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

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 33-00152

AMRECORP REALTY FUND III

(Exact name of registrant as specified in its charter)

Texas	75-2045888
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
2800 N Dallas Pkwy #100, Plano, Texas	75093-5994
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code (972) 836-8000

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

Title of Each Class	Name of Each Exchange on which Registered
None	None

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

Limited Partnership Interests
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained, to the best of Registrant's knowledge in definitive proxy or information to Statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes ___ No X.

Documents Incorporated by Reference

The Prospectus dated November 26, 1985 filed pursuant to Rule 424(b) as supplemented pursuant to Rule 424(c) on December 5, 1985.

PART I

Item 1. Business

The Registrant, Amrecorp Realty Fund III, (the "Partnership"), is a limited partnership organized under the Texas Uniform Limited Partnership Act pursuant to a Certificate of Limited Partnership dated August 30, 1985 and amended on November 21, 1985. On December 31, 2004, the Partnership consisted of a corporate general partner, LBAL, Inc. (wholly owned by Robert J. Werra) and266 limited partners owning 2,382 limited partnership interests at $1,000 per interest. The distribution of limited partnership interests commenced November 26, 1985 pursuant to a Registration Statement on Form S-11 under the Securities Act of 1933 (Registration #33-00152) as amended.

The Partnership was organized to acquire a diversified portfolio of income-producing real properties, primarily apartments, as well as office buildings, industrial buildings, and other similar properties

The Partnership intends to continue until December 31, 2015 unless terminated by an earlier sale of its Properties.

Univesco, Inc.("Univesco"), a Texas corporation, controlled by Robert J. Werra, manages the affairs of the Partnership. Univesco acts as the managing agent with respect to the Partnership's Properties. Univesco may also engage other on-site property managers and other agents, to the extent management considers appropriate. Univesco and the general partner make all decisions regarding investments in and disposition of Properties and has ultimate authority regarding all property management decisions.

No material expenditure has been made or is anticipated for either Partnership-sponsored or consumer research and development activities relating to the development or improvement of facilities or services provided by the Partnership. There neither has been, nor are any anticipated, material expenditures required to comply with any federal, state or local environmental provisions which would materially affect the earnings or competitive position of the Partnership.

The Partnership is engaged solely in the business of real estate investments. Its business is believed by management to fall entirely within a single industry segment. Management does not anticipate that there will be any material seasonal affects upon the operation of the Partnership.

Competition and Other Factors

The majority of the Property's leases are of six to twelve month terms. Accordingly, operating income is highly susceptible to varying market conditions. Occupancy and local market rents are driven by general market conditions which include job creation, new construction of single and multi-family projects, and demolition and other reduction in net supply of apartment units.

Rents have generally been increasing in recent years due to the generally positive relationship between apartment unit supply and demand in the Partnership's markets. However, the property is subject to substantial competition from similar and often newer properties in the vicinity in which they are located. Capitalized expenditures have increased as units are updated and made more competitive in the market place.

Item 2. Properties

At December 31, 2003, the Partnership owned Las Brisas Apartment, a 376-unit apartment community located at 2010 South Clark Street, Abilene, Taylor County, Texas 79606. The Partnership purchased a fee simple interest in Las Brisas Apartments on July 30, 1986. The property contains approximately 312,532 net rentable square feet, one clubhouse, and five laundry facilities located on approximately 19.11 acres of land.

The property is encumbered by a mortgage note payable in monthly installments of principal and interest through December 31, 2011, when a lump-sum payment of approximately $3,447,000 is due. For information regarding the encumbrances to which the property is subject and the status of the related mortgage loans, see " Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" contained in Item 7 hereof and Note B to the Financial Statements and Schedule Index contained in Item 8.

Occupancy Rates

Percent

	2000	2001	2002	2003	2004
Las Brisas	95.0%	92.7%	93.9%	98.4%	97.6

Item 3. Legal Proceedings

The Partnership is not engaged in any material legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year.

By virtue of its organization as a limited partnership, the Partnership has outstanding no securities possessing traditional voting rights. However, as provided and qualified in the Limited Partnership Agreement, limited partners have voting rights for, among other things, the removal of the General Partner and dissolution of the Partnership.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholders Matters

The Partnerships outstanding securities are in the form of Limited Partnership Interests ("Interests"). As of December 31, 2004there were approximately 266limited partners owning 2,382 interests at $1,000 per interest. A public market for trading Interests has not developed and none is expected to develop. In addition, transfer of an Interest is restricted pursuant to the Limited Partnership Agreement.

The General Partner continues to review the Partnership's ability to make distributions on a quarter-by-quarter basis, however, no such distributions have been made to the limited partners in several years and none are anticipated in the immediate future due to required debt service payments and the existence of the Special Limited Partner, Mr. Robert J. Werra. The Special Limited Partner has first right to all net operating cash flow and net proceeds from disposals of assets to the extent of the special limited partner distribution preference. During 2004 2003 and 2002 the Special Limited Partner received distributions from the Partnership totaling $90,000, $110,000, and $523,560, respectively.

