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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from        to

Commission File Number: 000-24843

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

47-0810385  
(I.R.S. Employer  
Identification No.)

1004 Farnam Street, Suite 400 Omaha, Nebraska  
(Address of principal executive offices)

68102  
(Zip Code)

(402) 444-1630  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES

NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2 of the Exchange Act).

YES

NO

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AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

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**PART I — FINANCIAL INFORMATION****Item 1. Financial Statements.**

## AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	March 31, 2005	December 31, 2004
<b>Assets</b>		
Cash and cash equivalents	\$ 4,935,579	\$ 2,317,342
Restricted cash	4,433,688	3,045,027
Interest receivable	93,639	184,938
Tax-exempt mortgage revenue bonds	16,721,297	16,031,985
Other tax-exempt bond	—	3,909,181
Real estate assets:		
Land	14,068,055	14,068,055
Buildings and improvements	108,668,267	108,657,651
Real estate assets before accumulated depreciation	122,736,322	122,725,706
Accumulated depreciation	(33,744,344)	(32,818,075)
Net real estate assets	88,991,978	89,907,631
Other assets	3,328,346	2,751,375
<b>Total Assets</b>	<b><u>\$ 118,504,527</u></b>	<b><u>\$ 118,147,479</u></b>
<b>Liabilities and Partners' Capital</b>		
Liabilities		
Accounts payable, accrued expenses and other liabilities	\$ 7,906,663	\$ 7,623,824
Distribution payable	1,341,536	1,341,536
Note payable	18,908,333	18,980,833
Debt financing	62,275,000	62,275,000
<b>Total Liabilities</b>	<b><u>90,431,532</u></b>	<b><u>90,221,193</u></b>
Partners' Capital		
General Partner	85,026	75,358
Beneficial Unit Certificate ("BUC") holders	79,617,003	78,659,842
Unallocated deficit of variable interest entities	(51,629,034)	(50,808,914)
<b>Total Partners' Capital</b>	<b><u>28,072,995</u></b>	<b><u>27,926,286</u></b>
<b>Total Liabilities and Partners' Capital</b>	<b><u>\$ 118,504,527</u></b>	<b><u>\$ 118,147,479</u></b>

The accompanying notes are an integral part of the financial statements.

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)  
(UNAUDITED)

	For the Three Months Ended March 31,	
	2005	2004
<b>Income:</b>		
Rental revenues	\$ 4,877,557	\$ 4,830,962
Mortgage revenue bond investment income	265,425	180,000
Other bond investment income	42,371	80,438
Other interest income	6,847	21,025
Gain on sale of securities	126,750	—
	<u>5,318,950</u>	<u>5,112,425</u>
<b>Expenses:</b>		
Real estate operating (exclusive of items shown below)	2,706,714	2,691,042
Depreciation and amortization	952,297	1,042,768
Interest	699,394	426,184
General and administrative	382,792	316,551
Changes in fair value of derivative contracts	(225,361)	370,548
	<u>4,515,836</u>	<u>4,847,093</u>
Income before cumulative effect of accounting change	803,114	265,332
Cumulative effect of accounting change	—	(38,023,001)
Net income (loss)	803,114	(37,757,669)
<b>Other comprehensive income (loss):</b>		
Cumulative effect of accounting change	—	(5,855,299)
Net unrealized holding gains (losses) on securities arising during the period	685,131	(181,782)
Other comprehensive income (loss)	685,131	(6,037,081)
Comprehensive income	<u>\$ 1,488,245</u>	<u>\$ (43,794,750)</u>
<b>Net income allocated to:</b>		
General Partner	\$ 16,232	\$ 28,260
BUC holders	1,607,002	2,797,825
Unallocated deficit of variable interest entities	(820,120)	(40,583,754)
	<u>\$ 803,114</u>	<u>\$ (37,757,669)</u>
<b>Limited partners' interest in net income per unit (basic and diluted):</b>		
Income before cumulative effect of accounting change	\$ 0.16	\$ 0.07
Cumulative effect of accounting change	—	0.21
Net income, basic and diluted, per unit	<u>\$ 0.16</u>	<u>\$ 0.28</u>
Weighted average number of units outstanding, basic and diluted	<u>9,837,928</u>	<u>9,837,928</u>

The accompanying notes are an integral part of the financial statements.

## AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL  
(UNAUDITED)

	General Partner	Beneficial Unit Certificate holders		Unallocated deficit of variable interest entities	Total
		# of Units	Amount		
<b>Partners' Capital (excluding accumulated other comprehensive income)</b>					
Balance at December 31, 2004	\$ 33,377	9,837,928	\$ 74,503,691	\$ (44,953,615)	\$ 29,583,453
Net income	16,232	—	1,607,002	(820,120)	803,114
Distributions paid or accrued	(13,415)	—	(1,328,121)	—	(1,341,536)
Balance at March 31, 2005	<u>\$ 36,194</u>	<u>9,837,928</u>	<u>\$ 74,782,572</u>	<u>\$ (45,773,735)</u>	<u>\$ 29,045,031</u>
<b>Accumulated Other Comprehensive Income</b>					
Balance at December 31, 2004	\$ 41,981	—	\$ 4,156,151	\$ (5,855,299)	\$ (1,657,167)
Other comprehensive income	6,851	—	678,280	—	685,131
Balance at March 31, 2005	<u>48,832</u>	<u>—</u>	<u>4,834,431</u>	<u>(5,855,299)</u>	<u>(972,036)</u>
Balance at March 31, 2005	<u>\$ 85,026</u>	<u>9,837,928</u>	<u>\$ 79,617,003</u>	<u>\$ (51,629,034)</u>	<u>\$ 28,072,995</u>

The accompanying notes are an integral part of the financial statement.

