

MHEG *in a Minute*

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

VOLUME 4, ISSUE 2

APRIL 2011

Midwest Housing Equity Group, Inc.

RECENT HIGHLIGHTS



A look at the completed MLK Brickstone Development, LP (IF V, L.P.) and in-progress MLK Brickstone II, LP (IF VI, L.P.). Together the two projects will provide 48 multifamily units for the community of Des Moines, Iowa.

Internship Opportunity

We are excited to announce that we will be hiring an intern for our Omaha and Topeka office. Applicants need to have a 3.0 GPA and be of Junior/Senior year status. For more information about the internship's requirements, duties and application please visit our website and click on the [INTERNSHIP](#) link on our homepage.



We will be taking applications until May 20th, so if you know any college students looking for an internship that would be a good fit at MHEG please direct them to our website.

Sister Marilyn Awarded Mother Qualberta Service Award

Sister Marilyn Ross, Executive Director of Holy Name Housing Corporation, was recently awarded the Mother Qualberta Service Award by the Notre Dame Sisters during their 100 Year Dinner and Auction Celebration on March 20th, 2011 in Omaha, Nebraska. A few members of MHEG's staff were able to attend the dinner and watch as Sr. Marilyn received the award.

Sr. Marilyn has played a key role in the Notre Dame Sisters' efforts to renovating run-down properties to safe, affordable senior housing in the Florence area of Omaha. The Notre Dame Sisters wanted to recognize and thank Sr. Marilyn for her commitment and dedication to improving the Omaha community, particularly in the housing industry. In addition to partnering with the Notre Dame Sisters, Sr. Marilyn served as Chairman of MHEG's Board of Directors for nine years, before stepping down last year. MHEG has also partnered with HNHC on almost a dozen properties in the Omaha metro.

The Mother Qualberta Service Award is awarded to persons who show witness to faith in God and love for people; service to others; pioneering spirit; partnership with the Norte Dame Sisters; and excellence in teaching. The award was established in honor of the Notre Dame Sisters founder Sister Qualberta.

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Sister Celeste Wobeter, ND (LEFT) presents Sister Marilyn Ross, RSM with the award.

Message from the President - Jim Rieker

I sit here tonight wondering what I want to say to update you about the state of the tax credit market and how it relates to MHEG. We are in a time when it seems like the market is changing rapidly again and reverting back to when the industry got itself in trouble. I can't say I understand the mentality some are using when they know weakening deal terms has and will cause problems for them and the investors they represent. MHEG stayed, and will stay, strong on our requirements, tweaking ever so slightly to stay within market. This kind of "staying the course" kept MHEG strong during the tough times so we could do the deals you brought to us when many of our competitors were on the sideline or no longer in business.

I know many of you receive offers from numerous syndicators when you are awarded credits and I appreciate the loyalty you give us. I do, however, warn you that the better pricing isn't always as good as it appears. We all have similar loads and investors we make promises to, it is how we get there that differs. Therefore, when you receive an offer I encourage you to look not only at the price per credit or the equity upfront but how much equity is being held on the back end of your deal. We've seen that last equity payment held for one, two or even up to seven years. Make sure you know what the offer really entails and what you will have to do to get your last payment. With MHEG, you know you will receive all of your equity, minus a small portion, by construction completion. MHEG is the tried and true partner that has been there for you, regardless of the market's condition.

Speaking of the market, 2011 is starting to look good in the



Jim Rieker, President

capital raising campaign. Gone are the days of issuing commitments before capital is in the door, but with the strong demand for credits we should be getting capital in much quicker this year than in the past couple of years. For those investors that want to wait until the 4th quarter to close, we are asking that they give us a "bankable commitment," something we can take to other investors assuring them "X" investor is in the fund. As we head out on the capital raising campaign, we hope to see good results.