An analysis of tax income or loss allocated and cash distributed to Investors per $1,000 unit is as follows:

YEARS	INCOME	GAIN	LOSS	CASH DISTRIBUTED
1986	$0	$0	$186	$0
1987	0	0	286	0
1988	0	0	310	0
1989	0	0	278	0
1990	0	0	231	0
1991	0	0	142	0
1992	0	0	0	0
1993	0	153	162	0
1994	24	0	0	0
1995	0	0	5	0
1996	20	0	0	0
1997	0	0	(21)	0
1998	4	0	0	0
1999	72	0	0	0
2000	<1	0	0	0
2001	98	0	0	0
2002	57	0	0	0
2003	36	0	0	0
2004	33	0	0	0

Item 6. Selected Financial Data

The following table sets forth selected financial data regarding the Partnership's results of operations and financial position as of the dates indicated. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Item 7 hereof and the financial Statements and notes thereto contained in Item 8.

Year Ended December 31,

(in thousands except unit and per unit amounts)

	2004	2003	2002	2001	2000
Limited Partner Units Outstanding – Basic	2382	2382	2382	2382	2382
Statement of Operations					
Total Revenues	$1,754	$1,672	$1,616	$1,605	$1,591
Net Income (Loss)	23	(141)	(64)	86	(23)
Limited Partner Net Income (Loss) per Unit – Basic	10	(58.41)	(26.62)	35.68	(9.76)
Cash Distributions to Limited Partners per Unit - Basic	0	0	0	0	0
Balance Sheet:					
Real Estate, net	2,994	3,198	3,418	3,576	3,787
Total Assets	3,292	3,468	3,735	4,332	4,123
Mortgages Payable	3,944	4,000	4,051	4,100	2,874
Partner's Equity	(910)	(844)	(594)	(6)	894

(a) For Federal Income Tax purposes only income was reallocated in accordance the regulations promulgated thereunder of the Internal Revenue Code of 1986 as amended.

Item 7. Management Discussion and Analysis of Financial Conditions and Results of Operations

This discussion should be read in conjunction with Item 6 – “Selected Financial Data” and Item 8 – “Financial Statements and Supplemental Information”.

Results of Operations: 2004VERSUS 2003

Revenue from Property Operations increased $81,879or 4.9%. Rental income increased $69,138 or 4.39% as compared to 2003. Other income increased $12,741 or 12.89% due to higher fee income from residents. The following table illustrates the increases or (decreases):

	Increase (Decrease)	Per Cent
Rental income	69,138	4.39%
Fees & Other	12,741	12.89%
Net Increase	81,879	4.90%

Property operating expenses for 2004 decreased $82,335 or 4.54%. General & administrative decreased $81,002 or 37.50% primarily due to decreased insurance costs. Repair and maintenance expenses decreased from 2003 by $28,315 or 14.79% deferred maintenance projects from the prior year. Utilities decreased $32,183 or 12.35% due to lower consumption. Payroll increased $42,228 or 14.02 due to additional personnel. Real estate taxes increased $4,612 or 3.37% primarily due to increased tax rates. Property management fees are paid to an affiliated entity and represents 5% of gross operating revenues (see Note 4 to Financial Statements and Schedule Index contained in Item 8.) The following table illustrates the increases or (decreases):

	Increase (Decrease)	Per Cent
Utilities	(32,183)	(12.35%)
General and administrative	(81,002)	(37.50%)
Repairs and maintenance	(28,315)	(14.79%)
Payroll	42,228	14.02%
Property management fee	4,094	4.90%
Depreciation and amortization	11,540	3.16%
Interest	(3,309)	(1.33%)
Real estate taxes	4,612	3.37%
Total operating expenses	(82,335)	(4.54%)

Results of Operations: 2003 VERSUS 2002

Revenue from Property Operations increased $55,909 or 3.46%. Rental income increased $60,449 or 4.00% as compared to 2002. Other income decreased $4,540 or 4.39% due to lower fee income from residents. The following table illustrates the increases or (decreases):

	Increase (Decrease)	Per Cent
Rental income	60,449	4.00%
Fees & Other	(4,540)	(4.39%)
Net Increase	55,909	3.46%

Property operating expenses for 2003 increased $132,425 or 7.88%. Utilities increased $59,269 or 29.45% due to higher natural gas prices. General & administrative increased $36,100 or 20.07% primarily due to increased insurance and cable television costs. Repair and maintenance expenses increased from 2002 by $27,102 or 16.50% primarily due to various plumbing and roof repairs. Payroll increased $13,333 or 4.63% due to additional maintenance personnel used for the exterior building maintenance. Real estate taxes decreased $12,642 or 8.45% primarily due to decreased accessed valuations. Property management fees are paid to an affiliated entity and represents 5% of gross operating revenues (see Note 4 to Financial Statements and Schedule Index contained in Item 8.) The following table illustrates the increases or (decreases):

	Increase (Decrease)	Per Cent
Utilities	59,269	29.45%
General and administrative	36,100	20.07%
Repairs and maintenance	27,102	16.50%
Payroll	13,333	4.63%
Property management fee	2,797	3.46%
Depreciation and amortization	10,077	2.83%
Interest	(3,611)	(1.43%)
Real estate taxes	(12,642)	(8.45%)
Total operating expenses	132,425	7.88%

Liquidity and Capital Resources

While it is the General Partners primary intention to operate and manage the existing real estate investment, the General Partner also continually evaluates this investment in light of current economic conditions and trends to determine if this asset should be considered for disposal. At this time, there is no plan to dispose of Las Brisas Apartments.

