

# MHEG *in a Minute*

Keeping you up to date on MHEG's business in just a minute's time.

VOLUME 2, ISSUE 2

APRIL 2009

**Midwest Housing Equity Group, Inc.**

## RECENT HIGHLIGHTS

### NCSHA Legislative Conference

NCSHA (National Council of State Housing Agencies) recently hosted their annual Legislative Conference in Washington DC on March 2-4th, which lays out the challenges ahead in Congress and what HFA's can do to advance NCSHA's legislative priorities. Dan Garrett, Executive Vice President for Iowa Operations, was able to attend and represent MHEG. During his short trip he had the opportunity to meet and visit with 14 of our congressional delegations.

"This trip was invigorating, not only being in our nation's capital, but being able to talk to staff of our congressional delegations," said Garrett. "It was clear that they are very interested in what we do and understood the sweeping effect we have, especially when one factors the economic development that is delivered to our communities from building the developments."

We need to be more proactive in continued communication with those members of Congress. We also encourage you to contact your state delegates to tell your story and offer your support towards the program, please contact Jim Rieker for further guidance, questions or ideas.



### Prairie Pointe Townhomes Wins Award

Prairie Pointe Townhomes in Greensburg, Kansas was recently awarded the LEED Platinum Certification, the highest honor for green building design and construction, from the U.S. Green Building Council. This award means Prairie Pointe meets the most rigorous criteria in terms of low energy and water consumption, the use of environmentally preferred materials and being constructed in a socially responsible way. Prairie Pointe is the first LEED® Platinum affordable housing development in Kansas, and the third tax credit complex in the nation to receive this honor.



Utility costs for each townhome average about 40% less each month than apartments of the same size built to minimum construction standards. Prairie Pointe's sustainable components include low-flow shower heads and faucets that reduce water usage on average by 20%, two-by-six-inch walls with blown-in cellulose insulation, high energy-efficient air source heat pumps, ENERGY STAR® appliances where available and ENERGY STAR® compact fluorescent light bulbs have been installed in each unit. CFLs use about 75% less energy than standard incandescent bulbs and last up to 10 times longer.

Prairie Pointe Townhomes is part of Kansas Fund VI, L.P. with Manske & Associates, L.L.C. serving as the developer.

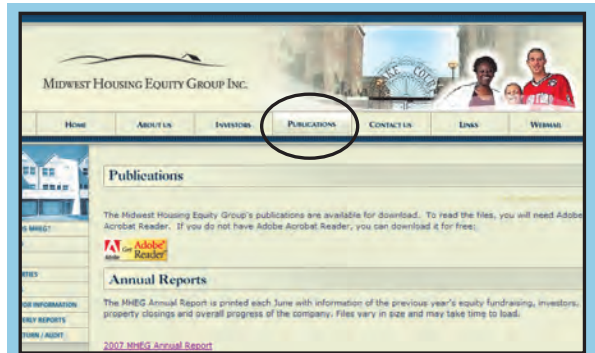
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### New Publications Link

We've added a new tab to the MHEG website, "Publications" that will replace our existing tab "Annual Reports".

This updated page will still allow you to view and download current and past annual reports, but you will now have access to view current and past newsletters and press releases from MHEG. Just another tool to keep you up to date!



## Message from the President - Jim Rieker

In the September 2008 issue, I wrote about how REO Speedwagon's song, "Ridin' the Storm Out" was a good theme song for the tax credit industry at the time. The industry hasn't changed its theme, but luckily it hasn't deteriorated more in the past six months. We're all still riding out the storm and hoping for the market to settle down. Yet, we continue to see pricing on the credits slip lower and deal quality demands, increase. Where it will end, if anyone knows, please let me know!!



Jim Rieker, President

them to the best of our abilities and not abusing them. If we push to make the tax credit program a "grant" program, it will be the first step to killing an industry that has worked for over 22 years. The tax credit program was made permanent in 1992, we need to work hard to maintain its essentials and initial principles, while mixing and matching with the new tools given us. We don't want to become a pure grant program that is subject to annual appropriations. I can't name a single grant program that has lasted over 20 years.

