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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**Form 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2013

or

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

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

Commission File Number 0-18541

**NATIONAL TAX CREDIT PARTNERS, L.P.**

(Exact name of registrant as specified in its charter)

California  
(State or other jurisdiction of  
incorporation or organization)

95-3906167  
(I.R.S. Employer  
Identification No.)

PO Box 91274  
Los Angeles, California 90009  
(Address of principal executive offices)

(720) 387-8135  
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

NATIONAL TAX CREDIT PARTNERS, L.P.  
BALANCE SHEETS  
(Unaudited)  
(In thousands)

	June 30, <u>2013</u>	December 31, <u>2012</u>
<u>Assets</u>		
Investments in and advances to Local Partnerships	\$ --	\$ --
Cash and cash equivalents	18	58
Accounts receivable	<u>11</u>	<u>6</u>
Total assets	<u>\$ 29</u>	<u>\$ 64</u>
<u>Liabilities and Partners' Deficit</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 102	\$ 40
Accrued fees due to affiliates	1,249	1,229
Accrued loans and interest due to affiliates	<u>30</u>	<u>--</u>
Total liabilities	<u>1,381</u>	<u>1,269</u>
Contingencies	--	--
Partners' deficit:		
General partner	(531)	(530)
Limited partners	<u>(821)</u>	<u>(675)</u>
Total partners' deficit	<u>(1,352)</u>	<u>(1,205)</u>
Total liabilities and partners' deficit	<u>\$ 29</u>	<u>\$ 64</u>

See Accompanying Notes to Financial Statements

NATIONAL TAX CREDIT PARTNERS, L.P.

STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per interest data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues	\$ <u>    --</u>	\$ <u>    --</u>	\$ <u>    --</u>	\$ <u>    --</u>
Operating expenses:				
Management fees - general partner	9	22	18	44
General and administrative	10	12	11	17
Legal and accounting	<u>87</u>	<u>15</u>	<u>114</u>	<u>28</u>
Total operating expenses	<u>106</u>	<u>49</u>	<u>143</u>	<u>89</u>
Loss from Partnership operations	(106)	(49)	(143)	(89)
Advances made to Local Partnerships recognized as (expense)	<u>(3)</u>	<u>  --</u>	<u>(4)</u>	<u>  --</u>
Net income (loss)	\$ <u>(109)</u>	\$ <u>(49)</u>	\$ <u>(147)</u>	\$ <u>(89)</u>
Net income (loss) allocated to general partner (1%)	\$ <u>(1)</u>	\$ <u>(1)</u>	\$ <u>(1)</u>	\$ <u>(1)</u>
Net income (loss) allocated to limited partners (99%)	\$ <u>(108)</u>	\$ <u>(48)</u>	\$ <u>(146)</u>	\$ <u>(88)</u>
Net income (loss) per limited partnership interest	\$ <u>(4.60)</u>	\$ <u>(2.03)</u>	\$ <u>(6.20)</u>	\$ <u>(3.73)</u>

See Accompanying Notes to Financial Statements

NATIONAL TAX CREDIT PARTNERS, L.P.  
STATEMENT OF CHANGES IN PARTNERS' DEFICIT

(Unaudited)  
(In thousands)

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
Partners' deficit, December 31, 2012	\$ (530)	\$ (675)	\$ (1,205)
Net loss for the six months ended June 30, 2013	<u>(1)</u>	<u>(146)</u>	<u>(147)</u>
Partners' deficit, June 30, 2013	\$ <u>(531)</u>	\$ <u>(821)</u>	\$ <u>(1,352)</u>

See Accompanying Notes to Financial Statements

NATIONAL TAX CREDIT PARTNERS, L.P.

STATEMENTS OF CASH FLOWS

(Unaudited)  
(In thousands)

	Six Months Ended June 30,	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Net income (loss)	\$ (147)	\$ (89)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Advance made to Local Partnership recognized As expense	4	--
Change in accounts:		
Accounts receivable - limited partners	(5)	(6)
Accounts payable and accrued expenses	62	(13)
Accrued fees due to affiliates	20	45
Net cash used in operating activities	<u>(66)</u>	<u>(63)</u>
Cash flows provided by investing activities:		
Advance to Local Partnership	<u>(4)</u>	<u>--</u>
Net cash provided by investing activities	<u>(4)</u>	<u>--</u>
Cash Flows provided by financing activities:		
Advances from affiliate	<u>30</u>	<u>--</u>
Net cash provided by financing activities	<u>30</u>	<u>--</u>
Net increase (decrease) in cash and cash equivalents	(40)	(63)
Cash and cash equivalents, beginning of period	<u>58</u>	<u>110</u>
Cash and cash equivalents, end of period	<u>\$ 18</u>	<u>\$ 47</u>

