

PRESS RELEASE

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NEBRASKA DISTRIBUTION

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**AMERICA FIRST TAX EXEMPT INVESTORS L.P.
ANNOUNCES RECENT INVESTMENT ACTIVITY**

Omaha, NE- July 12, 2010 - During the second quarter of 2010, America First Tax Exempt Investors, L.P. (NASDAQ: ATAX) (the “Company”) raised approximately \$41.8 million in net proceeds from an underwritten public offering of Beneficial Ownership Units (“BUCs”) to provide funding for new investments. Recent credit and real estate market conditions have created significant investment opportunities which the Company intends to aggressively pursue.

“The Company continues to evaluate opportunities to invest in quality tax-exempt mortgage bonds and other multi-family real estate assets at attractive pricing,” stated Chad Daffer, Fund Manager. “The recent investment transactions are examples of the Company’s ability to acquire quality assets at attractive valuations for the long-term benefit of our investors.”

Recent Investment Activity

During the second quarter of 2010, the Company acquired two new tax-exempt mortgage bond investments.

In May 2010, the Company acquired the tax-exempt mortgage revenue bond for a 261 unit multi-family apartment complex in San Antonio, Texas known as The Villages at Lost Creek for approximately \$16.4 million which represented 100% of the bond issuance. The bond par value is \$18.5 million with an annual interest rate of 6.25%. The bond purchase price results in a yield to maturity of approximately 7.55% per annum. The bond matures in June 2041.

In June 2010, the Company acquired 100% of the \$18.3 million tax-exempt mortgage revenue bonds issued by the Ohio Housing Finance Agency as part of a plan of financing for the acquisition and rehabilitation of Crescent Village, Post Woods (I and II) and Willow Bend apartments in Ohio (the “Ohio Properties”). The tax-exempt mortgage bonds secured by the Ohio Properties were acquired by the Company at par and consisted of two series. The Series A bond has a par value of \$14.7 million and bears interest at an annual rate of 7.0%. The Series B bond has a par value of \$3.6 million and bears interest at an annual interest rate of 10.0%. Both series of bonds mature in June 2050. The Company had previously acquired a 99% interest in the Ohio Properties as part of its strategy of acquiring existing multifamily apartment properties that it expects will be partially financed with new tax-exempt mortgage bond at the time the properties become eligible for the issuance of additional low-income housing tax credits. In connection with the issuance of the new tax-exempt bonds, the Ohio properties were sold to an unaffiliated party who financed the acquisition through the issuance of the new bonds and tax credits. The Ohio properties were sold for a total purchase price of \$16.2 million. Proceeds

from the sale were used to retire the \$12.8 million mortgage debt associated with the Ohio Properties.

Mr. Daffer stated, “The acquisition of the tax-exempt bonds on the Ohio Properties is a validation of the Company’s strategy of identifying quality multifamily properties that represent a future opportunity for the Company to make tax-exempt bond investments in accordance with its investment strategy.”

The Company expects to report the Lost Creek bond investment as a tax-exempt bond investment on its consolidated balance sheet as of June 30, 2010 since it does not anticipate that the owner of this apartment property will be treated as a variable interest entity the financial results of which would be required to be consolidated with those of the Company under generally accepted accounting principles. The Company continues to evaluate the accounting for the Ohio Properties transaction and the related reporting in its Quarterly Report on Form 10-Q to be issued in early August.

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.

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 98 consecutive quarters. The Company remains committed to executing its business plan and generating steady, predictable distributions of predominantly tax exempt income to its investors.

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.