As of December 31, 2004, the Partnership had $56,866 in cash and cash equivalents as compared to $19,115 as of December 31, 2003. The net increase in cash of $37,751 is principally due to cash flow from operations.

The property is encumbered by a non-recourse mortgage with a principal balance of $3,944,478 as of December 31, 2004. The mortgage payable bears interest at 6.18% and is payable in monthly installments of principal and interest until December 2011 when a lump-sum payment of approximately $3,447,000 is due. The required principal reductions for the five years ending December 31, 2009 are $58,568, $62,292, $66,253, $70,465 and $74,945 respectively.

For the foreseeable future, the Partnership anticipates that mortgage principal payments (excluding balloon mortgage payments), improvements and capital expenditures will be funded by net cash from operations. The primary source of capital to fund the balloon mortgage payment will be proceeds from the sale, financing or refinancing of the Property.

The $1,176,420 in Special Limited Partner equity is the result of previous fundings for operating deficits and other partner loans made to the Partnership by a related entity. These loans were reclassified to equity during 1993. The Special Limited Partner has first right to all net operating cash flows and net proceeds from disposals of assets to the extent of the Special Limited Partners distribution preference. During 2004, 2003, and 2002, the Special Limited Partner received distributions from the Partnership totaling $90,000, $110,000, and $523,560, respectively. For further information please see Note G to the audited financial statements.

Item 7a – Quantitative and Qualitative Disclosure about Market Risk

Market Risk

The Partnership is exposed to interest rate changes primarily as a result of its real estate mortgages. The Partnerships interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower it's overall borrowing costs. To achieve its objectives, the Partnership borrows primarily at fixed rates. The Partnership does not enter into derivative or interest rate transactions for any purpose.

The Partnerships' activities do not contain material risk due to changes in general market conditions. The partnership invests only in fully insured bank certificates of deposits, and mutual funds investing in United States treasury obligations.

Risk Associated with Forward-Looking Statements Included in this Form 10-K

This Form 10-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created thereby. These statements include the plans and objectives of management for future operations, including plans and objectives relating to capital expenditures and rehabilitation costs on the Properties. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Form 10-K will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

AMRECORP REALTY FUND III

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORTS

December 31, 2004 and 2003

INDEX TO FINANCIAL STATEMENTS

All other schedules have been omitted because they are not applicable, not required or the information has been supplied in the financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the General Partner and Limited Partners of
Amrecorp Realty Fund III

We have audited the accompanying balance sheets of Amrecorp Realty Fund III, a Texas limited partnership (the "Partnership") as of December 31, 2004 and 2003, and the related statements of operations, partners' equity (deficit), and cash flows for the years ended December 31, 2004, 2003 and 2002. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these 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 presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amrecorp Realty Fund III as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years ended December 31, 2004, 2003 and 2002 in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule III for the year ended December 31, 2004 is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

January 17, 2005
Plano, Texas

AMRECORP REALTY FUND III
BALANCE SHEETS
December 31,

ASSETS

	2004	2003
Investments in real estate at cost		
Land	$ 1,000,000	$ 1,000,000
Buildings, improvements and furniture and fixtures	7,345,211	7,180,636
	8,345,211	8,180,636
Accumulated depreciation	(5,351,122)	(4,983,023)
	2,994,089	3,197,613
Cash and cash equivalents	56,866	19,115
Escrow deposits	136,621	149,208
Deferred financing costs, net of accumulated	62,753	71,881
Other assets	41,560	29,787
TOTAL ASSETS	3,291,889	3,467,604

LIABILITIES AND PARTNERS' EQUITY

	2004	2003
Mortgage payable	3,944,478	3,999,545
Accrued interest payable	20,314	20,598
Accounts payable	38,080	95,577
Real estate taxes payable	140,629	136,892
Due to affiliates	1,220	1,338
Security deposits	57,644	57,788
TOTAL LIABILITIES	4,205,365	4,311,738
PARTNERS' EQUITY	(910,476)	(844,134)
TOTAL LIABILITIES AND PARTNERS' EQUITY	$ 3,291,889	$ 3,467,604

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

AMRECORP REALTY FUND III
STATEMENTS OF OPERATIONS
For the Years Ended December 31,

