AMERICAN HOME MORTGAGE INVESTMENT CORP
Form 424B5
July 15, 2004

Table of Contents

The information contained in this preliminary sticker supplement is not complete and may be changed. This preliminary sticker supplement and the accompanying preliminary prospectus supplement and prospectus are not an offer to sell these securities and they are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-111546

SUBJECT TO COMPLETION, DATED JULY 15, 2004

PRELIMINARY STICKER SUPPLEMENT

(to prospectus dated January 12, 2004 as supplemented by preliminary prospectus supplement dated June 21, 2004)

American Home Mortgage Investment Corp.

700,000 Shares

9.75% Series A Cumulative Redeemable Preferred Stock
Liquidation Preference $25.00 Per Share

This sticker supplement dated July , 2004 supplements the prospectus dated January 12, 2004 of American Home Mortgage Investment Corp., as supplemented by the preliminary prospectus supplement dated June 21, 2004, and relates to a new offering of our 9.75% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share, which we sometimes refer to in this sticker supplement and the prospectus supplement as the Series A Preferred Stock. This sticker supplement updates, supplements, modifies or supersedes certain information in the prospectus and the prospectus supplement. You should read this sticker supplement in conjunction with the prospectus and the prospectus supplement, and this sticker supplement is qualified by reference to the prospectus and the prospectus supplement, except to the extent that the information in this sticker supplement supersedes the information contained in the prospectus and/ or the prospectus supplement.

We are offering 700,000 shares of Series A Preferred Stock pursuant to the prospectus as supplemented by the prospectus supplement and this sticker supplement. We have granted an option to the underwriters to purchase from us up to 105,000 additional shares of our Series A Preferred Stock within 30 days following the date of this sticker supplement to cover over-allotments, if any. In a previous offering of our Series A Preferred Stock that closed on July 7, 2004, we offered and sold, through the same underwriters as the underwriters in this offering, 1,500,000 shares of our Series A Preferred Stock at a public offering price of $25.00 per share and raised gross proceeds of $37,500,000. We estimate that the net proceeds to us from the sale of the shares of Series A Preferred Stock we are offering hereby will be approximately $. If the underwriters exercise their over-allotment option in full, our net proceeds are estimated to be approximately $. Net proceeds are what we expect to receive after paying underwriting discounts and estimated offering expenses. We intend to use the net proceeds from this offering for general corporate purposes, including investing in mortgage-backed securities.

The Series A Preferred Stock is currently listed on the New York Stock Exchange under the symbol AHM PrA. The last reported sale price of our Series A Preferred Stock on the New York Stock Exchange on July 13, 2004 was $26.10 per share.

Investing in our Series A Preferred Stock involves risks. See Risk Factors beginning on page S-13 of the prospectus supplement and page 7 of the prospectus to read about some of the risks you should consider before buying shares of our Series A Preferred Stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this sticker supplement, the prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

The underwriting syndicate and the plan of distribution for this offering are as set forth in the prospectus supplement, as modified by this sticker supplement.

We expect that the shares of Series A Preferred Stock offered hereby will be ready for delivery to purchasers in book-entry form through the Depository Trust Company on or about July 20, 2004. We will file additional articles supplementary with the State Department of Assessments and Taxation of Maryland designating the shares offered hereby as our Series A Preferred Stock.

THIS STICKER SUPPLEMENT IS PART OF THE PROSPECTUS AND PROSPECTUS SUPPLEMENT AND MUST ACCOMPANY THE PROSPECTUS AND PROSPECTUS SUPPLEMENT TO SATISFY PROSPECTUS DELIVERY REQUIREMENTS UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

The date of this sticker supplement is July , 2004.

Table of Contents

We will pay cumulative dividends on the Series A Preferred Stock offered hereby, when, as and if declared by our Board of Directors, from July 7, 2004 (which is the date upon which shares of our Series A Preferred Stock were first issued) in the amount of $2.4375 per share each year, which is equivalent to 9.75% of the $25.00 liquidation preference per share. Dividends on the Series A Preferred Stock will be payable quarterly in arrears, beginning on November 1, 2004, which is the next business day after October 31, 2004.

As of July 13, 2004, there were 40,115,610 shares of our common stock issued and outstanding and 1,500,000 shares of our Series A Preferred Stock issued and outstanding. There are currently no other classes or series of preferred stock authorized or outstanding.

The following table sets forth our actual capitalization at March 31, 2004, and pro forma to give effect to the issuance of 1,500,000 shares of our Series A Preferred Stock issued in a public offering completed on July 7, 2004, and pro forma as adjusted to give effect to the issuance of 700,000 shares of our Series A Preferred Stock offered hereby and the application of the estimated net proceeds therefrom based upon a public offering price of $25.00 per share. The capitalization information set forth in the table below is qualified by the more detailed consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2003.

	March 31, 2004		
	Actual	Pro Forma	Pro Forma As Adjusted(1)
	(In thousands)		
Stockholders Equity:			
Preferred stock, par value $0.01 per share, 10,000,000 shares authorized; none (actual), 1,500,000 (pro forma) and 2,200,000 (pro forma as adjusted) issued and outstanding, aggregate liquidation preference $37,500,000 (pro forma) and $55,000,000 (pro forma as adjusted)	$	$ 15	$ 22
Common stock, $0.01 par value per share, 100,000,000 shares authorized, 39,875,524 shares issued and outstanding(2)	399	399	399
Additional paid-in capital	623,953	659,257	675,999
Retained earnings	125,504	125,504	125,504
Accumulated other comprehensive loss	(8,675)	(8,675)	(8,675)
Total stockholders equity	$741,181	$776,500	$793,249

(1) After deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Assumes no exercise of the underwriters over-allotment option to purchase up to an additional 105,000 shares of Series A Preferred Stock.