With the passage of the American Recovery and Reinvestment Tax Act of 2009, there were some positive changes made to the tax credit program that will allow for some additional gap filling money and some opportunities to cash in some of the credits. It should accelerate the closing on some deals in the short-term future, but the Act did nothing to stimulate new investments in the tax credit program so my concern is for the long-term aspect of the program. Only time will tell, but we really want to be cautious as we proceed with these new tools.

MHEG continues to work hard finding investors and building the best funds for those investors and the developers that utilize the capital we raise. It is a balancing act and as long as the "storm" doesn't get too rough, we'll work our way through it and get as many deals done as we can. All we can ask for is your patience and just to hum along with us - "Ridin' the Storm Out". It will get better!!

While they can greatly benefit us, we need to look at using

## Message from Iowa Operations - Dan Garrett

The Iowa office has seen a flurry of activity, just like everyone else. We received the Iowa Fund V Private Offering Memorandums at the beginning of March and promptly sent those out to possible investors, we've since been receiving phone calls and questions, which is always good.

As expected, the "no's" and "not interested" are a present part of the business, and can have a draining effect. I have to consistently remind myself, in the words of Mr. Michaelis that, "No, is just another step closer to a yes." We will get there, I am confident of that.

We received great news in that Carroll County State Bank agreed to be the first signed investor into Iowa Fund V. Their President is the Superintendent of Iowa Banks, and he knows how important this is to the state (just like the other states).

## UPCOMING EVENTS

MHEG ANNUAL MEETING & GOLF OUTING: June 1st, 2009  
NCSHA Housing Credit & Conference: June 15th-18th, 2009

Ashland, NE - Quarry Oaks  
Los Angeles, CA - Hyatt Regency

### Iowa

No events scheduled at this time.

### Kansas

Monitoring HOME: Ensuring Program Compliance Training:  
May 19th-21st  
Kansas City, MO - Westin Crown Center Hotel Kansas City

### Oklahoma

No events scheduled at this time.

### Nebraska

Fair Housing Conference: Apr. 21st-22nd  
Lincoln, NE - Cornhusker Marriott

Basic HOME and CDBG Training: May 6th-7th  
Omaha, NE - DoubleTree Hotel & Meeting Center

Nebraska Banker Association Annual Meeting: May 7th-8th  
Lincoln, NE - Cornhusker Marriott

NIFA Tax Credit Seminar: May 13th-14th  
Lincoln, NE - Country Inn & Suites

## Recently Closed Projects, Groundbreakings, and more...

The first quarter was relatively quiet for MHEG with our first closing for the 2009 year on March 26th, adding an additional 18 units to our affordable housing portfolio. We expect several more closings in the next quarter.

To date, MHEG has closed 236 projects, creating and sustaining 6,500 units of affordable housing in the four-state area.

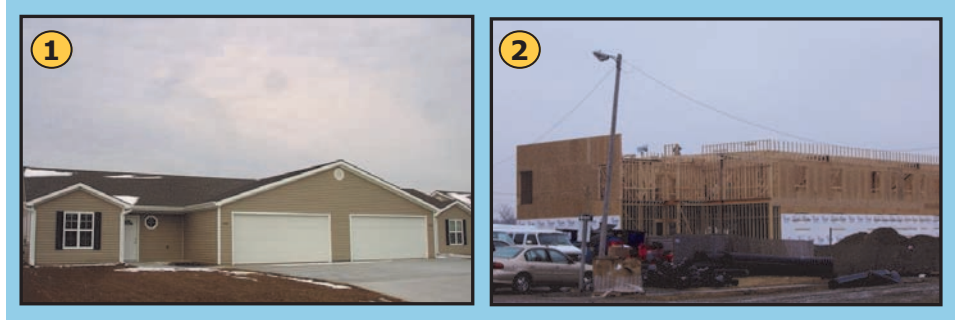
### MARCH Closings

#### Windridge Townhomes II, LLC

NF XIII, L.P.