	2004	2003	2002
INCOME			
Rentals	$ 1,642,672	$ 1,573,534	$ 1,513,085
Other	111,588	98,847	103,387
Total income	1,754,260	1,672,381	1,616,472
OPERATING EXPENSES			
Depreciation and amortization	377,227	365,687	355,610
Payroll	343,383	301,155	287,822
Interest	245,346	248,655	252,266
Utilities	228,326	260,509	201,240
General and administrative	135,004	216,006	179,906
Repairs and maintenance	163,075	191,390	164,288
Real estate taxes	141,504	136,892	149,534
Property management fee to affiliate	87,713	83,619	80,822
Administrative service fee to affiliate	9,024	9,024	9,024
Total operating expenses	1,730,602	1,812,937	1,680,512
NET INCOME (LOSS)	$ 23,658	$ (140,556)	$ (64,040)
NET INCOME (LOSS) PER LIMITED PARTNERSHIP UNIT – BASIC	$ 9.83	$ (58.41)	$ (26.62)
LIMITED PARTNERSHIP UNITS OUTSTANDING – BASIC	2,382	2,382	2,382

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

AMRECORP REALTY FUND III
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2004, 2003 and 2002

	General Partner	Special Limited Partners	Limited Partners	Total
Balance, January 1, 2002	(136,991)	254,823	(123,810)	(5,978)
Reclassification to correct allocation of Distributions made to Special Limited Partners for distribution preference	(15,684)	1,568,437	(1,552,753)	---
Distributions	---	(523,560)	---	(523,560)
Reallocation for payment of Special Limited Partner distributions for distribution preference	(368)	36,817	(36,449)	---
Net loss	(640)	---	(63,400)	(64,040)
Balance, December 31, 2002	(153,683)	1,336,517	(1,776,412)	(593,578)
Distributions	---	(110,000)	---	(110,000)
Reallocation for payment of Special Limited Partner distributions for distribution preference	(252)	25,218	(24,966)	---
Net income	(1,406)	---	(139,150)	(140,556)
Balance, December 31, 2003	$ (155,341)	$ 1,251,735	$ (1,940,528)	$ (844,134)
Distributions	---	(90,000)	---	(90,000)
Reallocation for payment of Special Limited Partner distributions for distribution preference	(147)	14,685	(14,538)	---
Net income	237	---	23,421	23,658
Balance, December 31, 2004	$ (155,251)	$ 1,176,420	$ (1,931,645)	$ (910,476)

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

AMRECORP REALTY FUND III
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2004	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 23,658	$ (140,556)	$ (64,040)
Adjustments to reconcile net income (loss) to net cash provided by operations:			
Depreciation and amortization	377,227	365,687	355,610
Changes in assets and liabilities:			
Escrow deposits	12,587	(1,219)	(147,989)
Other assets	(11,773)	33,554	(12,875)
Accrued interest payable	(284)	(266)	(251)
Security deposits	(144)	2,243	527
Accounts payable	(57,497)	44,961	11,871
Due to affiliates	(118)	1,075	(122,608)
Real estate taxes payable	3,737	(12,642)	149,297
Net cash provided by operating activities	347,393	292,837	169,542
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in real estate	(164,575)	(136,055)	(188,465)
Capital replacement reserve	---	284	55,340
Net cash used for investing activities	(164,575)	(135,771)	(133,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on mortgages and notes payable	(55,067)	(51,775)	(48,680)
Proceeds from refinancing	---	---	---
Deferred financing costs	---	---	---
Liquidity reserve	---	---	---
Distributions	(90,000)	(110,000)	(523,560)
Net cash provided by (used for) financing activities	(145,067)	(161,775)	(572,240)
Net increase (decrease) in cash and cash equivalents	37,751	(4,709)	(535,823)
Cash and cash equivalents at beginning of period	19,115	23,824	559,647
Cash and cash equivalents at end of period	$ 56,866	$ 19,115	$ 23,824
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ 245,630	$ 248,921	$ 252,017
Noncash financing activity :			
Refinancing of mortgage payable	$ ---	$ ---	$ ---

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Amrecorp Realty Fund III (the "Partnership"), a Texas limited partnership, was formed on August 30, 1985, under the laws of the state of Texas, for the purpose of acquiring, maintaining, developing, operating, and selling buildings and improvements. The Partnership owns and operates rental apartments in Abilene, Texas. The Partnership will be terminated by December 31, 2015, although this date can be extended if certain events occur. LBAL, Inc., a Texas corporation wholly owned by Mr. Robert J. Werra, is the general partner. Mr. Werra is the first special limited partner and third special limited partner. The second special limited partner is an affiliate of the general partner.

An aggregate of 25,000 limited partner units at $1,000 per unit are authorized, of which 2,382 units were outstanding for each of the three years ended December 31, 2004, 2003 and 2002. Under the terms of the offering, no additional units will be offered. Effective November 1, 1993, the partnership agreement was amended to establish a first, second and third special limited partner status as referred to above.

Allocation of Net Income (Loss) and Cash

All distributions of net operating cash flow and net proceeds of the Partnership shall be distributed first to special limited partners to satisfy the special limited partner distribution preference, then to repay any unreturned portion of their contribution. The total distribution preference due to the special limited partners is approximately $920,000 as of December 31, 2004. Any additional available cash will then be distributed in accordance with the partnership agreement. During 2004, 2003 and 2002, distributions of $ 90,000, $110,000, and $523,560, respectively, were made to the special limited partners in accordance with this agreement.

