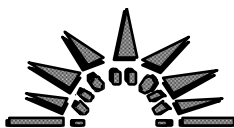


LIBERTY
TAX CREDIT PLUS

QUARTERLY
REPORT

Ended
September 15, 2007



November 2007

Message to Our BACsholders:

We are pleased to present the Quarterly Report for Liberty Tax Credit Plus L.P. (the "Partnership") for the quarter ended September 15, 2007.

Detailed information on the Partnership's overall performance is reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this report. We urge you to read that section for a complete update on the financial condition of the Partnership.

The 2007 Schedule K-1 will be mailed on or about March 15, 2008. Simultaneously, the 2007 Schedule K-1 form will be accessible online via our website. Please go to www.centerline.com and click on "K-1 Tax Information for Investors", then click on the Partnership in which you are an investor. You will be asked to provide your taxpayer identification number and your six-digit investor number. If you do not know your six-digit investor number, have recently changed your mailing address or have questions concerning your investment, please contact Christine Lees of the Partnership's Corporate Communications Department at 1-800-600-6422, ext. 6476.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Levy".

Robert L. Levy
Chief Financial Officer
Related Credit Properties L.P.

Consolidated Balance Sheets

	September 15, 2007 <u>(Unaudited)</u>	March 15, 2007 <u>(Audited)</u>
ASSETS		
Operating assets		
Property and equipment, at cost, net of accumulated deprecia- tion of \$39,496,388 and \$42,785,507, respectively	\$ 25,207,025	\$ 29,093,468
Cash and cash equivalents	5,400,937	6,046,635
Cash held in escrow	2,830,626	2,940,919
Accounts receivable - tenants	164,457	208,079
Deferred costs, net of accumu- lated amortization of \$443,812 and \$426,439, respectively	713,920	727,459
Other assets	<u>2,242,038</u>	<u>2,176,261</u>
Total operating assets	<u>36,559,003</u>	<u>41,192,821</u>
Assets from discontinued opera- tions (Note 5)		
Property and equipment held for sale, net of accumulated depre- ciation of \$8,431,754 and \$9,605,003, respectively	5,329,321	5,252,734
Net assets held for sale	<u>1,581,825</u>	<u>1,210,221</u>
Total assets from discontinued operations	<u>6,911,146</u>	<u>6,462,955</u>
Total assets	<u>\$ 43,470,149</u>	<u>\$ 47,655,776</u>

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets (continued)

	September 15, 2007 <u>(Unaudited)</u>	March 15, 2007 <u>(Audited)</u>
LIABILITIES AND PARTNERS' (DEFICIT) EQUITY		
Operating liabilities		
Mortgage notes payable	\$ 34,743,199	\$ 38,047,957
Accounts payable	2,278,342	4,890,335
Accrued interest payable	5,568,160	6,616,457
Security deposits payable	156,898	194,026
Due to local general partners and affiliates	16,416,903	16,096,222
Due to general partners and affiliates	<u>2,787,086</u>	<u>2,724,952</u>
Total operating liabilities	<u>61,950,588</u>	<u>68,569,949</u>
Liabilities from discontinued operations (Note 5)		
Mortgage notes payable of assets held for sale	7,619,720	4,507,279
Net liabilities held for sale (including minority interest)	<u>1,621,566</u>	<u>84,174</u>
Total liabilities from discontinued operations	<u>9,241,286</u>	<u>4,591,453</u>
Total liabilities	<u>71,191,874</u>	<u>73,161,402</u>
Minority interests	<u>(557,186)</u>	<u>(548,799)</u>
Commitments and contingencies (Note 6)		
Partners' (deficit) equity		
Limited partners (15,987.5 BACs issued and outstanding)	(31,408,987)	(29,223,352)
General partners	<u>4,244,448</u>	<u>4,266,525</u>
Total partners' (deficit) equity	<u>(27,164,539)</u>	<u>(24,956,827)</u>
Total liabilities and partners' (deficit) equity	<u>\$ 43,470,149</u>	<u>\$ 47,655,776</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended September 15,		Six Months Ended September 15,	
	<u>2007</u>	<u>2006*</u>	<u>2007</u>	<u>2006*</u>
Operations:				
Revenues				
Rental income	\$ 2,463,534	\$ 2,687,987	\$ 4,997,043	\$ 5,309,924
Other	<u>101,384</u>	<u>99,043</u>	<u>178,269</u>	<u>176,565</u>
Total revenues	<u>2,564,918</u>	<u>2,787,030</u>	<u>5,175,312</u>	<u>5,486,489</u>
Expenses				
General and administrative	467,767	353,341	1,066,033	900,087
General and administrative – related parties (Note 2)	250,534	240,976	490,435	538,299
Repairs and maintenance	595,195	902,584	1,257,029	1,503,716
Operating and other	337,938	317,961	981,323	1,085,480
Taxes	134,305	142,903	266,822	271,377
Insurance	155,583	154,863	310,473	306,433
Financial	751,468	894,047	1,640,911	1,800,356
Depreciation and amortization	<u>563,588</u>	<u>580,026</u>	<u>1,130,204</u>	<u>1,161,684</u>
Total expenses from operations	<u>3,256,378</u>	<u>3,586,701</u>	<u>7,143,230</u>	<u>7,567,432</u>
Loss from operations before minority interest	(691,460)	(799,671)	(1,967,918)	(2,080,943)
Minority interest in loss of subsidiaries from operations	<u>5,427</u>	<u>2,066</u>	<u>12,453</u>	<u>3,817</u>
Loss from operations	(686,033)	(797,605)	(1,955,465)	(2,077,126)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations (continued)
(Unaudited)

