

MUNICIPAL MORTGAGE & EQUITY LLC

Form NT 10-K

May 04, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 12b-25  
NOTIFICATION OF LATE FILING**

*(Check one):*  Form 10-K  Form 20-F  Form 11-K  Form 10-Q  Form 10-D  Form N-SAR   
Form N-CSR

For Period Ended: December 31, 2006

Transition Report on  
Form 10-K

Transition Report on  
Form 20-F

Transition Report on  
Form 11-K

Transition Report on  
Form 10-Q

Transition Report on  
Form N-SAR

For the Transition Period  
Ended:

*Read Instruction (on back page) Before Preparing Form. Please Print or Type.*

**Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.**

If the notification relates to a portion of the filing checked above, identify the Item(s) to which the notification relates:

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**PART I REGISTRANT INFORMATION**

Municipal Mortgage & Equity, LLC

Full Name of Registrant

Former Name if Applicable

621 East Pratt St., Suite 300

Address of Principal Executive Office (*Street and Number*)

Baltimore, MD 21202

City, State and Zip Code

**PART II RULES 12b-25(b) AND (c)**

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

- (a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

As described in the registrant's Current Report on Form 8-K filed on September 13, 2006 (the Current Report), on September 7, 2006 the Audit Committee of the Board of Directors of the registrant concluded, based upon the recommendation of its management, that certain previously filed financial statements covering the fiscal years ended December 31, 2005, 2004 and 2003, and the quarterly periods within those years, and the quarterly period ended March 31, 2006 (the Affected Financial Statements) should be restated to reflect adjustments to correct certain errors therein and summarized in the Current Report.

As a result of the dedication of significant management resources to these restatement efforts, the registrant was unable to file its Annual Report on Form 10-K for the year ended December 31, 2006 within the prescribed time period.

Management has previously determined that as of December 31, 2005 the registrant's internal controls over financial reporting were not effective due to the material weaknesses disclosed within item 9A of the registrant's Annual Report on Form 10-K for the year ended December 31, 2005. In connection with the restatement of the Affected Financial Statements, management has evaluated the impact of these accounting errors on the effectiveness of the registrant's internal controls over financial reporting as of December 31, 2005 and determined that the misapplications of generally accepted accounting principles noted in the Current Report were further instances of certain of the material weaknesses previously identified as of December 31, 2005.

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In addition to these material weaknesses and the material weakness described in the registrant's Form 12b-25 with respect to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (related to policies and procedures over the accounting for certain of its employee benefits), since the date of the filing of that Form 12b-25 the registrant has identified additional material weaknesses in its internal control over financial reporting:

1. The registrant did not maintain effective policies and procedures over the accounting for accrued expenses. Specifically, it did not properly accrue professional services costs in the period in which the services were rendered. In addition, the registrant erroneously accrued costs for legal contingencies for which the risk of loss was not both probable and reasonably estimable;
2. The registrant did not maintain sufficient preventive internal controls to ensure that it complied with its contractual agreements; and
3. The registrant did not maintain effective policies and procedures over the identification of entities requiring consolidation. Specifically, we have determined that we are required to consolidate certain entities not previously consolidated. The determination to consolidate these entities, primarily tax credit equity funds of which we are the sponsor, results from our conclusion that we are the primary beneficiary of a variable interest entity, or, we are the general partner of a partnership and we do not overcome the presumption of control of the partnership since the limited partners have neither kick-out rights nor substantive participating rights.

These control deficiencies resulted in misstatements of our financial statements and more than a remote likelihood that a material misstatement of the registrant's annual or interim financial statements would not be prevented or detected. Accordingly, management of the registrant has concluded that these control deficiencies constitute material weaknesses.

In addition, the registrant has identified additional errors in the accounting for the tax credit equity business, which was previously disclosed as a material weakness within item 9A of the registrant's Annual Report on Form 10-K for the year ended December 31, 2005. The registrant did not maintain effective policies and procedures over the accounting for tax credit equity fund start-up costs and costs of acquiring investments in partnerships. Specifically, it:

Did not expense start-up costs as incurred as required by AICPA Statement of Position 98-5, *Reporting on the Costs of Start-up Activities*; and

Incorrectly classified costs of acquiring investments in partnerships developing affordable housing projects as required by Statement of Financial Accounting Standards No. 67, *Accounting for Costs and Initial Rental Operations of Real Estate Projects*.

The registrant is developing remediation plans to address these material weaknesses.

#### **PART IV OTHER INFORMATION**

(1) Name and telephone number of person to contact in regard to this notification: Melanie M. Lundquist, (443) 263-2900.

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

Yes x No

Quarterly Report on Form 10-Q for the quarter ended June 30, 2006

Quarterly Report on Form 10-Q for the quarter ended September 30, 2006

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes  No

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

The registrant believes that its results of operations for the year ended December 31, 2006 will change significantly from the results of operations for the year ended December 31, 2005. Prior to the completion of its financial statements for the year ended December 31, 2006 and pending the restatement of the Affected Financial Statements, the registrant is unable to estimate reasonably the anticipated change in results of operations from the year ended December 31, 2005.

Municipal Mortgage & Equity, LLC  
(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date May 4, 2007

By /s/ Melanie M. Lundquist

Melanie M. Lundquist  
Chief Financial Officer and Executive  
Vice  
President