Net operating income and loss are allocated 1% to general partners and 99% to limited partners. Net operating cash flow, as defined in the partnership agreement, shall be distributed to the limited and general partners first to the limited partners in an amount equal to a variable distribution preference on capital contributions for the current year and then to the extent the preference has not been satisfied for all preceding years, and, thereafter, 10% to the general partner and 90% to the limited partners.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net income from the sale of property is allocated first, to the extent there are cumulative net losses, 1% to the general partner and 99% to the limited partners; second, to the limited partners in an amount equal to their distribution preference as determined on the date of the partners' entry into the Partnership; and, thereafter, 15% to the general partner and 85% to the limited partners.

Cash proceeds from the sale of property or refinancing are allocated first to the limited partners to the extent of their capital contributions and distribution preference as determined on the date of the partners' entry into the Partnership; and, thereafter, 15% to the general partner and 85% to the limited partners.

Basis of Accounting

The Partnership maintains its books on the basis of accounting used for federal income tax reporting purposes. Memorandum entries have been made to present the accompanying financial statements in accordance with U.S. generally accepted accounting principles.

Investments in Real Estate and Depreciation

Buildings, improvements, and furniture and fixtures are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 27.5 years.

Income Taxes

No provision for income taxes has been made since the partners report their respective share of the results of operations on their individual income tax return.

Deferred Financing Costs

Costs incurred to obtain mortgage financing are being amortized over the life of the mortgage using the straight-line method.

Revenue Recognition

The Partnership has leased substantially all of its rental apartments under cancelable leases for periods generally less than one year. Rental revenue is recognized on a monthly basis as earned.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Syndication Costs

Costs or fees incurred to raise capital for the Partnership are netted against the respective partners' equity accounts.

Cash and Cash Equivalents

The Partnership considers all highly liquid instruments with a maturity of three months or less to be cash equivalents.

Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting For the Impairment of Long-Lived Assets and For Long-Lived Assets to be Disposed Of", the Partnership records impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. Based on current estimates, management does not believe impairment of operating properties is present.

Computation of Earnings Per Unit

The Partnership has adopted Statement of Financial Accounting Standards ("SFAS") No.128, "Earnings per Share". Basic earnings per unit is computed by dividing net income (loss) attributable to the limited partners' interests by the weighted average number of units outstanding. Earnings per unit assuming dilution would be computed by dividing net income (loss) attributable to the limited partners' interests by the weighted average number of units and equivalent units outstanding. The Partnership has no equivalent units outstanding for any period presented.

Segment Information

The Partnership is in one business segment, the real estate investments business, and follows the requirements of FAS 131, "Disclosures about Segments of an Enterprise and Related Information."

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Concentration of Credit Risk

Financial instruments which potentially subject the Partnership to concentrations of credit risk consist primarily of cash. The Partnership places its cash with various financial institutions. The Partnership's exposure to loss should any of these financial institutions fail would be limited to any amount in excess of the amount insured by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation. Management does not believe significant credit risk exists at December 31, 2004.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

Environmental Remediation Costs

The Partnership accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. Project management is not aware of any environmental remediation obligations that would materially affect the operations, financial position or cash flows of the Project.

Comprehensive Income

Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income, (SFAS 130), requires that total comprehensive income be reported in the financial statements. For the years ended December 31, 2004, 2003 and 2002, the Partnership's comprehensive income (loss) was equal to its net income (loss) and the Partnership does not have income meeting the definition of other comprehensive income.

NOTE B - MORTGAGE PAYABLE

The mortgage payable of $3,944,478 at December 31, 2004 bears interest at a rate of 6.18% and is payable in monthly installments of principal and interest of $25,058 through December 2011, at which time a lump sum payment of approximately $3,447,000 is due. This mortgage note is secured by real estate with a net book value of $2,994,090.

At December 31, 2004, required principal payments due under the stated terms of the Partnership's mortgage note payable are as follows:

2005	58,568
2006	62,292
2007	66,253
2008	70,465
2009	74,945
Thereafter	3,611,955
	$ 3,944,478

NOTE C – RELATED PARTY TRANSACTIONS

The Partnership agreement specifies that certain fees be paid to the general partner or his designee. An affiliate of the general partner receives a property management fee that is approximately 4% of the Partnership's gross receipts. In addition, a Partnership fee equal to 1% of gross revenues from operations is to be paid from "Excess Property Income", as defined in the partnership agreement.

	2004	2003	2002
Property management fee	$ 70,170	$ 66,895	$ 64,659
Partnership fee	17,543	16,724	16,163

Administrative service fees paid to an affiliate of the general partner were $9,024, $9,024 and $9,024 for each of the years ended December 31, 2004, 2003 and 2002, respectively.

Resulting from the above transactions, amounts due an affiliate of the general partner as of December 31, 2004, and 2003, totaled $1,220 and $1,338, respectively.