(2) Excludes 1,139,162 shares of common stock that are reserved for issuance upon exercise of outstanding options granted under our 1999 Omnibus Stock Incentive Plan as of June 30, 2004.

Table of Contents

The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 21, 2004

PRELIMINARY PROSPECTUS SUPPLEMENT

(to prospectus dated January 12, 2004)

American Home Mortgage Investment Corp.

3,000,000 Shares

% Series A Cumulative Redeemable Preferred Stock

Liquidation Preference $25.00 Per Share

We are offering 3,000,000 shares of our % Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share, which we sometimes refer to in this prospectus supplement as the Series A Preferred Stock. We will pay cumulative dividends on the Series A Preferred Stock, when, as and if declared by our Board of Directors, from the date of original issuance in the amount of $ per share each year, which is equivalent to % of the $25.00 liquidation preference per share. Dividends on the Series A Preferred Stock will be payable quarterly in arrears, beginning on November 1, 2004, which is the next business day after October 31, 2004. Holders of shares of the Series A Preferred Stock generally will have no voting rights, but will have limited voting rights if we fail to pay dividends for six or more quarters (whether or not consecutive) and in certain other events.

We may not redeem the Series A Preferred Stock before June , 2009, except in limited circumstances to preserve our status as a real estate investment trust. On or after June , 2009, we may, at our option, redeem the Series A Preferred Stock, in whole or in part, at any time and from time to time, for cash at a price of $25.00 per share, plus accumulated and unpaid dividends, if any, to the date of redemption. Any partial redemption will be on a pro rata basis, by lot or by any other equitable manner that we determine. The Series A Preferred Stock has no stated maturity date and we are not required to redeem the Series A Preferred Stock. The Series A Preferred Stock is not convertible into any of our property or other securities.

We are organized and conduct our operations to qualify as a real estate investment trust for federal income tax purposes. To assist us in complying with certain federal income tax requirements applicable to real estate investment trusts, our charter contains certain restrictions relating to the ownership and transfer of our stock, including ownership limits of 6.5% of all of the outstanding shares of our common stock or our common stock together with our preferred stock of any class or series, and 9.8% of the outstanding shares of the Series A Preferred Stock. See Description of Series A Preferred Stock in this prospectus supplement and Description of Capital Stock Restrictions on Ownership and Transfer in the accompanying prospectus for a discussion of these restrictions.

We have granted an option to the underwriters to purchase from us up to 450,000 additional shares of our Series A Preferred Stock within 30 days following the date of this prospectus supplement to cover over-allotments, if any.

No market currently exists for our Series A Preferred Stock. We have applied to list the Series A Preferred Stock on the New York Stock Exchange under the symbol AHM PrA, subject to official notice of issuance. Our common stock is listed on the New York Stock Exchange under the symbol AHM.

Investing in our Series A Preferred Stock involves risks. See Risk Factors beginning on page S-13 of this prospectus supplement and page 7 of the accompanying prospectus to read about some of the risks you should consider before buying shares of our Series A Preferred Stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total

Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

We expect that the Series A Preferred Stock will be ready for delivery to purchasers in book-entry form through the Depository Trust Company on or about June 30, 2004.

Citigroup

Bear, Stearns & Co. Inc.

Friedman Billings Ramsey

Lehman Brothers

Stifel, Nicolaus & Company
Incorporated

The date of this prospectus supplement is , 2004.

TABLE OF CONTENTS

Table of Contents

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus supplement and the accompanying prospectus is current only as of the date such information is presented. Our business, financial condition, results of operations and prospects may have changed since such dates.

The information in this prospectus supplement updates information in the accompanying prospectus and, to the extent it is inconsistent with the information in the accompanying prospectus, replaces such information.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT

This document contains two parts. The first part is this prospectus supplement, which describes the specific terms of the Series A Preferred Stock we are offering and certain other matters relating to us. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the Series A Preferred Stock. You should read this entire prospectus supplement, as well as the accompanying prospectus, and the documents incorporated by reference that are described under Where You Can Find More Information in each of this prospectus supplement and accompanying prospectus.

To the extent any inconsistency or conflict exists between the information included in this prospectus supplement and the information included in the accompanying prospectus, the information included or incorporated by reference in this prospectus supplement updates and supersedes the information in the accompanying prospectus. This prospectus supplement incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus supplement.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended, or Exchange Act, with the Securities and Exchange Commission, or SEC. You may read and copy any of these filed documents at the SEC s public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the SEC s public reference room. Our SEC filings are also available to the public from the SEC s website at *http://www.sec.gov*. Copies of these reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Our website is *http://www.americanhm.com*. We make available free of charge on our website, via a link to a third party website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to such reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Unless specifically incorporated by reference into this prospectus supplement or the accompanying prospectus, information contained on our website is not, and should not be interpreted to be, part of this prospectus supplement or the accompanying prospectus.

