

# 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.**

### Schenck Named as Chairman of Board



Richard (Dick) Schenck was recently announced as MHEG's new Chairman for the Board of Directors at our June Annual Meeting. Schenck, who has been a member of the Board since 2000, also serves on our Audit and Investment Committee, as well as the Iowa and Kansas Operations and Investment Committees.

Schenck, an active participant in affordable housing, serves as a Community Development Manager for Wells Fargo, managing a 10 state area, with the assistance of four direct reports, which includes Nebraska, Kansas, North Dakota, South Dakota, Iowa, Illinois, Wisconsin, Michigan, Indiana & Ohio. He works extensively with community organizations and the Wells Fargo bankers in addressing community development needs in the markets we serve and our compliance with the CRA regulations by ensuring compliance with the Lending, Investment & Service tests of the CRA Regulation.

Schenck has been with Wells Fargo for over 40 years with experience in all aspects of credit and credit administration, including collections, installment lending, indirect underwriting, commercial lending, workout, collateral audit, residential real estate, small business loan underwriting, compliance, fair lending and other backroom support functions. He has conducted various training sessions for all levels of bankers and continues to interact with bankers on a daily basis as a resource for their CRA & Community Development needs.

Schenck will continue to be a great source of leadership and knowledge for MHEG as he embarks on his role as Chairman.

### 2010 Annual Meeting

Our 2010 Annual Meeting took place at Quarry Oaks on Monday, June 7th. We had a great turnout with almost 100 people in attendance for the meeting and lunch, and 24 golf teams participating in the outing. A 2009 summary of MHEG's operations was provided during the annual meeting, along with a market update and a 2010 outlook. We also commemorated Sister Marilyn Ross's retirement as Chairman of the Board.

We would like to thank all those in attendance and our great sponsors! After the rain showers passed through in the morning, the sun came out and it was a beautiful day for golf!

#### A BIG THANK YOU to ALL of our 2010 Sponsors!!!

**Luncheon Sponsors:** Buland Group and Dauby O'Connor & Zaleski, LLC (DOZ)

**Awards Presentation Sponsor:** Horizon Bank

**19th Hole Celebration:** Seldin Company

**Cart Sponsor:** FHLBank Topeka

**Refreshments Sponsor:** Wells Fargo

**Breakfast & Registration Sponsors:** BancFirst and Spectrum Companies

**Hole Sponsors:** Bank of the West, Buland Group, DOZ, Dutton & Associates PC, Excel Development Group, Horizon Bank, INTRUST Bank, J Development Co., Kutak Rock, Mesner Development Co., Nebraska Bankers Assoc., Nebraska Investment Finance Authority, Oklahoma Bankers Assoc., State Farm Insurance Agency - Gale Breed Agency, US Bank

**Additional Sponsors:** Home Federal Bank - Grand Island

Congratulations to all of our Winners!

**1st Place:** Rachel Wiesner, Tony Krsnich, Pete Krsnich, Ross Rumsey

**2nd Place:** Pat Michaelis, John Martin, Dan Smith, Don Crabtree

**3rd Place:** Peggy Levine, Jim Royer, Brad Bailey, Dudley Beyer

**Last Place:** Traci Collins/Andrea Frymire, John Wiechmann, John Kroeker, Rick Jackson



Above Left: Larry Buland of the Buland Group, Luncheon Sponsor, addresses attendees during lunch.

Above Right: Sister Marilyn receives a plaque honoring her time on MHEG's Board.

Below: First Place Winners enjoy a moment out on the course.



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## Message from the President - Jim Rieker

I am having difficult time believing it is already September. I'm still trying to figure out what happened after all the snow melted. The summer has sure gone by fast, but that is in part to MHEG being very busy raising capital and closing deals. You know the saying, time flies when you're having fun. 2010 has already been a much better year than 2009, so it is more fun (but it can still get better).