See Accompanying Notes to Financial Statements

NATIONAL TAX CREDIT PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General

The information contained in the following notes to the unaudited financial statements is condensed from that which would appear in the annual audited financial statements. Accordingly, the unaudited financial statements included herein should be reviewed in conjunction with the audited financial statements and related notes thereto contained in the National Tax Credit Partners, L.P. (the "Partnership" or "Registrant") Annual Report for the fiscal year ended December 31, 2012. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year end. The results of operations for the interim periods presented are not necessarily indicative of the results expected for the entire year.

In the opinion of the Partnership's management, the accompanying unaudited financial statements contain all adjustments (consisting primarily of normal recurring items) considered necessary for a fair presentation. The balance sheet at December 31, 2012 has been derived from the audited financial statements at that date but does not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements.

Organization

The Partnership, formed under the California Revised Limited Partnership Act, was organized on March 7, 1989. The Partnership was formed to invest primarily in other limited partnerships (the "Local Partnerships") which own or lease and operate multifamily housing complexes ("Apartment Complexes") that are eligible for low-income housing tax credits or, in certain cases, historic rehabilitation tax credits ("Tax Credits"). The general partner of the Partnership is National Partnership Investments, LLC, a California limited liability company ("NAPICO" or the "General Partner"). The General Partner is a subsidiary of Bethesda Holdings II, LLC, a privately held real estate asset management company ("Bethesda").

At June 30, 2013 and December 31, 2012, the Partnership had outstanding 23,464 limited partnership interests.

The General Partner has a 1% interest in operating profits and losses of the Partnership. The limited partners will be allocated the remaining 99% interest in proportion to their respective investments.

The Partnership shall continue in full force and effect until December 31, 2029, unless terminated prior to that date, pursuant to the partnership agreement or law.

Basis of Presentation

The accompanying unaudited financial statements have been prepared in conformity with accounting principles generally accepted in the United States.

Method of Accounting for Investments in Local Partnerships

The investments in Local Partnerships are accounted for using the equity method.

NATIONAL TAX CREDIT PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (continued)  
(Unaudited)

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Net Loss Per Limited Partnership Interest

Net loss per limited partnership interest was computed by dividing the limited partners' share of net loss by the number of limited partnership interests outstanding at the beginning of the year. The number of limited partnership interests used was 23,464 and 23,596 for the three and six months ended June 30, 2013 and 2012, respectively.

Variable Interest Entities

The Partnership consolidates any variable interest entities in which the Partnership holds a variable interest and is the primary beneficiary. Generally, a variable interest entity, or VIE, is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (b) as a group the holders of the equity investment at risk lack (i) the ability to make decisions about an entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The primary beneficiary of a VIE is generally the entity that has (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

In determining whether it is the primary beneficiary of a VIE, the Partnership considers qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIE's economic performance and which party controls such activities; the amount and characteristics of the Partnership's investment; the obligation or likelihood for the Partnership or other investors to provide financial support; and the similarity with and significance to the business activities of the Partnership and the other investors. Significant judgments related to these determinations include estimates about the current and future fair values and performance of real estate held by these VIEs and general market conditions.

At June 30, 2013 and December 31, 2012, the Partnership held variable interests in three VIEs for which the Partnership was not the primary beneficiary. The Partnership has concluded, based on its qualitative consideration of the partnership agreement, the partnership structure and the role of the general partner in each of the Local Partnerships, that the general partner of each of the Local Partnerships is the primary beneficiary of the respective Local Partnership. In making this determination, the Partnership considered the following factors:

- the general partners conduct and manage the business of the Local Partnerships;
- the general partners are responsible for approving operating and capital budgets for the properties owned by the Local Partnerships;
- the general partners are obligated to fund any recourse obligations of the Local Partnerships;

NATIONAL TAX CREDIT PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (continued)  
(Unaudited)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

- the general partners are authorized to borrow funds on behalf of the Local Partnerships; and
- the Partnership, as a limited partner in each of the Local Partnerships, does not have the ability to direct or otherwise significantly influence the activities of the Local Partnerships that most significantly impact such entities' economic performance.

