AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
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Dear Investor,

As most people are aware, the current market environment and state of the economy is receiving a lot of attention in the media. Due to recent events, America First Tax Exempt Investors (ATAX or the "Fund") determined it was appropriate to address some common questions that have been asked by Fund investors and believe the information provided may address any concerns regarding your investment in ATAX in the current economy.

ATAX will continue providing our investors with updates in order to address events in the marketplace and the relationship or impact on the Fund.

Q. How does ATAX make money?

A. ATAX invests in federally tax-exempt mortgage revenue bonds that are issued by state and local housing authorities to provide for debt financing for the acquisition, construction and/or rehabilitation of multifamily apartment communities. The Fund earns tax-exempt interest on its portfolio of bonds. This interest is paid by the owners of the apartment complexes and the Fund holds a first priority mortgage on each of the financed properties in order to secure its investment in the bonds. The state and local housing authorities that issue the bonds are not obligated to make principal or interest payments on the bonds. As a result, it is the performance of the underlying apartment properties that supports the payment of interest to the Fund on its mortgage revenue bonds. Net operating income from a multifamily residential property depends on the rental and occupancy rates of the property and the level of operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, apartments in the market areas in which a property is located. Other factors that may directly affect occupancy and rental rates include local or national economic conditions, the amount of new apartment construction as well as the supply and prices of single-family housing in the area and the interest rates on single-family mortgage loans.

Q. What is the outlook for the multifamily industry?

A. The outlook for the multifamily industry seems to have improved on the supply and demand front. There is not an excessive supply of multifamily units given the emphasis on single family construction and ownership in recent years. On the demand side, evidence suggests that many displaced homeowners may return to the rental market, thus improving the multifamily outlook.

Q. Does the subprime crisis impact the Fund?

A. Not directly. ATAX invests in federally tax-exempt multifamily mortgage revenue bonds. The Fund is not in the business of making mortgage loans on single family residences or investing in securities backed by such mortgages. As a result, the assets of the Fund have not been compromised by the large number of foreclosures in the "subprime" single family residential mortgage market and the resulting loss in value of mortgage-backed securities based on these types of mortgages.

On the contrary, we expect that difficulties occurring in the single family mortgage market will make it more difficult for potential home buyers to obtain mortgage loans for home purchases and this could increase demand for affordable rental housing which could have a positive economic impact on multifamily apartment properties financed by the Fund.

Q. Why have we moved our borrowing facility from Merrill Lynch to Bank of America?

A. Since late 2007, the cost of borrowing money with Merrill Lynch increased significantly due primarily to credit rating downgrades at Merrill Lynch. In order to borrow money at a decreased cost ATAX moved from Merrill Lynch and entered into an agreement with Bank of America in July 2008. This lower cost solution helps support the current annual distribution rate of $0.54 per Beneficial Unit Certificate (BUC).

Q. Why does the Fund use leverage?

A. The Fund utilizes borrowings, or leverage, in order to capture the spread between the short-term rate at which it borrows money and long-term rates at which it invests money, thus enhancing overall portfolio yield and cash available for distribution. Most of our borrowings are at variable rates. We have mitigated our exposure to the risk of rising interest rates on a significant portion our variable rate borrowing by purchasing a $60mm interest rate cap agreement effectively limiting our cost of borrowing at 2.50%.

Q. What is the Fund's distribution history?

A. Since inception, the Fund or its predecessor, have issued distributions for over 90 consecutive quarters. Stability of the distribution remains a priority for the General Partner. The General Partner expects to maintain the current annual distribution rate of $0.54 per Unit.

Q. Does Management Invest in the Fund?

A. The parent company of the general partner of ATAX, the Burlington Capital Group, LLC, has been a regular investor in the Fund since January of 2008. All purchases by Burlington Capital Group are made under a prearranged purchase plan entered into in accordance with the guidelines specified by Rule 10b5-1 under the Securities Exchange Act of 1934.

Q. Do any analysts follow the Fund?

A. RBC Capital Markets issues reports regarding the Fund. You may view their current update at our Fund website www.ataxfund.com.

Although the current market environment is uncertain, the Fund remains committed to its original objectives of preserving and protecting capital while providing regular cash distributions to its investors.

Q. Does HR 3221, The Housing and Economic Recovery Act of 2008, have any effect on my investment in ATAX?

This legislation will provide a longer term benefit to the Fund by eliminating the AMT preference treatment on certain Fund investments in private activity multifamily housing revenue bonds. As such, the amount of Fund income subject to AMT tax treatment will remain at 36% and decline as a percentage over time as the Fund adds to its portfolio of investments.

Please visit our Web site at www.ataxfund.com for more information on the Fund and to review press releases. Or, please call our Investor Services department at 800-283-2357.