Jim Rieker, President

I know you all hear that capital is easier to raise than in the past couple of years. While I don't disagree with that on a national scale, I would say it is still pretty tight in our markets. Yes, we're bringing in new capital, but a lot of our normal investors are still sitting on the sideline waiting to see what this economy brings them. At some point, these companies are going to have to do something with that cash they are sitting on. We just hope we continue to build the relationships that will allow us to be part of their investment strategy.

We all are still curious as to what to expect for the future of the 1602/Exchange program. At the beginning of the year, we

all thought it was a slam dunk. As the year progressed, the odds kept slipping, but we still thought it would go through. Now that Congress is on fall recess and nothing has been done, the odds are pretty slim that something will happen. For many of our projects, this is a concern because they are relying on the 1602 money to fill gaps. Congress will be back yet this year, but their agenda will focus on other things so we can only wait and see.

As I said, 2010 is looking to be a pretty good year all around, yet there are enough quirks still out there to keep the balance of the year interesting. I'm looking forward to celebrating with you all at the end of the year, to enjoying the good and putting behind any of the bad that still exists.

Until next time, enjoy your fall. Football season is upon us so life is good!!

## Iowa Update - Dan Garrett

The fall is always an exciting time of the year for the MHEG staff in Iowa. We have our annual IFA Housing conference and dinner in September. We look forward to this each year, as it is a time where we can get together with new and old colleagues and partners who have all been dedicated to improving the housing development in our state. We are also excited to welcome Traci Collins this year as the newest member to the Iowa staff. Although she works out of the Omaha office, we have had several opportunities to get to know Traci and look forward to several more.

So far this year, we have closed two projects in Iowa. We have five more projects set to close by year end. It's always a nice feeling to look back at the end of the year and see all the hard work done by each and every person involved in a project all be worthwhile. A big thank you to everyone who has helped make these projects possible this year. We hope to see many of you at our dinner this year to celebrate!



Above: NASLEF members enjoy an evening out in Napa, CA for the NASLEF Asset Management Directors Meeting in May. MHEG's Ted Witt, COO and Director of Asset Management attended on behalf of MHEG.

## UPCOMING EVENTS

**NASLEF's 17th Annual Conference: Sept. 22nd-24th Boston, MA - Omni Parker House**

### Iowa

2010 Housing Iowa Conference: Sept. 8-9th  
Des Moines, IA - Downtown Marriott

Annual IA Housing Dinner: Sept. 8th  
Des Moines, IA - Proof Restaurant

### Kansas

2010 Kansas Housing Conference: Sept. 8-10th  
Topeka, KS - Capitol Plaza Hotel & Convention Center

Annual KS Housing Dinner: Sept. 8th  
Topeka, KS - Topeka Country Club

### Nebraska

NAHRO Fall Conference: Sept. 14-16th  
South Sioux City, NE - Marina Inn

### Oklahoma

Community Bankers Association of Oklahoma Annual Convention: Sept. 15-17th  
Oklahoma City, OK - Skirvin Hotel

OHFA Board of Trustees Meeting: Sept. 16th and Nov. 18th  
Oklahoma City, OK - OHFA Office

MHEG Industry Luncheon: Sept. 16th  
Oklahoma City, OK - Coles Garden Event Center

OHFA Fair Housing & Accessibility Training: Sept. 21st  
OHFA Tax Credit Fundamentals & Regulatory Update: Sept. 22nd  
Oklahoma City, OK - Embassy Suites Norman Hotel & Convention Center

**NASLEF**  
The National Association of State and Local Equity Funds

## Recently Closed Projects, Groundbreakings, and more...

MHEG ended the summer with a total of 6 closings, adding an additional 198 units to our affordable housing portfolio. To date, MHEG has closed 261 projects, creating and sustaining 7,135 units of affordable housing in the four-state area.

