u> | <u>994,230</u> | <u>505,453</u> |
| Expenses | | | | |
| General and admin- istrative | 27,690 | 32,251 | 47,673 | 53,042 |
| General and admin- istrative-related parties (Note 3) | 48,474 | 72,174 | 98,721 | 117,648 |
| Provision for (rever- sal of) bad debts | <u>(463,648)</u> | <u>29,860</u> | <u>(434,353)</u> | <u>59,467</u> |
| Total expenses | <u>(387,484)</u> | <u>134,285</u> | <u>(287,959)</u> | <u>230,157</u> |
| Net income | <u>\$ 1,117,767</u> | <u>\$ 112,135</u> | <u>\$ 1,282,189</u> | <u>\$ 275,296</u> |
| Allocation of Net income: | | | | |
| Limited Partners | <u>\$ 1,095,412</u> | <u>\$ 109,892</u> | <u>\$ 1,256,545</u> | <u>\$ 269,790</u> |
| General Partner | <u>\$ 22,355</u> | <u>\$ 2,243</u> | <u>\$ 25,644</u> | <u>\$ 5,506</u> |
| Net income per BAC | <u>\$ 0.60</u> | <u>\$ 0.06</u> | <u>\$ 0.68</u> | <u>\$ 0.15</u> |

* Reclassified for comparative purposes.

** Interest income – Mortgage loans for the three and six months ended June 30, 2006, includes \$224,557 of losses on the write-off of loan fees associated with the Windemere Mortgage.

See accompanying notes to financial statements.

Statement of Changes in Partners' Capital (Deficit)
(Unaudited)

| | <u>Total</u> | <u>Limited Partners</u> | <u>General Partner</u> |
|--|---------------------|-----------------------------|----------------------------|
| Partners' capital (deficit) – January 1, 2006 | \$11,375,614 | \$11,637,299 | \$ (261,685) |
| Net income | 1,282,189 | 1,256,545 | 25,644 |
| Distributions | <u>(337,590)</u> | <u>(330,838)</u> | <u>(6,752)</u> |
| Partners' capital (deficit) – June 30, 2006 | <u>\$12,320,213</u> | <u>\$12,563,006</u> | <u>\$ (242,793)</u> |

See accompanying notes to financial statements.

Statements of Cash Flows
(Unaudited)

| | Six Months Ended June 30, | |
|---|------------------------------|--------------------|
| | <u>2006</u> | <u>2005</u> |
| Cash flows from operating activities: | | |
| Net income | \$ 1,282,189 | \$ 275,296 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| (Reversal of) provisions for bad debts | (434,353) | 59,467 |
| Gain on recovery of amortized portion of equity loan | (736,550) | 0 |
| Loss on unamortized portion of loan costs on prepaid mortgage | 224,557 | 0 |
| Amortization expense | 4,691 | 4,952 |
| Decrease (increase) in accrued interest receivable | 484,135 | (59,058) |
| Decrease in other assets | 0 | 34,038 |
| Decrease in accounts payable and other liabilities | (18,234) | (8,994) |
| (Decrease) increase in due to general partner and affiliates | <u>(54,792)</u> | <u>39,584</u> |
| Net cash provided by operating activities | <u>751,643</u> | <u>345,285</u> |
| Cash flows from investing activities: | | |
| Receipt of principal on mortgage loans | 7,447,473 | 5,087,072 |
| Receipt of principal on equity loan | <u>736,550</u> | <u>0</u> |
| Net cash provided by investing activities | <u>8,184,023</u> | <u>5,087,072</u> |
| Cash flows from financing activities: | | |
| Distributions to partners | <u>(337,590)</u> | <u>(7,071,207)</u> |
| Net cash used in financing activities: | <u>(337,590)</u> | <u>(7,071,207)</u> |
| Net increase (decrease) in cash and cash equivalents | 8,598,076 | (1,638,850) |
| Cash and cash equivalents at beginning of period | <u>591,905</u> | <u>2,150,170</u> |
| Cash and cash equivalents at end of period | <u>\$ 9,189,981</u> | <u>\$ 511,320</u> |

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2006

Note 1 - General

The unaudited financial statements have been prepared on the same basis as the audited financial statements included in Capital Mortgage Plus L.P.'s (the "Partnership") Annual Report on Form 10-K for the year ended December 31, 2005. In the opinion of CIP Associates, Inc., a Delaware corporation (the "General Partner"), the accompanying unaudited financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position of the Partnership as of June 30, 2006, the results of operations for the three and six months ended June 30, 2006 and 2005 and its cash flows for the six months ended June 30, 2006 and 2005, respectively. However, the operating results for the three months ended June 30, 2006 may not be indicative of the results for the year.

Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2005.

The Partnership was formed to invest in insured or guaranteed mortgage investments. The Partnership has invested in first mortgage construction and permanent loans ("Mortgages") to finance multifamily residential rental properties ("Developments") developed by unaffiliated entities. The Partnership has also invested in uninsured equity loans ("Equity Loans") made directly to developers of developments on which the Partnership holds a Mortgage.

CAPITAL MORTGAGE PLUS L.P.
(a limited partnership)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006
(Unaudited)

Note 2 - Investments in Mortgage Loans

Information relating to investments in the Mortgages and Equity Loans as of June 30, 2006 is as follows:

| Property/ Location | No. of Apartment Units | Date of Investment | Final Maturity Date | Mortgage Loans | Equity Loans | Total Amounts Advanced | Investments in Loans at 6/30/2006(E) | Investments in Loans at 12/31/2005(E) | Interest earned by the Partnership during 2006 | | | Total Interest Earned | |
|--|------------------------------|-----------------------|---------------------------|----------------------|---------------------|------------------------------|--|---|--|--|--|--|---------------------------------|
| | | | | | | | | | Amounts Advanced | | Non-contingent | | Cash Flow Participa- tion |
| | | | | | | | | | Base Interest Amount/ Rate (A) | Default Interest Amount/ Rate (B) | Annual Yield Amount/ Rate (C) | Cash Participa- tion Amount/ Rate (D) | |
| Windemere Apts./ (F) Wichita, KS | 204 | 9/1990 | 9/2030 | \$ 8,110,300 | \$ 736,550 | \$ 8,846,850 | \$ 0 | \$ 7,432,335 | \$ 269,774 7.95% | \$ 53,964 1.60% | \$ 0 1.08% | \$ 0 30.00% | \$ 323,738 |
| Fieldcrest III Apts/ Dothan, AL | 112 | 8/1991 | 8/2031 | 3,343,700 | 383,300 | 3,727,000 | 3,094,270 | 3,109,408 | 134,567 8.68% | 0 0% | 0 1.36% | 0 30.00% | 134,567 |
| Total | | | | \$ 11,454,000 | \$ 1,119,850 | \$ 12,573,850 | \$ 3,094,270 | \$ 10,541,743 | \$ 404,341 | \$ 53,964 | \$ 0 | \$ 0 | \$ 458,305 |

Notes to Financial Statements (continued)
June 30, 2006

- (A) Base Interest on the Mortgages is that amount that is insured/co-insured by the Department of Housing and Urban Development (“HUD”) and is being shown net of service fee.
- (B) Default Interest is the minimum amount due over the base rate, and is not contingent upon cash flow. This interest is secured by partnership interests in the borrower.
- (C) Annual Yield is the amount over the default rate and is contingent upon cash flow of the Developments.
- (D) Cash Flow Participation is the percent of cash flow due to the Partnership after payment of the Annual Yield and is contingent upon cash flow of the Developments.
- (E) The Investments in loans amount reflects the unpaid balance of the Mortgages in the amount of \$3,094,270 at June 30, 2006 and \$10,541,743 at December 31, 2005. The Equity Loans are fully reserved.
- (F) On June 15, 2006, Windemere Development, Inc. (the “Owner”), the owner of Windemere, prepaid the Mortgage and Equity Loan in full. The Mortgage and the Equity Loan were secured by a mortgage on the Windemere property and partnership interests in the Owner. The outstanding debt repaid early to the Partnership totaled \$8,615,465, including the \$7,390,597 outstanding balance of the Mortgage, the \$736,550 Equity Loan and \$488,318 of default interest due pursuant to the loan documents.

Notes to Financial Statements (continued)
June 30, 2006

| | | |
|--------------------------------------|--------------|---------------------|
| Investments in loans January 1, 2005 | | \$ 10,648,744 |
| Deductions: | | |
| Collection of principal – Mortgages | — Windemere | (78,633) |
| | — Fieldcrest | <u>(28,368)</u> |
| | | <u>(107,001)</u> |
| Investments in loans | | |
| December 31, 2005: | | <u>10,541,743</u> |
| Deductions: | | |
| Collection of principal – Mortgages | — Windemere | (7,432,334) |
| | — Fieldcrest | <u>(15,139)</u> |
| | | <u>(7,447,473)</u> |
| Investments in loans June 30, 2006 | | <u>\$ 3,094,270</u> |

The Windemere Mortgage was co-insured by HUD and Related Mortgage Corporation (“RMC”), a company which is affiliated with the non-executive Chairman of CharterMac, the parent of the General Partner. The Fieldcrest III Apartments, Ltd. (“Fieldcrest”) Mortgage is insured by HUD.