The three VIEs at June 30, 2013 consist of Local Partnerships that are directly engaged in the ownership and management of three apartment properties with a total of 51 units. The Partnership is involved with those VIEs as a non-controlling limited partner equity holder. The Partnership's maximum exposure to loss as a result of its involvement with the unconsolidated VIEs is limited to the Partnership's recorded investments in and receivables from these VIEs, which was zero at June 30, 2013 and December 31, 2012. The Partnership may be subject to additional losses to the extent of any financial support that the Partnership voluntarily provides in the future.

**NOTE 2 - INVESTMENTS IN AND ADVANCES TO LOCAL PARTNERSHIPS**

At both June 30, 2013 and December 31, 2012, the Partnership held limited partnership interests in three Local Partnerships located in one state, that owned residential projects consisting of 51 apartment units. The general partners responsible for management of the Local Partnerships (the "Local Operating General Partners") are not affiliated with the General Partner of the Partnership, except as discussed below.

National Tax Credit, LLC ("NTC"), an affiliate of the General Partner, is the Local Operating General Partner of the remaining Local Partnerships and is entitled to one percent of operating profits and losses of the Local Partnerships. The Partnership is also entitled to receive 50 percent of the net cash flow generated by the Apartment Complexes, subject to repayment of any loans made to the Local Partnerships (including loans provided by NTC or an affiliate), repayment for funding of development deficit and operating deficit guarantees by the Local Operating General Partner or its affiliates and certain priority payments to the Local Operating General Partner.

The Partnership, as a limited partner, does not have a contractual relationship with the Local Partnerships or exercise control over the activities and operations, including refinancing or selling decisions, of the Local Partnerships that would require or allow for consolidation. Accordingly, the Partnership accounts for its investments in the Local Partnerships using the equity method. The Partnership is allocated profits and losses of the Local Partnerships based upon its respective ownership percentage (99%). The Partnership is allocated profits and losses and receives distributions from refinancings and sales in accordance with the Local Partnerships' partnership agreements. These agreements usually limit the Partnership's distributions to an amount substantially less than its ownership percentage in the Local Partnership.



NATIONAL TAX CREDIT PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (continued)  
(Unaudited)

**NOTE 2 - INVESTMENTS IN AND ADVANCES TO LOCAL PARTNERSHIPS** (continued)

The individual investments are carried at cost plus the Partnership's share of the Local Partnership's profits less the Partnership's share of the Local Partnership's losses, distributions and impairment charges. The Partnership is not legally liable for the obligations of the Local Partnerships and is not otherwise committed to provide additional support to them. Therefore, it does not recognize losses once its investment in each of the Local Partnerships reaches zero. Distributions from the Local Partnerships are accounted for as a reduction of the investment balance until the investment balance is reduced to zero. Subsequent distributions received are recognized as income in the statements of operations. During the three and six months ended June 30, 2013 and 2012, the Partnership did not receive distributions.

At times, advances are made to Local Partnerships. Advances made by the Partnership to the individual Local Partnerships are considered part of the Partnership's investment in limited partnerships. Advances made to Local Partnerships for which the investment has been reduced to zero are charged to expense. During the six months ended June 30, 2013 and 2012 there were advances of approximately \$4,000 and \$0, respectively. While not obligated to make any advances to any of the Local Partnerships, the Partnership may make advances in order to protect its economic investment in the Local Partnerships.

For those investments where the Partnership has determined that the carrying value of its investments approximates the estimated fair value of those investments, the Partnership's policy is to recognize equity in income of the Local Partnerships only to the extent of distributions received and amortization of acquisition costs from those Local Partnerships. Therefore, the Partnership limits its recognition of equity earnings to the amount it expects to ultimately realize.

As of June 30, 2013 and December 31, 2012, the investment balance in the three Local Partnerships had been reduced to zero.

No unaudited condensed statements of operations for the three and six months ended June 30, 2013 and 2012 are included as there is no information available for Summit I, II and III and due to the sale of the Partnership's interest in Glenark Landing in November 2012 and Grand Meadows II in August 2012.

On November 13, 2012, the Partnership transferred its limited partnership interest in Glenark Associates Limited Partnership ("Glenark"), a Local Partnership, and received no proceeds for the transfer. The Partnership's investment balance in Glenark was zero at the date of transfer.