	Three Months Ended September 15,		Six Months Ended September 15,	
	<u>2007</u>	<u>2006*</u>	<u>2007</u>	<u>2006*</u>
Discontinued Operations:				
Income (loss) from discontinued operations (including gain on sale of properties) (Note 5)	114,754	6,831,350	(252,247)	6,025,487
Net (loss) income	<u>\$ (571,279)</u>	<u>\$ 6,033,745</u>	<u>\$ (2,207,712)</u>	<u>\$ 3,948,361</u>
Loss from operations – limited partners	\$ (679,172)	\$ (789,629)	\$ (1,935,910)	\$ (2,056,355)
Income (loss) from discontinued operations (including gain on sale of properties) – limited partners	<u>113,606</u>	<u>6,763,037</u>	<u>(249,725)</u>	<u>5,965,232</u>
Net (loss) income - limited partners	<u>\$ (565,566)</u>	<u>\$ 5,973,408</u>	<u>\$ (2,185,635)</u>	<u>\$ 3,908,877</u>
Number of BACs outstanding	<u>15,987.5</u>	<u>15,987.5</u>	<u>15,987.5</u>	<u>15,987.5</u>
Loss from operations per BAC	\$ (42.48)	\$ (49.39)	\$ (121.09)	\$ (128.63)
Income (loss) from discontinued operations per BAC	<u>7.10</u>	<u>423.02</u>	<u>(15.62)</u>	<u>373.12</u>
Net (loss) income per BAC	<u>\$ (35.38)</u>	<u>\$ 373.63</u>	<u>\$ (136.71)</u>	<u>\$ 244.49</u>

* Reclassified for comparative purposes

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Partners' (Deficit) Equity
(Unaudited)

	<u>Total</u>	<u>Limited Partners</u>	<u>General Partner</u>
Partners' (deficit) equity – March 16, 2007	\$ (24,956,827)	\$ (29,223,352)	\$ 4,266,525
Net loss	<u>(2,207,712)</u>	<u>(2,185,635)</u>	<u>(22,077)</u>
Partners' (deficit) equity – September 15, 2007	<u>\$ (27,164,539)</u>	<u>\$ (31,408,987)</u>	<u>\$ 4,244,448</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)

	Six Months Ended September 15,	
	<u>2007</u>	<u>2006</u>
Net (loss) income	\$ (2,207,712)	\$ 3,948,361
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Gain on sale of properties	(84,827)	(8,665,605)
Depreciation and amortization	1,282,336	2,103,513
Minority interest in loss of subsidiaries	307,464	1,775,608
Decrease (increase) in accounts receivable - tenants	23,861	(529,665)
Increase in other assets	(191,775)	(2,108,539)
Increase in accounts payable	2,877	3,590,033
Increase in accrued interest payable	300,447	577,982
Decrease in security deposits payable	(6,674)	(28,858)
Increase in due to general partners and affiliates	70,906	64,599
(Increase) decrease in cash held in escrow	<u>(206,185)</u>	<u>223,317</u>
Net cash (used in) provided by operating activities	<u>(709,282)</u>	<u>950,746</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (continued)
Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)

	Six Months Ended September 15,	
	<u>2007</u>	<u>2006</u>
Cash flows from investing activities:		
Decrease in cash held in escrow	55,361	156,466
Proceeds from sale of investments	3,435,000	18,800,000
Costs paid relating to sale of properties	(438,161)	(3,411,585)
Improvements to property and equipment	<u>(59,318)</u>	<u>(145,851)</u>
Net cash provided by investing activities	<u>2,992,882</u>	<u>15,399,030</u>
Cash flows from financing activities:		
Repayments of mortgage notes	(192,317)	(14,064,736)
Increase in due to local general partners and affiliates	327,537	523,849
Decrease in due to local general partners and affiliates	(24,749)	(176,418)
Increase in deferred costs	(3,834)	0
Decrease in capitalization of consolidated subsidiaries attributable to minority interest	(212,161)	(7,292)
Distribution	<u>(2,777,970)</u>	<u>0</u>
Net cash used in financing activities	<u>(2,883,494)</u>	<u>(13,724,597)</u>
Net (decrease) increase in cash and cash equivalents	(599,894)	2,625,179
Cash and cash equivalents at beginning of period	<u>6,390,501</u>	<u>4,006,542</u>
Cash and cash equivalents at end of period*	<u>\$ 5,790,607</u>	<u>\$ 6,631,721</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (continued)
Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)

	Six Months Ended September 15,	
	<u>2007</u>	<u>2006</u>
Summarized below are the components of the gain on sale of properties:		
Proceeds from sale of investments – net	\$ (2,996,839)	\$(15,388,415)
Decrease in property and equipment, net of accumulated depreciation	2,605,211	8,717,315
Decrease in mortgage notes payable	0	(131,619)
Decrease in due to local general partner and affiliates	0	(704,510)
Decrease in cash held in escrow	18,663	1,591,635
Decrease in rents receivable	14,532	277,796
Decrease in other assets	38,109	98,525
Increase (decrease) in accounts payable	254,160	(1,392,219)
Decrease in accrued interest payable	0	(61,500)
Decrease in security deposits payable	(18,663)	(133,625)
Decrease in deferred cost	0	301,816
Decrease in capitalization of consolidated subsidiaries attributable to minority interest	0	(1,840,804)

* Cash and cash equivalents, end of period, includes cash and cash equivalents from discontinued operations of \$389,670 and \$531,231, respectively.

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

September 15, 2007

Note 1 – General

The consolidated financial statements for the six months ended September 15, 2007 and 2006, include the accounts of Liberty Tax Credit Plus L.P. (the “Partnership”) and nine and sixteen subsidiary partnerships (each a “subsidiary partnership” or “Local Partnership”), respectively, in which the Partnership is a limited partner. Through the rights of the Partnership and/or a general partner of the Partnership (a “General Partner”), which General Partner has a contractual obligation to act on behalf of the Partnership, to remove the general partners of each subsidiary partnership (the “Local General Partners”) and to approve certain major operating and financial decisions, the Partnership has a controlling financial interest in the subsidiary partnerships. All intercompany accounts and transactions with the subsidiary partnerships have been eliminated in consolidation.

