

MHEG *in a Minute*

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

VOLUME 4, ISSUE 3 SEPTEMBER 2011

Midwest Housing Equity Group, Inc.

RECENT HIGHLIGHTS

2011 Annual Meeting

Our 2011 Annual Meeting took place at Quarry Oaks on Monday, June 6th. We had a great turnout with almost 100 people in attendance for the meeting and lunch, and 23 golf teams participating in the outing. A 2010 summary of MHEG's operations was provided during the annual meeting, along with a market update and a 2011 outlook.

We would like to thank all those in attendance and our great sponsors. It was a HOT day with temps reaching over 100 degrees, but that didn't keep us from having fun and enjoying the day!

A BIG THANK YOU to ALL of our 2011 Sponsors!!!

Luncheon Sponsors: Buland Group

Awards Presentation Sponsor: Horizon Bank and BancFirst

19th Hole Celebration: Dauby O'Connor & Zaleski, LLC (DOZ) and Seldin Company

Cart Sponsor: First American Title Insurance Company

Refreshments Sponsor: Wells Fargo

Breakfast & Registration Sponsors: Nebraska Investment Finance Authority

Golf Ball Sponsor: Nebraska Investment Finance Authority and Spectrum Companies

Hole Sponsors: Bank of the West, Countryside Bank, Excel Development Group, FHLBank Topeka, Home Federal Bank of Grand Island, Horizon Bank, INTRUST Bank, J Development Co., Koester Construction Company, Kutak Rock, Nebraska Bankers Assoc., Oklahoma Bankers Assoc., US Bank, World's Foremost Bank/Cabel's Club Visa

Additional Sponsors: Hatch Development Group, MHEG's Executive Staff

Congratulations to all of our Winners!

1st Place: Becky Christoffersen, John Wiechmann, Aaron Flaugh, Steve Hise

2nd Place: Ann Burge, Tom Hanafan, Larry Buland, Jim O'Hare

3rd Place: Shannon Foster, Steve Bodner, Mark Dennett, Scott Sehnert

Last Place: Jake Jacobsen, Jennifer Baldwin, Amy Ring, Marty Griesbach



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Message from the President - Jim Rieker

As I write this, it is another crazy day on Wall Street. The million dollar question is where are we with the economy, jobs, debt, etc. With so much turmoil in Washington, it will be awhile before we know the answers to all of these open ended questions. I guess it makes life interesting, as long as you stay away from tall buildings and window ledges.

What does this all mean for the tax credit market? That is probably another unknown, but I would speculate it will take it's toll. With everything in flux, investors will start to lose confidence in their earnings potential and their need for tax credits. While we may not see an immediate impact, unless the above items get resolved soon, we'll probably see the amount of capital in the market shrink down the road. Stay tuned because we won't know, but rest assured, MHEG will do all it can to stay abreast of any changes.

While all this is going on, you have the Senator Colburn report that started the talk in Washington that the credit is no longer needed. While Senator Colburn's facts were incorrect and he used old reports and studies from other tax credits, not Section 42, he still got his message out there. With over 100



Jim Rieker, President

new members of Congress that do not know the program, we all have our work cut out to inform and show what a great program this is and the benefits it gives. We are happy to help put things together for you to write your representatives - we just ask that you call and write them! As Senator Grassley just stated to us, while he understands the program and the good it does; as Congress debates tax reform, everything will be on the table. His most concerning comment was

that some people are just going to have to do without. I just hope he doesn't mean those that have the most need which are the people we serve. Therefore, we really need your help to get the message out.

The tax credit program has been the most successful and most supported housing program ever, so let's get that message out there. At the end of the day I think we will be fine, but it is going to take all of us working together to get the message out.

I wish you all the best and fall back to my theme song, "Ridin' the Storm Out" which still seems to be the song that best fits the times.

Iowa Update - Dan Garrett

The MHEG Iowa office has been extremely busy this year. Crestview Terrace, LLLP had its Grand Opening on July 26th, which was a huge success. Crestview Terrace, which renovated 110 units into 55 units of senior housing in West Des Moines turned out great. Ahead of construction completion schedule and already starting leasing up, we expect good things to come. In addition, Sugar Creek Bend, 20 units of single family housing in Cedar Rapids, has been met with rousing enthusiasm, as the developer has sent out over 160 applications for only the 20 units.