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	For the three months ended	
	March 31, 2005	March 31, 2004
<b>Operating activities:</b>		
Net income (loss)	\$ 803,114	\$ (37,757,669)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Cumulative effect of accounting change	—	38,023,001
Change in fair value of derivatives	(225,361)	370,548
Depreciation and amortization expense	952,297	1,042,768
Gain on sale of securities	(126,750)	—
Decrease in interest receivable	91,299	35,397
(Increase) decrease in other assets	(357,423)	41,028
Increase in accounts payable, accrued expenses and other liabilities	282,839	251,093
Net cash provided by operating activities	<u>1,420,015</u>	<u>2,006,166</u>
<b>Investing activities:</b>		
Proceeds from the sale of other tax-exempt bonds	4,026,750	—
Capital expenditures, net	(30,831)	(145,986)
Principal payments received on tax-exempt bonds	5,000	—
Increase in cash due to consolidation of VIEs	—	505,178
Rites purchased	—	(5,000)
Increase in taxable loans	—	(1,190,062)
Bond issuance costs paid	—	(19,365)
Increase in other assets	—	(92,640)
Net cash provided by (used in) investing activities	<u>4,000,919</u>	<u>(947,875)</u>
<b>Financing activities:</b>		
Distributions paid	(1,341,536)	(1,341,536)
Principal payments on debt financing and note payable	(72,500)	(9,000,000)
Increase in restricted cash	(1,388,661)	(1,218,658)
Proceeds from debt financing	—	9,000,000
Debt financing costs paid	—	(15,750)
Net cash used in financing activities	<u>(2,802,697)</u>	<u>(2,575,944)</u>
Net increase (decrease) in cash and cash equivalents	2,618,237	(1,517,653)
Cash and cash equivalents at beginning of period:	<u>2,317,342</u>	<u>3,297,108</u>
Cash and cash equivalents at end of period	<u>\$ 4,935,579</u>	<u>\$ 1,779,455</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for interest	<u>\$ 175,041</u>	<u>\$ 170,746</u>

The accompanying notes are an integral part of the financial statements

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2005  
(UNAUDITED)

**1. Basis of Presentation**

America First Tax Exempt Investors, L.P. (the "Partnership") was formed on April 2, 1998 under the Delaware Revised Uniform Limited Partnership Act for the 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 Partnership will terminate on December 31, 2050 unless terminated earlier under the provisions of its Partnership Agreement. The general partner of the Partnership is America First Capital Associates Limited Partnership Two (the "General Partner" or "AFCA 2"). In this Form 10-Q, the Partnership refers to America First Tax Exempt Investors, L.P. as a stand-alone entity.

The consolidated financial statements include the accounts of the Partnership and variable interest entities ("VIEs") in which the Partnership has been determined to be the primary beneficiary. In this Form 10-Q, the term "the Company" refers to the Partnership and the VIEs on a consolidated basis. All significant transactions and accounts between the Partnership and the VIEs have been eliminated in consolidation. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying interim unaudited consolidated financial statements have been prepared according to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted according to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2004. Certain amounts from prior periods have been reclassified to conform to the current period presentation. In the opinion of management, all normal and recurring adjustments necessary to present fairly the financial position as of March 31, 2005, and the results of operations for all periods presented have been made. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

The Partnership does not presently believe that the consolidation of VIEs for reporting under GAAP will impact the Partnership's tax status, amounts reported to BUC holders on IRS Form K-1, the Partnership's ability to distribute tax-exempt income to BUC holders, the current level of quarterly distributions or the tax-exempt status of the underlying mortgage revenue bonds.

**2. Partnership Income, Expenses and Cash Distributions**

The Limited Partnership Agreement contains provisions for the distribution of Net Interest Income, Net Residual Proceeds and Liquidation Proceeds (as defined in the Agreement of Limited Partnership) and for the allocation of income and loss from operations and allocation of income and loss arising from a repayment, sale or liquidation. Income and losses will be allocated to each BUC holder on a periodic basis, as determined by the General Partner, based on the number of BUCs held by each BUC holder as of the last day of the period for which such allocation is to be made. Distributions of Net Interest Income and Net Residual Proceeds will be

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made to each BUC holder of record on the last day of each distribution period based on the number of BUCs held by each BUC holder as of such date.

Net Interest Income, as defined in the Limited Partnership Agreement, will be distributed 99% to the BUC holders and 1% to AFCA 2. The portion of Net Residual Proceeds, as defined in the Limited Partnership Agreement, representing a return of principal will be distributed 100% to the BUC holders.

The unallocated deficit of the VIEs is primarily comprised of the accumulated historical net losses of the VIEs as of January 1, 2004 and the VIEs' net losses since the implementation of FIN 46R "Accounting for Variable Interest Entities" as of January 1, 2004. The cumulative effect of the change in accounting principle, excluding the reversal of the allowance for loan losses related to losses recorded on the Partnership's balance sheet prior to the adoption of FIN 46R, as well as the losses recognized by the VIEs are not allocated to the General Partner and BUC holders as such activity is not contemplated by, or addressed in, the Agreement of Limited Partnership.