NOTE D – ACCUMULATED AMORTIZATION

At December 31, 2004, amortization expense for deferred financing costs over the next five years is as follows:

2005	9,128
2006	9,128
2007	9,128
2008	9,128
2009	9,128
Thereafter	17,113
	$ 62,753

NOTE E – COMMITMENTS

The Partnership will pay a real estate commission to the general partner or his affiliates in an amount not exceeding the lessor of 50% of the amounts customarily charged by others rendering similar services or 3% of the gross sales price of a property sold by the Partnership.

NOTE F – RECONCILIATION OF BOOK TO TAX LOSS (UNAUDITED)

If the accompanying financial statements had been prepared in accordance with the accrual income tax basis of accounting rather than U.S. generally accepted accounting principals ("GAAP"), the excess of revenues over expenses for 2003 would have been as follows:

Net income (loss) per accompanying financial statements	$ 23,658
Add – book basis depreciation using straight-line method	368,099
Add – other temporary timing difference	19,998
Deduct – income tax basis depreciation expense using ACRS method	114,464
Excess of revenues over expenses, accrual income tax basis	$ 297,291

NOTE G – ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The following estimated fair value amounts have been determined using available market information or other appropriate valuation methodologies that require considerable judgement in interpreting market data and developing estimates. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Partnership could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

NOTE G – ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of financial instruments that are short-term or reprice frequently and have a history of negligible credit losses is considered to approximate their carrying value. These include cash and cash equivalents, accounts payable and other liabilities.

Management has reviewed the carrying values of its mortgages payable and notes payable to related parties in connection with interest rates currently available to the Partnership for borrowings with similar characteristics and maturities and has determined that their estimated fair value would approximate their carrying value as of December 31, 2004 and 2003.

The fair value information presented herein is based on pertinent information available to management. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and therefore, current estimates of fair value may differ significantly from the amounts presented herein.

NOTE G – RECLASSIFICATION

The Statement of Partners' Equity for the year ending December 31, 2002 includes a reclassification to correct an error in the original allocation of distributions made to the special limited partners. In prior years, distributions were allocated as return of special limited partners' contributions when, per the terms of the second amendment to the limited partnership agreement, distributions are to be allocated first to the preferred return, as defined in the amendment, then to the return of the contribution of the first special limited partner then in the same manner for the second and third special limited partners. The reclassification reallocates the capital accounts to their respective balances had the distribution been properly allocated when made. Total partners' equity is not affected by the reclassification.

AMRECORP REALTY FUND III

Schedule III – Real Estate and Accumulated Depreciation

December 31, 2004

Description	Encumbrances	Initial Cost to Partnership: Land	Initial Cost to Partnership: Building and Improvements	Total Cost Subsequent to Acquisition	Gross Amounts at Which Carried at Close of Year: Land	Gross Amounts at Which Carried at Close of Year: Buildings And Improvements	Gross Amounts at Which Carried at Close of Year: Total (c)(d)	Accumulated Depreciation (c)	Date of Construction	Date Acquired	Life on Which Depreciation Is Computed
Twenty-eight two-story apartment buildings of concrete block construction with brick veneer, stucco and wood siding exterior, and composition shingled roofs located in Abilene, Texas	(b)	$ 1,000,000	$ 5,721,811	$ 1,623,400	$ 1,000,000	$ 7,345,211	$ 8,345,211	$ 5,351,122	Complete at Date acquired	7/31/86	(a)

See notes to Schedule III.

AMRECORP REALTY FUND III
Schedule III – Real Estate and Accumulated Depreciation (Continued)
December 31, 2004

NOTES TO SCHEDULE III:

(a) See Note A to financial statements outlining depreciation methods and lives.

(b) See description of mortgages and notes payable in Note B to the financial statements.

(c) The reconciliation of investments in real estate and accumulated depreciation for the years ended December 31, 2004, 2003 and 2002 is as follows:

	Investments in Real Estate	Accumulated Depreciation
Balance, January 1, 2002	7,856,116	4,279,982
Acquisitions	188,465	---
Depreciation expense	---	346,482
Balance, December 31, 2002	$ 8,044,581	$ 4,626,464
Acquisitions	136,055	---
Depreciation expense	---	356,559
Balance, December 31, 2003	8,180,636	4,983,023
Acquisitions	164,575	---
Depreciation expense	---	368,099
Balance, December 31, 2004	8,345,211	5,351,122

(d) Aggregate cost for federal income tax purposes is $6,800,466.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

On November 6, 1998, an 8-K was filed to disclose the change in auditors. No financial statements were issued in conjunction with this filing. The Registrant has not been involved in any disagreements on accounting and financial disclosure.

Item 9a. Controls and Procedures

Based on their most recent evaluation, which was completed within 90 days of the filing of this Form 10-K, our Principal Financial Officer and Principal Executive Officer, believe our disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) are effective. There were not any significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, and there has not been any corrective action with regard to significant deficiencies and material weaknesses.

