

MHEG *in a Minute*

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

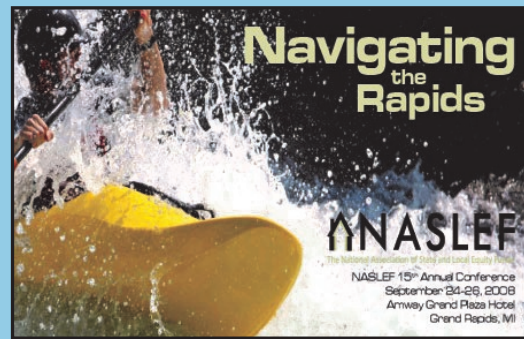
VOLUME 2, ISSUE 1 JANUARY 2009

Midwest Housing Equity Group, Inc.

RECENT HIGHLIGHTS

2008 Annual NASLEF Conference

This year's annual NASLEF Conference was hosted in Grand Rapids, Michigan at the Amway Grand Plaza Hotel from September 24-26th. Fourteen employees from MHEG were able to attend: Jim Rieker, Jason Main, Ted Witt, Dan Garrett, Thomas Judds, Jamie Wilson, Pat Michaelis, Cindy Koster, Melissa Miller-Atwood, Sammy Ehtisham, Gary Wasserman, Ryan Harris, Rachel Wiesner and Chuck Kane.



MHEG sent some of the newer staff to attend the conference this year. Rachel enjoyed her first time at NASLEF and said, "Grand Rapids definitely exceeded my standards. The city had beautiful historic buildings, tons of scenery, numerous outdoor activities, and a nightlife that I will never forget."

Chuck, also attending NASLEF for the first time, really enjoyed being around others in the

The three-day conference offered 13 sessions, and included activities like the Grand Rapids Housing Bus Tour, a reception at the Gerald R. Ford Library and Museum, and an evening dinner at the Grand Rapids Museum. One great highlight of the conference was Jim being elected as the new President of NASLEF!

affordable housing field who knew and understood what MHEG does.

Next year's conference will be held September 23rd-25th in St. Louis, Missouri. Visit www.naslef.org/conferences.html for more info.

New Board Member

We would like to welcome our newest MHEG Board of Directors member, David Fisher. David is currently the Senior Executive Vice President for FHLBank Topeka with over 25 years of banking experience. We are excited to have him join our board and look forward to the knowledge and leadership he will bring.



David Fisher

Team Building Completion

Back in June 2008, the MHEG staff got together for a team building retreat conducted by Dynamic Consulting, Inc. From that retreat, six plans of action were formed focusing on internal communication, training & orientation, workload, and company growth. Since then, the MHEG staff has met three more times with Mark Bonkiewicz to continually evaluate the progress being made on the plans of action. As of Dec. 12th, at our final team meeting in Omaha, we have successfully completed or scheduled the final tasks of all six action plans.

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State of Tax Credit Industry Meeting

The Federal Home Loan Bank of Topeka held a *State of the Tax Credit Industry Meeting* in December. MHEG encouraged partners and developers to participate in the conference call. Several things were discussed including the decrease of investors in affordable housing, possible upcoming changes in legislation with the new administration, as well as ways to strengthen your project's chance of investment.

A full recap of the meeting can be found on the homepage of MHEG's website.

Message from the President - Jim Rieker

Was 2008 a fun year or what? Ok, maybe that is a little over the edge but it really was an interesting year with all the changes in our industry. Being in the tax credit industry since its inception, I have never seen anything like this but yet, it was kind of fun working through all the challenges with getting investors and trying to make the deals work.



Jim Rieker, President

The reason I say it was kind of fun is that as an industry, we were so used to the way things were and pricing always coming to our rescue to make the deals work. At the same time, investors were pretty easy on how they looked at things. For 10 years, many of us said this industry needed a correction. Now, did we ever think we would get the big bang correction, probably not, but it did make for an interesting year? We all had to go back to our expertise and look at things differently than we have in

quite some time. Yes, we're still trying to figure it all out but this industry has survived before and with the likes of all our partners, we'll all survive once again.