Cash distributions are currently made on a quarterly basis but may be made on a monthly or semiannual basis at the election of AFCA 2.

**3. Investments in Tax-Exempt Bonds**

The Company had the following investments in tax-exempt mortgage revenue and other tax-exempt bonds as of March 31, 2005:

Description of Tax-Exempt Mortgage Revenue Bonds	March 31, 2005			Estimated Fair Value
	Cost	Unrealized Gain	Unrealized Loss	
Chandler Creek Apartments	\$ 11,500,000	\$ —	\$ (485,162)	\$ 11,014,838
Clarkson College	6,193,333	—	(486,874)	5,706,459
	<u>\$ 17,693,333</u>	<u>\$ —</u>	<u>\$ (972,036)</u>	<u>\$ 16,721,297</u>

The Company had the following investments in tax-exempt mortgage revenue and other tax-exempt bonds as of December 31, 2004:

Description of Tax-Exempt Mortgage Revenue Bonds	December 31, 2004			Estimated Fair Value
	Cost	Unrealized Gain	Unrealized Loss	
Chandler Creek Apartments	\$ 11,500,000	\$ —	\$ (1,171,001)	\$ 10,328,999
Clarkson College	6,198,333	—	(495,347)	5,702,986
	<u>\$ 17,698,333</u>	<u>\$ —</u>	<u>\$ (1,666,348)</u>	<u>\$ 16,031,985</u>

Unrealized gains or losses on these tax-exempt bonds are recorded to reflect quarterly changes in their fair value resulting from market conditions and fluctuations in the present value of the expected cash flows from the underlying properties of the bonds. The current unrealized losses on both bonds are not considered to be other-than-temporary because the Company has the intent and ability to hold these securities until their value recovers or until maturity, if necessary.



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The Chandler Creek bonds are in default and interest is being paid on these bonds at a rate below the current market rate pursuant to a forbearance agreement entered into in 2004. The Clarkson College bonds have been in an unrealized loss position for less than one year.

**4. Investments in Real Estate**

The Company's investments in real estate as of March 31, 2005 are comprised of the following:

Property Name	Location	Number of Units	Land	Buildings and Improvements	Carrying Value at March 31, 2005
Ashley Point at Eagle Crest	Evansville, IN	150	\$ 321,489	\$ 5,976,092	\$ 6,297,581
Ashley Square	Des Moines, IA	144	650,000	5,865,440	6,515,440
Bent Tree Apartments	Columbia, SC	232	986,000	10,958,659	11,944,659
Clear Lake Colony Apartments	West Palm Beach, FL	316	3,000,000	13,169,847	16,169,847
Fairmont Oaks Apartments	Gainesville, FL	178	850,400	7,825,725	8,676,125
Iona Lakes Apartments	Ft. Myers, FL	350	1,900,000	15,729,856	17,629,856
Lake Forest Apartments	Daytona Beach, FL	240	1,396,800	10,258,822	11,655,622
Northwoods Lake Apartments	Duluth, GA	492	3,787,500	21,653,946	25,441,446
Woodbridge Apts. of Bloomington III	Bloomington, IN	280	656,346	9,978,598	10,634,944
Woodbridge Apts. of Louisville II	Louisville, KY	190	519,520	7,251,282	7,770,802
					<u>122,736,322</u>
Less accumulated depreciation					<u>(33,744,344)</u>
<b>Balance at March 31, 2005</b>					<b><u>\$ 88,991,978</u></b>

The Company's investments in real estate as of December 31, 2004 are comprised of the following:

Property Name	Location	Number of Units	Land	Buildings and Improvements	Carrying Value at Dec. 31, 2004
Ashley Point at Eagle Crest	Evansville, IN	150	\$ 321,489	\$ 5,951,118	\$ 6,272,607
Ashley Square	Des Moines, IA	144	650,000	5,865,440	6,515,440
Bent Tree Apartments	Columbia, SC	232	986,000	10,958,659	11,944,659
Clear Lake Colony Apartments	West Palm Beach, FL	316	3,000,000	13,169,847	16,169,847
Fairmont Oaks Apartments	Gainesville, FL	178	850,400	7,825,725	8,676,125
Iona Lakes Apartments	Ft. Myers, FL	350	1,900,000	15,729,856	17,629,856
Lake Forest Apartments	Daytona Beach, FL	240	1,396,800	10,258,822	11,655,622
Northwoods Lake Apartments	Duluth, GA	492	3,787,500	21,653,946	25,441,446
Woodbridge Apts. of Bloomington III	Bloomington, IN	280	656,346	9,990,707	10,647,053
Woodbridge Apts. of Louisville II	Louisville, KY	190	519,520	7,253,531	7,773,051
					<u>122,725,706</u>
Less accumulated depreciation					<u>(32,818,075)</u>
<b>Balance at December 31, 2004</b>					<b><u>\$ 89,907,631</u></b>

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AMERICA FIRST TAX EXEMPT INVESTORS, L.P.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2005  
(UNAUDITED)

**5. Debt Financing and Note Payable**

The Company's debt financing of \$62,275,000 bears interest at a weekly floating bond rate plus remarketing, credit enhancement, liquidity and trustee fees, which averaged 2.55% and 1.75% in the aggregate for the three months ended March 31, 2005 and 2004, respectively.