This prospectus supplement is part of a registration statement and does not contain all of the information included in the registration statement. Whenever a reference is made in this prospectus supplement to any contract or other document of ours, you should refer to the exhibits that are a part of the registration statement or the prospectus supplement for a copy of the referenced contract or document. Statements contained in this prospectus supplement concerning the provisions of any documents are necessarily summaries of those documents, and each statement is qualified in its entirety by reference to the copy of the document filed with the SEC.

The SEC allows us to incorporate by reference into this prospectus supplement information that we file with the SEC in other documents. This means that we can disclose important information to you by referring you to other documents filed separately with the SEC. The information that we incorporate by reference is considered to be part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede the information contained in this prospectus supplement.

In addition to the documents listed under Where You Can Find More Information in the accompanying prospectus, the following documents filed with the SEC pursuant to the Exchange Act are incorporated by reference in this prospectus supplement:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (File No. 001-31916), including those portions incorporated by reference therein of our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 29, 2004;

Our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2004 (File No. 001-31916); and

The Current Reports on Form 8-K dated January 12, 2004, January 29, 2004, February 12, 2004, April 28, 2004 and June 21, 2004 (File No. 001-31916).

All documents that we will file with the SEC under the provisions of Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the termination of any offering of securities under this prospectus supplement shall be deemed to be incorporated by reference and to be a part of this prospectus supplement from the date such documents are filed.

We will provide to you, without charge, a copy of any or all documents incorporated by reference into this prospectus supplement except the exhibits to those documents (unless they are specifically incorporated by reference in those documents). You may request copies by writing or telephoning: Alan B. Horn, Esq., Secretary, American Home Mortgage Investment Corp., 520 Broadhollow Road, Melville, New York 11747, telephone number (516) 949-3900.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain certain forward-looking statements within the meaning of the federal securities laws. These statements may be made directly in this prospectus supplement or the accompanying prospectus, or may be made a part of this prospectus supplement or the accompanying prospectus by reference to other documents filed with the SEC by us or our predecessor companies, American Home Mortgage Holdings, Inc. and Apex Mortgage Capital, Inc.

Some of the forward-looking statements can be identified by the use of forward-looking words. When used in our documents or in any oral presentation, statements which are not historical in nature, including the words anticipate, may, estimate, should, seek, expect, plan, intend, and similar words, or the negatives of those words, are intended to identify forward-looking statements. They also include statements containing a projection of revenues, earnings (loss), capital expenditures, dividends, capital structure or other financial terms. Certain statements regarding the following particularly are forward-looking in nature:

- our business strategy;
- future performance, developments, market forecasts or projected dividends;
- projected acquisitions or joint ventures; and
- projected capital expenditures.

It is important to note that the description of our business in general, and our securities holdings in particular, is a statement about our operations today. It is not meant to be construed as an investment policy, and the types of assets we hold, the amount of leverage we use, the liabilities we incur and other characteristics of our assets and liabilities are subject to re-evaluation and change without notice.

The forward-looking statements in this prospectus supplement and the accompanying prospectus are based on our management s beliefs, assumptions and expectations of our future economic performance, taking into account the information currently available to it. These statements are not statements of historical fact. Forward-looking statements are subject to a number of factors, risks and uncertainties, some of which are not currently known to us, that may cause our actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial position. These factors include, without limitation:

- our limited operating history with respect to our portfolio strategy;
- our need for a significant amount of cash to operate our business;
- risks associated with the use of leverage;
- disruptions in the market for repurchase facilities;
- failure to match the interest rates on our borrowings with the interest rates on the mortgage-backed securities we hold;
- failure to maintain our status as a real estate investment trust;
- changes in federal and state tax laws affecting real estate investment trusts;
- general economic, political, market, financial or legal conditions; and
- the other factors referenced in this prospectus supplement and the accompanying prospectus, including, without limitation, under the Risk Factors sections in this prospectus supplement and the accompanying prospectus, under Certain U.S. Federal Income Tax Considerations in this prospectus supplement and under Certain U.S. Federal Income Tax Consequences of Our Status as a REIT in the accompanying prospectus.

In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus supplement and the accompanying prospectus might not occur, and we qualify any and all of our forward-looking statements entirely by these cautionary factors. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this prospectus supplement or the accompanying prospectus or as of the date of any document incorporated by reference in this prospectus supplement and the accompanying prospectus, as applicable. Such forward-looking statements are inherently uncertain, and you must recognize that actual results may differ from expectations. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

SUMMARY

The following is a summary of selected information contained elsewhere in this prospectus supplement, the accompanying prospectus or incorporated by reference into this prospectus supplement or the accompanying prospectus. Before making an investment decision, you should read this summary together with the more detailed information set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, including the Risk Factors sections beginning on page S-13 of this prospectus supplement and page 7 of the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement or the accompanying prospectus, the section entitled Certain U.S. Federal Income Tax Considerations beginning on page S-32 of this prospectus supplement, the section entitled Certain U.S. Federal Income Tax Consequences of Our Status as a REIT beginning on page 39 of the accompanying prospectus, and the consolidated financial statements and the notes to these consolidated financial statements appearing in the documents incorporated by reference. Unless otherwise indicated, the information contained in this prospectus supplement assumes that the underwriters will not exercise their option to purchase up to 450,000 additional shares of Series A Preferred Stock to cover over-allotments, if any.