While 2008 really has been a lot of work, I want to thank you all for your patronage, partnership and willingness to stick with us through all of the changes in the market. Without the investors, developers, lenders, property managers and others, we couldn't accomplish our goal of providing decent and safe affordable housing. MHEG's staff and Boards also deserve a big thank you because they have had to deal with all the change.

Wishing you all a Happy New Year and there is hope that 2009 will be better (and who knows, maybe just a little bit more fun).

Message from Iowa Operations - Dan Garrett

The end of 2008 brings a rush of closings for the Iowa office. We have plans of closing 14 projects by year's end. Iowa's Tax Credit Round started October 31st. Because of the increased number of credits allotted to Iowa due to the natural disasters, we signed Letters of Interest for \$110 million in tax credits, which is the largest dollar amount that we have ever turned in. Although the market has had its challenges, Iowa remains



Guests enjoy socializing at Iowa's Second Annual Dinner in conjunction with the Iowa Housing Conference on Oct. 2nd at Basil Prosperi's Lucca in Des Moines, we had over 40 guests attend.

actively engaged in fundraising and is looking forward to a new year filled with new beginnings and new relationships. And the newest relationship is that of Lacey Powers, who has been added as the most recent addition to the Iowa office. Lacey started on November 3rd as the new administrative assistant and is very excited to join the MHEG family.

UPCOMING EVENTS

Iowa

No events scheduled at this time.

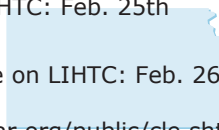


Kansas

Kansas 2009 1st Round of Tax Credits applications due Feb. 6th!

KBA CLE Seminar - Introduction to LIHTC: Feb. 25th
Telephone Seminar, Noon-1p.m.

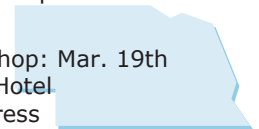
KBA CLE Seminar - Legislative Update on LIHTC: Feb. 26th
Telephone Seminar, Noon-1p.m.
(for more information go to www.ksbar.org/public/cle.shtml)



Nebraska

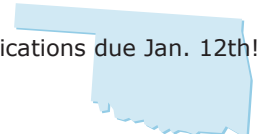
NIFA's Housing Innovation Marketplace: Jan. 27th-28th
Omaha, NE - Regency Marriott

CRA - Review & Update Workshop: Mar. 19th
Omaha, NE - Embassy Suites Hotel
North Platte - Holiday Inn Express
Grand Island - Midtown Holiday Inn



Oklahoma

Oklahoma 2009A Tax Credit applications due Jan. 12th!



Recently Closed Projects, Groundbreakings, and more...

The end of the year brought on the closing of dozens of projects, in particular December was extremely busy! In the past 4 months MHEG closed 21 projects, creating a total of 532 units of affordable housing.

To date, MHEG has closed 235 projects, creating and sustaining 6,487 units of affordable housing in the four-state area.

SEPTEMBER Closings

HFS Council Bluffs, LLC

IEF III, L.P.
Council Bluffs, IA • 16 units
9/4/2008

Royal Oaks Estates, L.L.C.

EFN XII, L.P.
Norfolk, NE • 14 units
9/29/2008

Gretna Crown, L.L.C.

EFN XII, L.P.
Gretna, NE • 15 units
9/29/2008

OCTOBER Closings

Cottage Park, LP2

OEF II, L.P. • Midwest City, OK • 42 units
10/24/2008

NOVEMBER Closings

Canterbury IV Limited Partnership

IF IV, L.P. • Des Moines, IA • 24 units
11/10/2008

Stroud Community Homes, LP

OEF I, L.P. • Stroud, OK • 24 units
11/25/2008

DECEMBER Closings

Brown Apartments, L.P.

IEF III, L.P. & IEF III, L.P. • Cedar Rapids, IA • 12 units
12/8/2008

N.O. Crown VI Limited Partnership

NF XIII, L.P. • Omaha, NE • 12 units
12/15/2008

Fontenelle Cottages Limited Partnership

NF XIII, L.P. • Omaha, NE • 12 units
12/15/2008

Help the Homeless of Metro Limited Liability Company

EFN XII, L.P. & NF XIII, L.P. • Omaha, NE • 82 units
12/22/2008

BF III, L.P.