MHEG has unfortunately lost a couple of Board members the last few months due to terms expiring; therefore, we have two openings on our Board. If you know someone that would be a good fit, let me know and I'd be happy to talk to them. We need strong business leaders that enjoy working on a non-profit board, but more importantly, have the connections to help us open doors so we can better serve you with the capital needs you demand.

I wish you all the best in the upcoming spring and summer months. Don't be surprised if you see me knocking on your door in these next months. We have hired Ann Burge as our new Chief Operating Officer and Director of Asset Management and our goal is to bring her around and meet as many of you as possible. Please help us welcome Ann who officially starts May 2nd. We have a lot of territory to cover so if we don't see you this time around, be patient as we'll get there.

Take care and until next time, God Bless!!

Iowa Update - Dan Garrett

Spring has come in with its usual Midwest vigor, 70's one day, 45 degrees the next, teasing us with visions of golf one day, a heavy coat the next. In the Iowa office, that typifies the environment we are facing. The 2011 tax credit applications were due in March, and Iowa submitted 20 letters of support for projects worth over \$120 million of total equity. Both numbers represent not only hard work on the parts of MHEG staff, but records of total numbers of projects submitted and total equity value submitted. In Iowa the overall total number of projects was 59, needing equity over \$360 million. It is the last year for the additional credits and extra Community Development Block Grant money, thus the huge push on the developer side to get projects in.

We are feel very good about our 20 projects, but now are faced with the task of raising the capital needed to do them. Add to the element of newfound competition, well the days are getting exciting. I would even go as far as to liken this time to that of the Cubs baseball - one day a win, the next day a loss in the ninth inning. So here is hoping for more wins!

UPCOMING EVENTS

MHEG Annual Meeting & Golf Outing: June 6th
Ashland, NE - Quarry Oaks Golf Course

Iowa and Kansas
No events at this time.

Nebraska
Nebraska Bankers Assoc. Annual Convention: Apr. 28th-29th
Lincoln, NE - Cornhusker Marriott

Oklahoma

OHFA Board of Trustees Meeting: May 19th and Jul. 13th
Oklahoma City, OK - OHFA Office

Round 1 Tax Credit Application Awards: May 19th

Oklahoma Bankers Association Annual Convention: May 23rd-24th
Norman, OK - Norman Embassy Suites

Round 2 Tax Credit Applications Due: Jul. 7th

OHFA's "Santa's Sleigh Golf Tournament": Jul. 14th
Oklahoma City, OK - Silverhorn Golf Club

Recently Closed Projects, Groundbreakings, and more...

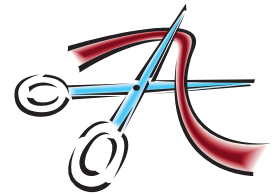
After MHEG's busy 2010 yearend quarter, we had a quiet start to 2011 with only one closing, adding an additional **20** units to our affordable housing portfolio. To date, MHEG has closed **292** projects; creating and sustaining **7,932** units of affordable housing in the four-state area.

MARCH Closings
LCHT Accessible Housing, LLC
 KF VIII, L.P. - 3/15/2011
 Lawrence, KS • 20 units

Ground Breakings, Ribbon Cuttings & Construction in Progress



Left: Tenants of CHARMED-Perkins enjoy the community playground after the ceremony.



Above Left: Jim Rieker, President of MHEG (3rd from left), participates in the Ribbon Cutting Ceremony for CHARMED-Perkins Affordable Housing Partners II, LLC (OEF II, L.P.) in Perkins, Oklahoma on April 14th, 2011.



Above: Jim Rieker (5th from left), participates in the Grand Opening Ceremony for Liberty Estates, LLC (NF XIV, L.P.) in Waverly, Nebraska on April 27th, 2011.



Above Left: Lydia Wiles, Lara Huskey and Bob Doty from the Nebraska Department of Economic Development enjoy visiting at the 6th Annual Nebraska Appreciation Dinner at Anthony's Steak House in Omaha, Nebraska on January 25th, 2011.