In this prospectus supplement, unless the context indicates otherwise, references to the Company, we, our and us refer to the activities and the assets and liabilities of American Home Mortgage Investment Corp., including our subsidiaries, American Home Mortgage Holdings, Inc., a Delaware corporation, which is sometimes referred to in this prospectus supplement as AHM Holdings, American Home Mortgage Corp., a New York corporation, Columbia National, Incorporated, a Maryland corporation, and American Home Mortgage Acceptance, Inc., a Maryland corporation. References in this prospectus supplement to AHM Investment refer solely to American Home Mortgage Investment Corp. AHM Investment was formed in order to combine the businesses of AHM Holdings and Apex Mortgage Capital, Inc., which is sometimes referred to in this prospectus supplement as Apex, and to reorganize those businesses into a real estate investment trust, or REIT, with a taxable mortgage origination subsidiary. The business combination of AHM Holdings and Apex was completed on December 3, 2003. The historical financial information presented in this prospectus supplement generally reflects the financial results of AHM Holdings prior to the formation of AHM Investment and the merger with Apex. See Our Company Company History on page S-5 of this prospectus supplement.

Our Company

We are in the business of investing in mortgage-backed securities resulting from the securitization of prime-quality residential mortgage loans that we originate and service. Self-originating the loans underlying our securities allows us to invest in those securities at a lower cost than acquiring similar assets in the capital markets, and therefore is expected to enhance the return we earn on those securities. Our business strategy is to securitize most of the adjustable-rate mortgage, or ARM, loans that we originate, to hold substantially all of the securities resulting from these securitizations, to service those loans underlying our securities and to sell the fixed-rate mortgage loans that we originate. Generally, loans we originate are high-credit-quality prime loans that are either eligible for sale to Fannie Mae or Freddie Mac, or are jumbo loans for borrowers with higher FICO credit scores, typically 680 or above. We will elect in our tax return for the year ended December 31, 2003 to be treated as a REIT, and we expect to qualify as a REIT for federal income tax purposes from our date of incorporation. Consequently, the net interest income we earn on the securities we hold generally will not be subject to federal income tax to the extent we distribute those earnings to stockholders.

We originate loans through our mortgage banking operation, which originated approximately $21.7 billion in aggregate principal amount of loans in 2003 and which was recently ranked as the nation s 21st largest residential mortgage lender. We offer a broad array of home mortgage products through an extensive nationwide network of retail loan production offices as well as through our wholesale and Internet mortgage lending operations. We currently operate 245 loan production offices in 37 states and make loans throughout all 50 states. Our mortgage banking operation also services the loans underlying the securities we

Table of Contents

retain for investment as well as certain of the loans we sell to third-party purchasers. The aggregate principal amount of loans we serviced was approximately $9.0 billion as of March 31, 2004.

We seek to generate attractive, long-term investment returns from the mortgage-backed securities that we hold. We believe that our return is enhanced as the result of our ability to self-originate the mortgage loans underlying these securities, which results in a lower acquisition cost of the securities, and not from anticipating market forces, such as the direction of interest rates. We seek to limit our exposure to fluctuating interest rates by attempting to match the duration of our liabilities with the duration of our mortgage loan holdings. We also seek to reduce risk by holding primarily securities backed by ARM loans with investment characteristics that are less sensitive to changes in interest rates and that are easier to match-fund than fixed-rate loans.

We hold our mortgage-backed securities directly or in our qualified REIT subsidiary, or QRS, while part of our origination business and all of our servicing business are housed in our taxable REIT subsidiaries, or TRSs. The net interest income that we earn on our mortgage-backed securities that are held through our QRS generally will constitute REIT taxable income, and we are required by federal tax laws to distribute at least 90% of such income to our stockholders. We generally will not be subject to federal income tax on such income to the extent that such income is distributed. By contrast, income that we earn on activities we conduct in our TRSs, including sourcing, selling and servicing mortgage loans, will be subject to federal and state corporate income tax. However, we are generally able to retain any after-tax income generated by our TRSs, and, as a result, may increase our consolidated capital and thereby grow our business through retained earnings. In addition, we may dividend all or a portion of our after-tax TRS earnings to our stockholders, subject to REIT qualifying limitations. See Certain U.S. Federal Income Tax Considerations and Certain U.S. Federal Income Tax Consequences of Our Status as a REIT in the accompanying prospectus.

Mortgage-Backed Securities Holdings

Our current portfolio strategy, which is subject to change at any time without advance notice to our stockholders and which we expect may change from time to time, is to use our equity capital and borrowed funds to invest in mortgage-backed securities resulting from the securitization of loans we originate, thereby producing net interest income. Accordingly, we expect net interest income from our securities to be the largest component of our earnings in the future. We believe that the cost advantage we obtain from self-originating loans and holding such loans in securitized form in the REIT or our QRS is primarily the result of two economic factors. First, through self-origination, we avoid the intermediation costs associated with purchasing mortgage assets in the capital markets. Second, the interest income we generate in the REIT or our QRS will not be subject to tax, whereas, had we sold our loans in the capital markets, we would have been subject to tax on the gain on sale of loans. We expect that our strategy and the use of borrowings to produce the mortgage-backed securities we hold will produce an attractive return for our stockholders. As of May 31, 2004, we held approximately $7.0 billion of mortgage-backed securities and mortgage loans awaiting securitization, substantially all of which were backed by or were ARM loans, and of which approximately 41% were backed by or were loans we originated and approximately 59% were mortgage-backed securities purchased in the capital markets. During the remainder of 2004, we expect the percentage of securities we hold that are backed by self-originated loans to increase until this type of security constitutes substantially all of our portfolio.