### MAY Closings

**Liberty Estates, LLC**  
NF XIV, L.P.  
Waverly, NE • 24 units  
5/5/2010

### JULY Closings

**CHARMED - Perkins Affordable Housing Partners II, LLC**  
OF II, L.P.  
Perkins, OK • 30 units  
7/30/2010

### AUGUST Closings

**Crestview Terrace, LLLP**  
IF V, L.P.  
West Des Moines, IA • 55 units  
8/6/2010

**Sugar Creek Bend, LLLP**  
IF V, L.P. & IF VI, L.P.  
Cedar Rapids, IA • 20 units  
8/25/2010

**Gering Valley Estates, L.L.C.**  
NF XIV, L.P. & NF XV, L.P.  
Gering, NE • 28 units  
8/16/2010

**Rebuilding Lives, L.L.C.**  
NF XIV, L.P.  
Omaha, NE • 41 units  
8/30/2010

## Ground Breakings, Ribbon Cuttings & Construction in Progress



Right: Liberty Estates (NF XIV) Ground Breaking, April 23rd in Waverly, Nebraska. Liberty Estates will offer 24 two and three-bedroom units that include an attached garage, patio, washer/dryer, refrigerator and sprinkler system.

Below Right: Jim Rieker, President & CEO at MHEG, and Candace Gregory, President & CEO for the Open Door Mission, take a moment at the Ribbon Cutting Ceremony for the new Lydia House (Help the Homeless of the Metro LLC, NF XIII & NF XIV) on May 20th in Omaha, Nebraska.



### Asset Management Update

<b>Number of Developments</b>	<b>261</b>
<b>Number of Units</b>	<b>7,135</b>
<b>Number of Counties Represented</b>	<b>107</b>
<b>Number of Cities Represented</b>	<b>132</b>
<b>Portfolio Vacancy Percentage*</b>	<b>6.43%*</b>
<b>Portfolio Debt Coverage Ratio*</b>	<b>1.48*</b>

Information current as of 8/31/2010

\*Numbers compiled from 6/30/2010 figures



Above: Tom Stratman, Underwriting Manager at MHEG, attends and speaks at a Groundbreaking Ceremony for Village at Heartland Park II (NF XV) in Seward, Nebraska on August 31st.

### LIHTC Rates

June 2010 Rates  
70% PVC - 7.81%  
30% PVC - 3.35%  
AFR - 4.30%

July 2010 Rates  
70% PVC - 7.73%  
30% PVC - 3.31%  
AFR - 3.94%

August 2010 Rates  
70% PVC - 7.69%  
30% PVC - 3.30%  
AFR - 3.79%

September 2010 Rates  
70% PVC - 7.65%  
30% PVC - 3.28%  
AFR - 3.66%





## Staff Additions

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We are happy to announce the hiring of a two new employees.

**Traci Collins, Development Coordinator** - Traci was recently hired as Development Coordinator for Iowa. She is responsible for determining if potential real estate investments meet MHEG's guidelines and if they do, she is responsible for getting the investment closed into an investment fund. She previously worked for MMA Financial as an Underwriter, where her main duties included underwriting debt and equity financing for multifamily properties nationwide. She comes to MHEG with over 13 years experience in the housing field. Traci is a graduate from the University of Nebraska at Lincoln, with a BS in Business Administration with an emphasis in Finance. She started with MHEG on June 7th.

**Sandy Railey, Asset Manager** - Sandy was recently hired as an Asset Manager in our Oklahoma office. She will be overseeing the Oklahoma development portfolio through financial reviews, site visits and problem resolution/workouts as needed. Sandy has over 20 years experience in the banking industry in Oklahoma City with a concentration in real estate lending. Sandy is a graduate of Southern Nazarene University receiving her MBA and BA in Management of Human Resources. She started on August 2nd.

MHEG now has 32 full-time and 3 part-time staff members. Below is a group picture from our June Annual Meeting.



## Iowa Service Day

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The Iowa office was able to spend a "service day" at Stone Ridge Apartments (IEF II, L.P.) in Webster City this past May. They were able to assist in landscaping with weeding, mulching and planting at all of the seven buildings. They were also able to meet some of the tenants. Lacey Powers, Administrative Assistant for the Iowa office, was able to participate in the service day and commented that "It was nice to actually meet some of the people we were helping, some of the tenants even commented on how nice the landscaping looked."



