

PRESS RELEASE

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**AMERICA FIRST TAX EXEMPT INVESTORS L.P.
ANNOUNCES THE SALE OF OAK GROVE COMMONS APARTMENTS**

Omaha, NE- September 16, 2009- On September 11, 2009, America First Tax Exempt Investors, L.P. (NASDAQ: ATAX) (the “Company”) sold Oak Grove Commons Apartments to an unrelated third party for \$3.75 million. The Company expects to realize a taxable gain of approximately \$800,000 after selling costs, cash advances made to the property and subject to final closing adjustments on the transaction.

“The current credit crisis is providing the Company the opportunity to invest in quality real estate assets to be acquired from distressed owners and lenders,” stated Chad Daffer, Fund Manager. “This transaction is an example of the Company’s ability to identify troubled sellers of quality assets, acquire the assets at attractive valuations and either re-structure them into viable, long-term, tax-exempt bond investments or exit the investment for the benefit of our shareholders.” In April 2009, the Company acquired 100% of the outstanding Series A and B Oak Grove Commons Apartments tax-exempt mortgage revenue bonds with a combined par value of \$7.0 million for \$2.6 million. The Company purchased the bonds with the intent to evaluate the property and determine if the bonds could be restructured and maintained as an investment. The Company determined that it would no longer maintain the bonds as an investment and, therefore, acquired the property in June 2009 through a deed in lieu of foreclosure with the intent to sell the property to a third party.

The General Partner of the Partnership approved a special distribution of the net cash proceeds realized on this transaction to the BUC holders and the General Partner. In accordance with the Company’s Agreement of Limited Partnership (“Partnership Agreement”), this special distribution is considered a distribution of Tier 2 Net Residual Proceeds and, as such, will be distributed 75% to the BUC holders and 25% to the General Partner. The total distribution is expected to be approximately \$800,000 of which approximately \$600,000, or approximately \$0.035 per BUC, will be distributed on October 30, 2009 to the BUC holders of record as of September 30, 2009. The remainder of the special distribution, approximately \$200,000, will be paid to the General Partner. The special distribution to BUC holders was approved in order to provide cash to cover the potential tax liability incurred related to the recognized capital gain. BUC holders of record should consult their tax specialist to discuss pertinent tax consequences.

The Company and its predecessor partnership have been continuously operating this business since 1985 and have consistently distributed tax-exempt income to our investors for 95 consecutive quarters. In summary, the Company remains committed to executing its business plan and generating steady, predictable distributions of predominantly tax exempt income to its investors.

About America First Tax Exempt Investors, L.P.

America First Tax Exempt Investors, L.P. was formed for the primary purpose of acquiring, holding, selling and otherwise dealing with a portfolio of federally tax-exempt mortgage revenue bonds which have been issued to provide construction and/or permanent financing of multifamily residential apartments. The Company is pursuing a business strategy of acquiring additional tax-exempt mortgage revenue bonds on a leveraged basis in order to: (i) increase the amount of tax-exempt interest available for distribution to its investors; (ii) reduce risk through asset diversification and interest rate hedging; and (iii) achieve economies of scale. The Company seeks to achieve its investment growth strategy by investing in additional tax-exempt mortgage revenue bonds and related investments, taking advantage of attractive financing structures available in the tax-exempt securities market and entering into interest rate risk management instruments. America First Tax Exempt Investors, L.P. press releases are available on the World Wide Web at www.ataxfund.com.

Information contained in this Press Release contains “forward-looking statements” relating to, without limitation, future performance, plans and objectives of management for future operations and projections of revenue and other financial items, which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate” or “continue” or the negative thereof or other variations thereon or comparable terminology. Several factors with respect to such forward-looking statements, including certain risks and uncertainties, could cause actual results to differ materially from those in such forward-looking statements. Many of these risks and uncertainties are described in filings made by the Company with the Securities and Exchange Commission, including its annual reports on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K.