PART III

Item 10. Directors and Executive Officer of the Partnership

The Partnership itself has no officers or directors. LBAL, Inc., a Texas Corporation, which is wholly owned by Robert J. Werra, is the General Partner of the Partnership.

Robert J. Werra, 65, joined Loewi & Co., Incorporated ("Loewi") in 1967 as a Registered Representative. In 1971, he formed the Loewi real estate department, and was responsible for its first sales of privately placed real estate programs. Loewi Realty was incorporated in 1974, as a wholly owned subsidiary of Loewi & Co., with Mr. Werra as President. In 1980, Mr. Werra, along with three other individuals, formed Amrecorp Inc. to purchase the stock of Loewi Real Estate Inc., and Loewi Realty. In 1991 Univesco, Inc. became the management agent for the Partnership. Limited Partners have no right to participate in management of Partnership.

Item 11. Management Remuneration and Transactions

As stated above, the Partnership has no officers or directors. Pursuant to the terms of the Limited Partnership Agreement, the General Partner receives 1% of Partnership income and loss and up to 15% of Net Proceeds received from sale or refinancing of Partnership properties (after return of Limited Partner capital contributions and payment of a 6% Current Distribution Preference thereon).

Univesco, Inc., an affiliate of the General Partner, is entitled to receive a management fee with respect to the properties actually managed of 5% of actual gross receipts from a property or an amount competitive in price or terms for comparable services available from a non-affiliated persons. The Partnership is also permitted to engage in various transactions involving affiliates of the General Partner as described under the caption "Compensation and Fees" at pages 6-8, "Management" at pages 18-20 and "Allocation of Net Income and Losses and Cash Distributions" at pages 49-51 of the Prospectus as supplemented, incorporated in the Form S-11 Registration Statement which was filed with the Securities and Exchange Commission and made effective on November 26, 1985.

For the Fiscal year ended December 31, 2004, 2003, and 2002, property management fees earned totaled $87,713, $83,619, and $80,822, respectively. An additional administration service fee was paid to the general partner of $9,024, $9,024, and 9,024 for the years ended December 31, 2004, 2003, and 2002, respectively.

Item 12. Security Ownership of Certain Beneficial Owners and Management

(a)

Title of Class	Name and Address	Amount and Nature	Percent of
Limited Partnership Interest	William E. Kreger 3301 Biddle Ave. #1101 Wyandette, MI 48192	300 units	12.59%
	Juanita L. Werra 1409 Tree Farm Dr Plano, TX 75093	127 units	5.33%
	Monty L. Parker 9144 North Silver Brook Lane Brown Deer, WI 53223	127 units	5.33%

(b) By virtue of its organization as a limited partnership, the Partnership has no officers or directors. Persons performing functions similar to those of officers and directors of the Partnership, beneficially own, the following units of the Partnership as of March 1, 2002.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Limited Partnership Interest	Robert J. Werra 2800 N Dallas Pkwy #100 Plano, TX 75093	10 units	.42%

(c) There is no arrangement, known to the Partnership, which may, at a subsequent date, result in a change in control of the Partnership.

Item 13. Certain Relations and Related Transactions

As stated in item 11, the Partnership has no officers or directors. Pursuant to the terms of the Limited Partnership Agreement, the general partner receives 1% of partnership income and loss and up to 15%of Net Proceeds received from the sale or refinancing of Partnership Properties (after return of Limited Partner capital contributions and payment of a Current Distribution Preference thereon).

Univesco, Inc. (an affiliate of the General Partner), is entitled to receive a management fee with respect to the Properties. For residential Properties (including all leasing and releasing fees and fees for leasing-related services), the lesser of 5% of gross receipts of the Partnership from such Properties or an amount which is competitive in price and terms with other non-affiliated persons rendering comparable services which could reasonably be made available to the Partnership. The Partnership is also permitted to engage in various transactions involving affiliates of the general partner as described under the caption "Compensation and Fees" at pages 6-8, "Management" at pages 18-20 and "Allocation of Net Income and Losses and Cash Distributions" at pages 49-51 of the definitive Prospectus, incorporated in the form S-11 Registration Statement which was filed with the Securities and Exchange Commission and made effective of November 26, 1985 and incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The following table sets forth the aggregate fees for professional services rendered to the Partnership for the years 2004 and 2003 by the Partnership principal accounting firm, Farmer, Fuqua, & Huff, P.C.

Type of Fees	2004	2003
Audit Fees	$11,500	$8,500
Audit related fees	---	---
Tax fees	---	---
All other fees	---	---

PART IV

Item 15. Exhibits, Financial Statements, Schedules and Reports on Form 10-K

(A) 1. Financial Statements

The financial statements of Amrecorp Realty Fund III are included in Part II, Item 8.

2. Financial Statements and Schedules

All schedules for which provision is made is the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, are inapplicable, or the information is presented in the financial statements or related notes, and therefore have been omitted.

3. Exhibits

None.

(B) Reports on Form 8-K for the quarter ended December 31, 2004.

None.