For financial reporting purposes, the Partnership’s fiscal quarter ends on September 15. All subsidiary partnerships have fiscal quarters ending June 30. Accounts of the subsidiary partnerships have been adjusted for intercompany transactions from July 1 through September 15. The Partnership’s quarter ends on September 15 in order to allow adequate time for the subsidiary partnerships’ financial statements to be prepared and consolidated. The books and records of the Partnership are maintained on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

In the opinion of the General Partners, 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 September 15, 2007 and March 15, 2007, the results of operations for the three and six months ended September 15, 2007 and 2006 and cash flows for the six months ended September 15, 2007 and 2006. However, the operating results and cash flows for the six months ended September 15, 2007 may not be indicative of the results for the year.

Certain information and note disclosures which are normally included in financial statements prepared in accordance with GAAP have been omitted or condensed. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Partnership’s Annual Report on Form 10-K for the period ended March 15, 2007.

Notes to Consolidated Financial Statements (continued)
September 15, 2007

Increases (decreases) in the capitalization of consolidated subsidiaries attributable to minority interest arise from cash contributions and cash distributions to the minority interest partners.

The Partnership's investment in each subsidiary partnership is equal to the respective subsidiary partnership's partners' equity less minority interest capital, if any. Losses attributable to minority interests which exceed the minority interests' investments in the subsidiary partnerships have been charged to the Partnership. There were no such losses for the three and six months ended September 15, 2007 and 2006. In consolidation, all subsidiary partnership losses are included in the Partnership's capital account except for losses allocated to minority interest capital.

Note 2 - Related Party Transactions

An affiliate of the General Partners has a 1% interest, as a special limited partner, in each of the subsidiary partnerships. An affiliate of the General Partners also has a minority interest in certain subsidiary partnerships.

The costs incurred to related parties from operations for the three and six months ended September 15, 2007 and 2006 were as follows:

	Three Months Ended		Six Months Ended	
	September 15,		September 15,	
	<u>2007</u>	<u>2006*</u>	<u>2007</u>	<u>2006*</u>
Partnership management fees (a)	\$ 108,375	\$ 116,139	\$ 228,000	\$ 270,639
Expense reimbursement (b)	58,717	42,897	95,976	102,862
Local administrative fee (d)	<u>2,500</u>	<u>2,500</u>	<u>5,000</u>	<u>5,000</u>
Total general and administrative-General Partners	<u>169,592</u>	<u>161,536</u>	<u>328,976</u>	<u>378,501</u>
Property management fees incurred to affiliates of the local general partners (c)	<u>80,942</u>	<u>79,440</u>	<u>161,459</u>	<u>159,798</u>
Total general and administrative-related parties	<u>\$ 250,534</u>	<u>\$ 240,976</u>	<u>\$ 490,435</u>	<u>\$ 538,299</u>

* Reclassified for comparative purpose.

Notes to Consolidated Financial Statements (continued)
September 15, 2007

The costs incurred to related parties from discontinued operations for the three and six months ended September 15, 2007 and 2006 were as follows:

	Three Months Ended September 15,		Six Months Ended September 15,	
	2007	2006*	2007	2006*
Local administrative fee (d)	\$ <u>625</u>	\$ <u>3,943</u>	\$ <u>1,250</u>	\$ <u>7,886</u>
Total general and administrative-General Partners	<u>625</u>	<u>3,943</u>	<u>1,250</u>	<u>7,886</u>
Property management fees incurred to affiliates of the local general partners (c)	<u>10,690</u>	<u>86,213</u>	<u>103,868</u>	<u>173,517</u>
Total general and administrative-related parties	\$ <u>11,315</u>	\$ <u>90,156</u>	\$ <u>105,118</u>	\$ <u>181,403</u>

* Reclassified for comparative purposes.

(a) The General Partners are entitled to receive a partnership management fee, after payment of all Partnership expenses, which together with the local annual administrative fees will not exceed a maximum of 0.5% per annum of invested assets (as defined in the Partnership's Amended and Restated Agreement of Limited Partnership ("Partnership Agreement")), for administering the affairs of the Partnership. The partnership management fee, subject to the foregoing limitation, will be determined by the General Partners in their sole discretion based upon their review of the Partnership's investments. Unpaid partnership management fees for any year will be accrued without interest and will be payable from working capital reserves or to the extent of available funds after the Partnership has made distributions to the limited partners and BACs holders of sale or refinancing proceeds equal to their original capital contributions plus a 10% priority return thereon (to the extent not theretofore paid out of cash flow). Partnership management fees owed to the General Partners amounting to approximately \$2,620,000 and \$2,574,000 were accrued and unpaid as of September 15, 2007 and March 15, 2007, respectively.

(b) The Partnership reimburses the General Partners and their affiliates for actual Partnership operating expenses incurred by the General Partners and their affiliates on the Partnership's behalf. The amount of reimbursement from the Partnership is limited by the provisions of the Partnership Agreement. Another affiliate of the General Partners performs asset monitoring for the Partnership. These services include site visits and evaluations of the subsidiary partnerships' performance. Expense

Notes to Consolidated Financial Statements (continued) **September 15, 2007**

reimbursements and asset monitoring fees owed to affiliates of the General Partners amounting to approximately \$56,000 and \$35,000 were accrued and unpaid as of September 15, 2007 and March 15, 2007, respectively.

(c) Property management fees incurred by the subsidiary partnerships in operations amounted to \$155,446 and \$233,914 and \$392,955 and \$576,657 for the three and six months ended September 15, 2007 and 2006, respectively. Of these fees, \$91,632 and \$165,653 and \$265,327 and \$333,315 were incurred to affiliates of the local general partners, which include \$10,690 and \$86,213 and \$103,868 and \$173,517 of fees relating to discontinued operations.

(d) Liberty Associates III L.P., a General Partner and the special limited partner of the subsidiary partnerships, is entitled to receive a local administrative fee of up to \$2,500 per year from each subsidiary partnership.