The note payable of \$18,908,333 relates to Northwoods Lake Apartments and matures in June 2034. The interest rate is fixed through June 2014 at 4.99%. Subsequent to June 2014, the rate converts to a variable interest rate.

**6. Related Party Transactions**

The General Partner is entitled to receive an administrative fee from the Company up to 0.45% of the outstanding principal balance of any tax-exempt mortgage revenue bond or other mortgage investment, unless another third party is required to pay such administrative fee. For the three months ended March 31, 2005, the Company's administrative fees to the General Partner were \$100,649. For the three months ended March 31, 2004, the Company's administrative fees to the General Partner were \$122,141. The Company may become obligated to pay additional administrative fees to the General Partner in the event the Company acquires additional tax-exempt mortgage revenue bonds or other mortgage investments and is not able to negotiate the payment of these fees by the property owners or in the event the Company acquires title to any of the unconsolidated properties securing its existing tax-exempt mortgage revenue bonds by reason of foreclosure.

An affiliate of the General Partner was retained to provide property management services for Ashley Pointe at Eagle Crest, Ashley Square, Bent Tree Apartments, Clear Lake Colony Apartments, Chandler Creek Apartments, Clarkson Student Housing, Fairmont Oaks Apartments, Iona Lakes Apartments, Lake Forest Apartments, and Northwoods Lake Apartments. The management fees paid by the property owners to the affiliate of the General Partner amounted to \$182,154 for the three months ended March 31, 2005, and \$165,506 for the three months ended March 31, 2004. These property management fees are paid by the respective properties prior to the payment of any interest on the tax-exempt mortgage revenue bonds and taxable loans held by the Partnership on these properties.

**7. Interest Rate Cap Agreements**

The Company has three interest rate cap agreements with a combined notional amount of \$45,000,000 in order to mitigate its exposure to increases in interest rates on its variable-rate debt financing. The terms of the cap agreements are as follows:

Notional Amount	Effective Date	Expiration Date	Cap Rate <sup>(1)</sup>	Premium Paid
\$ 20,000,000	July 1, 2002	July 1, 2006	3.0%	\$ 489,000
\$ 10,000,000	November 1, 2002	November 1, 2007	3.0%	\$ 250,000
\$ 15,000,000	February 1, 2003	January 1, 2010	3.5%	\$ 608,000

(1) The cap rate does not reflect remarketing, credit enhancement, liquidity and trustee fees which aggregate to approximately 90 basis points.

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These interest rate caps do not qualify for hedge accounting, accordingly, they are carried at fair value, with changes in fair value included in current period earnings. The change in the fair value of derivative contracts resulted in a gain \$225,361 for the three months ended March 31, 2005, and a loss of \$370,548 for the three months ended March 31, 2004.

**8. Segment Reporting**

The Company consists of two reportable segments, Partnership and VIEs. In addition to the two reportable segments, the Company also separately reports its consolidating and eliminating entries since it does not allocate certain items to the segments.

*The Partnership Segment*

The Partnership operates for the 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 VIE segment*

As a result of the effect of FIN 46R, management more closely monitors and evaluates the financial reporting associated with and the operations of the VIEs. Management performs such evaluation separately from the operations of the Partnership through interaction with the property management company which manages the VIEs' multifamily apartment properties. Management effectively manages the Partnership and the VIEs as separate and distinct businesses.

The VIEs' primary operating strategy focuses on multifamily apartment properties as long-term investments. The VIEs' operating goal is to generate increasing amounts of net rental income from these properties that will allow it to service debt. In order to achieve this goal, management of these multifamily apartment properties is focused on: (i) maintaining high economic occupancy and increasing rental rates through effective leasing, reduced turnover rates and providing quality maintenance and services to maximize resident satisfaction; (ii) managing operating expenses and achieving cost reductions through operating efficiencies and economies of scale generally inherent in the management of a portfolio of multiple properties; and (iii) emphasizing regular programs of repairs, maintenance and property improvements to enhance the competitive advantage and value of its properties in their respective market areas. As of March 31, 2005, the Company reported the assets and financial results of 10 VIE multifamily apartment properties containing a total of 2,572 rental units. The VIEs' multifamily apartment properties are located in the states of Iowa, Indiana, Florida, Georgia, Kentucky and South Carolina.

The following table details certain key financial information for the Company's reportable segments for the period ending March 31, 2005 and 2004:

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AMERICA FIRST TAX EXEMPT INVESTORS, L.P.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2005  
(UNAUDITED)

	March 31, 2005	March 31, 2004
<b>Total revenues</b>		
Partnership	\$ 2,249,339	\$ 2,472,336
VIEs	5,024,795	4,830,962
Consolidation/eliminations	<u>(1,955,184)</u>	<u>(2,190,873)</u>
<b>Total revenues</b>	<u>\$ 5,318,950</u>	<u>\$ 5,112,425</u>
<b>Income before cumulative effect of accounting change</b>		
Partnership	\$ 1,623,234	\$ 1,376,936
VIEs	(1,732,315)	(1,130,497)
Consolidation/eliminations	912,195	18,893
<b>Net income before cumulative effect of accounting change</b>	<u>\$ 803,114</u>	<u>\$ 265,332</u>
<b>Net income (loss)</b>		
Partnership	\$ 1,623,234	\$ 1,376,936
VIEs	(1,732,315)	(40,597,785)
Consolidation/eliminations	912,195	1,463,180
<b>Net income (loss)</b>	<u>\$ 803,114</u>	<u>\$ (37,757,669)</u>
<b>Total assets</b>		
Partnership	\$ 133,874,185	\$ 153,880,565
VIEs	106,360,165	98,749,769
Consolidation/eliminations	<u>(121,729,823)</u>	<u>(136,550,549)</u>
<b>Total assets</b>	<u>\$ 118,504,527</u>	<u>\$ 116,079,785</u>
<b>Total partners' capital</b>		
Partnership	\$ 69,599,585	\$ 75,584,510
VIEs	(67,344,235)	(38,965,818)
Consolidation/eliminations	25,817,645	(4,423,484)
<b>Total partners' capital</b>	<u>\$ 28,072,995</u>	<u>\$ 32,195,208</u>