On August 1, 2012, the Partnership assigned its limited partnership interest in Grand Meadows II Limited Dividend Housing Association LP ("Grand Meadows II"), a Local Partnership, for \$50,000, which was recognized as gain from sales of limited partnership interests in Local Partnerships during the third quarter of 2012. The Partnership's investment balance in Grand Meadows II was zero at the date of assignment.

**NOTE 3 - TRANSACTIONS WITH AFFILIATED PARTIES**

Under the terms of the Amended and Restated Agreement of the Limited Partnership, the Partnership is obligated to the General Partner for the following fees:

(a) An annual Partnership management fee in an amount equal to 0.5 percent of invested assets (as defined in the Partnership Agreement) as of the beginning of the year is payable to the General Partner. For the six months ended June 30, 2013 and 2012, approximately \$18,000 and \$44,000, respectively, has been expensed. At June 30, 2013 and December 31, 2012, approximately \$1,245,000 and \$1,227,000 respectively, is owed to the General Partner and is included in accrued fees due to affiliates.

NATIONAL TAX CREDIT PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (continued)  
(Unaudited)

**NOTE 3 - TRANSACTIONS WITH AFFILIATED PARTIES** (continued)

(b) A property disposition fee is payable to the General Partner in an amount equal to the lesser of (i) one-half of the competitive real estate commission that would have been charged by unaffiliated third parties providing comparable services in the area where the apartment complex is located, or (ii) 3 percent of the sales price received in connection with the sale or disposition of the apartment complex or local partnership interest, but in no event will the property disposition fee and all amounts payable to unaffiliated real estate brokers in connection with any such sale exceed in the aggregate, the lesser of the competitive rate (as described above) or 6 percent of such sale price. Receipt of the property disposition fee will be subordinated to the distribution of sale or refinancing proceeds by the Partnership until the limited partners have received distributions of sale or refinancing proceeds in an aggregate amount equal to (i) their 10 percent priority return for any year not theretofore satisfied (as defined in the Partnership Agreement) and (ii) an amount equal to the aggregate adjusted investment (as defined in the Partnership Agreement) of the limited partners. No disposition fees have been paid.

(c) The Partnership reimburses NAPICO for certain expenses. The reimbursement expense was approximately \$1,000 for the six months ended June 30, 2013 and 2012, respectively, and is included in general and administrative expenses. At June 30, 2013 and December 31, 2012, approximately \$4,000 and \$2,000, respectively, is owed to NAPICO and is included in accrued fees due to affiliates.

As of June 30, 2013, the fees due to the General Partner exceeded the Partnership's cash. The Partnership Agreement provides that the fees and advances due to the General Partner may only be paid from the Partnership's available cash, however, the Partnership still remains liable for all such amounts.

NTC, or another affiliate of the General Partner, is the Local Operating General Partner in the Partnership's three Local Partnerships. In addition, NTC is either a special limited partner or an administrative general partner in each Local Partnership.

**NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial Accounting Standards Board Accounting Standards Codification Topic 825, "Financial Instruments", requires disclosure of fair value information about financial instruments whether or not recognized in the balance sheet, for which it is practicable to estimate fair value. Fair value is defined as the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. At June 30, 2013, the Partnership believes that the carrying amount of other assets and liabilities reported on the balance sheet that require such disclosure approximated their fair value due to the short-term maturity of these instruments.

**NOTE 5 - CONTINGENCIES**

The General Partner is involved in various lawsuits arising from transactions in the ordinary course of business. In the opinion of management and the General Partner, the claims will not result in any material liability to the Partnership.

NATIONAL TAX CREDIT PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (continued)  
(Unaudited)

**NOTE 6 - SUBSEQUENT EVENT**

On May 1, 2013, Summit Tax Credit Properties II, L.P. ("Summit"), a Local Limited Partnership of which the Partnership owns a [99%] limited partnership interest, filed a state court law suit in Pennsylvania against Summit's property management company and its affiliated entities. The lawsuit alleges claims for breach of contract, breach of fiduciary duty, conversion, negligence, intentional interference with prospective contract, and declaratory and injunctive relief against the defendants. Summit and the defendants have engaged in settlement discussions that have led to a tentative settlement agreement, which the parties are currently attempting to document.