Above Right: Richard DenHerder and Candace Gregory of Open Door Mission, chat with Julie Stavneak (J. Development Company) and Cindy Koster (MHEG) at the NE Appreciation Dinner.

Asset Management Update

Number of Developments	292
Number of Units	7,932
Number of Counties Represented	114
Number of Cities Represented	141
Portfolio Vacancy Percentage*	5.92%*
Portfolio Debt Coverage Ratio*	1.40*

Information current as of 4/15/2011
 *Numbers compiled from 12/31/2010 figures

LIHTC Rates



February 2011
 70% PVC - 7.75%
 30% PVC - 3.29%
 AFR - 4.15%

March 2011
 70% PVC - 7.78%
 30% PVC - 3.32%
 AFR - 4.30%

April 2011
 70% PVC - 7.78%
 30% PVC - 3.33%
 AFR - 4.25%



May 2011
 70% PVC - 7.77%
 30% PVC - 3.33%
 AFR - 4.19%



Staff Additions

We are happy to announce the hiring of a new Director of Asset Management & Chief Operating Officer, as well as welcome back a previous employee to the MHEG staff.

Ann Burge, Director of Asset Management & Chief Operating Officer - Ann will be working in our Omaha office and will officially start at the end of April. Her main duties as Chief Operating Officer are to assist in the day to day management and operation of the corporation. As Director of Asset Management she is responsible for the operational phase of the affordable housing developments that are invested in by the various investment funds and overseeing the Asset Managers and Compliance staff. Prior to working for MHEG, Ann was the Administrator for the Southwest Nebraska Community Betterment Corporation in Grant, Nebraska. She has served several positions on the Nebraska Housing Developer's Board of Directors and has obtained her Nebraska Real Estates Salesperson license. Ann received her Bachelor's degree from the University of Nebraska at Omaha. We are excited for Ann to join the MHEG family and all that she will bring to the team.

Shannon Powers, Real Estate Coordinator - Shannon previously worked at MHEG as our Paralegal & Due Diligence Administrator from 2001 until 2007, when she became a consultant for MHEG. We are happy to have her back as a full-time employee. As Real Estate Coordinator, her main duties include coordinating with developers and outside counsel to ensure MHEG's real estate requirements are met and our projects are in compliance with local ordinances.

Loss of a Housing Partner

MHEG is sad to announce that we have lost a great partner in the affordable housing world. Tom Vaughan, of Holy Name Housing Corporation (HNHC), passed away on April 10th, 2011 after a battle with cancer.

Vaughan joined HNHC in 1988 as a member of the construction crew and later became housing coordinator. He helped hundreds of families become homeowners through the organization's housing programs, coordinating the sale and rental of single family homes for low-to-moderate income families. He also handled HNHC's marketing.

Cindy Koster, who often worked with Vaughan, remembers him as always having a smile on his face and someone who would hand deliver information you requested that same day. "Tom was such a sweet and genuine soul," she commented. Vaughan was an extremely caring and sympathetic person. He will be greatly missed by the MHEG staff, and by all who knew him.

MHEG Annual Meeting - June 6th

Just a reminder to mark your calendars for **Monday, June 6th - MHEG's Annual Meeting and Golf Outing**. We are excited for another great year of golf and fun!

We would like to thank our many sponsors for their generous support and help in making this year's event a success:

BancFirst - Awards Presentations Sponsor

Buland Group - Luncheon Sponsor

Dauby O'Connor & Zaleski, LLC - 19th Hole Sponsor

First American Title Insurance - Cart Sponsor

Horizon Bank - Awards Presentations Sponsor

Nebraska Investment Finance Authority - Registration & Breakfast Sponsor and Golf Ball Sponsor

Seldin Company - 19th Hole Sponsor

Spectrum Companies - Golf Ball Sponsor

Wells Fargo - Refreshments Sponsor

Contest Hole Sponsors:

Bank of the West, Excel Development Group, FHLBank Topeka, Kutak Rock, Oklahoma Bankers Association