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**Forward-Looking Statements**

This report (including, but not limited to, the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations") contains forward-looking statements that reflect management's current beliefs and estimates of future economic circumstances, industry conditions, the Company's performance and financial results. All statements, trend analysis and other information concerning possible or assumed future results of operations of the Company and the investments it has made constitute forward-looking statements. BUC holders and others should understand that these forward-looking statements are subject to numerous risks and uncertainties and a number of factors could affect the future results of the Company and could cause those results to differ materially from those expressed in the forward-looking statements contained herein. These factors include general economic and business conditions such as the availability and credit worthiness of prospective tenants, lease rents, operating expenses, the terms and availability of financing for properties financed by the tax-exempt mortgage revenue bonds owned by the Partnership, adverse changes in the real estate markets from governmental or legislative forces, lack of availability and credit worthiness of counterparties to finance future acquisitions and interest rate fluctuations.

**Critical Accounting Policies**

The Company's critical accounting policies are the same as those described in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2004.

**General**

The Partnership 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 Partnership's business objectives are to: (i) preserve and protect its capital; (ii) provide regular cash distributions to BUC holders; and (iii) provide a potential for an enhanced federally tax-exempt yield as a result of a participation interest in the net cash flow and net capital appreciation of the underlying real estate properties financed by the tax-exempt mortgage revenue bonds.

The Partnership 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 BUC holders; (ii) reduce risk through asset diversification and interest rate hedging; and (iii) achieve economies of scale. The Partnership 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.

The Partnership's primary assets are its tax-exempt mortgage revenue bonds, which provide permanent financing for twelve multifamily housing properties. A description of the multifamily housing properties collateralizing the tax-exempt mortgage revenue bonds owned by the Partnership as of March 31, 2005 is as follows:

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AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

Property Name	Location	Number of Units	Number of Units Occupied	Percentage of Units Occupied	Economic Occupancy (1)
Ashley Point at Eagle Crest	Evansville, IN	150	145	97%	87%
Ashley Square	Des Moines, IA	144	140	97%	88%
Bent Tree Apartments	Columbia, SC	232	193	83%	76%
Chandler Creek Apartments	Round Rock, TX	216	198	92%	60%
Clarkson College	Omaha, NE	142	86	61%	57%
Clear Lake Colony Apartments	West Palm Beach, FL	316	308	97%	90%
Fairmont Oaks Apartments	Gainesville, FL	178	166	93%	81%
Iona Lakes Apartments	Ft. Myers, FL	350	327	93%	87%
Lake Forest Apartments	Daytona Beach, FL	240	234	98%	91%
Northwoods Lake Apartments	Duluth, GA	492	427	87%	70%
Woodbridge Apts. of Bloomington III	Bloomington, IN	280	246	88%	86%
Woodbridge Apts. of Louisville II	Louisville, KY	190	173	91%	89%
		<u>2,930</u>	<u>2,643</u>	<u>90%</u>	<u>76%</u>

(1) Economic occupancy is presented for the three months ended March 31, 2005, and is defined as the net rental income received divided by the maximum amount of rental income to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units.

### **Executive Summary**

The multifamily housing industry is experiencing soft market conditions which are attributable to three factors: (i) economic conditions in certain markets; (ii) over-building of apartment properties; and (iii) strong levels of single family home purchases largely due to historically low mortgage interest rates. These factors have reduced the availability and increased the competition for credit-worthy tenants, which in turn reduces effective rents in the form of concessions and increases operating costs such as leasing incentives. As of March 31, 2005, all of the Partnership's tax-exempt mortgage revenue bonds were paying their full amount of base interest; however, an extended economic slowdown and the resulting decline in net rental revenues generated by the multifamily apartment properties financed by these bonds may negatively impact future interest income. At certain properties the decline in net rental income may last for an extended period.

Furthermore, the collection of contingent interest payable from the excess cash flow of the underlying properties remains unlikely unless there is a substantial improvement in the economic performance of these properties. The Partnership continues to monitor the performance of the multifamily properties collateralizing its tax-exempt mortgage revenue bonds. Offsetting these weak conditions are the positive economic benefits the Partnership is experiencing from the historically low interest rates it is paying on its variable-rate debt financing.

### **Results of Operations**

#### Consolidated Results of Operations

The consolidated financial statements include the accounts of the Partnership and variable interest entities ("VIEs") in which the Partnership has been determined to be the primary beneficiary. In this Form 10-Q, the term "the Company" refers to the Partnership and the VIEs on a consolidated basis. All significant transactions and accounts between the Partnership and the VIEs have been eliminated in consolidation. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The following discussion of the Company's results of operations for the three months ended March 31, 2005 and 2004 should be read in conjunction with the consolidated financial statements and notes thereto included in Item 1 of this report as well as the Partnership's Annual Report on Form 10-K for the year ended December 31, 2004.

