

MHEG *in a Minute*

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

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RECENT HIGHLIGHTS

Midwest Housing Equity Group, Inc.

Sister Marilyn to Retire as Chair of Board

Sister Marilyn Ross recently announced her decision to step down from her Chairman position on Midwest Housing Equity Group's Board of Directors. Her resignation will become effective at this year's annual meeting on June 7th, with the new Chairman to be determined as well.

Sister, an active participant in Omaha's affordable housing industry, has been on the MHEG Board since its inception in 1993 and has held the Chair position for the past nine years. Her knowledge and leadership will be greatly missed as she's become a permanent source of support and guidance in the MHEG world.



Although she will no longer hold a position on our Board, Sister will continue to be heavily involved in the affordable housing community through her position as Executive Director for Holy Name Housing Corporation. HNHC is a non-profit organization that has been revitalizing North Omaha neighborhoods for over 27 years. HNHC believes that every resident has the right to decent and affordable housing, and has been renovating and building homes that are sold to low and moderate income families in the North Omaha community. To date, they have partnered with MHEG on 10 developments, creating almost 200 units of affordable housing in North Omaha.

Salem Village & NeighborWorks Omaha Wins Innovation Award

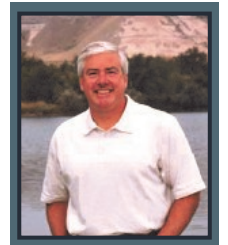
On January 26, 2010, the Nebraska Investment Finance Authority awarded Salem Village at Miami Heights (EFN XI, L.P.) as their 2010 Innovative Project of the Year. The award was presented to NeighborWorks Omaha, developer of the project, at NIFA's annual Housing Innovation Marketplace conference. Salem Village provides 50 senior units.



"Thanks to NeighborWorks Omaha, Salem Village provides North Omaha's senior citizens with a quality, affordable rental housing option within their community," commented Ted Simpson, NIFA Deputy Director. "This facility enables its residents to sustain an active lifestyle and maintain their connection to family and friends within the North Omaha area." For more information on NIFA's Innovation awards visit their website: www.nifa.org/news/index.html

NF XIV Investor - Nebraska of the Year

The Rotary Club of Lincoln named Hod Kosman the 23rd Annual Nebraskan of the Year. Kosman is CEO and President of Platte Valley Financial Service Companies Inc. in Nebraska and Wyoming. Platte Valley is an investor of Nebraska Fund XIV, this was their first fund investment with MHEG.



The Lincoln Rotary Club presented the award to Kosman this past February based on his conservation leadership, along with a long record of civic involvement. Platte Valley bank celebrated its 100th year of service in November 2009 and has locations in Scottsbluff, Morrill, Minatare, and Bridgeport, Nebraska.

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MHEG is proud to partner with Platte Valley Bank. Kosman, who along with Platte River Basin Environments Inc., has helped conserve about 30,000 acres of biologically unique landscapes in what's known as the Wildcat Hills of the Nebraska Panhandle. Platte River Basin Environments is a nonprofit organization committed to using a science-based approach to identify, acquire and conserve threatened habitat. Kosman is one of the organization's Directors.

We're Hiring!!

MHEG currently has three-four job openings for possibly two Asset Managers (Topeka or Oklahoma City), a Development Coordinator (Des Moines) and a Due Diligence Assistant (Omaha).

For complete job descriptions, visit our website: www.mheginc.com
Resumes can be emailed to: career@mheginc.com Please no phone calls.

Message from the President - Jim Rieker

At the end of 2009, we ended the year in a flurry to close a number of deals. As our largest investor closed into our funds in the first quarter of 2010, that same deal flurry continued into the first quarter and early second quarter. We appreciate the patience of the developers that waited so patiently, as we did, to bring in the investors to close these properties. Many of these deals were nearing construction completion so we're excited to be involved with all of these properties.

2010 looks like it is off to a pretty good start for the tax credit industry. We're hearing that investors are looking more favorably at making investments as their earnings and profits start to stabilize and show promise for the future. I have seen, and the MHEG EVP's have reported, better interest for investments so far in 2010; so the hope is still there that 2010 will be a much better year than 2009. As always, if you know of anyone interested in investing with one of MHEG's funds, please give me or one of our EVP's a call.