We seek to avoid many of the risks typically associated with companies that purchase mortgage-backed securities in the capital markets. For example, we attempt to closely match the duration of our assets with the duration of our liabilities. We also structure our liabilities to mitigate potential negative effects of changes in the relationship between short- and longer-term interest rates. We purchase credit enhancements from Fannie Mae and Freddie Mac to mitigate potential losses from borrower defaults. Consequently, the securities we hold typically are either obligations of Fannie Mae or Freddie Mac or are rated AAA by Standard & Poor s. Finally, substantially all of our securities are backed by ARM loans. Because we are focused on holding ARM loans rather than fixed-rate loans, we believe we will be less adversely affected by prepayments due to falling interest rates or a reduction in our net interest income due to rising interest rates.

We generally borrow a substantial portion of the funds required to invest in our mortgage-backed securities, and will seek to maintain an overall debt-to-equity ratio ranging from 8:1 to 12:1. The liabilities we use to fund our portfolio of mortgage-backed securities are primarily termed repurchase agreements with maturities ranging from one to twelve months. We use interest rate swaps to extend the duration of our liabilities to attempt to match the duration of our assets. We use termed repurchase agreements with laddered maturities to reduce the risk of a disruption in the repurchase market. We also believe we are less susceptible to a disruption in the repurchase market because we hold primarily Fannie Mae and Freddie Mac securities and securities rated AAA by Standard & Poor s, which have typically been eligible for repurchase market financing even when repurchase financing was not available for other classes of mortgage assets.

Under our current business strategy, we expect to maximize the operational and tax benefits provided by our REIT structure. Our TRSs accept and process loan applications. Loan applications that meet the requirements of the REIT, which typically consist of ARMs and hybrid ARMs, are then sold by our TRSs to our QRS, while loans that do not meet these requirements are closed and sold to third-party purchasers. We generate net interest income from our portfolio of mortgage loans and mortgage-backed securities, which is the difference between (i) the interest income we receive from mortgage loans and mortgage-backed securities we hold and (ii) the interest we pay, plus certain administrative costs.

Origination Business

Our loan origination business originates primarily first mortgages on one-to four-family dwellings through our retail and wholesale loan origination channels, each of which accounted for approximately half of our total loan originations during the first quarter of 2004. We seek to utilize a combination of skilled loan officers, state of the art technology, a broad and fairly priced product line and a high level of customer service to successfully compete in the marketplace. Once a consumer applies for a loan, our mortgage banking operation processes and underwrites the consumer s application and we fund the consumer s loan by drawing on a warehouse line of credit. The loan is then typically either securitized and the resulting securities held by us as a long-term investment or sold by us at a profit.

Our loan origination business has rapidly grown its market share and scale. The aggregate principal amount of our total loan originations has grown from $12.2 billion in 2002 to $21.7 billion in 2003. We believe our growth has made our mortgage banking operation more profitable and more effective at serving our customers. Specifically, growth in originations has lowered the per-loan cost of our centralized support operations and, consequently, our overall per-loan cost of origination. Our growth has also given us a relatively large presence in the secondary mortgage market, and, as a result, has improved our ability to execute loan sales to third-party purchasers. In addition, our size has enabled us to negotiate better terms with warehouse lenders and credit enhancers such as Fannie Mae and Freddie Mac. Finally, our size has made it possible for us to profitably enter businesses ancillary to mortgage lending, such as mortgage reinsurance, title brokerage and vendor management.

We currently conduct lending through 245 loan production offices located in 37 states across the United States, through mortgage brokers and through our Internet call center, which serves customers located in all 50 states. In 2003, our retail activities, which are conducted through our community loan production offices and Internet call centers, accounted for approximately 76% of our loan originations, while mortgage brokers accounted for 24% of our originations. Mortgage brokers are expected to account for a significantly increased percentage of our originations in 2004 due to our recent opening of a number of wholesale branches in the western United States. We offer a broad array of mortgage products, but primarily make high-credit-quality loans; more than 67% of our originations are eligible for Fannie Mae, Freddie Mac or Ginnie Mae programs, while most of the balance of our loans consists of jumbo loans for borrowers with higher FICO credit scores, typically 680 or above.

AHM Holdings has grown its loan origination franchise substantially since becoming a public company in October of 1999. In 2003, the aggregate principal amount of our loan originations was approximately $21.7 billion, compared to $12.2 billion in 2002, $7.8 billion in 2001 and $3.0 billion in 2000. Our growth has resulted from growing our network of loan production offices primarily by acquisitions, and to a lesser extent by increasing our originations from mortgage brokers and growing our Internet business. We have increased our current loan production offices to 245, from 28 in October 1999, by acquiring small to mid-sized mortgage businesses. AHM Holdings has completed seven such acquisitions since December of 1999. In each acquisition, we have generally retained and grown the acquired company s loan production offices while substantially eliminating their centralized support operations and associated costs. These acquisitions have significantly increased our origination capability. Our strategy is to continue to opportunistically seek acquisitions to grow our loan origination business.