The fund raising for Iowa Fund VI, L.P. has officially come to a close, with Wells Fargo, Northwestern Mutual and Principal Financial Group all finalizing their commitments into the fund. This fund, initially projected at \$30 million, will be a \$39.75 million dollar fund, the largest fund ever for Iowa.

The annual inspections of the MHEG-IA existing projects has started, with only twelve of the Iowa projects remaining to be inspected. This is a great start to making sure that our review of the ongoing projects occurs in a timely manner.

Finally, we are gearing up for our big annual event, the Iowa Finance Authority Housing Conference in Des Moines this September. We will be having our annual dinner, and as of today, have projected over 60 partners to be in attendance. A far cry from the days of 15!

UPCOMING EVENTS

NASLEF Annual Conference: 21st-23rd

Columbus, OH - Hyatt Regency Hotel

Iowa and Kansas

No events at this time.

Nebraska

Open Door Mission's 4th Annual Walk-A-Thon: Sept. 18th
Omaha, NE - Open Door Mission Campus

Oklahoma

Community Bankers Association of OK Annual Convention:
Sept. 14th-16th - Oklahoma City, OK - Skirvin Hilton Hotel

Oklahoma Cont.

DCI 2011 Annual Convention: Sept. 18th-20th
Oklahoma City, OK - Renaissance Hotel

Oklahoma Society of CPAs-Women's Financial Freedom Conference:
Sept. 30th - Oklahoma City, OK - Magnuson Hotel Meridian Convention Center
Nov. 4th - Tulsa, OK - Marriott Southern Hills Hotel

Oklahoma Economic Development Summit: Oct. 3rd-4th
Norman, OK - Embassy Suites

OHFA Board of Trustees Meeting: Nov. 9th
Oklahoma City, OK - OHFA Office
~ MHEG Annual Luncheon Immediately following ~

Federal Tax Update:
Nov. 14th - Tulsa, OK - Renaissance Hotel
Nov. 15th - Oklahoma City, OK - Clarion Meridian Convention Center

Recently Closed Projects, Groundbreakings, and more...

MHEG had three closings this summer, adding an additional **67** units to our affordable housing portfolio. To date, MHEG has closed **295** projects; creating and sustaining **7,999** units of affordable housing in the four-state area.

MAY Closings

Hampton West, LLC
KF VIII, L.P. - 5/6/2011
Lyons, KS • 10 units

JUNE Closings

State Street Apartments, LP
KF VIII, L.P. & KF IX, L.P. - 6/1/2011
Leavenworth, KS • 24 units

JULY Closings

Heritage Park Place, LP
OF III, L.P. - 7/1/2011
Durant, OK • 33 units

Ground Breakings, Construction and Ribbon Cuttings



Above Left: The Iowa staff, Dan Garret, Kristina Tolander and Kelly Lawrence take a moment during the Crestview Terrace Apartments (IF V, L.P.) Ribbon Cutting in Des Moines, Iowa on July 26th, 2011.

Above Right: Sam Erickson, Vice President of Community Housing Initiatives, Inc. (General Partner, Developer and Property Manager of Crestview) cuts the ribbon.

Above: Chris Imming participates in the Grand Opening Ceremony for Pioneer Adams II (KF VII, L.P.) in Topeka, Kansas on June 17th, 2011.



Construction in progress on (L to R) La Estancia in Dodge City, Kansas (KF VIII); Shannon Heights in Omaha, Nebraska (NF XV) and Smith Farm Estate in Broken Bow, Oklahoma (OF III).

Asset Management Update

Number of Developments	295
Number of Units	7,999
Number of Counties Represented	117
Number of Cities Represented	144
Portfolio Vacancy Percentage*	5.38%*
Portfolio Debt Coverage Ratio*	1.53*

Information current as of 9/1/2011
*Numbers compiled from 6/30/2011 figures



LIHTC Rates

June 2011	July 2011	August 2011
70% PVC - 7.73%	70% PVC - 7.68%	70% PVC - 7.66%
30% PVC - 3.31%	30% PVC - 3.29%	30% PVC - 3.28%
AFR - 4.05%	AFR - 3.86%	AFR - 3.86%
September 2011		
70% PVC - 7.60%		
30% PVC - 3.26%		
AFR - 3.57%		



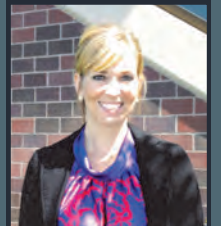
Staff Additions

We are happy to introduce two of our newest employees and would also like to introduce our MHEG Interns.