Note 3 – Sale of Properties

The Partnership is currently in the process of disposing of its investments. It is anticipated that this process will take a number of years. As of September 15, 2007, the property and the related assets and liabilities of fifteen Local Partnerships and the limited partnership interest in eight Local Partnerships were sold. In addition, as of September 15, 2007, the Partnership entered into an agreement to sell its limited partnership interest in one Local Partnership and one Local Partnership has entered into an agreement to sell its property and the related assets and liabilities (see Note 4). There can be no assurance as to when the Partnership will dispose of its remaining eight investments or the amount of proceeds which may be received. However, based on the historical operating results of the Local Partnerships and the current economic conditions, including changes in tax laws, it is unlikely that the proceeds from such sales received by the Partnership will be sufficient to return to the limited partners their original investment.

On May 11, 2007, the property and the related assets and liabilities of Charles Drew Court Associates, L.P. (“Charles Drew”) were sold to an unaffiliated third party purchaser for a sales price of \$3,435,000. The Partnership received \$2,765,000 as a distribution from this sale after the repayment of other liabilities, closing costs and distributions to minority interest of approximately \$670,000. The sale resulted in a loss of approximately \$24,000, resulting from the write-off of the basis in the prop-

Notes to Consolidated Financial Statements (continued)

September 15, 2007

erty at the date of the sale, which was recorded during the quarter ended June 15, 2007. The loss was adjusted by approximately \$88,000 in gain which was recorded during the quarter ended September 15, 2007, resulting in overall gain of approximately \$64,000.

On December 29, 2006, the property and the related assets and liabilities of United-Pennsylvanian, L.P. ("United Penn") were sold to an unaffiliated third party purchaser for a sales price of \$500,000 plus the assumption of the mortgage debt. The Partnership received \$217,227 as a distribution from this sale after the repayment of mortgages, other liabilities, closing costs and distributions to minority interest of approximately \$283,000. The sale resulted in a gain of approximately \$2,225,000, resulting from the write-off of the deficit basis in the property at the date of the sale, which was recorded during the quarter ended March 15, 2007. An adjustment to the gain of approximately \$21,000 was recorded during the quarter ended September 15, 2007 resulting in an overall gain of approximately \$2,246,000.

On August 31, 2006, the Partnership sold its limited partnership interest in Alameda Towers Associates, L.P. ("Alameda Towers") to the Local General Partner for a sales price of \$2,092,490. The Partnership received proceeds of \$92,490 on September 5, 2006 and \$355,000 on January 1, 2007. The remaining \$1,645,000 is to be paid in guaranteed payments payable on certain dates through December 31, 2008, which is included in other assets at September 15, 2007. The sale resulted in a loss of approximately \$7,000, resulting from the write-off of the basis in the property of approximately \$2,099,000 and the \$2,092,490 cash and guaranteed payments receivable from the sale, which was recorded during the quarter ended December 15, 2006. An adjustment to the loss of approximately \$26,000 was recorded during the quarter ended March 15, 2007 resulting in an overall loss of approximately \$33,000.

On June 5, 2006, the property and the related assets and liabilities of Willoughby/Wycoff Housing Associates, L.P. ("Willoughby") were sold to an unaffiliated third party purchaser for a sales price of \$4,800,000. There were no distributions from this sale after the repayment of mortgages, other liabilities and closing costs of approximately \$4,800,000. The sale resulted in a gain of approximately \$2,785,000, resulting from the write-off of the deficit basis in the property at the date of the sale which was recorded during the quarter ended September 15, 2006. An adjustment to the gain of approximately \$(756,000) was recorded during the quarter ended March 15, 2007, resulting in an overall gain of approximately \$2,029,000.

Notes to Consolidated Financial Statements (continued)

September 15, 2007

On May 1, 2006, the property and the related assets and liabilities of Grand Concourse Housing Associates, L.P. (“Grand Concourse”) were sold to an unaffiliated third party purchaser for a sales price of \$4,937,500. The Partnership received \$797,203 as a distribution from this sale after the repayment of mortgages, other liabilities, closing costs and distributions to minority interest of approximately \$4,140,000. The sale resulted in a gain of approximately \$2,104,000, resulting from the write-off of the deficit basis in the property at the date of the sale which was recorded during the quarter ended September 15, 2006. An adjustment to the gain of approximately \$383,000 was recorded during the quarter ended March 15, 2007, resulting in an overall gain of approximately \$2,487,000.

On May 1, 2006, the property and the related assets and liabilities of Concourse Artists Housing Associates, L.P. (“Concourse Artists”) were sold to an unaffiliated third party purchaser for a sales price of \$1,797,500. The Partnership received \$278,553 as a distribution from this sale after the repayment of mortgages, other liabilities, closing costs and distributions to minority interest of approximately \$1,519,000. The sale resulted in a gain of approximately \$672,000, resulting from the write-off of the deficit basis in the property at the date of the sale which was recorded during the quarter ended September 15, 2006. An adjustment to the gain of approximately \$28,000 was recorded during the quarter ended March 15, 2007, resulting in an overall gain of approximately \$700,000.

On May 1, 2006, the property and the related assets and liabilities of Robin Housing Associates, L.P. (“Robin Housing”) were sold to an unaffiliated third party purchaser for a sales price of \$7,265,000. The Partnership received \$1,743,907 as a distribution from this sale after the repayment of mortgages, other liabilities, closing costs and distributions to minority interest of approximately \$5,521,000. The sale resulted in a gain of approximately \$3,115,000, resulting from the write-off of the deficit basis in the property at the date of the sale which was recorded during the quarter ended September 15, 2006. An adjustment to the gain of approximately \$219,000 was recorded during the quarter ended March 15, 2007, resulting in an overall gain of approximately \$3,334,000.

Note 4 – Assets Held for Sale

On April 26, 2007, the Partnership entered into an agreement to sell its limited partnership interest in West Kinney Associates, L.P. (“West Kin-

Notes to Consolidated Financial Statements (continued)
September 15, 2007

ney”) to an affiliate of the Local General Partner for a sales price of \$600,000 and the assumption of the outstanding mortgages and related accrued interest which amounted to approximately \$4,482,000 on June 30, 2007. The sales documents have been executed and the initial deposit funds are being held in escrow. The closing is expected to occur by the end of 2007. No assurance can be given that the sale will actually occur. West Kinney has been classified as an asset held for sale as of the quarter ended June 15, 2007. As of June 30, 2007, West Kinney had property and equipment, at cost, of approximately \$7,187,000, accumulated depreciation of approximately \$4,465,000 and mortgage debt of approximately \$3,124,000.