Growth in AHM Holdings business with mortgage brokers has resulted from adding additional branches and account executives in our mortgage broker channel and increasing the depth of our mortgage broker support capabilities. Originations from mortgage brokers grew to $5.3 billion in 2003, compared to $1.9 billion in 2002.

Servicing Business

Our servicing business services the loans that back our portfolio of self-originated mortgage-backed securities. It also services loans owned by others, which are typically loans that we or our predecessors originated and sold. As of March 31, 2004, our TRSs serviced approximately 70,536 loans with an aggregate principal amount of approximately $9.0 billion. We receive an average annual servicing fee of 0.363% of the principal amount of each loan we service for others. Our servicing business collects mortgage payments, administers tax and insurance escrows, mitigates losses on defaulted loans and responds to borrower inquiries. Our servicing capabilities have received the Select Servicer rating from Standard & Poor s.

We expect our servicing business to grow as we increase our portfolio of self-originated mortgage-backed securities. Our servicing business enables us to retain an ongoing business relationship with our borrowers, which we believe makes it more likely that we will earn those borrowers business when they need a new loan or wish to refinance an existing loan. We believe that our servicing capability also enables us to sell loans to Fannie Mae, Freddie Mac and Ginnie Mae on more advantageous terms than if we did not service our originations.

Competitive Advantages

We believe that we have several competitive advantages compared to other mortgage REITs. These competitive advantages include the following:

- We believe that our net origination costs through self-origination typically have been lower than the price at which traditional mortgage REITs purchase similar mortgage loans on the open market. We believe that this lower cost allows us to earn a higher yield than mortgage REITs that primarily purchase assets in the capital markets.

- Because we believe we can earn a higher yield than mortgage REITs that primarily purchase their assets in the capital markets, we can afford to sacrifice a portion of this yield to reduce (i) our interest rate risk, by limiting our portfolio to ARMs and attempting to match-fund our assets and liabilities and (ii) our credit risk, by purchasing credit enhancements from Fannie Mae or Freddie Mac and by focusing on highly rated assets.

- We believe that we have a competitive advantage over other mortgage REITs that self-originate mortgage-backed securities because we typically originate a larger volume of loans than those companies and, consequently, can select the types of loans we would like to retain as long-term assets specifically, high-credit-quality ARM loans.

We believe that other competitive advantages of our mortgage banking business include the following:

- We expect that the net interest income generated by our portfolio of mortgage-backed securities will become the most substantial component of our revenue, thereby reducing the volatility generally experienced by mortgage banking companies that sell all or a majority of their loan products and do not maintain a portfolio of mortgage-backed securities.

Table of Contents

Our origination and servicing businesses are countercyclical. During periods of falling interest rates, the results of originations are expected to be strong, while our servicing business is expected to experience losses. Conversely, during periods of rising interest rates, the results from originations are expected to diminish, while net income from servicing is expected to increase. Despite this counterbalancing effect of our servicing business, during a period of rising interest rates, we expect the impact of the rising interest rates to reduce the profitability of our business, since we do not expect the diminished results of originations to be fully offset by increases in net income from our servicing business.

We have the scale and skills that support a robust set of capabilities in the areas of sales support and marketing, technology, product development and training. These capabilities enhance the effectiveness of our loan officers and account executives in the marketplace and enable us to better serve our customers.

We offer our customers a broad array of products through our substantial retail branch network, wholesale mortgage broker network and Internet presence. We believe reaching customers through multiple channels with balanced and multi-faceted products enhances the stability of our origination business and reduces its vulnerability to changes in the mortgage market. Our retail channel allows us to maintain a direct relationship with our customers that we believe fosters customer loyalty for future business.

As a result of our loan servicing business, we maintain a relationship with a large number of our customers and, consequently, are more likely to earn those customers business when they need a new loan or when they wish to refinance existing loans. In addition, through our loan servicing business, we are able to maintain control over our collection and default mitigation processes and better manage the credit performance of borrowers.

Company History

AHM Investment was incorporated in July 2003 under the laws of the State of Maryland. AHM Investment was formed in order to combine the net assets of Apex with the mortgage origination and servicing businesses of AHM Holdings. In December 2003, AHM Investment became the parent company of AHM Holdings through an internal reorganization and acquired Apex by merger. In connection with these transactions, our common stock was exchanged for the outstanding shares of common stock of AHM Holdings and Apex. Our strategy in combining the net assets of Apex with the origination and servicing businesses of AHM Holdings was to realize the benefits of holding a portfolio of self-originated mortgage-backed securities as well as certain other competitive advantages, described above.

Prior to our conversion into a REIT, our business strategy was to sell substantially all of the loans that we originated, and the largest component of our net income was generated by the gain on sale of such loans. Our historical financial results reflect this discontinued strategy of selling virtually all of the loans that we originated. Since our REIT conversion, our business strategy is to hold the mortgage-backed securities resulting from the securitization of ARM loans we originate, and, consequently, we believe that the largest component of our net income in the future will be net interest income generated by our holdings. While we expect that holding our originations in securitized form will be beneficial to our financial results, we cannot assure you that our new business strategy will be successful.

