

PRESS RELEASE

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NEBRASKA DISTRIBUTION

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**AMERICA FIRST TAX EXEMPT INVESTORS L.P.
ANNOUNCES NEW LOAN FACILITY COMMITMENT AND
CHANGE IN DISTRIBUTION POLICY**

Omaha, NE- May 12, 2009- On May 11, 2009, America First Tax Exempt Investors, L.P. and subsidiaries (NASDAQ: ATAX) (the “Company”), received a commitment for a new loan facility that will refinance the Company’s current Tender Option Bond (“TOB”) credit facility that matures in July of 2009. This commitment is significant to the Company in that, when the new facility is closed, it will reduce the current refinancing risk related to the TOB credit facility. Chad Daffer, Fund Manager, stated, “The ability to negotiate this new loan facility is an important step in moving forward with our strategic plan to grow the business. Securing financing in these challenging times has not been easy; any increased costs of borrowing associated with this transaction are out-weighed by eliminating the refinancing risks associated with the TOB program.” Mr. Daffer added that, “While the new facility is more expensive than the TOB program, it is more stable and provides a solid basis for growth. Given the increased cost of the program we have deemed it prudent at this time to slightly decrease the annual distribution from \$0.54 to \$0.50.” The Company’s change in distribution policy is more fully described below.

New Loan Facility Commitment

The Company currently maintains a \$76.6 million TOB credit facility with Bank of America that will mature in July 2009. The Company has received a commitment for a new \$50.0 million secured credit facility from Bank of America which, along with cash collateral currently held by Bank of America, will allow the Company to refinance its current TOB credit facility. The new credit facility will have a one-year term with a six-month renewal option held by the Company and an annual floating interest rate of one-month LIBOR plus 390 basis points. The new credit facility is expected to close before June 30, 2009, subject to the terms of the commitment letter.

Change in Distribution Policy

The Company’s general partner has completed financial models in order to estimate the impact of the change in credit facilities on cash available for distribution (“CAD”). In order to ensure that cash provided by the Company’s tax-exempt mortgage revenue bonds and other investments will be adequate to meet its projected liquidity requirements, including the payment of expenses, interest and distributions to BUC holders, the general partner intends to change the Company’s policy regarding distributions. The Company’s regular annual distributions have recently equaled \$0.54 per BUC, or \$0.135 per quarter per BUC. Beginning with the second quarter 2009

distribution, the general partner intends to make the Company's regular annual distribution equal to \$0.50 per BUC, or \$0.125 per quarter per BUC.

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 94 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.