The Partnership's management evaluated subsequent events through the time this Quarterly Report on Form 10-Q was filed.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements in certain circumstances. Certain information included in this Quarterly Report contains or may contain information that is forward-looking within the meaning of the federal securities laws. Actual results may differ materially from those described in these forward-looking statements and, in addition, will be affected by a variety of risks and factors, some of which are beyond the Partnership's control, including, without limitation: financing risks, including the availability and cost of financing and the risk that the Partnership's cash flows from operations may be insufficient to meet required payments of principal and interest; national and local economic conditions, including the pace of job growth and the level of unemployment; the terms of governmental regulations that affect the Partnership and its investment in Local Partnerships and interpretations of those regulations; the competitive environment in which the Partnership operates; real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for residents in such markets; litigation, including costs associated with prosecuting or defending claims and any adverse outcomes; and possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by the Local Partnerships in which the Partnership has invested. Readers should carefully review the Partnership's financial statements and the notes thereto, as well as the other documents the Partnership files from time to time with the Securities and Exchange Commission.

The General Partner monitors developments in the area of legal and regulatory compliance.

### Liquidity and Capital Resources

The Partnership's primary source of funds is the receipt of distributions from Local Partnerships in which the Partnership has invested. It is not expected that any of the Local Partnerships in which the Partnership invested will generate cash from operations sufficient to provide distributions to the Limited Partners. Such cash from operations, if any, would first be used to meet operating expenses of the Partnership. The Partnership's investments are not readily marketable and may be affected by adverse general economic conditions which, in turn, could substantially increase the risk of operating losses for the Apartment Complexes, the Local Partnerships and the Partnership. These problems may result from a number of factors, many of which cannot be controlled by the General Partner. In order to replenish the Partnership's cash reserves, the Partnership intends to generate additional cash from sales and refinancings of certain properties owned by Local Partnerships and through sales of the Partnership's limited partner interests in Local Partnerships.

As of June 30, 2013 and December 31, 2012, the Partnership had cash and cash equivalents of approximately \$18,000 and \$58,000, respectively. The decrease in cash and cash equivalents of approximately \$40,000 is due to approximately \$66,000 of cash used in operating activities and \$4,000 of cash used in investing activities, with an offsetting amount of \$30,000 from financing activities.

Distributions from the Local Partnerships are accounted for as a reduction of the investment balance until the investment balance is reduced to zero. When the investment balance has been reduced to zero, subsequent distributions received are recognized as income. During the three and six months ended June 30, 2013 and 2012, the Partnership did not receive distributions.

The Partnership does not have the ability to assess Limited Partners for additional capital contributions to provide capital if needed by the Partnership or Local Partnerships. Accordingly, if circumstances arise that cause the Local Partnerships to require capital in addition to that contributed by the Partnership and any equity of the local general partners, the only sources from which such capital needs will be able to be satisfied (other than the limited reserves available at the Partnership level)

will be (i) third-party debt financing (which may not be available if, as expected, the Apartment Complexes owned by the Local Partnerships are already substantially leveraged), (ii) other equity sources (which could adversely affect the Partnership's interest in operating cash flow and/or proceeds of sale or refinancing of the Apartment Complexes and possibly even result in adverse tax consequences to the Limited Partners), or (iii) the sale or disposition of Apartment Complexes. There can be no assurance that any of such sources would be readily available in sufficient proportions to fund the capital requirements of the Local Partnerships. If such sources are not available, the Local Partnerships would risk foreclosure on their Apartment Complexes if they were unable to renegotiate the terms of their first mortgages and any other debt secured by the Apartment Complexes, which would have significant adverse tax consequences to the Limited Partners.

### Results of Operations

The Partnership, as a limited partner, does not have a contractual relationship with the Local Partnerships or exercise control over the activities and operations, including refinancing or selling decisions of the Local Partnerships that would require or allow for consolidation. Accordingly, the Partnership accounts for its investment in the Local Partnerships using the equity method. Thus the individual investments are carried at cost plus the Partnership's share of the Local Partnership's profits less the Partnership's share of the Local Partnership's losses, distributions and impairment charges. However, since the Partnership is not legally liable for the obligations of the Local Partnerships, or is not otherwise committed to providing additional support to them, it does not recognize losses once its investment in each of the Local Partnerships reaches zero. Distributions from the Local Partnerships are accounted for as a reduction of the investment balances until the investment balance is reduced to zero. Subsequent distributions received are recognized as income in the statements of operations. There were no distributions received during the three and six months ended June 30, 2013 and 2012. For those investments where the Partnership has determined that the carrying value of its investments approximates the estimated fair value of those investments, the Partnership's policy is to recognize equity in income of the Local Partnerships only to the extent of distributions received, and amortization of acquisition costs from those Local Partnerships. The Partnership recognized no equity in income or loss from Local Partnerships during the six months ended June 30, 2013 and 2012.

