

MHEG *in a Minute*

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

VOLUME 5, ISSUE 2

MAY 2012

Midwest Housing Equity Group, Inc.

RECENT HIGHLIGHTS

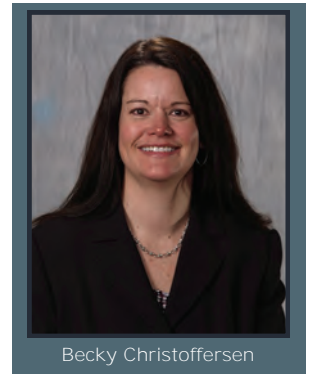
Jim's Farewell Roast

Thank you to everyone that attended Jim's Farewell Roast on March 15th in Omaha, Nebraska, and to those that sent well wishes in their absence. It was a great night full of laughter and reminiscing. A special thank you to Dick Schenck, Becky Christoffersen, Dan Garrett and the roasters for making the night such a success! Roasters included: Sister Marilyn Ross, Bob Dean, Janet Latimer, Tim Kenny, Danielle Hill, Steve Peregrine, Kathy Mesner and John Wiechmann. Below are a few pictures from the evening.



Christoffersen Appointed to Council by FHLBank Topeka

FHLBank Topeka and its board of directors recently congratulated four members who were appointed to the Affordable Housing Advisory Council (AHAC). MHEG is proud to announce that Becky Christoffersen was one of the four appointed.



Becky Christoffersen

Inside this issue:

Recent Highlights	1
President's Message	2
State Updates - IA	2
Upcoming Events	2
Closings & Updates	3
Announcements	4
State Updates - KS, NE, OK	5

The 12 AHAC members advise FHLBank on the administration of its housing and community development programs. The Council is made up of representatives of housing and community development organizations throughout Colorado, Kansas, Nebraska and Oklahoma.

The four appointees are incumbents who have made significant contributions to the AHAC during previous service. Serving consecutive terms helps them become proficient in the many details of FHLBank's affordable housing programs.

Final Words From Jim



Jim Rieker

Well, I guess by the time you are reading this, the final chapter is over for me at MHEG. I can honestly say, this has been the best 20 years of my life. Meeting and working with all of you over the years has **made me a blessed man. I'm not sure** everyone can say they loved coming to work every day, but I can say that because you all made the job fun and exciting.

For those of you that made it to my going away roast, thank you for coming. To look out and see all of you in the crowd was just amazing. I wish I would have had more time to see and talk to each and every one of you, but there were just too many of you for the short time we had. Just know, I truly appreciate you being there and being part of my night. There are also many of you that called, wrote and sent me things apologizing for not making it. I appreciate all of you as well.

The next chapter for MHEG looks bright. We have a great team in place and they will continue to do a great job. I know the right person is not far away to fill the President/CEO position. I look forward to working with that person through NASLEF and wish them the best.

Again, thank you to all of you for your friendship, partnership and love over the years. I do hope you will all stay in touch. May God Bless each and every one of you in what you do.

I'll miss you all!!!!

Jim

CEO Search Update

MHEG formed a selection committee list, headed by **Richard Schenck, Chairman of MHEG's Board of Directors**, to review all applicants for the President / CEO position.

At this time, first round and second round interviews for the position have been completed. A number of very qualified and talented individuals have been considered.

The Board of Directors anticipates a final decision and announcement soon.



Above: Christ the King Senior Housing (IF VI) hosted a grand opening earlier this year in Des Moines, Iowa during the winter snow. Above is a picture of the completed property.

Iowa Update - Dan Garrett

We are busy preparing for two major events at MHEG-Iowa: one, the tax credit awards occurring on May 2nd and two, the starting of the newest addition to the MHEG staff, Scott Fitzpatrick. His addition will help us greatly as he has considerable experience in the underwriting of tax credits having worked for Heartland (a subsidiary of Alliant Energy); National Equity Fund, and Mountain Plains Equity Group. A native Iowan, he is graduate of the University of Iowa (He will fit in perfectly in the Iowa Office).

We will be making the big push for funding of Iowa Fund VII, it is promising to be a very busy and productive year.

UPCOMING EVENTS

MHEG Annual Meeting & Golf Outing: June 4th at Quarry Oaks in Ashland, Nebraska

Iowa

No events at this time.

Nebraska

Nebraska Housing Developers Association's 1st Annual Golf Tournament
Aug. 7th - Lincoln, NE - Crooked Creek Golf Club

NIFA Board Meeting: May 11th, Jun. 8th
Lincoln, NE - NIFA Board Room

Kansas

KHRC Bringing Kansas Home Conference: Sept. 12-14th
Manhattan, KS - Manhattan Conference Center

Oklahoma

OHFA Board of Trustees Meeting: May 16th, Jul. 18th
Oklahoma City, OK - OHFA Office

OHFA's Santa's Sleigh Golf Tournament: Jul. 19th
Edmond, OK - Coffee Creek Golf Course

Recently Closed Projects

After closing a couple dozen projects in the 2011's 4th quarter, MHEG eased into 2012 with the closing of 3 projects, adding an additional 84 units to our affordable housing portfolio. To date, MHEG has closed 322 projects; creating and sustaining 8,682 units of affordable housing in the four-state area.