Jake Jacobsen, Construction Manager - Jake was hired in May as our new Construction Manager and is working out of our Omaha office. His main duties will be to review plans and specs up front before MHEG enters into a partnership, monitor construction progress throughout the construction period, review change orders as per the procedures outlined in your operating agreements and work with many of you to build a better mouse trap, if possible. Jake will also be doing inspections on properties for physical needs and be available to help you with insurance claims, should your property suffer any perils. Jake comes to us with many years of experience owning his own construction company.

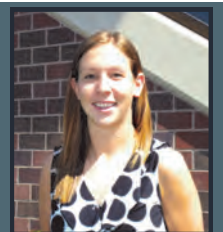


Jake Jacobsen

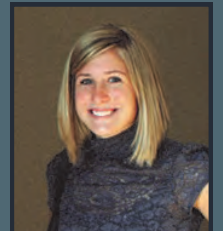


Molly Chesson

Molly Chesson, Administrative Assistant - Molly was just recently hired at the beginning of September as a part-time Administrative Assistant for our Omaha office. Her main duties include covering the front reception area, answering all incoming calls and providing secretarial support and administrative services for all MHEG staff. Molly recently moved to Omaha from the east coast. She received her Bachelor's Degree in Business Administration from the University of North Carolina-Wilmington.



Nicole Koster



Kelly Lawrence

We had several dozen students apply for our summer internship program and were very pleased to have the opportunity to work with the following students. Both Nicole and Kelly will be continuing their internship through the fall semester.

Nicole Koster, Omaha Intern - Nicole is currently a Junior at University of Nebraska-Omaha majoring in Banking and Finance. She has been a valuable asset to our Asset Management Department this summer, but has also been able to assist our Underwriting and IT Departments.

Kelly Lawrence, Des Moines Intern - Kelly is currently a Sophomore at Drake University majoring in Marketing and Management. She has been a valuable asset to the Des Moines office this summer assisting with a wide range of duties for the Asset Management department and the Executive Vice President.

MHEG Elects Three New Board Members

MHEG would like to introduce and welcome three new members elected to our Operations & Investment Committees at our June annual meeting. The state O&I Committees are appointed by the MHEG Board and advise the Board, President and Executive Vice President on developments and investors within their represented state.

David King, President and Chief Lending Officer for NBC Bank Tulsa, was elected to the Oklahoma Operations & Investment Committee. David is also on the Finance Committee for the First Christian Church of Owasso and is Team Leader for the Legacy/Key Donor Team for the 2011-2014 Capital Campaign.

Kristi Knous, President and Chief Operating Officer for the Community Foundation of Greater Des Moines, was elected to the Iowa Operations & Investment Committee. She also serves on the Boards of Bravo Great Des Moines, the Iowa State University Foundation Women and Philanthropy Advisory Committee.

Susan Whitson, Director and Executive Vice President for First National Bank of Waverly, was elected to the Iowa Operations & Investment Committee. She is also Treasurer for the Iowa Bankers Association and a director with Shazam, Inc.



David King, NBC Bank
Tulsa



Kristi Knous, Community
Foundation of Greater Des Moines



Susan Whitson, First
National Bank of Waverly

Several MHEG Staff Earn HCCP Designation

MHEG is pleased to announce several staff members have earned the designation of Housing Credit Certified Professional (HCCP) from the National Association of Home Builders (NAHB) and NAHB Multifamily. Jordan Bottorff, Ann Burge, Traci Collins, Becky Christoffersen, Andrea Frymire, Ryan Harris, Cindy Koster, Pat Michaelis, Tom Stratman, Kristina Tolander and Rachel Wiesner recently earned the HCCP Designation. These individuals are part of a select group of industry professionals nationwide who attained the HCCP certification.

"It is quite an honor to have these talented individuals receive this certification," Jim Rieker, President of MHEG said. "This process is not easy; to succeed involves a time commitment and a collection of industry experience. The talented staff is what has made MHEG so successful the past 18 years."