On September 28, 2006, Greenleaf Associates, L.P. (“Greenleaf”) entered into a purchase and sale agreement to sell the property and the related assets and liabilities to an unaffiliated third party purchaser for a sales price of \$5,264,177 including the assumption of the mortgage debt. The sales documents have been executed and the initial deposit funds are being held in escrow. The closing is expected to occur by the end of 2007. No assurance can be given that the sale will actually occur. Greenleaf has been classified as an asset held for sale as of the quarter ended December 15, 2006. As of June 30, 2007, Greenleaf had property and equipment, at cost, of approximately \$6,479,000, accumulated depreciation of approximately \$3,923,000 and mortgage debt of approximately \$4,496,000.

Note 5 – Discontinued Operations

The following table summarizes the financial position of the Local Partnerships that are classified as discontinued operations because the respective Local Partnerships were classified as assets held for sale. As of September 15, 2007, Charles Drew, Concourse Artists, Grand Concourse, Greenleaf, Robin Housing, United Penn, Willoughby and West Kinney were classified as discontinued operations on the consolidated balance sheets. As of March 15, 2007, Alameda Towers, Concourse Artists, Charles Drew, Grand Concourse, Greenleaf, Robin Housing, Shiloh Grove, United Penn and Willoughby were classified as discontinued operations on the consolidated balance sheets.

Notes to Consolidated Financial Statements (continued)
September 15, 2007

Consolidated Balance Sheets of Discontinued Operations:

	September 15, <u>2007</u>	March 15, <u>2007</u>
Assets		
Property and equipment, net of accumulated depreciation of \$8,431,754 and \$9,605,003, respectively	\$ 5,329,321	\$ 5,252,734
Cash and cash equivalents	389,670	343,866
Cash held in escrow	964,788	722,334
Deferred costs, net of accumulated amortization of \$7,341 and \$6,341, respectively	41,445	42,445
Due from general partners and affiliates	8,772	8,772
Other assets	<u>177,150</u>	<u>92,804</u>
Total assets	<u>\$ 6,911,146</u>	<u>\$ 6,462,955</u>
Liabilities		
Mortgage notes payable	\$ 7,619,720	\$ 4,507,279
Accounts payable and other liabilities	1,643,894	192,298
Due to local general partners and affiliates	104,465	122,358
Minority interest	<u>(126,793)</u>	<u>(230,482)</u>
Total liabilities	<u>\$ 9,241,286</u>	<u>\$ 4,591,453</u>

The following table summarizes the results of operations of the Local Partnerships that are classified as discontinued operations. For the three and six months ended September 15, 2007, Charles Drew, which was sold during the current year, and Greenleaf and West Kinney, which were classified as assets held for sale, were all classified as discontinued operations on the consolidated financial statements. For the three and six months ended September 15, 2006 and in order to present comparable results for the three and six months ended September 15, 2007, Alameda Towers, Concourse Artists, Grand Concourse, Robin Housing and Willoughby which were sold during the six months ended September 15, 2006, and Charles Drew, Greenleaf, Shiloh Grove, United Penn and West

Notes to Consolidated Financial Statements (continued) September 15, 2007

Kinney were all classified as discontinued operations on the consolidated financial statements.

Consolidated Statements of Discontinued Operations:

	Three Months Ended September 15,		Six Months Ended September 15,	
	2007	2006*	2007	2006*
Revenues:				
Rental income	\$ 675,904	\$ 2,270,880	\$ 1,400,879	\$ 5,082,767
Other	5,923	34,084	12,493	86,280
Gain on sale of properties	108,471	8,676,605	84,827	8,665,605
Total revenue	<u>790,298</u>	<u>10,981,569</u>	<u>1,498,199</u>	<u>13,834,652</u>
Expenses:				
General and administrative	214,476	278,205	306,457	898,397
General and administrative-related parties (Note 2)	11,315	90,156	105,118	181,403
Repairs and maintenance	151,955	686,398	302,613	1,619,349
Operating	80,675	166,198	233,182	843,138
Taxes	20,000	90,507	62,176	192,533
Insurance	42,517	145,400	71,174	319,291
Interest	100,005	487,454	197,677	1,033,800
Depreciation and amortization	21,500	424,226	152,132	941,829
Total expenses	<u>642,443</u>	<u>2,368,544</u>	<u>1,430,529</u>	<u>6,029,740</u>
Income before minority interest	147,855	8,613,025	67,670	7,804,912
Minority interest in income of subsidiaries from discontinued operations	<u>(33,101)</u>	<u>(1,781,675)</u>	<u>(319,917)</u>	<u>(1,779,425)</u>
Net income (loss) from discontinued operations (including gain on sale of properties)	<u>\$ 114,754</u>	<u>\$ 6,831,350</u>	<u>\$ (252,247)</u>	<u>\$ 6,025,487</u>
Income (loss) – limited partners from discontinued operations (including gain on sale of properties)	<u>\$ 113,606</u>	<u>\$ 6,763,037</u>	<u>\$ (249,725)</u>	<u>\$ 5,965,232</u>
Number of BACs outstanding	<u>15,987.5</u>	<u>15,987.5</u>	<u>15,987.5</u>	<u>15,987.5</u>
Income (loss) from discontinued operations (including gain on sale of properties) per BAC	<u>\$ 7.10</u>	<u>\$ 423.02</u>	<u>\$ (15.62)</u>	<u>\$ 373.12</u>

Notes to Consolidated Financial Statements (continued)
September 15, 2007

Cash flows from Discontinued Operations:

	Six Months Ended September 15,	
	<u>2007</u>	<u>2006*</u>
Net cash (used in) provided by operating activities	\$ <u>(960,950)</u>	\$ <u>688,818</u>
Net cash provided by investing activities	\$ <u>601,972</u>	\$ <u>15,224,968</u>
Net cash used in financing activities	\$ <u>(137,941)</u>	\$ <u>(11,650,745)</u>

* Reclassified for comparative purposes.