APRIL Closings

Heritage Estates, LLC
KF IX, L.P. • Neodesha, KS • 12 units

Coffeyville Garden Apartments, LLC
KF IX, L.P. • Coffeyville, KS • 60 units

Frontier Housing, LLC
KF IX, L.P. • Parsons, KS • 12 units

Ground Breakings, Ribbon Cuttings and Events...



Above Left: The ribbon cutting ceremony for Humboldt Senior Housing (KF IX) took place on April 12th in Humboldt, KS. The property offers 12 senior units. Above Right: The ribbon cutting for Shannon Heights (NF XV) took place on April 26th in Omaha, NE. The property provides 28 senior units.

Below: MHEG hosted its 7th Annual Nebraska Appreciation Dinner at Anthony's Steak House in Omaha, NE on January 24th during NIFA's Housing Innovation Marketplace Conference. We had a great turnout with over 100 guests in attendance.



Asset Management Update

Number of Developments	322
Number of Units	8,682
Number of Counties Represented	124
Number of Cities Represented	155
Portfolio Vacancy Percentage*	4.49%*
Portfolio Debt Coverage Ratio*	1.49*

Information current as of 12/31/2011

*Numbers compiled from 3/31/2012 figures



LIHTC Rates

	December 2011	January 2012	February 2012
70% PVC	- 7.47%	- 7.44%	- 7.44%
30% PVC	- 3.20%	- 3.19%	- 3.19%
AFR	- 2.80%	- 2.63%	- 2.58%
	March 2012	April 2012	May 2012
70% PVC	- 7.43%	- 7.44%	- 7.48%
30% PVC	- 3.18%	- 3.19%	- 3.21%
AFR	- 2.65%	- 2.72%	- 2.89%



Staff Additions & Announcements

MHEG is happy to introduce and welcome two new employees to the MHEG family, as well as announce some recent promotions.

Scott Fitzpatrick, Acquisitions Manager - Scott was hired at the end of April as an Acquisitions Manager for our Des Moines office. His duties will include assisting in the underwriting of developments that are invested in by the Iowa funds. In addition, Scott will also provide predevelopment technical assistance to developers, lower tier underwriting and upper tier monitoring and reporting. Scott previously worked for Mountain Plains Equity Group as an Acquisitions Manager, and held similar positions with National Equity Fund and Heartland Properties. He comes to us with over 10 years of low income housing tax credit experience. Scott received his B.B.A. in Finance from the University of Iowa.



Scott Fitzpatrick



Tom Stratman



Cindy Koster

Cecelia Grossman, Accounting Assistant - Cecelia was hired at the end of April as an Accounting Assistant in our Omaha office, although she won't start until mid-May. Her main duties will include handling inquiries, collecting and processing expense reports and invoices, maintaining and reconciling bank statements, preparing and reviewing accounts receivables, and assisting and supporting the Accounting Manager and CFO. Cecelia previously work for St. John Vianney Catholic Church. She comes to MHEG with over 20 years of business management experience, handling financial and administrative responsibilities.

Tom Stratman, Vice President of Acquisitions - Tom was promoted to Vice President of Acquisitions earlier this year and was also added to our Executive Staff committee. As Vice President of Acquisitions he will be responsible for the underwriting of affordable housing developments that are invested in by the various state investment funds. In addition, Tom will supervise and assist the acquisitions managers ensuring our investments meet MHEG underwriting requirements. Tom will celebrate his 9th year at MHEG in June.

Cindy Koster, Senior Acquisitions Manager - Cindy was promoted to Senior Acquisitions Manager earlier this year. As Senior Acquisitions Manager she will continue to assist in the underwriting of developments that are invested in by the Nebraska funds, but in addition to her regular duties she will be responsible for providing coordination, resources, training and education for all staff within the development department. Cindy will also supervise and assist the Construction Manager, Paralegal & Due Diligence Administrator and Real Estate Coordinator. Cindy will celebrate her 9th year at MHEG in October.

We'd also like to recognize **Nicole Koster**, one of our asset management interns in the Omaha office. Nicole was inducted into Beta Gamma Sigma, the highest honor society for business students. She will graduate from University of Nebraska at Omaha this summer with a Business Finance degree. Congratulations on this great achievement Nicole!