Ratio of Earnings to Combined Fixed Charges

The ratio of earnings to combined fixed charges for the fiscal years ended December 31, 1999, December 31, 2000, December 31, 2001, December 31, 2002, December 31, 2003, and the three months ended March 31, 2004, was 1.95, 1.48, 2.07, 2.95, 2.84 and 1.76, respectively. See Ratio of Earnings to Combined Fixed Charges in this prospectus supplement.

Table of Contents

Recent Developments

First Quarter 2004 Common Stock Offering

In March 2004, we issued 14,375,000 shares of our common stock in an underwritten public offering, raising total net proceeds of approximately $340 million. Pursuant to our investment policy, we have applied these net proceeds on a leveraged basis towards the purchase of additional mortgage-backed securities. As of March 31, 2004, following the application of these net proceeds, we had total assets of approximately $5.8 billion.

Second Quarter 2004 Common Dividend

On June 4, 2004, we declared a second quarter 2004 common stock dividend of $0.61 per share payable to stockholders of record on June 30, 2004. This dividend is expected to be paid on July 14, 2004.

General Information

Our executive offices are located at 520 Broadhollow Road, Melville, New York 11747, and our telephone number is (516) 949-3900. Our website is *http://www.americanhm.com*. Unless specifically incorporated by reference into this prospectus supplement or the accompanying prospectus, information contained on our website is not, and should not be interpreted to be, part of this prospectus supplement or the accompanying prospectus.

The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Series A Preferred Stock, see Description of Series A Preferred Stock in this prospectus supplement.

Preferred stock offered	3,000,000 shares of % Series A Cumulative Redeemable Preferred Stock (or 3,450,000 shares if the underwriters exercise their over-allotment option in full).
Price per share	$25.00.
Liquidation preference	If we liquidate, dissolve or wind up, holders of the Series A Preferred Stock will have the right to receive $25.00 per share, plus all accumulated and unpaid dividends (whether or not declared) to the date of payment, before any payments are made to the holders of our common stock or to the holders of equity securities the terms of which provide that such equity securities will rank junior to the Series A Preferred Stock. The rights of holders of Series A Preferred Stock to receive their liquidation preference also will be subject to the proportionate rights of any other class or series of our capital stock ranking on a parity with the Series A Preferred Stock as to liquidation.
Dividends	Holders of the Series A Preferred Stock will be entitled to receive, when, as and if declared by our Board of Directors, cumulative cash dividends on the Series A Preferred Stock at an annual rate of % of the $25.00 liquidation preference (equivalent to $ per year per share of Series A Preferred Stock). To the extent declared by our Board of Directors, dividends will be payable quarterly in arrears on the last calendar day of each January, April, July and October or, if such day is not a business day, the next succeeding business day. Dividends will be cumulative from and including the date of original issuance, which is expected to be June 30, 2004. The first dividend, is expected to be paid on November 1, 2004, which is the first business day following October 31, 2004. Each share of Series A Preferred Stock issued and outstanding on the record date for the first dividend payment on the Series A Preferred Stock following the initial issuance of shares of Series A Preferred Stock on June 30, 2004, shall accrue dividends from the earliest date on which any shares of the Series A Preferred Stock were issued (expected to be June 30, 2004), and shall receive the same dividend payment regardless of the date on which such share was actually issued.
	Dividends on the Series A Preferred Stock will accumulate whether or not we have earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared by our Board of Directors.
Maturity	The Series A Preferred Stock has no stated maturity date and we are not required to redeem the Series A Preferred Stock. Accordingly, the Series A Preferred Stock will remain outstanding indefinitely, unless we decide to redeem it or it is otherwise cancelled or exchanged.

Table of Contents

Optional redemption	We may not redeem the Series A Preferred Stock prior to June , 2009, except in limited circumstances to enforce the limitations on ownership necessary to preserve our tax qualification as a REIT as described in this prospectus supplement and the accompanying prospectus. On or after June , 2009, we may, at our option, redeem the Series A Preferred Stock, in whole or part, at any time and from time to time, for cash at a price of $25.00 per share, plus accumulated and unpaid dividends (whether or not declared), if any, to the date of redemption. Any partial redemption generally will be on a pro rata basis. We are not required to set aside funds to redeem the Series A Preferred Stock.
No conversion	The Series A Preferred Stock is not convertible into any of our property or other securities.
Form	The Series A Preferred Stock will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company except under limited circumstances.
Ranking	The Series A Preferred Stock will, with respect to dividend rights, redemption rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up, rank: (i) senior to our common stock and to all equity securities the terms of which provide that such equity securities will rank junior to the Series A Preferred Stock; (ii) junior to all equity securities the terms of which provide that such equity securities will rank senior to the Series A Preferred Stock, and to all of our existing and future debt, including, prior to conversion of such debt, any debt convertible into our equity securities; and (iii) on a parity with all equity securities other than those referred to in (i) and (ii) above.
Limited voting rights	Holders of Series A Preferred Stock will generally have no voting rights. However, if we are in arrears on dividends on the Series A Preferred Stock for six or more quarterly periods, whether or not consecutive, holders of the Series A Preferred Stock will be entitled to vote at any annual meeting of stockholders, or at a special meeting of the holders of our Series A Preferred Stock and any other voting preferred stock for that purpose, until all dividends accumulated for all past dividend periods with respect to the Series A Preferred Stock and any other class or series of parity preferred stock have been paid or declared and a sum sufficient for the payment of such dividends set aside for payment. In addition, we will not be permitted under the terms of the Series A Preferred Stock to create a class or series of capital stock ranking senior to the Series A Preferred Stock, and we may not make certain material adverse changes to the terms of the Series A Preferred Stock, in each case without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock. See Description of Series A Preferred Stock Voting Rights in this prospectus supplement.