Note 6 – Commitments and Contingencies

a) Subsidiary Partnerships – Going Concern

Magnolia Arms Associates, LTD (“Magnolia Arms”)

Magnolia Arms has not made its mortgage payments since August 2005 due to operating deficits and is currently in default. The mortgagee can take possession of the Property and other collateralized assets, collect the rents directly from the tenants and foreclose on the Property and other collateralized assets. There can be no assurance that Magnolia Arms will be able to cure the default. The mortgage payable was due as of June 30, 2007. Magnolia Arms received a material portion of its revenue from the City of Jacksonville Department of Housing and Urban Development (“Jacksonville HUD”) under the federal government’s Section 8 rent subsidy program. As of June 5, 2007, the contract between Jacksonville HUD and Magnolia Arms was terminated. Because of these circumstances, there is substantial doubt regarding whether the Local Partnership can continue as a going concern. The Partnership’s investment in Magnolia Arms was written down to zero by prior years’ losses and the minority interest was approximately \$21,000 and \$33,000 at September 15, 2007 and March 15, 2007, respectively. The net loss after minority interest for Magnolia Arms amounted to approximately \$556,000 and \$96,000 for the six months ended September 15, 2007 and 2006, respectively. Magnolia Arms’ Compliance Period ended as of December 31, 2003.

Quality Hill Historic District-Phase II-A, L.P. (“Quality Hill”)

The financial statements of Quality Hill have been prepared assuming it will continue as a going concern. Quality Hill has had negative cash flows

Notes to Consolidated Financial Statements (continued) **September 15, 2007**

from operating activities for the past several years. Quality Hill is trying to obtain extensions for its mortgage notes payable, and is not expected to have operating cash flow to meet the financial obligations of its mortgage notes coming due. This situation raises substantial doubt about its ability to continue as a going concern.

During 2005, Quality Hill entered into a Modification Agreement with the Missouri Housing Development Commission ("MHDC") which extended the maturity date of the permanent nonrecourse financing for the Quality Hill-Cordova Hotel Apartments, which is one of the two projects included in Quality Hill, to December 2006. The balance of this note as of June 30, 2007 was \$405,076. Quality Hill has been granted another extension to December 31, 2007.

During 2005, Quality Hill entered into negotiations with both the Hall Family Foundation of Kansas ("Foundation") and Kansas City Downtown Minority Development Corporation ("DMDC") to extend the maturity dates of each note payable to December 2006. The combined balance of the Foundation notes is \$2,339,108 and was due in full in December 2005 and the combined balance of the DMDC notes was \$735,000 (\$225,000 was due in December 2005 and \$510,000 was due in May 2005). In February 2006, Quality Hill Received a one year extension on the Foundation note to December 31, 2006. In 2007, Quality Hill has been granted another extension to December 31, 2007.

The total of these three notes, \$3,479,184, is included as a current liability in mortgage notes payable.

These items raise substantial doubt about Quality Hill's ability to continue as a going concern. The Partnership's investment in Quality Hill has been written down to zero by prior years' losses and the minority interest balance was \$0 at both September 15, 2007 and March 15, 2007. The net loss after minority interest for Quality Hill amounted to approximately \$165,000 and \$148,000 for the quarters ended September 15, 2007 and 2006, respectively. Quality Hill's Compliance Period ended as of December 31, 2004.

b) Lease Commitment

None

Notes to Consolidated Financial Statements (continued)
September 15, 2007

c) Uninsured Cash and Cash Equivalents

The Partnership maintains its cash and cash equivalents in various banks. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

d) Cash Distributions

Cash distributions from the Local Partnerships to the Partnership are restricted by the provisions of the respective Local Partnership agreements and/or HUD. Such cash distributions are typically made from surplus cash flow.

e) Tax Credits

A portion of the Tax Credits could be subject to recapture in future years if (i) a Local Partnership ceases to meet qualification requirements, (ii) there is a decrease in the qualified basis of the Local Partnership property or (iii) there is a reduction in the Local Partnership interest in the property at any time during the 15-year period (the "Compliance Period") that began with the first tax year of the period of the Partnership's entitlement to claim Tax Credits (for each Property, ten years from the date of investment or, if later, the date the Property is placed in service is referred to herein as the "Tax Credit Period"). As of December 31, 2003, the Tax Credit Period for each Local Partnership has expired. The Compliance Periods continue through December 31, 2008 with respect to the Properties depending upon when the Tax Credit Periods commenced.

f) Other

Greenleaf Associates, L.P. ("Greenleaf")

A former tenant brought suit against Greenleaf's on-site manager for damages of \$100,000. An amended complaint does not specify an amount of damages. The former tenant claims violation of the 14th Amendment, false arrest, obstruction of justice and civil conspiracy. Management intends to vigorously contest the matter. An evaluation of the likelihood of an unfavorable outcome and estimate of the amount of possible loss cannot be made at this early stage of the proceedings.

Notes to Consolidated Financial Statements (continued) **September 15, 2007**

State Street 86 Associates, L.P. ("State Street")

The Camden Redevelopment Agency has designated the Cramer Hill Waterfront Redevelopment Agency as a possible future redevelopment project. This area includes Centennial Village, a 200-unit apartment project that State Street owns and operates. There have been various lawsuits involving this redevelopment and at this time there is no further information as to whether or not the Property will be purchased or acquired by eminent domain.

The Partnership is subject to the risks incident to potential losses arising from the management and ownership of improved real estate. The Partnership can also be affected by poor economic conditions generally; however, no more than 25% of the properties are located in any single state. There are also substantial risks associated with owning properties receiving government assistance, for example the possibility that Congress may not appropriate funds to enable HUD to make rental assistance payments. HUD also restricts annual cash distributions to partners based on operating results and a percentage of the owners' equity contribution. As of September 15, 2007, there are seven Local Partnerships subsidized by HUD. The Partnership cannot sell or substantially liquidate its investments in subsidiary partnerships during the period that the subsidy agreements are in existence, without HUD's approval. Furthermore, there may not be market demand for apartments at full market rents when the rental assistance contracts expire.