(C) Exhibits

3. Certificate of Limited Partnership, incorporated by reference to Registration Statement No. 33-00152 effective November 26, 1985

4. Limited Partnership Agreement, incorporated by reference to Registration Statement N. 33-00152 effective November 26, 1985.

9. Not Applicable.
10. None.
11. Not Applicable.
12. Not Applicable.
13. Not Applicable.
14. Code of Ethics for Senior Financial Officers
18. Not Applicable.
19. Not Applicable.
22. Not Applicable.
23. Not Applicable.
24. Not Applicable.
25. Power of Attorney, incorporated by reference to Registration Statement No. 33-00152 effective November 26, 1985.
28. None.
31. Certification
32. Officers' Section 1350 Certification

(d) Financial Statement Schedules excluded from the annual report

None

EXHIBIT 14

Code of Ethics for Senior Financial Officers

The principal executive officer, president, principal financial officer, chief financial officer, principal accounting officer and controller (all, the company's "Senior Financial Officers") hold an important and elevated role in corporate governance, vested with both the responsibility and authority to protect, balance, and preserve the interests of all of the enterprise stakeholders, including shareholders, customers, employees, suppliers, and citizens of the communities in which business is conducted. Senior Financial Officers fulfill this responsibility by prescribing and enforcing the policies and procedures employed in the operation of the enterprise's financial organization and by acting in good faith and in the company's best interests in accordance with the company's Code of Business Conduct and Ethics.

1 Honest and Ethical Conduct

Senior Financial Officers will exhibit and promote honest and ethical conduct through the establishment and operation of policies and procedures that:

- Encourage and reward professional integrity in all aspects of the financial organization, by eliminating inhibitions and barriers to responsible behavior, such as coercion, fear of reprisal, or alienation from the financial organization or the enterprise itself.

- Promote the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

- Provide a mechanism for members of the finance organization to inform senior Management of deviations in the practice from policies and procedures governing honest and ethical behavior.

- Respect the confidentiality of information acquired in the course of work, except when authorized or otherwise legally obligated to disclose such information, and restrict the use of confidential information acquired in the course of work for personal advantage.

- Demonstrate their personal support for such policies and procedures through periodic communication reinforcing these ethical standards throughout the finance organization.

2 Financial Records and Periodic Reports

Senior Financial Officers will establish and manage the enterprise transaction and reporting systems and procedures to provide that:

- Business transactions are properly authorized and accurately and timely recorded on the company's books and records in accordance with Generally Accepted Accounting Principles ("GAAP") and established company financial policy.

- No false or artificial statements or entries for any purpose are made in the company's books and records, financial statements and related communications.

- The retention or proper disposal of company records shall be in accordance with established records retention policies and applicable legal and regulatory requirements.

- Periodic financial communications and reports will include full, fair, accurate, timely and understandable disclosure.

3 Compliance with Applicable Laws, Rules and Regulations.

Senior Financial Officers will establish and maintain mechanisms to:

- Educate members of the finance organization about any federal, state or local statute, regulation or administrative procedure that affects the operation of the finance organization and the enterprise generally.

- Monitor the compliance of the finance organization with any applicable federal, state or local statute, regulation or administrative rule.

- Identify, report and correct in a swift and certain manner, any detected deviations from applicable federal, state or local statute or regulation.

4 Reporting of Non-Compliance

Senior Financial Officers will promptly bring to the attention of the Audit Committee:

- Material information that affects the disclosures made by the partnership in its public filings.

- Information concerning significant deficiencies in the design or operation of internal controls that could adversely affect the partnership's ability to record, process, summarize and report financial data.

Senior Financial Officers will promptly bring to the attention of the General Counsel and to the Audit Committee:

- Fraud, whether or not material, that involves management or other employees who have a significant role in the company's financial reporting, disclosures or internal controls.

- Information concerning a violation of this Code or the Partnership's Code of Business and Ethics Conduct, including any actual or apparent conflicts of interest between personal and professional relationships, involving management or other employees who have a significant role in the company's financial reporting, disclosures or internal controls.

- Evidence of a material violation by the partnership or its employees or agents of applicable laws, rules or regulations.

5 Disciplinary Action

In the event of violation by Senior Financial Officers of this Code or the partnership's Code of Business Conduct and Ethics, the Audit Committee of the Board of Directors shall recommend appropriate disciplinary and remedial actions.

Exhibit 31

CERTIFICATIONS

I, Robert J. Werra, certify that:

1 . I have reviewed this annual report on Form 10-K of Amrecorp Realty Fund III;

2 . Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3 . Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4 . The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13-15(e) and 15d-15e) and have internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals; and

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(e) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

Dated: March 30, 2005.

/s/ Robert J. Werra

Exhibit 32

Officers' Section 1350 Certifications

The undersigned officer of First Equity Properties, Inc., a Texas limited partnership (the "Partnership"), hereby certifies that (i) the Partnership's Annual Report on Form 10-K for the year ended December 31, 2004 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and (ii) the information contained in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2004 fairly presents, in all material respects, the financial condition and results of operations of the Partnership, at and for the periods indicated.

Dated: March 30, 2005.

/s/ Robert J. Werra