At times, advances are made to Local Partnerships. Advances made by the Partnership to the individual Local Partnerships are considered part of the Partnership's investment in limited partnerships. Advances made to Local Partnerships for which the investment has been reduced to zero are charged to expense. During the six months ended June 30, 2013 and 2012, there were advances of approximately \$4,000 and \$0, respectively. While not obligated to make any advances to any of the Local Partnerships, the Partnership may make advances in order to protect its economic investment in the Local Partnerships.

As of June 30, 2013 and December 31, 2012, the investment balance in the three Local Partnerships had been reduced to zero.

The Partnership's net loss for the three and six months ended June 30, 2013 was approximately \$109,000 and \$147,000, respectively, compared to net loss of approximately \$49,000 and \$89,000 for the three and six months ended June 30, 2012, respectively. The increase in net loss for the three and six months ended June 30, 2013 is due to an increase in operating expenses of \$66,000 and \$63,000, with remaining increase of \$3,000 and \$4,000 due to advances made to local partnerships recognized as expense, respectively.

An annual management fee is payable to the General Partner and is calculated at 0.5 percent of the original invested assets of the remaining partnerships. The management fee represents the annual recurring fee which will be paid to the General Partner for the General Partner's management of the Partnership's affairs. Management fees were approximately \$9,000 and \$18,000 for the three and six months ended June 30, 2013 and approximately \$22,000 and \$44,000 for the three and six months ended June 30, 2012.

The decrease in management fees is due to the sales of limited partnership interests in two Local Partnerships, Glenark Landing in November 2012 and Grand Meadows II in August 2012.

Operating expenses, exclusive of the management fee, consist of legal and accounting fees for services rendered to the Partnership and general and administrative expenses. For the three months ended June 30, 2013 and 2012, legal and accounting fees were approximately \$87,000 and \$15,000, respectively, and general and administrative expenses were approximately \$10,000 and \$12,000, respectively. For the six months ended June 30, 2013 and 2012, legal and accounting fees were approximately \$114,000 and \$28,000, respectively, and general and administrative expenses were approximately \$11,000 and \$17,000, respectively. Legal and accounting fees increased for both periods primarily due to legal proceedings associated with Summit II and review of the Partnership's investments. The decrease in general and administrative expenses for both periods is primarily due to a decrease in the cost of services included in the management reimbursements paid by the General Partner as allowed under the Partnership Agreement.

Because of (i) the nature of the Apartment Complexes, (ii) the difficulty of predicting the resale market for low-income housing in the future, and (iii) the inability of the Partnership to directly cause the sale of Apartment Complexes by local general partners, but generally only to require such local general partners to use their respective best efforts to find a purchaser for the Apartment Complexes it is not possible at this time to predict whether the liquidation of substantially all of the Partnership's assets and the disposition of the proceeds, if any, in accordance with the Partnership Agreement will be able to be accomplished promptly. If a Local Partnership is unable to sell an Apartment Complex, it is anticipated that the local general partner will either continue to operate such Apartment Complex or take such other actions as the local general partner believes to be in the best interest of the Local Partnership.

The Partnership, as a limited partner in the Local Partnerships in which it has invested, is subject to the risks incident to the management and ownership of improved real estate. The Partnership's investments are also subject to adverse general economic conditions, and accordingly, the status of the national economy, including substantial unemployment and concurrent inflation, could increase vacancy levels, rental payment defaults, and operating expenses, which in turn, could substantially increase the risk of operating losses for the Apartment Complexes.

On November 13, 2012, the Partnership transferred its limited partnership interest in Glenark Associates Limited Partnership ("Glenark"), a Local Partnership, and received no proceeds for the transfer. The Partnership's investment balance in Glenark was zero at the date of transfer.

On August 1, 2012, the Partnership assigned its limited partnership interest in Grand Meadows II Limited Dividend Housing Association LP ("Grand Meadows II"), a Local Partnership, for \$50,000, which was recognized as gain from sales of limited partnership interests in Local Partnerships during the third quarter of 2012. The Partnership's investment balance in Grand Meadows II was zero at the date of assignment.