Absence of market	The Series A Preferred Stock is a new issue of securities with no established trading market. Accordingly, we cannot provide any assurance as to the development or liquidity of any market for the Series A Preferred Stock. See Underwriting in this prospectus supplement.
Listing	We have applied to list the Series A Preferred Stock on the New York Stock Exchange, or NYSE, under the symbol AHM PrA. We expect that trading of the Series A Preferred Stock, if any, will commence within 30 days after the initial delivery of the Series A Preferred Stock or as soon as practicable thereafter. The underwriters have advised us that they intend to make a market in the Series A Preferred stock prior to commencement of any trading on the NYSE. However, the underwriters will have no obligation to do so, and no assurance can be given that a market for the Series A Preferred Stock will develop prior to commencement of trading on the NYSE or, if developed, will be maintained.
Restrictions on ownership	In order to ensure that we continue to qualify as a REIT for federal income tax purposes, we must meet certain requirements concerning the ownership of our outstanding shares of capital stock. Specifically, our charter provides that, subject to certain exceptions, no person shall own more than 6.5% of either the total number or the value of the total number of outstanding shares of our (i) common stock or (ii) common stock together with preferred stock of any class or series. Additionally, the articles supplementary creating the Series A Preferred Stock provide that, subject to certain exceptions, no person shall own more than 9.8% of either the total number or the value of the total number of outstanding shares of the Series A Preferred Stock. See Description of Series A Preferred Stock Restrictions on Ownership and Transfer in this prospectus supplement and Description of Capital Stock Restrictions on Ownership and Transfer in the accompanying prospectus.
Use of proceeds	We intend to use the net proceeds of the offering, which are estimated to be $, for general corporate purposes, including investing in mortgage-backed securities. We may also temporarily invest funds that are not immediately needed for these purposes in other short-term marketable securities or use them to make payments on our borrowings. Net proceeds are what we expect to receive after paying underwriting discounts and estimated offering expenses. See Use of Proceeds in this prospectus supplement for more information.
Settlement date	We expect that the shares of Series A Preferred Stock will be ready for delivery to purchasers on or about June 30, 2004.
Risk factors	Investing in our Series A Preferred Stock involves a number of risks, some of which are described under Risk Factors beginning on page S-13 of this prospectus supplement and page 7 of the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement or the accompanying prospectus, under the section entitled Certain U.S. Federal

Table of Contents

Income Tax Considerations beginning on page S-32 of this prospectus supplement and under the section entitled Certain U.S. Federal Income Tax Consequences of Our Status as a REIT beginning on page 39 of the accompanying prospectus.

Table of Contents

Summary Selected Financial Data

The following selected consolidated financial data as of and for each of the years in the four-year period ended December 31, 2002 is derived from the audited consolidated financial statements of AHM Holdings included in its applicable Annual Report on Form 10-K. The following selected consolidated financial data as of and for the year ended December 31, 2003 is derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2003. The following selected consolidated financial data as of and for the three months ended March 31, 2003 and 2004 is derived from the unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2004. The unaudited consolidated financial statements include all adjustments, consisting of normal recurring adjustments, which we consider necessary for a fair presentation of our financial position and results of operations for these periods. You should not assume that the interim results below indicate results that we will achieve in the future or that our results for the three months ended March 31, 2004 are indicative of our results for the remainder of 2004. The operating data below is derived from unaudited financial information that we have compiled.

The selected information set forth below should be read in conjunction with our consolidated financial statements and related notes, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations, for the year ended December 31, 2003, incorporated by reference in this prospectus supplement from our Annual Report on Form 10-K for the year ended December 31, 2003, and for the quarter ended March 31, 2004, incorporated by reference in this prospectus supplement from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.

	As of and for the Years Ended December 31,					As of and for the Three Months Ended March 31,	
	1999	**2000**	**2001**	**2002**	**2003**	**2003**	**2004**
	(in thousands, except per share data, ratios and interest rates)						
Statement of Income Data:							
Gain on sales of loans and mortgage-backed securities	$21,957	$52,731	$118,554	$216,595	$382,236	$88,211	$80,133
Net interest income	1,704	3,271	9,098	23,671	45,148	10,769	12,772
Net loan servicing fees (loss)				(11,592)	(2,482)	(7,354)	(9,612)
Total revenues(1)	24,862	58,280	128,053	232,821	432,131	94,554	84,271
Total non-interest expenses	19,525	48,114	87,466	164,368	309,147	66,664	66,862
Income before income tax (benefit) expense	5,302	9,658	41,701	67,560	122,017	27,890	17,409
Income tax (benefit) expense	1,441	4,267	16,253	28,075	48,223	11,577	(3,814)
Net income	3,861	5,391	25,448	39,485	73,794	16,313	21,223
Per share data:							
Basic earnings per share	$ 0.69	$ 0.63	$ 2.45	$ 2.72	$ 4.16	$ 0.97	$ 0.71
Diluted earnings per share	0.69	0.63	2.34	2.65	4.07	0.96	