Hole Sponsors:

Countryside Bank, Home Federal Bank of Grand Island, Horizon Bank, INTRUST Bank, J. Development Company, Koester Construction Company, Nebraska Bankers Association, U.S. Bank, World's Foremost Bank / Cabela's Club Visa

Other: Hatch Development Group, MHEG's Executive Staff

The graphic features a calendar for June 2011 with the 6th highlighted. The text 'Save the Date' is written vertically on the left. The event title 'Annual Meeting & Golf Outing' is at the top right. The location 'Quarry Oaks - Ashland, NE' and a note 'More information to be mailed in April.' are at the bottom.

MIDWEST HOUSING EQUITY GROUP INC.
Annual Meeting & Golf Outing

Save the Date

JUNE 2011

		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				

Quarry Oaks - Ashland, NE
More information to be mailed in April.

Kansas Update - Pat Michaelis

Spring brings new opportunities and optimism. This is a beautiful time of year. The grass is green and growing. Trees are popping. Flowers are blooming. The weather is great. April, May and June are my favorite months. They set the stage for the remainder of the year.

There is a parallel in the LIHTC industry this time of year. Kansas Fund IX, L.P. is out and I am talking to many past and potential investors. KF IX is \$40M and needs to be since we have many quality projects. Returns remain historically high although slightly down from last year. Past investors are looking for ways to invest again based on MHEG's performance. New investors are seeking ways to reduce federal income tax liability and direct tax dollars locally. And I'm excited for both to invest.

On the project side, we are working with the top developers across the state. Their projects are diverse by geography, size, and constituents. Each shows a strong need in vibrant communities. As I have said in the past, the developers we work with are the best, have the highest integrity, are experienced, financially strong, and in business for the long haul. They all have a choice and we appreciate them working with MHEG.

The stage is set for MHEG and our partners to have strong year. I hope it is for you too.

Nebraska Update - Thomas Judds

Spring has arrived!

Although some may say the budding of trees and sprouting of flowers is a sign of the season...the release of our Private Offering Memorandum serves as another reminder to me what time of year it is. This year, Nebraska is back to a "normal" allocation year with the passing of MDA credits, Exchange and TCAP funds. Subsequently, the competition for a credit award is robust. Pricing is up and business terms have softened from last year- all good signs for the new year.

I do want to extend a personal note of gratitude to the many housing partners across the state that have taken the time and effort to help support and preserve the affordable housing trust funds. I can't say enough how much I appreciate it. Thank you, sincerely.

In closing, I feel compelled to share some personal thoughts. With the economic slowdown our country experienced; the raising of investment capital became critical for our industry. In short, it absorbed much of my time. The downside to that is I had little time for our valued developers. I've been told by my wife, life is about finding balance. Too much of one thing or too little of another is not a good thing. To all of our Nebraska developers, please accept my heartfelt apology for not being around the past few months. I plan to find more balance this year and hope to be more available on the development side.



Thank you to all those who attended MHEG's 6th Annual Appreciation Dinner in conjunction with the NIFA Conference this past January. We had almost 100 people in attendance and enjoyed a great night out with our Nebraska partners.

Oklahoma Update - Andrea Frymire

Oklahoma Fund IV, L.P. was released mid-March. Our goal is to raise \$30M. We submitted two letters for Round 1 Credit Applications for the towns of Guthrie and McCloud. Activity for Round 2 Credit Applications is in full swing, and we are very busy reviewing deals. Currently, we are considering deals in the following cities:

Calera	Madill	Mannford	Midwest City
Shawnee	Oklahoma City	Tecumseh	Wewoka

Between investor meetings, asset management inspections and underwriting new deals, we will see most of our partners over the next few months. We appreciate the ongoing support from all of our partners in the industry!



Jim Riker (MHEG) speaks at the CHARMED - Perkins Affordable Housing Partners II, LLC Ribbon Cutting event on April 14th, 2011, in Perkins, Oklahoma.

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