KF VI, L.P. • Manhattan, KS • 8 units
12/22/2008



Above: Hundreds attend the dedication of the Charles E. Lakin Human Services Campus (which includes the Heartland Homes project of 16 multifamily units) in Council Bluffs - September 2008

DECEMBER Closings Continued

Stonepost Partners II, L.L.C.

KF VI, L.P. • Hays, KS • 16 units
12/22/2008

Ville de Sante III LP

NF XIII, L.P. • Omaha, NE • 28 units
12/23/2008

Prairie Pointe Townhomes, L.L.C.

KF VI, L.P. • Greensburg, KS • 16 units
12/23/2008

Cheyenne Ridge, L.L.C.

KF VI, L.P. • Hoisington, KS • 12 units
12/23/2008

Dawson Estates, L.P.

NF XIII, L.P. • Cozad, Gothenburg & Lexington, NE • 15 units
12/29/2008

Chapel Ridge West I Limited Partnership

IEF III, L.P. & IF IV, L.P. • Des Moines, IA • 73 units
12/29/2008

Deer Ridge VI Limited Partnership

IF IV, L.P. • Des Moines, IA • 40 units
12/29/2008

Willow Bend II Limited Partnership

IF IV, L.P. • Des Moines, IA • 24 units
12/29/2008

Lincoln Terrace, LP

IF IV, L.P. • Oskaloosa, IA • 15 units
12/30/2008

Grant Terrace, LLLP

IF IV, L.P. • Oskaloosa, IA • 15 units
12/30/2008

New Additions to the MHEG Staff!

We'd like to welcome our two newest employees to the MHEG family, as well as acknowledge the change from part-time to full-time for one of our staff members.

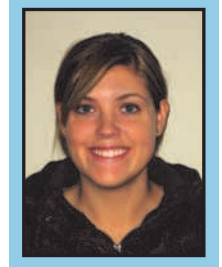


Dana Swanson, Administrative Assistant

Dana, who started in October, will be working in the Omaha office part-time as an Administrative Assistant. Her main duties will include covering the front reception area, answering all incoming calls, and providing secretarial support and administrative services for all MHEG staff. Dana is currently attending Nebraska Methodist to earn a degree in nursing. Outside the office Dana enjoys spending her free time with her family and friends.

Lacey Powers, Administrative Assistant

Lacey, who recently joined us in November, will be working in the Des Moines office full-time as the Administrative Assistant for the Iowa Operations. Her main duties will include taking care of all clients and visitors to the Iowa office, answering incoming calls, and providing administrative support to the Iowa Operations EVP and staff. Prior to MHEG, Lacey was working as a summer nanny. She is a 2008 graduate of Iowa State University, with a degree in Merchandising. Outside the office Lacey enjoys hanging out with friends, cooking, reading, watching movies and playing with her cat.



Jordan Bottorff, Due Diligence Assistant

Jordan joined the Omaha office part-time in June 2007 as she finished her Masters in Business Administration at the University of Nebraska at Omaha. As of December 22nd, Jordan has completed her degree and become full-time. She will continue to work in the Due Diligence department reviewing tax credit applications and compiling initial due diligence for all of our projects.

Party with a Purpose

Last month Pat Michaelis, Lisa Bryan and Melissa Miller-Atwood (Kansas office) participated in Topeka's 10th Annual "Party with a Purpose". The mission of Party with a Purpose is to: provide Christmas gifts and food for needy people in our community, as well as encourage and facilitate individuals in the community to be givers. Almost 200 people turned out to help shop, wrap and deliver gifts to 24 families adopted from the United Way/Christmas Bureau.

The hope is for those participating in the event to open their eyes and see the needs of their community. The personal touch between those that give and those that receive, is the real 'purpose' of the party. Donations in part were made by MHEG on behalf of our investors and partners.



Melissa Miller-Atwood and others enjoy the evening and holiday spirit of the party.