Jim Rieker, President

As we head into the second quarter, MHEG will host its 16th annual meeting at Quarry Oaks Golf Course. This event has proven to be a fun event and a way to say thank you to all of our partners and friends. I would especially like to thank those of you that have provided sponsorships in the past and for the upcoming event so we can continue to offer a quality event for you.

The annual meeting won't be all fun and games, however. Regrettably, we have to say goodbye to Sister Marilyn Ross as a Board member and Chairperson. Sister is the last remaining original Board member and has decided to step down after 17 years of service to MHEG. She will be missed and we say thank you for all that she has contributed to our success over the years.

Until next time, thank you to all and enjoy the upcoming summer - it really will come!!

Iowa Update - Dan Garrett

While the outlook for 2010 isn't 100% clear, it is definitely looking brighter! We're continuing to seek out new investors while remaining devoted and appreciative to the investors that joined us in 2009. Fundraising will be interesting this year for us. A lot of changes have been made in the banking industry this past year, but with change comes opportunity.

We want to give a big thanks to all our investors and partners that have all spent time aiming their efforts at our end goal, to give people safe, quality and affordable housing. Remembering that makes everything worthwhile. In 2010, we plan to keep moving forward, opening new doors and doing new things!



Above: The MHEG staff recently all came together for a retreat in Omaha, NE. The staff spent the morning in breakout groups going over MHEG's strategic plan for the upcoming year. After lunch, we ventured over to Henry Doorly Zoo for an afternoon out of the office.

UPCOMING EVENTS

MHEG Annual Meeting & Golf Outing: June 7th Ashland, NE - Quarry Oaks Golf Course

Iowa

Polk County Housing Trust Fund 15th Anniversary: Apr. 8
Altoona, IA - The Meadows at Prairie Meadows

Kansas

No events at this time.

Nebraska

2010 Civil Rights Conference: Apr. 20-21
Lincoln, NE - Cornhusker Marriott

Nebraska Bankers Assoc. Annual Convention: May 6-7
LaVista, NE - Embassy Suites

Ribbon Cutting for the new Lydia House: May 20, 11am
Omaha, NE - 2828 N. 23rd Street East

Oklahoma

OHFA Housing Summit: Apr. 26
Oklahoma City, OK - Cox Business Services Convention Center

Oklahoma Bankers Assoc. Annual Convention: May 24-25
Tulsa, OK - Renaissance Hotel

OHFA Quarterly Board of Trustees Meeting: May 20
Oklahoma City, OK - Will Rogers Conference Room, 100 N.W. 63rd St.

OHFA Quarterly Board of Trustees Meeting: July 21
Oklahoma City, OK - Will Rogers Conference Room, 100 N.W. 63rd St.

Recently Closed Projects, Groundbreakings, and more...

MHEG had a busy first quarter with 8 closings, adding an additional 182 units to our affordable housing portfolio.

To date, MHEG has closed 255 projects, creating and sustaining 6,930 units of affordable housing in the four-state area.

JANUARY Closings

Holiday Court, LLLP
IF V, L.P.
Bettendorf, IA • 13 units
1/28/2010

MARCH Closings

Robin Estates, L.P.
NF XIV, L.P.
Aurora, NE • 10 units
3/5/2010

Pioneer Adams II, L.P.
KF VII, L.P.
Topeka, KS • 49 units
3/10/2010

821 Jackson, LLLP
IF V, L.P.
Sioux City, IA • 17 units
3/23/2010

Yorktowne Estates II, LLC
NF XIV, L.P.
York, NE • 20 units
3/9/2010

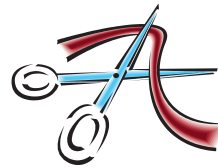
Flor De Sol Partners II, LLC
KF VII, L.P.
Liberal, KS • 32 units
3/12/2010

Cornerstone Apartments, L.P.
KF VII, L.P.
Topeka, KS • 20 units
3/10/2010

Legend Oaks, LLC
NF XIV, L.P.
Lexington, NE • 21 units
3/17/2010

Ribbon Cuttings & Construction in Progress

Right: Community Housing Initiatives President Doug LaBounty cuts the ribbon with other associated members at the Spencer School Apartments grand opening ceremony on January 14th in Spencer, Iowa.