The HCCP is a professional certification program that sets competency standards for housing credit professionals involved in developing, investing in, allocation and managing housing credit properties. The designation provides a benchmark for industry professionalism, experience and a commitment to quality. HCCP's must have at least two years' experience in the low-income housing tax credit industry, successfully complete 10 hours of low-income housing tax credit training, pass an examination and adhere to the HCCP's code of ethics to qualify for certification.

MHEG Receives APEX Award from OHFA

MHEG was recently awarded an Apex Award for Housing Revitalization from the Oklahoma Housing Finance Agency (OHFA) for contributions made in affordable housing in 2010. Awards were presented July 13 at OHFA's Board of Trustees meeting in Oklahoma City. The annual Apex Awards recognize people and organizations committed to affordable housing in Oklahoma.

During 2010, MHEG closed on eight developments in Oklahoma, creating a total 239 affordable housing units for the communities of Ardmore, Broken Bow, Holdenville, Konawa, McAlester, Perkins and Skiatook. The amount of equity advanced for the developments totaled over \$21 million.

"MHEG is very honored to receive the APEX Award from OHFA," commented Andrea Frymire, Executive Vice President of Oklahoma Operations for MHEG. "MHEG is committed to being a long term participant in the state of Oklahoma. We hope to continue to better the lives of our fellow Oklahomans by supplying quality, safe and affordable housing in the years to come."



Sammy Ehtisham (top row, far right) and Andrea Frymire (bottom row, far right) stand with the APEX Award Winners.

Ad Astra Award Winners Announced

In August the Kansas Housing Resources Corporation hosted the sixth Annual Kansas Housing conference in Wichita and presented the 2011 Ad Astra Awards. The Ad Astra awards honor the trail blazers who demonstrate excellence in developing affordable housing, shaping housing policy and creating innovative housing solutions to meet the needs of low and moderate-income Kansans. The awards celebrate individuals and organizations who go the extra mile to make a positive impact on their communities.

MHEG was excited to learn that two of our partners received awards this year recognizing them for their outstanding service to the affordable housing industry in Kansas.



(L to R) Jim Rieker (MHEG), Andy Jetter (FHLBank Topeka) and Dick Schenck (Chairman of MHEG's Board of Directors)

(L to R) Cindy Ritter (DSGP) Jim Rieker (MHEG), Jennie Lattimer (MHEG) and Rick Staab (DSGP)

• Special Achievement in Affordable Housing Development - Urban: Coventry Court Townhomes Wichita, KS

Rick Staab and Cindy Ritter from the Disability Supports of the Great Plains, Inc. (DSGP), Management Member and Property Manager

• Outstanding Housing Advocate Award: Andy Jetter, President and CEO, Federal Home Loan Bank of Topeka

Andy is a past member of our Kansas Operations & Investment Committee.

For more information visit:

<http://www.kshousingconference.org>

MHEG Receives Recognition for NAHTF

MHEG was recently recognized for our support and work with the Nebraska Affordable Housing Trust Fund. Danielle Hill, President of Nebraska Housing Developers Association (NHDA) presented the award to Jim Rieker during NHDA's Annual Meeting on August 30th in Lincoln, Nebraska.



Danielle Hill presents Jim Rieker with a plaque recognizing MHEG's involvement with the NAHTF.

New Investors

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

\$500K - NF XVI: Westgate Bank - Lincoln, Nebraska

West Gate Bank is a local bank devoted to serving the needs of the Lincoln community. Locally owned since we were established in 1968, they have earned the FDIC's highest rating of "Outstanding" for our efforts in community reinvestment.

\$500K - KF IX: Labette Bank - Labette, Kansas

Labette Bank was founded in 1915 by a group of businessmen who strongly believed in the people and businesses of our area. Their founding beliefs are still a center piece of our banking philosophy today, that of local community banking serving the needs of neighbors. Labette Bank is a Trustworthy Community Bank serving individuals and businesses in Eastern Kansas.

\$380.5K - KF IX: McElroy's Inc. - Topeka, Kansas

McElroy's Inc. is a plumbing, electrical, heating and air company providing service to commercial and residential customers. A third generation family owned business, McElroy's was founded in 1951 and serves the northeast Kansas region.