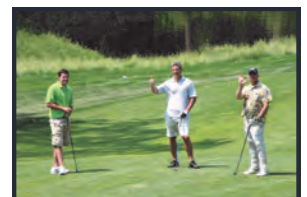
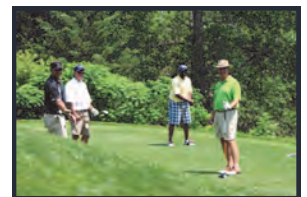
Annual Meeting & Golf Outing: June 4th - RSVP by May 25th

Just a reminder to mark your calendars for **Monday, June 4th - MHEG's Annual Meeting and Golf Outing**. We've already received several rsvp's and are looking forward to another great year of golf and fun! Thank you to all of our sponsors for their generous support and help in making this year's event a success:

- BancFirst** - Registration & Breakfast Sponsor
- Wells Fargo** - Refreshments Sponsor
- Spectrum Companies** - Cart Sponsor
- First American Title Insurance Company** - Golf Ball Sponsor
- Horizon Bank** - Golf Ball Sponsor
- Nebraska Investment Finance Authority** - Luncheon Sponsor
- FHLBank Topeka** - Awards Presentations Sponsor
- Dauby O'Connor & Zaleski, LLC** - 19th Hole Sponsor
- Seldin Company** - 19th Hole Sponsor

Hole & Contest Hole Sponsors:

Ask Studio, Bank of the West, Countryside Bank, Excel Development Group, Foutch Brothers, LLC, Hatch Development, Home Federal Bank of Grand Island, Horizon Bank, INTRUST Bank, J. Development Company, Koester Construction Company, Kutak Rock, Nebraska Bankers Association, Oklahoma Bankers Association, Overland Property Group, Teckmeyer Financial Services, U.S. Bank, Vintage Construction, World's Foremost Bank/ Cabela's Club Visa



Kansas Update - Pat Michaelis

This is a transition time for most MHEG states and especially Kansas. Kansas Fund X is about to be released for review by potential investors and Kansas Housing Resources Corporation (KHRC) is in the process of making a final determination on projects to receive tax credit awards. So we are currently playing the waiting game.

As I have commented before, projects and investments are becoming more balanced than in the past.

We have sponsored several projects through the KHRC process with strong and experienced developers. However, since there are few hold-over projects from past years the allocation process is more important than ever this year.

On the investor side, I like our offering from an IRR and potential deal perspective. We work with a quality and dependable group of investors. The next step is to finalize Kansas Fund X and the projects to be included in order to satisfy CRA and other investment requirements.

I will report again at the end of the second quarter, but I have every reason to think that 2012 will be another strong year for Midwest Housing Equity Group and our partners. We thank and appreciate you. We understand you have options in the LIHTC world.

All the best to you.

Nebraska Update - Thomas Judds

A Special Thanks...

Without a doubt or hesitation the topic I chose for this quarter's state update was to extend my most sincere and heartfelt thanks to Becky Christoffersen. As most of you are aware, Becky is currently serving as interim President of MHEG while the board completes the selection process of a new President/CEO. Becky accepted this challenge knowing considerable time would be spent away from home with endless days of work. Throughout my 11 years at MHEG, Becky has always demonstrated a selfless spirit going above and beyond to help anyone-putting her own work second.

Becky, it is an honor and privilege to have you as a friend and I am grateful to have the opportunity to work beside you at MHEG.

As to the business at hand, MHEG was very fortunate to have provided letters of syndication for all four projects that NIFA allocated credits to for first round funding of 2012. There were 19 applications submitted in the competitive cycle for a total equity request of \$9.2 million. Total dollars allocated in competitive cycle was \$1.6 million. We look forward to the second round announcements in May.

Oklahoma Update - Andrea Frymire

Oklahoma has had a busy start to the second quarter. We have wrapped up closing with several investors and are currently finishing final due diligence for several others. We anticipate having Oklahoma Fund IV finalized soon.

We have a strong pipeline of developments that are almost ready to close. Oklahoma Fund IV will be a \$50M fund that will add approximately 10 developments and 300 units of affordable housing to the state of Oklahoma.

The first round of 2012 allocation awards from OHFA will be announced on May 16th. MHEG provided nine letters to developers for the first round. OHFA received 42 applications for the first round, which is the highest number of applications ever. This year will prove to be very

competitive on the development side.

On the legislative side, we've seen an abnormally large amount of bills proposed that would impact property rights, Landlord/Tenant issues, appraisers, contractors and construction requirements. We will continue to track and notify our partners of these issues. As we are all aware, our developments can usually not afford the financial impact of some legislative requirements. We will continue to monitor any issues that were held over for an interim study and update our partners as needed.

Wishing everyone a safe and fun summer!



Above: Thomas Judds speaks at the ribbon cutting for Shannon Heights (NF XV) in Omaha, Nebraska on April 26th.

Below: Shannon Heights



MIDWEST HOUSING EQUITY GROUP INC.
13520 California Street, Suite 250
Omaha, NE 68154



MIDWEST HOUSING EQUITY GROUP INC.

Omaha / Corporate Headquarters

13520 California Street, Suite 250
Omaha, NE 68154
Phone: 402.334.8899 Fax: 402.334.5599

Des Moines

1312 Locust Street, Suite 300B
Des Moines, IA 50309
Phone: 515.280.6000 Fax: 515.280.6655

Oklahoma City

500 N. Broadway Avenue, Suite 150
Oklahoma City, OK 73102
Phone: 405.278.7909 Fax: 405.735.5617

Topeka

701 S. Kansas Avenue
Topeka, KS 66603
Phone: 785.267.1901 Fax: 785.267.1903

Contact any of our offices listed above or visit our website for more information: www.mheginco.com