#### Off-Balance Sheet Arrangements

The Partnership owns limited partnership interests in unconsolidated Local Partnerships, in which the Partnership's ownership percentage is 99%. However, based on the provisions of the relevant partnership agreements, the Partnership, as a limited partner, does not have a contractual relationship with the Local Partnerships that would require or allow for consolidation under accounting principles generally accepted in the United States (see "Note 1 - Organization and Summary of Significant Accounting Policies" of the financial statements in "Item 1. Financial Statements"). There are no lines of credit, side agreements or any other derivative financial instruments between the Local Partnerships and the Partnership. Accordingly the Partnership's maximum risk of loss related to these unconsolidated Local Partnerships is limited to the recorded

investments in and receivables from the Local Partnerships. See "Note 2 - Investments In and Advances to Local Partnerships" of the financial statements in "Item 1. Financial Statements" for additional information about the Partnership's investments in unconsolidated Local Partnerships.

#### Other

Bethesda Holdings II, LLC ("Bethesda") and its affiliates owned 437 limited partnership interests in the Partnership representing 1.86% of the outstanding interests in the Partnership at June 30, 2013. It is possible that Bethesda or its affiliates will acquire additional limited partnership interests in the Partnership either through private purchases or tender offers. Pursuant to the Partnership Agreement, unitholders holding a majority of the limited partnership interests are entitled to take action with respect to a variety of matters, that include, but are not limited to, voting on certain amendments to the Partnership Agreement and voting to remove the General Partner. Although the General Partner owes fiduciary duties to the limited partners of the Partnership, the General Partner also owes fiduciary duties to Bethesda as its sole stockholder. As a result, the duties of the General Partner, as general partner, to the Partnership and its limited partners may come into conflict with the duties of the General Partner to Bethesda as its sole stockholder.

#### Variable Interest Entities

The Partnership consolidates any variable interest entities in which the Partnership holds a variable interest and is the primary beneficiary. Generally, a variable interest entity, or VIE, is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (b) as a group the holders of the equity investment at risk lack (i) the ability to make decisions about an entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The primary beneficiary of a VIE is generally the entity that has (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

In determining whether it is the primary beneficiary of a VIE, the Partnership considers qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIE's economic performance and which party controls such activities; the amount and characteristics of the Partnership's investment; the obligation or likelihood for the Partnership or other investors to provide financial support; and the similarity with and significance to the business activities of the Partnership and the other investors. Significant judgments related to these determinations include estimates about the current and future fair values and performance of real estate held by these VIEs and general market conditions.

At June 30, 2013 and December 31, 2012, the Partnership held variable interests in three VIEs for which the Partnership was not the primary beneficiary. The Partnership has concluded, based on its qualitative consideration of the partnership agreement, the partnership structure and the role of the general partner in each of the Local Partnerships, that the general partner of each of the Local Partnerships is the primary beneficiary of the respective Local Partnership. In making this determination, the Partnership considered the following factors:

- the general partners conduct and manage the business of the Local Partnerships;
- the general partners are responsible for approving operating and capital budgets for the properties owned by the Local Partnerships;

- the general partners are obligated to fund any recourse obligations of the Local Partnerships;
- the general partners are authorized to borrow funds on behalf of the Local Partnerships; and
- the Partnership, as a limited partner in each of the Local Partnerships, does not have the ability to direct or otherwise significantly influence the activities of the Local Partnerships that most significantly impact such entities' economic performance.

The three VIEs at June 30, 2013 consist of Local Partnerships that are directly engaged in the ownership and management of three apartment properties with a total of 51 units. The Partnership is involved with those VIEs as a non-controlling limited partner equity holder. The Partnership's maximum exposure to loss as a result of its involvement with the unconsolidated VIEs is limited to the Partnership's recorded investments in and receivables from these VIEs, which was zero at June 30, 2013 and December 31, 2012. The Partnership may be subject to additional losses to the extent of any financial support that the Partnership voluntarily provides in the future.

#### Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Partnership to make estimates and assumptions. Judgments and assessments of uncertainties are required in applying the Partnership's accounting policies in many areas. The Partnership believes that of its significant accounting policies, the following may involve a higher degree of judgment and complexity.