In addition to the interest rate payable on the Fieldcrest Mortgage and Equity Loan during the post-construction periods, the Partnership will be entitled to a payment of 30% of cash flow, if any, remaining after payment of the Fieldcrest permanent loan interest and accrued interest, if any, and 30% of the Fieldcrest sales or refinancing proceeds, if any.

The remaining Fieldcrest Equity Loan is non-interest bearing and is secured by the assignment of the owner/developers’ interests in the Developments. The Equity Fieldcrest Loan is not insured by HUD or any other party. However, the Partnership expects the Fieldcrest Equity Loan to be paid on August 31, 2006. As of June 30, 2006 and 2005, the remaining Fieldcrest Equity Loan is fully reserved.

Loan origination costs, net of related loan fees, are deferred and recognized as a component of interest income over contractual payment terms

Notes to Financial Statements (continued)
June 30, 2006

of the related mortgage loans. Amortization expense was \$4,691 and \$4,952 for the periods ended June 30, 2006 and 2005, respectively.

At June 30, 2006, the remaining loan due to the Partnership is current with respect to its Federal Housing Authority (“FHA”) Mortgage obligation. Windemere had not paid its default interest of an aggregate of approximately \$54,000 for the period January 1, 2006 through its repayment date on June 15, 2006. Through the period ending June 15, 2006, Windemere had not paid its default interest of an aggregate of approximately \$1,017,000. On June 15, 2006, Windemere prepaid its Mortgage and Equity Loan. The Partnership received proceeds totaling \$8,615,465 which included \$7,390,597 of Mortgage proceeds, \$736,550 of Equity Loan proceeds and \$488,318 of default interest. The remaining \$528,680 of default interest which had been fully allowed for was written off. As a result, the allowance for uncollectability relating to the default interest amounted to approximately \$0 and \$963,000 at June 30, 2006 and December 31, 2005, respectively. The allowance has been reflected in provisions for bad debts on the statements of income.

| | |
|--|------------------|
| Allowance for uncollectible default interest | |
| January 1, 2006 | \$ 963,033 |
| Increases | 53,965 |
| Write-offs | (528,680) |
| Provision | <u>(488,318)</u> |
| Allowance for uncollectible default interest | |
| June 30, 2006 | <u>\$ 0</u> |

As permitted by the certain Subordinated Promissory Note dated August 23, 1991 (the “Subordinated Note”), on November 30, 2005, RMC called for the prepayment of the Subordinated Note on May 31, 2006 from Fieldcrest which has an estimated fair market value of the property of \$5,000,000. As of June 30, 2006, Fieldcrest had a Mortgage balance of approximately \$3,094,000 and an Equity Loan balance of approximately \$383,000 exclusive of any amounts that entitle the Partnership to a participation of any proceeds from sale or refinancing. Any repayment on the Equity Loan would result in a gain as it has been fully reserved, and any payments from a participation would result in interest income to the Partnership. The Partnership expects the Subordinated Note to be paid on August 31, 2006.

Notes to Financial Statements (continued)
June 30, 2006

Note 3 - Related Parties

The costs incurred to related parties for the three and six months ended June 30, 2006 and 2005 were as follows:

| | <u>Three Months Ended</u> <u>June 30,</u> | | <u>Six Months Ended</u> <u>June 30,</u> | |
|--|--|------------------|--|-------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Partnership management fees (a) | \$ 16,474 | \$ 16,474 | \$ 32,948 | \$ 32,948 |
| Expense reimbursement (b) | <u>32,000</u> | <u>55,700</u> | <u>65,773</u> | <u>84,700</u> |
| Total general and administrative – related parties | <u>\$ 48,474</u> | <u>\$ 72,174</u> | <u>\$ 98,721</u> | <u>\$ 117,648</u> |

(a) A Partnership management fee for managing the affairs of the Partnership equal to .5% per annum of invested assets is payable out of cash flow to the General Partner. At June 30, 2006 and December 31, 2005, the General Partner and its affiliates were due approximately \$0 and \$16,000, respectively, for these fees.