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AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

*Three Months Ended March 31, 2005 compared to Three Months Ended March 31, 2004 (Consolidated)*Change in Results of Operations

	For the Three Months Ended 2005	For the Three Months Ended Mar. 31, 2004	Dollar Change
<b>Revenues</b>			
Rental revenues	\$ 4,877,557	\$ 4,830,962	\$ 46,595
Mortgage revenue bond investment income	265,425	180,000	85,425
Other bond investment income	42,371	80,438	(38,067)
Other interest income	6,847	21,025	(14,178)
Gain on sale of securities	126,750	—	126,750
	<u>5,318,950</u>	<u>5,112,425</u>	<u>206,525</u>
<b>Expenses</b>			
Real estate operating (exclusive of items below)	2,706,714	2,691,042	15,672
Depreciation and amortization	952,297	1,042,768	(90,471)
Interest expense	699,394	426,184	273,210
General and administrative	382,792	316,551	66,241
Changes in fair value of derivative contracts	(225,361)	370,548	(595,909)
	<u>4,515,836</u>	<u>4,847,093</u>	<u>(331,257)</u>
<b>Income before cumulative effect of accounting change</b>	<u>\$ 803,114</u>	<u>\$ 265,332</u>	<u>\$ 537,782</u>

*Rental revenues.* The rental revenues recognized during the respective periods is reflective of current physical occupancy of 90% and economic occupancy of 76% for the three months ended March 31, 2005, respectively and physical occupancy of 93% and economic occupancy of 80% as of March 31, 2004, respectively. The slight increase in rental revenues is attributable to a higher average rental rate per unit.

*Mortgage revenue bond investment income.* The increase in mortgage revenue bond investment income from 2004 to 2005 is due to the acquisition of the Clarkson College tax-exempt mortgage bonds in April of 2004. The Clarkson College tax-exempt bonds outstanding principal balance was \$6,193,333 as of March 31, 2005 with a yield of 6% per annum.

*Other bond investment income.* During the first quarter of 2005, the Company sold its investment in Museum Tower tax-exempt bonds. As the bonds were sold during the quarter, the interest income on the bonds was lower than the prior year.

*Gain on sale of securities.* As discussed previously, the Company sold its entire interest in the Museum Tower bonds during the first quarter of 2005. The carrying cost of the investment was \$3,900,000 and the net proceeds from the sale were \$4,026,750 resulting in a gain on the sale of securities of \$126,750. Approximately \$600,000 of the cash proceeds is being held as collateral for debt financings and is classified as restricted cash on the consolidated balance sheet of the Company. The remaining cash proceeds were unrestricted.

*Real estate operating expenses.* Real estate operating expenses are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. A portion of real estate operating expenses are fixed in nature, thus a

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### AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

decrease in physical and economic occupancy would result in a reduction in operating margins. Conversely, as physical and economic occupancy increase, the fixed nature of these expenses will increase operating margins as these real estate operating expenses would not increase at the same rate. Real estate operating expense remained relatively constant year over year as there were no significant changes in property operations in the first quarter ending March 31, 2005 compared to March 31, 2004.

*Depreciation and amortization expense.* Depreciation and amortization relates primarily to the consolidated VIEs. This expense remained fairly consistent from quarter to quarter in 2004 and is expected to remain constant for the remainder of the year because no significant capital expenditures are planned for the real estate properties owned by the consolidated VIEs.

*Interest expense.* The increase in interest expense is primarily attributable to mortgage interest expense associated with the Northwoods Lake property. In the first quarter of 2004, the Company owned all \$25,250,000 of the outstanding mortgage bonds of Northwoods Lake. The implementation of FIN 46R required the Company to consolidate the underlying property and therefore eliminate the entire amount of the bonds and the associated interest on those bonds. In June 2004, the terms of the bonds were restructured to create two separate issue series, Series A for \$19,100,000 and Series B for \$6,150,000. Subsequent to the restructuring of the bonds the Company sold \$19,100,000 of its investment in the tax-exempt mortgage revenue bonds. Therefore, the interest cost associated with that portion of the bonds is no longer eliminated in consolidation. The mortgage interest expense associated with the portion of the Northwoods Lake bonds that were sold equaled \$210,837 in the first quarter 2005. The Company used \$14,000,000 of the proceeds from the sale of the Series A bonds to repay debt. The repayment of debt resulted in a reduction of interest expense of \$55,438 in the first quarter of 2005.

An increase of \$117,811 in interest expense was realized during the first quarter of 2005 compared to the first quarter of 2004 due to higher interest rates associated with the Company's variable-rate borrowings in the first quarter of 2005. The effective interest rate on the variable rate-borrowings was 2.55% for the first quarter of 2005 compared to 1.75% for the first quarter of 2004.

*General and administrative expenses.* General and administrative expenses increased during the first quarter of 2005 compared to the same period in 2004 due primarily to increased salaries, wages and benefits. Additionally increase accounting fees attributed to the increase.

*Change in fair value of derivative contracts.* The Company manages its interest rate risk on its debt financing by entering into interest rate cap agreements that cap the amount of interest expense it pays on its floating rate debt financing. The Company's interest rate cap agreements do not qualify for hedge accounting, therefore, any changes in the fair value of the caps are recognized in current period earnings. The fair value adjustments are classified separately in the consolidated statement of operations as changes in fair value of derivative contracts. The mark to market adjustment through earnings can cause a significant fluctuation in reported net income although it has no impact on the Company's cash flows.