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 is available upon written request)

Liquidity and Capital Resources

The Partnership's capital was originally invested in thirty-one Local Partnerships. As of September 15, 2007, the properties and the related assets and liabilities of fifteen Local Partnerships and the limited partnership interest in eight Local Partnerships were sold. For a discussion of these sales of the Local Partnerships see Note 3. In addition, as of September 15, 2007, the Partnership entered into an agreement to sell its limited partnership interest in one Local Partnership and one Local Part-

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

nership has entered into an agreement to sell its property and the related assets and liabilities (see Note 4).

Off-Balance Sheet Arrangements

The Partnership has no off-balance sheet arrangements.

Tabular Disclosure of Contractual Obligations

The Partnership disclosed in Item 7 to the financial statements in the Partnership's Annual Report on Form 10-K for the year ended March 15, 2007, the Partnership's commitments to make future payments under its debt agreements and other contractual obligations. There are no material changes to such disclosure or amounts as of September 15, 2007.

Short-Term

The Partnership's primary sources of funds included: (i) working capital reserves; (ii) interest earned on the working capital reserves; (iii) cash distributions from operations of the Local Partnerships; and (iv) sales proceeds and distributions. Such funds are available to meet the obligations of the Partnership. During the six months ended September 15, 2007 and 2006, distributions from operations of the Local Partnerships amounted to approximately \$60,000 and \$18,000, respectively. Additionally, during the six months ended September 15, 2007 and 2006, the Partnership received approximately \$2,765,000 and \$2,832,000 distributions of proceeds from sales, respectively.

For the six months ended September 15, 2007, cash and cash equivalents of the Partnership and its consolidated Local Partnerships decreased approximately \$600,000. This decrease is attributable to a net cash used in operating activities (\$709,000), improvements to property and equipment (\$59,000), costs paid relating to sale of properties (\$438,000), repayments of mortgage notes (\$192,000), an increase in deferred cost (\$4,000), a decrease in capitalization of consolidated subsidiaries attributable to minority interest (\$212,000) and distributions (\$2,778,000) which exceeded a decrease in cash held in escrow relating to investing activities (\$55,000), proceeds from sale of investments (\$3,435,000) and a net increase in due to local general partners and affiliates relating to finance activities (\$303,000). Included in the adjustments to reconcile net loss to net cash used in operating activities is depreciation and amortization of approximately (\$1,282,000) and a gain on sale of properties (\$85,000).

Total expenses for the three and six months ended September 15, 2007 and 2006, excluding depreciation and amortization, interest and general

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

and administrative-related parties, totaled \$1,690,788, \$1,871,652, \$3,881,680 and \$4,067,093, respectively.

Accounts payable as of September 15, 2007 and March 15, 2007, were \$2,278,342 and \$4,890,335, respectively. Accounts payable are short term liabilities which are expected to be paid from operating cash flows, working capital balances at the Local Partnership level, Local General Partner advances and in certain circumstances advances from the Partnership. The Partnership believes it (and the applicable Local Partnerships) has sufficient liquidity and ability to generate cash and to meet existing and known or reasonably likely future cash requirements over both the short and long term. In addition, accounts payable from discontinued operations, as of September 15, 2007 and March 15, 2007, totaled \$186,729 and \$95,669, respectively.

Accrued interest payable as of September 15, 2007 and March 15, 2007 was \$5,568,160 and \$6,616,457, respectively. Accrued interest payable represents the accrued interest on all mortgage loans, which include primary and secondary loans. Certain secondary loans have provisions such that interest is accrued but not payable until a future date. The Partnership anticipates the payment of accrued interest on the secondary loans (which make up the majority of the accrued interest payable amount and which have been accumulating since the Partnership's investment in the respective Local Partnership) will be made from future refinancings or sales proceeds of the respective Local Partnerships. Furthermore, each Local Partnership's mortgage notes are collateralized by the land and buildings of the respective Local Partnership, and are without further recourse to the Partnership. In addition, accrued interest payable from discontinued operations, as of September 15, 2007 and March 15, 2007, totaled \$1,405,277 and \$56,532, respectively.

A working capital reserve of approximately \$5,144,000 remained unused at September 15, 2007.

The Partnership is not expected to have access to additional sources of financing.

Long-Term

Partnership management fees owed to the General Partners amounting to approximately \$2,620,000 and \$2,574,000 were accrued and unpaid as of September 15, 2007 and March 15, 2007, respectively. Unpaid partnership management fees for any year will be accrued without interest and

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

will be payable from working capital reserves or to the extent of available funds after the Partnership has made distributions to the limited partners and BACs holders of sale or refinancing proceeds equal to their original capital contributions plus a 10% priority return thereon (to the extent not theretofore paid out of cash flow).

For a discussion of contingencies affecting certain Local Partnerships, see Item 1, Note 6 to the financial statements. Since the maximum loss the Partnership would be liable for is its net investment in the respective Local Partnerships, the resolution of the existing contingencies is not anticipated to impact future results of operations, liquidity or financial condition in a material way. However, the Partnership's loss of its investment in a Local Partnership may result in recapture of Tax Credits if the investment is lost before the expiration of the applicable compliance period, during which the Properties must comply with various rent and other restrictions. The compliance periods continue through December 31, 2008 with respect to the Properties depending upon when the Tax Credit Periods commenced.

The Local Partnerships are impacted by inflation in several ways. Inflation allows for increases in rental rates generally to reflect the impact of higher operating and replacement costs. Furthermore, inflation generally does not impact the fixed long-term financing under which real property investments were purchased. Inflation also affects the Local Partnerships adversely by increasing operating costs, such as fuel, utilities, and labor. Since revenues from the sales of assets are driven by market conditions, inflation has little impact.