(b) The General Partner and its affiliates perform services for the Partnership which include, but are not limited to: accounting and financial management, registrar, transfer and assignment functions, asset management, investor communications, printing services and other administrative services. The amount of reimbursement from the Partnership is limited by the provisions of the Partnership Agreement. An affiliate of the General Partner performs asset monitoring services for the Partnership. These asset monitoring services include site visits and evaluations of the performance of the properties securing the loans. Fees owed to the General Partner amounting to approximately \$64,000 and \$103,000 were accrued and unpaid as of June 30, 2006 and December 31, 2005, respectively.

RMC is the servicer for Fieldcrest and receives a fee from the borrower for its services. RMC was the server for Windemere through June 15, 2006, the repayment date, and received a fee from the borrower for its services. The Windemere Mortgage and Equity Loans have been refinanced by CharterMac Mortgage Capital Corporation (“CMC”), an affiliate of the General Partner. CMC received from the borrower \$89,400 in origination fees and \$75,431 in premium revenue. In addition, CMC will

Notes to Financial Statements (continued)
June 30, 2006

be the servicer and will receive from the borrower \$113,861 in future servicing fees.

Note 4 - Subsequent Event

It is anticipated that during August 2006, distributions of approximately \$165,000 and \$3,000 will be paid to Beneficial Assignment Certificate ("BAC") holders and the General Partner, respectively, representing the 2006 second quarter distribution from operations. In addition, it is anticipated that during August 2006, the repayment proceeds received in connection with the Windemere Mortgage and Equity Loan will be distributed in accordance with the Partnership Agreement. The amount of such distribution has not yet been determined.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(Summarized from Form 10-Q as filed with the Securities and Exchange Commission)

(A copy of Form 10-Q is available upon written request)

Capital Resources and Liquidity

Sources of Partnership funds included interest earned on (1) investments in Mortgage and Equity Loans and (2) the working capital reserve.

During the six months ended June 30, 2006, cash and cash equivalents of the Registrant increased by approximately \$8,598,000 due to collections of principal on Mortgages and Equity Loans of approximately \$8,184,000 and cash provided by operating activities of approximately \$752,000 which exceeded distributions paid to partners and BACs holders of approximately \$338,000. Included in the adjustments to reconcile the net income to net cash provided by operating activities is amortization of approximately \$5,000.

Distributions of approximately \$331,000 and approximately \$7,000 were made to the BACs holders and the General Partner, respectively, during the six months ended June 30, 2006.

As permitted by the certain Subordinated Promissory Note dated August 23, 1991 (the "Subordinated Note"), on November 30, 2005, Related Mortgage Corporation ("RMC") called for the repayment of the Subor-

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

minated Note on May 31, 2006 from Fieldcrest III Apartments, Ltd. ("Fieldcrest") which has an estimated fair market value of the property of \$5,000,000. As of June 30, 2006, Fieldcrest had a Mortgage balance of approximately \$3,094,000 and an Equity Loan balance of approximately \$383,000. Any repayment on the Equity Loan would result in a gain as it has been fully reserved. The Partnership expects the Subordinated Note to be paid on August 31, 2006.

On June 15, 2006, Windemere Development, Inc. (the "Owner"), the owner of Windemere, prepaid the Mortgage and Equity Loan in full. The Mortgage and the Equity Loan were secured by a mortgage on the Windemere property and partnership interests in the Owner. The outstanding debt repaid early to the Partnership totaled \$8,615,465, including the \$7,390,597 outstanding balance of the Mortgage, the \$736,550 Equity Loan and \$488,318 of default interest due pursuant to the loan documents. The repayment proceeds are expected to be distributed in accordance with the Partnership Agreement in August 2006. At this time, the amount of the distribution has not been determined.

Upon repayment of the remaining investment in the Mortgage and Equity Loans, the Partnership would distribute any remaining net proceeds and liquidate in accordance with the Partnership Agreement.

Subject to the future performance of the Partnership's investments and results of operations, the General Partner anticipates that there will be sufficient cash from operations generated to cover anticipated expenses in 2006. Distributions from operations to partners depend on earnings and are reduced upon repayment of Mortgages and Equity Loans. In addition, the partners receive distributions from the sale or refinancing of Mortgage and Equity Loans.