### Partnership Only Results of Operations

The following discussion of the Partnership's results of operations for the three months ended March 31, 2005 and 2004 is presented as it reflects the operations of the Partnership prior to the consolidation of the VIEs, which was required with the implementation of FIN 46R effective January 1, 2004. This information is used by management to analyze its operations and is reflective of the segment data discussed in Note 8. Items previously discussed in connection with the Company's results of operations are not repeated.



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AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

*Three Months Ended March 31, 2005 compared to Three Months Ended March 31, 2004 (Partnership Only)*Changes in Results of Operations

	For the Three Months Ended 2005	For the Three Months Ended Mar. 31, 2004	Dollar Change
<b>Revenues</b>			
Mortgage revenue bond investment income	\$ 2,051,449	\$ 2,352,456	\$ (301,007)
Other bond investment income	42,371	80,438	(38,067)
Other interest income	28,769	39,442	(10,673)
Gain on sale of securities	126,750	—	126,750
	<u>2,249,339</u>	<u>2,472,336</u>	<u>(222,997)</u>
<b>Expenses</b>			
Interest expense	462,305	399,934	62,371
Amortization expense	6,369	8,367	(1,998)
General and administrative	382,792	316,551	66,241
Changes in fair value of derivative contracts	(225,361)	370,548	(595,909)
	<u>626,105</u>	<u>1,095,400</u>	<u>(469,295)</u>
<b>Income before cumulative effect of accounting change</b>	<u>1,623,234</u>	<u>1,376,936</u>	<u>246,298</u>

*Mortgage revenue bond investment income.* Mortgage revenue bond investment income decreased due to the elimination of interest earned on \$19.1 million of the Northwoods Lake Apartments tax-exempt mortgage revenue bonds sold in the second quarter of 2004. This decrease was partially offset by interest earned on the the Clarkson College tax-exempt bonds issued in April 2004.

*Interest expense.* Interest expense on the Partnership's debt financing increased \$117,811 due to higher interest rates on the variable-rate debt held by the Partnership. This increase was offset by a decrease of \$55,438 of interest expense due to the repayment of \$14,000,000 of debt financing in 2004.

**Cash Available for Distribution ("CAD")**

To calculate CAD, amortization expense related to debt financing costs and bond issuance costs, change in fair value of derivative contracts, provision for loan losses, realized losses on investments and net income (loss) from VIEs and the cumulative effect of accounting change are added back to the Company's net income as computed in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company uses CAD as a supplemental measurement of the Partnership's performance and, ultimately, its ability to pay distributions.

There is no generally accepted methodology for computing CAD, and the Company's computation of CAD may not be comparable to CAD reported by other companies.

Although the Company considers CAD to be a useful measure of its operating performance, CAD should not be considered as an alternative to net income (loss) or net cash flows from operating activities which are calculated in accordance with GAAP.

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### AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

The following sets forth a reconciliation of the Company's net income (loss) as determined in accordance with GAAP and its CAD for the periods set forth.

	For the three months ended Mar. 31, 2005	For the three months ended Mar. 31, 2004
Net income (loss)	\$ 803,114	\$ (37,757,669)
Net loss from VIEs	1,732,315	1,130,497
Eliminations due to VIE consolidation	(912,195)	(18,893)
Cumulative effect of change in accounting principle	—	38,023,001
Income before impact of VIE consolidation	1,623,234	1,376,936
Change in fair value of derivatives and interest rate cap amortization	(160,585)	435,325
Amortization expense (Partnership only)	6,369	8,367
CAD	<u>\$ 1,469,018</u>	<u>\$ 1,820,628</u>

The amount of distributions to the unit holders was \$1,341,536 for the three months ended March 31, 2005 and 2004.

### Liquidity and Capital Resources

Tax-exempt interest earned on the mortgage revenue bonds represents the Partnership's principal source of cash flow. Tax-exempt interest is primarily comprised of base interest on the mortgage revenue bonds. The Partnership will also receive from time to time contingent interest on the mortgage revenue bonds. Contingent interest is only paid when the underlying properties generate excess cash flow, therefore, cash in-flows are fairly fixed in nature and increase when the underlying properties have strong economic performances and when the Partnership acquires additional tax-exempt mortgage revenue bonds.

The Partnership's principal uses of cash are the payment of distributions to BUC holders, interest on debt financing and general and administrative expenses. The Partnership also uses cash to acquire additional investments. Distributions to BUC holders may increase or decrease at the determination of the General Partner. The Partnership is currently paying distributions at the rate of \$0.54 per BUC per year. The General Partner determines the amount of the distributions based upon the projected future cash flows of the Partnership. Future distributions to BUC holders will depend upon the amount of base and contingent interest received on the tax-exempt mortgage revenue bonds and other investments, the effective interest rate on the Partnership's variable-rate debt financing, and the amount of the Partnership's undistributed cash.

The Partnership believes that cash provided by net interest income from its tax-exempt mortgage revenue bonds and other investments will be adequate to meet its projected short-term and long-term liquidity requirements, including the payment of expenses, interest and distributions to BUC holders.