Grand Island, NE • 18 units

3/26/2009



### Construction in Progress



Above and to the left are a few developments that anticipate construction completion by year's end.

- 1) Brook Field III in Manhattan, KS consists of four new duplexes, for a total of eight multifamily units.
- 2) The Lydia House in Omaha, NE will provide 36 beds for single women and 46 units for families in need with additional services from the Open Door Mission.
- 3) Dawson Estates located in Gothenburg, Cozad and Lexington, NE will offer 15 newly constructed single family homes. Tenants will have the opportunity to participate in the Crown, rent-to-own housing, program.
- 4) Hickory Ridge in McAlester, OK consists of 16 duplexes, for a total of 32 multifamily units.



### Asset Management Update

|                                       |              |
|---------------------------------------|--------------|
| <b>Number of Developments</b>         | <b>236</b>   |
| <b>Number of Units</b>                | <b>6,500</b> |
| <b>Number of Counties Represented</b> | <b>104</b>   |
| <b>Number of Cities Represented</b>   | <b>127</b>   |
| <b>Portfolio Vacancy Percentage*</b>  | <b>6.69%</b> |
| <b>Portfolio Debt Coverage Ratio*</b> | <b>1.01</b>  |

\*Information compiled from 12/31/2008 figures

### YEAR 15 Disposition

MHEG has now been in operations for over 15 years and is starting to reach the completion of the 15-year compliance period on developments from our first fund.



THR Ten was MHEG's first project placed in service, back on December 1<sup>st</sup>, 1993, with its compliance period ending on December, 31<sup>st</sup>, 2008. MHEG was able to successfully sell our interest in the property to NuStyle Development, the general partner, on March 31<sup>st</sup>, 2009 without any losses from exit taxes.

Our asset management team has been working with OCCH to prepare for the Year 15 disposition, and is now ready for the additional procedures and process.

## Staff Additions

Although MHEG did not have any new staff additions in the first quarter, after 15 years of operations we would like to congratulate our many employees who have provided MHEG with 5 years or more of service. MHEG is extremely fortunate to have a very dedicated and experienced staff.



### **15+ years of service**

Jim Rieker (1993)  
President & CEO



### **10+ years of service**

Becky Christoffersen (1996)  
Director of Development & Underwriting

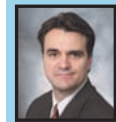


### **5+ years of service**

Laurie Stephenson (2000)  
Compliance Manager



Thomas Judds (2001)  
EVP, Nebraska Operations



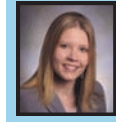
Dan Garrett (2002)  
EVP, Iowa Operations



Jason Main (2002)  
CFO/CCO



Shannon Foster (2002)  
Corporate Accountant  
& Office Manager



Shannon Johnson (2003)  
Senior Asset Manager



Tom Stratman (2003)  
Senior Asset Manager



Cindy Koster (2003)  
Development Coordinator,  
Nebraska Operations



Chris Pangkereggo (2004)  
Director of Information Technology

## Upcoming Annual Meeting & Golf Outing

Just a reminder to mark your calendars for **Monday, June 1st**. MHEG's Annual Meeting and Golf Outing will be held at Quarry Oaks in Ashland, NE. Invitations will be mailed out later this month.

We would like to thank our many sponsors for their generous support and help in making this year's event a success: (sponsor list current as of print date 4/3/2009)

- Horizon Bank
- Mesner Development Company
- US Bank
- Nebraska Investment Finance Authority
- INTRUST Bank
- Home Federal Bank - Grand Island
- FHLBank Topeka
- BancFirst - Breakfast & Registration sponsor
- Wells Fargo - Awards Ceremony sponsor
- The Buland Group - Luncheon sponsor

MIDWEST HOUSING EQUITY GROUP INC.