Management is not aware of any trends or events, commitments or uncertainties that will negatively impact liquidity in a material way. Management believes the only impact would be from laws that have not yet been adopted. All base interest and the principal of the Partnership's remaining investment in Mortgages is insured or co-insured by HUD. The Partnership's remaining investment in uninsured non-interest bearing Equity Loans (which represented approximately 10% of the Partnership's remaining portfolio when originated) is secured by Partnership interests in one property. Due to the prepayment of four of the Partnership's original investments in Mortgages and Equity Loans, the portfolio is not diversified by location around the United States. Thus, the Partnership may not be protected against a general downturn in the national economy.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Critical Accounting Policies

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require the Partnership to make certain estimates and assumptions. A summary of significant accounting policies is disclosed in Note 2 to the financial statements which are included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2005. The following section is a summary of certain aspects of those accounting policies that may require subjective or complex judgments and are most important to the portrayal of the Partnership's financial condition and results of operations. The Partnership believes that there is a low probability that the use of different estimates or assumptions in making these judgments would result in materially different amounts being reported in the financial statements.

- Interest income on the Mortgages consists of contingent and non-contingent interest as defined in the Mortgage notes and other additional interest agreements. Non-contingent interest consists of base and default interest, which is recognized as earned. Contingent interest is based on the underlying property's cash flows and is recognized when received.
- If the interest receivable exceeds the amounts expected to be collected by management, the Partnership adjusts the allowance account to reflect its estimated fair value.
- The remaining Equity Loan entitles the Partnership to a participation of approximately 30% of any proceeds from sale or refinancing. Because the participation percentage is less than 50%, the Partnership accounts for such Equity Loan as a loan and not as an equity investment in the borrower. Effective December 31, 2004, the Equity Loan is fully reserved. The Partnership believes the resulting zero net book value properly states the net Equity Loan value. The Partnership believes recovery of such Equity Loan is contingent and is likely only in the event of a sale or refinancing. Although the Partnership can call (and has called) its Equity Loan, it cannot control the amount of proceeds available for repayment. Accordingly, the Partnership believes such Equity Loan collections should be reflected as gains when they occur, and any payments from a participation would result in interest income to the Partner-

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

ship. The Partnership does not believe that the variable interest component represented by the Equity Loan rights that entitle the Partnership to a participation of proceeds from sale or refinancing will cause the Partnership to be the primary beneficiary of the borrowers. Accordingly, none of the borrowers are required to be consolidated under FASB Interpretation No. 46 (R), "Consolidation of Variable Interest Entities" ("FIN 46(R)"). Further, the combination of the Mortgage and the Equity Loan are not considered to increase the variability of expected losses or residual returns since the Mortgages are insured by HUD.

Results of Operations

Three and six months ended June 30, 2006 compared with the three and six months ended June 30, 2005

Results of operations for the three and six months ended June 30, 2006 and 2005 consisted of interest income earned from investment in Mortgages of approximately \$(13,000) and \$244,000 and \$229,000 and \$488,000, respectively, which was lower in 2006 due to the repayment of the Windemere Mortgage on June 15, 2006 and the write-off of the unamortized loan costs, of approximately \$225,000, associated with such loan. Additionally, the repayment of the Windemere Mortgage and Equity Loan resulted in a gain of approximately \$736,550 which is included in other income for the three and six months ended June 30, 2006.

General and administrative-related parties expense decreased approximately \$24,000 and \$19,000 for the three and six months ended June 30, 2006 as compared to the same periods in 2005, primarily due to a decrease in expense reimbursements due to the General Partner for asset monitoring and overhead costs.

A provision for bad debts of approximately \$25,000 and \$54,000 was charged to operations for the three and six months ended June 30, 2006, representing default interest due from Windemere, which was not expected to be paid prior to Windemere's repayment of its Mortgage and Equity Loan on June 15, 2006. Additionally, approximately \$488,000 of prior years' bad debt was recovered during the three months ended June 30, 2006 and is shown as an offset to provisions for bad debts for the three and six months ended June 30, 2006.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

In the last three fiscal years, there has been no material impact from inflation or changing prices on revenues or on income from continuing operations.

The Partnership does not have any off-balance sheet arrangements.

The Partnership does not have long-term debt obligations, capital lease obligations, operating lease obligations, purchase obligations or other long-term liabilities reflected on the Partnership's balance sheet under GAAP.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Partnership does not have any market risk sensitive instruments.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Principal Executive Officer and Principal Financial Officer of CIP Associates, Inc., the general partner of the Partnership, has evaluated the effectiveness of the Partnership's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, such officer has concluded that, as of the end of such period, the Partnership's disclosure controls and procedures are effective.

(b) Internal Control over Financial Reporting

There have not been any changes in the Partnership's internal control over financial reporting during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

CAPITAL MORTGAGE PLUS L.P.

625 Madison Avenue
New York, NY 10022

PRSR STD
U.S. Postage
PAID
Boston, MA
Permit No. 57842