#### Method of Accounting for Investments in Limited Partnerships

The Partnership, as a limited partner, does not have a contractual relationship with the Local Partnerships or exercise control over the activities and operations, including refinancing or selling decisions, of the Local Partnerships that would require or allow for consolidation. Accordingly, the Partnership accounts for its investments in the Local Partnerships using the equity method. The Partnership is allocated profits and losses of the Local Partnerships based upon its respective ownership percentage (99%). The Partnership is allocated profits and losses and receives distributions from refinancing and sales in accordance with the Local Partnerships' partnership agreements. These agreements usually limit the Partnership's distributions to an amount substantially less than its ownership percentage in the Local Partnership.

The individual investments are carried at cost plus the Partnership's share of the Local Partnership's profits less the Partnership's share of the Local Partnership's losses, distributions and impairment charges. The Partnership is not legally liable for the obligations of the Local Partnerships and is not otherwise committed to provide additional support to them. Therefore, it does not recognize losses once its investment in each of the Local Partnerships reaches zero. Distributions from the Local Partnerships are accounted for as a reduction of the investment balance until the investment balance is reduced to zero. When the investment balance has been reduced to zero, subsequent distributions received are recognized as income on the statements of operations.

For those investments where the Partnership has determined that the carrying value of its investments approximates the estimated fair value of those investments, the Partnership's policy is to recognize equity in income of the Local Partnerships only to the extent of distributions received and amortization of acquisition costs from those Local Partnerships. Therefore, the Partnership limits its recognition of equity earnings to the amount it expects to ultimately realize.



**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

**Item 4. Controls and Procedures.**

**(a) Disclosure Controls and Procedures.**

The Partnership's management, with the participation of the Senior Managing Director and Director of Reporting of Bethesda, who are the equivalent of the Partnership's principal executive officer and principal financial officer, respectively, has evaluated the effectiveness of the Partnership's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Senior Managing Director and Director of Reporting of Bethesda, who are the equivalent of the Partnership's principal executive officer and principal financial officer, respectively, 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 has been no change in the Partnership's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

**PART II - OTHER INFORMATION**

**Item 6. Exhibits.**

See Exhibit Index.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL TAX CREDIT PARTNERS L.P.  
(a California limited partnership)

By: NATIONAL PARTNERSHIP INVESTMENTS, LLC.  
General Partner

Date: \_\_\_\_\_, 2013

By: /s/Brian Flaherty  
Brian Flaherty  
Senior Managing Director

Date: \_\_\_\_\_, 2013

By: /s/Edward Schmidt  
Edward Schmidt  
Director of Reporting

NATIONAL TAX CREDIT PARTNERS, L.P.  
EXHIBIT INDEX

<u>Exhibit</u>	<u>Description of Exhibit</u>
3	Partnership Agreement (herein incorporated by reference to the Partnership's Form S-11 Registration No. 33-27658).
31.1	Certification of equivalent of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of equivalent of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the equivalent of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	XBRL (Extensible Business Reporting Language). The following materials from National Tax Credit Partners, L.P.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, formatted in XBRL: (i) balance sheets, (ii) statements of operations, (iii) statement of changes in partners' deficit, (iv) statements of cash flows, and (v) notes to financial statements (1)
(1)	As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

**CERTIFICATION**

I, Brian Flaherty, certify that:

1. I have reviewed this quarterly report on Form 10-Q of National Tax Credit Partners, L.P.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and 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, or caused such disclosure controls and procedures to be designed under our supervision, 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 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 principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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 the 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 control over financial reporting.

Date: \_\_\_\_\_, 2013

/s/Brian Flaherty

Brian Flaherty

Senior Managing Director of National Partnership  
Investments, LLC, equivalent of the chief  
executive officer of the Partnership

**CERTIFICATION**

I, Edward Schmidt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of National Tax Credit Partners, L.P.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and 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, or caused such disclosure controls and procedures to be designed under our supervision, 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 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 principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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 the 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 control over financial reporting.

Date: \_\_\_\_\_, 2013

/s/Edward Schmidt

Edward Schmidt

Director of Reporting of National Partnership  
Investments, LLC, equivalent of the chief  
financial officer of the Partnership



**Certification of CEO and CFO  
Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of National Tax Credit Partners, L.P. (the "Partnership"), for the quarterly period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Brian Flaherty, as the equivalent of the chief executive officer of the Partnership, and Edward Schmidt, as the equivalent of the chief financial officer of the Partnership, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/Brian Flaherty  
Name: Brian Flaherty  
Date: \_\_\_\_\_, 2013

/s/Edward Schmidt  
Name: Edward Schmidt  
Date: \_\_\_\_\_, 2013

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.