**Before**



**After**

## Kansas Update - Pat Michaelis

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Fundraising is going well this year. We welcome and thank new investors Seaboard Corporation; Bank of Hays; United Bank and Trust, Marysville; and Citizens State Bank, Moundridge. We thank and appreciate repeat investors Capital City Bank, Capitol Federal Savings Bank; Farmers and Merchants Investment, Waverly, NE; and Commerce Bank, KC, MO. Kansas Fund VIII will have several additional investors before the year is over. High yields are attracting investors but are causing funding gaps on the project side. There are always challenges, but I would always chose to have funds to work with and then figure out how to fill the gaps.

We are working on strong developments, with strong developers in Dodge City, Hays, Larned, Lawrence, Lyons, Marysville, McPherson, Parsons, Topeka, and Wichita for KF VIII. I am very proud and pleased with what we are doing. Bottom-line, we are improving the quality of life for many people who need our help.

Kansas is hosting our 3<sup>rd</sup> Annual Dinner on September 8th, in conjunction with the Kansas Housing Conference. If you would like more information, please contact Lisa Bryan at the KS office at (785) 267-1901 or email at [lbryan@mheginc.com](mailto:lbryan@mheginc.com).

The Kansas staff is here to assist you with your projects and developments. We appreciate your business!

## New Investors for 2010

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

\$15M - IF VI, KF VIII, NF XV and OF III:  
Seaboard Corporation  
Shawnee Mission, Kansas

\$250K - NF XV: The State National Bank & Trust Company  
Wayne, Nebraska

\$500K - NF XV: First Community Bank Beemer, Nebraska

\$500K - NF XV: Adams County Bank Kenesaw, Nebraska

\$500K - NF XV: Countryside Bank Unadilla, Nebraska

\$1.5M - KF VIII: United Bank & Trust Company Marysville, Kansas

\$500K - KF VIII: Bank of Hays Hays, Kansas

\$1M - KF VIII: Citizens State Bank Moundridge, Kansas

\$500K - OF III: Lifeshield National Insurance Co. (Affiliate of MidFirst)  
Oklahoma City, Oklahoma

## Nebraska Update - Thomas Judds

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Thus far 2010 has been a very positive experience all around. To date, ten investors have executed subscription documents to participate in the Nebraska fund offering. Of the ten, five are new relationships to Midwest Housing Equity Group (MHEG). In addition, documents have been sent to three more potential investors for their consideration. These would also be new relationships as well. As I conveyed at MHEG's annual meeting in June, I rededicated myself at the beginning of the year to put forth my best effort to raising equity capital. At the end of each day I find peace in knowing I gave it my all.

I would be remiss if I didn't mention I made it a point to have fun this year. Given all the trials and tribulations of last year; I felt it was imperative to embrace the experiences and receive the blessings of each day. I hope these changes can serve as encouragement to you and the job you have been entrusted with.

## Oklahoma Update - Andrea Frymire

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Oklahoma Fund III officially closed at the end of July! We successfully raised \$25M, and will begin immediate closings on potentially 7 developments that are awaiting ground breakings. Our Fund III investor list includes several new organizations:

Wells Fargo	\$10M	American Fidelity*	\$1M
BancFirst	\$ 5M	Lifeshield (Affiliate of MidFirst)*	\$500k
Seaboard*	\$ 5M	Bank of Commerce	\$500k
BOK*	\$ 2.5M	Farmers & Merchants	\$500k

(\*first time investor)

We would like to send a sincere thank you to all of our investors. We are pleased to have gained the confidence and trust of such strong entities.

Projects identified for Fund III will provide affordable housing in the following cities: Ardmore, Broken Bow, Enid, Konawa, Holdenville, McAlester and Tishomingo. We are in the process of identifying additional projects to complete Fund III.

Oklahoma Fund IV will most likely be issued late fall. We look forward to continuing our mission in Oklahoma: promoting and sustaining quality affordable housing.

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