**SAVE THE DATE!**  
ANNUAL MEETING & GOLF OUTING

Monday, June 1st

Quarry Oaks  
Ashland, NE

*More information to be mailed at a later date.*

| JUNE 2009 |    |    |    |    |    |    |
|-----------|----|----|----|----|----|----|
|           | 1  | 2  | 3  | 4  | 5  | 6  |
| 7         | 8  | 9  | 10 | 11 | 12 | 13 |
| 14        | 15 | 16 | 17 | 18 | 19 | 20 |
| 21        | 22 | 23 | 24 | 25 | 26 | 27 |
| 28        | 29 | 30 |    |    |    |    |

Annual Meeting - June 1st

## LIHTC Rates

### January 2009 Rates

70% PVC - 7.65%  
30% PVC - 3.28%  
AFR - 3.57%

### February 2009 Rates

70% PVC - 7.53%  
30% PVC - 3.23%  
AFR - 2.96%

### March 2009 Rates

70% PVC - 7.63%  
30% PVC - 3.27%  
AFR - 3.52%

### April 2009 Rates

70% PVC - 7.67%  
30% PVC - 3.29%  
AFR - 3.67%





## Message from Kansas Operations - Pat Michaelis



701 S. Kansas Avenue

I feel very positive about 2009. Between the Stimulus money provided to all states for affordable housing and the investors considering coming into Kansas Fund VII, we anticipate to syndicate several developments this year.

Of course there are questions. When will the Stimulus Bill regulations be out and what will they contain? How will the state agencies deal with them? Will investors be as receptive as we think? How will all of this affect our partners and friends, the developers and general partners? But you know what, we will answer these and other questions positively, with ingenuity and a spirit of cooperation. Life will go on in the industry and it will be good.

Some people are hurting due to the economy. But we are making a difference. By all of us working together to provide affordable homes, our efforts are appreciated by those we serve. Thank you for all you do!

**\*\*The Kansas office will be moving within the next month or so to the Citizen's Bank and Trust building in downtown Topeka. Their new contact information will be mailed out and posted on our website as soon as the final details are decided.**

## Message from Nebraska Operations - Thomas Judds

The first quarter of 2009 has come to a close and subsequently it's time to give an overview as to the Nebraska operations. From a fund raising perspective, MHEG is presenting its 14th equity fund for the state of Nebraska. The fund size is \$30MM and the private offering memorandum was official released on February 27th. To date, three banks have been sent investment documents for execution and participation in the fund. Two of the three banks are new investors to MHEG. In addition, we have three investors that have given verbal commitments and four others we consider a strong probability to invest. We estimate two-thirds of the fund to be raised.

As for projects, we just completed MHEG's first equity closing of the year on March 26<sup>th</sup>. This project represents a second phase of a senior development located in Grand Island that nearly completes Fund XIII proceeds.



We were able to continue our annual Nebraska Dinner in conjunction with NIFA's Housing Conference thanks to Horizon Bank, who co-sponsored the dinner at Anthony's Steak House on Jan. 27th. We had a great turn out with 70 guests in attendance.

## Message from Oklahoma Operations - Jamie Wilson



Above, construction at Mt. Olive, L.P. in Oklahoma City moves forward, despite the temperamental spring weather.

Hello to all our partners, I hope your spring has already sprung. Parts of Oklahoma and Kansas received over 2 feet of snow at the end of March, so spring can't come soon enough.

So far, 2009 has been busy with continued raising of funds for Oklahoma Fund III, L.P. The Oklahoma Housing Finance Agency is working diligently on how to best proceed with the funding they received in the most recent Stimulus Bill passed earlier this year. I know that they are hard at work uncovering the best possible way for developers to start their projects and **get additional housing built as soon as possible. I don't envy their task.** MHEG has offered to assist them as much as possible.

With a fourth of the year already gone, hopes are very high for a great year even with the economy not cooperating as much as we would like. Here's to a great 2009 for all of you!!

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