Asset Management Update

Number of Developments	255
Number of Units	6,930
Number of Counties Represented	107
Number of Cities Represented	130
Portfolio Vacancy Percentage*	5.84%*
Portfolio Debt Coverage Ratio*	1.29*

Information current as of 4/1/2010

*Numbers compiled from 12/31/2009 figures



Left: Robin Estates, anticipated to be completed for the end of July 2010, will offer 10 newly constructed single family homes for the Aurora, Nebraska community. GP & Developer: Dana Point Development Corp.

Right: Cornerstone Apartments, which will be completed in the next few weeks, offers ten new duplexes for a total of 20 multifamily units for the Topeka, Kansas community. GP: Cornerstone of Topeka, Inc. Developers: Excel Development Group / R&J Investment Group, LLC

LIHTC Rates

January 2010 Rates
70% PVC - 7.76%
30% PVC - 3.32%
AFR - 4.11%

February 2010 Rates
70% PVC - 7.84%
30% PVC - 3.36%
AFR - 4.44%

March 2010 Rates
70% PVC - 7.81%
30% PVC - 3.35%
AFR - 4.35%

April 2010 Rates
70% PVC - 7.82%
30% PVC - 3.35%
AFR - 4.40%



Staff Additions - Changes

We had several staff changes that involved some restructuring with the following employees taking on additional and/or different responsibilities. We are also excited to announce the hiring of a new Development Coordinator!

Shannon Foster, Accounting Manager - Shannon was promoted from Corporate Accountant to Accounting Manager. She will continue with many of her same duties, but has increased in her expertise and knowledge level requiring less instruction and review. She has also taken on additional supervisory duties, overseeing and delegating accounting tasks.

Becky Christoffersen, Director of Investor Relations - Becky will continue in her role as Director of Development & Underwriting, but she will also be adding the title Director of Investor Relations to her plate. This new position was developed as a result of the increasing investor communication/contact required.

Peggy Levine, Investor Relations Coordinator - Peggy's title will be changed to Investor Relations Coordinator to reflect her added investor duties and assistance to Becky. Peggy will be in charge of our CRM system, a Customer Relationship Management database that tracks all communication and contact with our investors. She will continue to provide assistance to Jim, as well as all the Executive Vice Presidents with their investor relations.

Ted Witt, Chief Operating Officer - Ted will continue in his role as Director of Asset Management, but will be taking on the title and duties of Chief Operating Officer. Ted will now be responsible for day to day management and operations of MHEG. Some of the new duties he will be in charge of include conducting our weekly staff meetings, oversight of our human resources and benefits negotiations, and oversight of our information technology operations.

Cindy Koster, Development Manager - Cindy will continue in her role as Development Coordinator for Nebraska developments, but will now provide the primary support to all staff within the development department. This will include all training and education for future Development Coordinators. She will also be the main contact for staff with any questions concerning development issues.

Tom Stratman, Underwriting Manager - Tom will be taking on the position as the Manager of Underwriting. He will now be responsible for the underwriting of all of our developments that are invested in by the various investment funds throughout the four states. He will be responsible for ensuring MHEG is in compliance with all Section 42 and 49 requirements, as well as each state's QAP. Tom will provide the accounting/tax expertise for underwriting decisions and will eventually be responsible for the lower tier underwriting.

Jordan Bottorff, Asset Manager - Jordan will be leaving the Due Diligence department to join the Asset Management department as an Asset Manager. As an Asset Manager, she will oversee a portfolio of Low-Income Housing Tax Credit development through financial review, site visits, and problem resolution/workouts as needed.

Chris Imming, Development Coordinator - Chris was recently hired as Development Coordinator for Kansas. He previously worked for the FHLBank in Topeka as the Director of Housing & Community Development, and comes to MHEG with over 20 years experience in the housing and community development field. He brings a vast amount of affordable housing knowledge, experience and connections. We are excited to welcome Chris and what he will bring to MHEG. His anticipated start date is April 19th, 2010.