\$500K - IF VI: Bankers Trust Company - Cedar Rapids, Iowa

Bankers Trust is a full-service bank uniquely positioned to offer businesses and individuals the best of both worlds...the product depth and capabilities of the large chain banks and the exceptional personal service made possible by being a locally-managed community bank. Through common ownership, Cedar Rapids Bankers Trust is related to the largest independent bank in Iowa-Bankers Trust Company in Des Moines, established in 1917.

\$1M - IF VI: Midwest One Bank - Iowa City, Iowa

MidWestOne Bank is headquartered in Iowa City and has locations in 19 other central and eastern Iowa cities. Their holding company, MidWestOne Financial Group, Inc. also provides insurance services.

\$10M - IF VI: Northwestern Mutual Life Insurance Company - Milwaukee, Wisconsin

Northwestern Mutual is a 154-year-old mutual company serving the insurance and investment needs of more than three million clients. They are the nation's largest direct provider of individual life insurance — ranking 112 on the FORTUNE 500 with \$180 billion in assets.

KC Staff Retreat

MHEG recently held a staff retreat in Kansas City, Missouri with all of our offices traveling and meeting up for a couple of days. The first day was spent discussing MHEG's mission and purpose, as well as setting goals and objectives for the company as we worked on a strategic plan for the next few years. The second day we visited the Tucker Leadership Lab at the William Jewell College Campus and participated in a low-challenge team building course. It was a great opportunity for the staff to work together in an environment outside of the office and strengthen the MHEG team.



Kansas Update - Pat Michaelis

The Kansas Housing conference held August 9th to 11th, was a huge success this year and the MHEG Kansas staff fully participated. A big thanks to the Kansas Housing Resources Corporation staff, especially Dennis Mesa, Executive Director, and Catherine Couch, Communication Director, for their hard work in organizing the event. Job well done!

Jim Rieker, Ann Burge, Tom Stratman, Chris Imming, Jennie Lattimer, Lisa Bryan and yours truly attended the event for MHEG. We enjoyed manning our booth and visiting with many of you. Jim was a panel speaker, Lisa was on the conference planning committee and I presented one of the conference prizes.

Wednesday evening we hosted an appreciation dinner at the Petroleum Club for about 50 people, partners and friends of MHEG. It was a fun night and our highest attendance to date.

We are well underway on the development side; good projects in healthy communities with strong great developers and GP's. There is always a need for our product. Fund raising is a challenge, but usually comes together in the last four months of the year. This year will not be an exception.

We are pleased and proud to be working with so many of you. Bottom-line, is we appreciate your partnership and friendship. Let us know how we can help.

Nebraska Update - Thomas Judds

I'm sure I'm not alone when I say it's another busy year. Rather than give you statistical information as to where we stand to date regarding the Nebraska operations; I felt it was more important to convey a recent event that touched me dearly.

Earlier this summer I had the opportunity to attend a ribbon cutting in Waverly, Nebraska. Near the end of the ceremony a woman in the crowd, named Heather, asked if she could say a few words. To everyone's agreement, Heather delivered the most sincere message of gratitude I have ever heard. In short, her family had fallen on some tough times and was on the verge of having to move in with her parents due to the lack of affordable housing. Heather captured the heart of all who were in attendance that day with her powerful and moving story.

This experience gives me purpose and reason for doing the work I have been entrusted with. To make a difference and help others like Heather and her family.



Oklahoma Update - Andrea Frymire

Our staff recently attended a team building camp at Tucker Leadership Lab in Missouri. One of our team exercises included catching balls with a tarp. We had to set an initial goal to reach within a thirty minute timeframe. Our goal was a lofty 110 balls. Another requirement was that we had to continuously rotate positions. After the first fifteen minutes, we had barely hit the 50 mark and feeling down that there was no way our goal was attainable. We were then allowed to make changes to increase our productivity. We chose to end our rotation and assigned teammates to the position that fit their skills best. We didn't meet our goal, we exceeded our goal.

How does that relate to our everyday lives? It is good to get outside your box, try something new and get a new perspective on life, family and business. It also helps us realize our strengths and weaknesses and reinforces that every job is important to reach our goal. When we best align talents with responsibilities, everyone contributes to attaining the goal.

Whether at home, work or play, be thankful for your teammates. I know I am grateful for mine.

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