Correction

Please note, in our last issue we mentioned the Oklahoma Operations & Investment Committee received Apex awards from OHFA. Roger Beverage was incorrectly listed as working for BancFirst, he works for the Oklahoma Bankers Association.

LIHTC Rates

October 2008 Rates	November 2008 Rates	December 2008 Rates	January 2009 Rates
70% PVC - 7.87%	70% PVC - 7.83%	70% PVC - 7.84%	70% PVC - 7.65%
30% PVC - 3.37%	30% PVC - 3.36%	30% PVC - 3.36%	30% PVC - 3.28%
AFR - 4.32%	AFR - 4.24%	AFR - 4.45%	AFR - 3.57%



Message from Kansas Operations - Pat Michaelis



Melissa Miller-Atwood (far right) attends the Ribbon Cutting ceremony for Meriden Heights in Meriden, Kan. The project features four 3-bedroom and eight 2-bedroom units, each unit will have an attached garage and be handicapped accessible. September 2008

I am reminded that the only thing that is consistent is change, and that those who embrace change will survive and thrive. These truisms are particularly accurate in 2008 and will likely be for 2009 also. Jim, in his Message, discussed the changes in our industry and I will not restate them here. My message has to do with how we deal with change. If I try to keep things as they always have been and do business as usual, I will be left behind. If, on the other hand, I embrace the changes and see how to make them work for me, then I have an excellent chance to survive and thrive. I am an optimist but it has proven true through-out my life. The choice is up to each one of us.

total to 8 projects in 2008. All are excellent projects with proven developers and general partners. The Kansas Housing Resource Corporation made 19 Tax Credit Awards in December for the 2nd 2008 round. We provided letters of interest for 7 of them and have been contacted by 3 others. We are pleased to be considered by so many developers and general partners.

During December, MHEG Kansas had 4 closings on projects in Greensburg, Hoisington, Manhattan and Hays. This brings our

We enjoy and appreciate all of our partners. All the best to you and yours in 2009.

Message from Nebraska Operations - Thomas Judds

The year is practically over and another season has transcended on the heartland. 2008 is almost in the books with only one equity closing to go. Personally speaking, I believe the economy of affordable housing for this year can best be compared to an experience of the infamous Disneyland ride "Space Mountain." Enduring unforeseen bumps, turns and dips all at lightning speed while hanging on for your dear life and screaming all the way with the hope the end is near! Yeah, I think that pretty much sums it up for me...well, except for the screaming part.

I would like to take this opportunity to express a heartfelt thanks to all of our housing partners for riding with us. This was a time where both hands were needed and trust and faith were essential. Also, I want to extend my sincere appreciation to Jim, the MHEG board and staff. I am truly blessed to have such great teammates. I'm hoping 2009 will be similar to "It's a Small World after All" – something calm and gentle!



Jim Rieker speaks at the groundbreaking of the new Lydia House in Omaha, Nebr., alongside Janet Latimer (Horizon Bank), Robin Ambroz-Hollman (NIFA), and Candace Gregory (Open Door Mission). October 2008

Message from Oklahoma Operations - Jamie Wilson

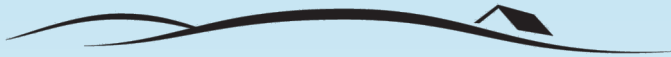
I hope that all of you had a wonderful Christmas and New Year. For a change, the Oklahoma office wasn't very hectic this 4th quarter as we had our 8 closings spread pretty evenly throughout the year. In 2007, we closed 7 projects in the last part of December alone – I like our tactics in 2008 better.

With the ever changing market that is our newest reality, our efforts are constantly changing both on the developer side as well as the investor side. We did sign up two new investors for Oklahoma Fund III. They are Horizon Bank and Commerce Bank out of Kansas City, with many more in the works.

We foresee a good year in 2009 as we have several projects lined up for closing, including 3 projects in the Tulsa area, which we have not had in any of our past funds. With a veteran staff in the Oklahoma office of Sammy Ehtisham and Sherri Teel (soon to be Sherri Smith), this year shows a promise of success for MHEG and for our partners.

Here's to a great 2009.

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