Upcoming Annual Meeting & Golf Outing

Just a reminder to mark your calendars for **Monday, June 7th - MHEG's Annual Meeting and Golf Outing**. Invitations will be mailed out 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 4/7/2010)

BancFirst - Breakfast & Registration Sponsor
Spectrum Companies - Breakfast & Registration Sponsor
Wells Fargo - Refreshments Sponsor
FHLBank Topeka - Cart Sponsor
The Buland Group - Luncheon Sponsor
Dauby O'Connor & Zaleski, LLC - Luncheon Sponsor
Horizon Bank - Awards Presentations Sponsor
Seldin Company - 19th Hole Sponsor

Hole Sponsors:

Buland Group **Dauby O'Connor & Zaleski, LLC** **Horizon Bank** **INTRUST Bank** **U.S. Bank**
Mesner Development Co. **Nebraska Bankers Association** **Nebraska Investment Finance Authority**

Other: Home Federal Bank of Grand Island



Kansas Update - Pat Michaelis

During the first quarter of 2010, we closed Pioneer Adams II in Topeka with Ross Freeman, Developer; Cornerstone Apartments in Topeka with Excel Development, Developer; and Flor de Sol II in Liberal with Overland Venture Group, Developer. These are all strong projects and we thank and appreciate the developers who have chosen to work with MHEG.

Fundraising looks and feels promising. The Private Offering Memorandum for Kansas Fund VIII will be out sometime late April, so we will begin seeking actual commitments. We signed two new investors to Kansas Fund VII, Citizens Saving and Loan of Leavenworth, Kansas and Wells Fargo. We appreciate their vision and understanding of the good things that result from investing in our funds. Welcome and thanks!

In 2010, I expect there to be a strong correlation between investor preference and development location. The fund's returns are outstanding but more than ever there is a need for workforce and senior housing and many investors have a penchant for projects in their footprint.

As Spring finally arrives and looking ahead in 2010, I am guardedly optimistic that the economy and the industry will continue to improve. If I can be of assistance to you in any way, please let me know.

Nebraska Update - Thomas Judds

The Up and Coming Tour...

Over the past few weeks I have diligently met and talked with a number of potential new investors regarding the affordable housing tax credit program and MHEG. Last week four days of travels took me over 1,500 miles of roadways across the state. Upon my return to the office, I mentioned to a colleague that it felt like I was on some kind of tour - going from one gig to the next.

To have some fun I have adopted the same tour name that Paul McCartney is currently using to promote his tour. It is called the "Up and Coming Tour." I think it is very fitting for me because the responses I have received thus far have been very positive and up beat. Although this type of investment is not a typical balance sheet item for most of these businesses; I am encouraged by the level of participation and consideration. Each visit is a unique experience in and of itself and I eagerly look forward to the next stop to gain the confidence and trust of new housing partners/investors.

Oklahoma Update - Andrea Frymire

We will begin offering our LIHTC CPA Classes again beginning May 1. If you are interested in scheduling a free class for your organization, please contact me. We have 1 or 2 hour CPE class. Content includes the history of Section 42, recent legislative changes and benefits of investing.

Oklahoma Housing Finance Authority will be hosting a Housing Summit on April 26, 2010. The theme for this year's summit is "Housing on The Rebound." The Housing Summit will showcase innovative models in affordable housing and illustrate how it works for Oklahoma's families, communities and economy. MHEG's own Sammy Ehtisham will be a presenter for the session entitled: Recipe for Successfully Blending Multiple Financing. The cost to attend is \$99 and you may register online at: <http://www.ohfa.org/housingsummit.htm>



Above: We had over 80 people in attendance for our annual dinner in conjunction with the NIFA Housing Innovation Marketplace. A big THANK YOU to Horizon Bank, who co-sponsored the dinner with us.

Right: At this year's conference, NIFA developed a "Housing Jeopardy" game and our own Jim Rieker played host Alex Trebeck.

New Investors for 2010

MHEG is excited to announce the recent signing of three new investors. We look forward to partnering with these great organizations for many years to come in the development of affordable housing.

\$1M - NF XIV: RiverHills Bank, located just outside the Cincinnati area, has been serving people in Clermont County since 1904.

\$1M - OF III: American Fidelity Assurance Company, headquartered in Oklahoma City and founded in 1960, is one of the largest family-owned insurance companies in the US providing insurance products and financial services to education employees, trade association members and companies.

\$3M - OF III: Bank of Oklahoma, based in Tulsa, Oklahoma, is part of BOK Financial Corporation which has full-service banks located in eight states. Bank of Oklahoma is committed to being an active participant in the communities they serve. With a mission is to help low-and moderate-income individuals build assets and create wealth which help stabilize and revitalize our communities.

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