The VIEs' primary source of cash is net rental revenues generated by its real estate investments. Net rental revenues from a multifamily apartment property depend on the rental and occupancy rates of the property and

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### AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

on the level of operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, apartments in the market area in which a property is located. This, in turn, is affected by several factors such as local or national economic conditions, the amount of new apartment construction and the affordability of single-family homes. In addition, factors such as government regulation (such as zoning laws), inflation, real estate and other taxes, labor problems and natural disasters can affect the economic operations of an apartment property.

The VIEs' primary uses of cash are: (i) the payment of operating expenses; and (ii) the payment of debt service on the VIEs' bonds and mortgage notes payable.

On a consolidated basis, cash provided by operating activities for the three months ended March 31, 2005 decreased \$456,658 compared to the same period a year earlier mainly due to timing differences in working capital accounts. Cash from investing activities increased \$4,819,301 for the three months ended March 31, 2005 compared to the same period in 2004 primarily due to the sale of tax-exempt securities that generated proceeds of \$4,026,750 combined with no cash used to acquire taxable loans in 2005 compared with \$1,190,062 used in the same period of 2004. Cash provided by financing activities decreased \$226,753 for the three months ended March 31, 2005 compared to the same period in 2004 primarily due to increased restricted cash.

#### **Contractual Obligations**

There were no significant changes to the Company's contractual obligations during the three months ended March 31, 2005 from the information presented in the Company's annual report on Form 10-K.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There have been no material changes in market risk from the information provided under "Quantitative and Qualitative Disclosures about Market Risk" in Item 7A of the Company's 2004 annual report on Form 10-K.

#### **Item 4. Controls and Procedures.**

(a) *Evaluation of disclosure controls and procedures.* The Partnership's Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Partnership's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Partnership's current disclosure controls and procedures are effective, providing them with material information relating to the Partnership as required to be disclosed in the reports the Partnership files or submits under the Exchange Act on a timely basis.

(b) *Changes in internal controls over financial reporting.* There were no changes in the Partnership's internal control over financial reporting during the Partnership's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

**PART II — OTHER INFORMATION**

**Item 6. Exhibits.**

The following exhibits are filed as required by Item 6 of this report. Exhibit numbers refer to the paragraph numbers under Item 601 of Regulation S-K:

3. Articles of Incorporation and Bylaws of America First Fiduciary Corporation Number Five (incorporated herein by reference to Registration Statement on Form S-11 (No. 2-99997) filed by America First Tax Exempt Mortgage Fund Limited Partnership on August 30, 1985).

4(a) Form of Certificate of Beneficial Unit Certificate (incorporated herein by reference to Exhibit 4.1 to Registration Statement on Form S-4 (No. 333-50513) filed by the Company on April 17, 1998).

4(b) Agreement of Limited Partnership of the Partnership (incorporated herein by reference to the Amended Annual Report on Form 10-K (No. 000-24843) filed by the Company on June 28, 1999).

4(c) Amended Agreement of Merger, dated June 12, 1998, between the Partnership and America First Tax Exempt Mortgage Fund Limited Partnership (incorporated herein by reference to Exhibit 4.3 to Amendment No. 3 to Registration Statement on Form S-4 (No. 333-50513) filed by the Company on September 14, 1998).

31.1 Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

By America First Capital  
Associates Limited  
Partnership Two, General  
Partner of the Partnership

By America First Companies L.L.C.,  
General Partner of  
America First Capital  
Associates Limited  
Partnership Two

Date: May 23, 2005

/s/ Lisa Y. Roskens

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Lisa Y. Roskens  
Chief Executive Officer  
America First Companies L.L.C., acting in its capacity as general partner of the  
General Partner of America First Tax Exempt Investors, L.P

## Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Lisa Y. Roskens, certify that:

1. I have reviewed this quarterly report on Form 10-Q of America First Tax Exempt Investors, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods represented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 23, 2005

/s/ Lisa Y. Roskens

Lisa Y. Roskens

Chief Executive Officer

America First Companies L.L.C., acting in its capacity as general partner of the  
General Partner of America First Tax Exempt Investors, L.P

## Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael J. Draper, certify that:

1. I have reviewed this quarterly report on Form 10-Q of America First Tax Exempt Investors, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods represented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 23, 2005

/s/ Michael J. Draper

Michael J. Draper  
Chief Financial Officer  
America First Companies L.L.C., acting in its capacity as general partner of the  
General Partner of America First Tax Exempt Investors, L.P

Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Lisa Y. Roskens, Chief Executive Officer of the general partner of the General Partner of America First Tax Exempt Investors, L.P. (the "Company"), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 23, 2005

/s/ Lisa Y. Roskens

Lisa Y. Roskens

Chief Executive Officer

America First Companies L.L.C., acting in its capacity as general partner  
of the General Partner of America First Tax Exempt Investors, L.P

*A signed original of this written statement required by Section 906 has been provided to America First Tax Exempt Investors, L.P. and will be retained by America First Tax Exempt Investors, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.*



Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Michael J. Draper, Chief Financial Officer of the general partner of the General Partner of America First Tax Exempt Investors, L.P. (the "Company"), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 23, 2005

/s/ Michael J. Draper

Michael J. Draper

Chief Financial Officer

America First Companies L.L.C., acting in its capacity as general partner  
of the General Partner of America First Tax Exempt Investors, L.P

*A signed original of this written statement required by Section 906 has been provided to America First Tax Exempt Investors, L.P. and will be retained by America First Tax Exempt Investors, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.*