Except as described above, management is not aware of any trends or events, commitments or uncertainties which have not otherwise been disclosed that will, or are likely to impact liquidity in a material way. Management believes the only impact would be from laws that have not yet been adopted. The portfolio is diversified by the location of the properties around the United States so that if one area of the country is experiencing downturns in the economy, the remaining properties in the Partnership's portfolio may be experiencing upswings. However, the geographic diversification of the portfolio may not protect against a general downturn in the national economy.

Critical Accounting Policies

In preparing the consolidated financial statements, management has made estimates and assumptions that affect the reported amounts of assets and

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

liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements. The summary should be read in conjunction with the more complete discussion of the Partnership's accounting policies included in Item 8, Note 2 to the consolidated financial statements in the Partnership's Annual Report on Form 10-K for the year ended March 15, 2007.

Property and Equipment

Property and equipment to be held and used are carried at cost which includes the purchase price, acquisition fees and expenses, and any other costs incurred in acquiring the properties. The cost of property and equipment is depreciated over their estimated useful lives using accelerated and straight-line methods. Expenditures for repairs and maintenance are charged to expense as incurred; major renewals and betterments are capitalized. At the time property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the assets and accumulated depreciation accounts and the profit or loss on such disposition is reflected in earnings.

In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets", the results of discontinued operations are reported as a separate component of income before extraordinary items on the consolidated statements of operations. Discontinued operations include the results of operations and any gain or loss recognized for Local Partnerships that have been disposed of or are held for sale. A gain or loss recognized on the disposal is disclosed in the notes to the financial statements. Adjustments to amounts previously reported in operations that are directly related to the disposal of a Local Partnership are reclassified in the current period as discontinued operations for comparability purposes. Assets and liabilities of a Local Partnership that are classified as held for sale are presented separately in the asset and liability sections, respectively, of the consolidated balance sheets.

A loss on impairment of assets is recorded when management estimates amounts recoverable through future operations and sale of the property on an undiscounted basis are below depreciated cost. At that time property investments themselves are reduced to estimated fair value (generally using discounted cash flows).

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

During the six months ended September 15, 2007, the Partnership has not recorded any loss on impairment of assets or reduction to estimated fair value. Through September 15, 2007, the Partnership has recorded approximately \$2,710,000 as an aggregate loss on impairment of assets or reduction to estimated fair value.

At the time management commits to a plan to dispose of assets, said assets are adjusted to the lower of carrying amount or fair value less costs to sell. These assets are classified as property and equipment-held for sale and are not depreciated. As of September 15, 2007 and March 15, 2007, the Partnership has recorded property and equipment net of accumulated depreciation of \$5,329,321 and \$5,252,734, respectively, as held for sale.

Revenue Recognition

Rental income is earned primarily under standard residential operating leases and is typically due the first day of each month, but can vary by property due to the terms of the tenant leases. Rental income is recognized when earned and as rents become due and charged to tenants' accounts receivable if not received by the due date. Rental payments received in advance of the due date are deferred until earned. Rental subsidies are recognized as rental income during the month in which it is earned.

Other revenues are recorded when earned and consist of the following items: Interest income earned on cash and cash equivalent balances and cash held in escrow balances, income from forfeited security deposits, late charges, laundry and vending income, and other rental related items.

Income Taxes

The Partnership is not required to provide for, or pay, any federal income taxes. Net income or loss generated by the Partnership is passed through to the partners and is required to be reported by them. The Partnership may be subject to state and local taxes in jurisdictions in which it operates. For income tax purposes, the Partnership has a fiscal year ending December 31.

Results of Operations

The results of operations for the three and six months ended September 15, 2007 and 2006 consisted primarily of the results of the Partnership's investment in the consolidated Local Partnerships, excluding the results

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

of its discontinued operations which are not reflected in the following discussion (see Note 5).

Rental income decreased approximately 8% and 6% for the three and six months ended September 15, 2007 as compared to the corresponding periods in 2006, primarily due to an increase in vacancies due to the cancellation of a Section 8 contract at one Local Partnership (see Note 6a) and a decrease in occupancy rates at two other Local Partnerships.

Total expenses, excluding general and administrative, repairs and maintenance and financial, remained fairly consistent with an increase of less than 1% and a decrease of approximately 5% for the three and six months ended September 15, 2007 as compared to the corresponding periods in 2006.

General and administrative expenses increased approximately \$114,000 and \$166,000 for the three and six months ended September 15, 2007 as compared to the corresponding periods in 2006, primarily due to an increase in office payroll and expenses resulting from a change in management company at one Local Partnership and increases in office salaries and payroll taxes at a second Local Partnership, partially offset by decreases in legal fees and miscellaneous administrative expenses at the Partnership level.

Repairs and maintenance expenses decreased approximately \$307,000 and \$247,000 for the three and six months ended September 15, 2007 as compared to the corresponding periods in 2006, primarily due to decreases in major apartment repairs, boiler repairs and a special grant received for labor and supplies needed for repairs to the property at one Local Partnership, decreases in security, elevator and ground maintenance contracts at a second Local Partnership and decreases in decorating and exterior repairs at a third Local Partnership.

Financial expenses decreased approximately \$143,000 and \$159,000 for the three and six months ended September 15, 2007 as compared to the corresponding periods in 2006, primarily due to an interest rate adjustment on its mortgage note at one Local Partnership.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Partnership has mortgage notes that are payable in aggregate monthly installments including principal and interest at rates varying from 1% to 12% per annum. The Partnership does not believe there is a material risk

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

associated with the various interest rates associated with the mortgage notes as the majority of the Local Partnership mortgage notes have fixed rates. The Partnership disclosed in Item 8, Note 3 to the financial statements in the Partnership's Annual Report on Form 10-K for the year ended March 15, 2007, the fair value of the mortgage notes payable.

The Partnership does not have any other 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 Related Credit Properties L.P. and Liberty Associates III, L.P., the general partners of the Partnership, have 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 officers have concluded that, as of the end of such period, the Partnership's disclosure controls and procedures are effective.

(b) *Changes in Internal Control over Financial Reporting.* There have not been any changes in the Partnership's internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

LIBERTY TAX CREDIT PLUS L.P.

625 Madison Avenue
New York, NY 10022

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