
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): October 18, 2007

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

000-24843
(Commission File Number)

47-0810385
(IRS Employer Identification
No.)

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

68102
(Zip Code)

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

Not applicable

(Former name, former address and former fiscal year, if applicable)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions *see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On October 18, 2007, America First Tax Exempt Investors, L.P., a Delaware limited partnership (the "Registrant") entered into a financing arrangement whereby the Registrant's \$12.6 million tax-exempt mortgage bond secured by Woodbridge Apartments in Bloomington, Indiana was placed in a trust (the "Trust") under the terms of a Custody and Participation Agreement by and between Registrant, U.S. Bank National Association as trustee and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") (the "Trust Agreement"). The Trust issued senior securities (known as "P-Floats") to unaffiliated institutional investors and subordinated residual interest securities (known as "RITES") to the Registrant. The Registrant received the net proceeds of approximately \$12.6 million from the sale of the P-Floats. These funds are available to the Registrant for investment in additional tax-exempt mortgage bonds and other investments consistent with its investment policies and for other partnership purposes. The Registrant maintains a call option on the senior P-Float securities which allows it to collapse the Trust at any time. Accordingly, the Registrant retains a level of control over the underlying Bond that allows it to account for this transaction as secured variable-rate borrowing.

There is no affiliation between the Registrant and Merrill Lynch and the terms of the financing were determined through arm's-length negotiation.

Item 8.01 Other Events

On October 18, 2007, the Registrant completed the acquisition of the entire pool of \$10.8 million Runnymede Apartments Multifamily Housing Revenue Bonds (the "Bonds") which were issued to finance a 252 unit apartment complex located in Austin, Texas known as the Runnymede Apartments. The Bonds carry an annual interest rate of 6% and mature on October 1, 2042. The Registrant financed its acquisition of the Bonds through existing cash and a portion of the borrowings under the Merrill Lynch P-Float program described above in Item 1.01.

The Registrant has issued a press release with respect to the acquisition of the Bonds and its additional borrowings under the Merrill Lynch P-Float program, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release of America First Tax Exempt Investors, L.P. dated October 23, 2007.

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 hereunto duly authorized.

Dated: October 23, 2007

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

By: America First Capital Associates Limited
Partnership Two,
its general partner

By: The Burlington Capital Group, LLC,
its general partner

By: /s/ Michael J. Draper
Michael J. Draper, Chief Financial Officer

PRESS RELEASE

FOR IMMEDIATE RELEASE

DATE: October 23, 2007

NEBRASKA DISTRIBUTION

CONTACT: Chad Daffer 402-444-1630
Andy Grier 402-444-1630

NASDAQ: ATAXZ

America First Tax Exempt Investors, L.P. Update on Investment Portfolio

OMAHA, Neb., October 23, 2007 — America First Tax Exempt Investors, L.P. (the “Partnership”) (NASDAQ: ATAXZ) continued the expansion of its investment portfolio with the acquisition of \$10.8 million Runnymede Apartments Multifamily Housing Revenue Bonds (the “Bonds”) on October 18, 2007. This latest transaction represents a new relationship undertaken by the Partnership and expands the network of brokers the Partnership utilizes for potential bond acquisitions. The Partnership seeks to acquire tax-exempt mortgage bond investments through one of three main strategies, (1) direct purchases based on existing relationships with housing developers, (2) purchases through a broker network or (3) through structured transactions. An example of a structured transaction is the previously announced acquisition of limited partnership interests in six limited partnerships in Ohio and Kentucky.

The Bond proceeds will be used by the borrower to acquire and rehabilitate the Runnymede Apartments, a 252 unit apartment complex located in Austin, Texas. The Bonds carry an annual interest rate of 6% and mature on October 1, 2042. The Bonds were acquired using existing cash and a portion of the proceeds from a new financing arrangement through Merrill Lynch’s P-Float program. On October 18, 2007, the Partnership placed its’ \$12.6 million tax-exempt mortgage revenue bond secured by the Woodbridge Apartments in Bloomington, Indiana into the P-Float program and received net proceeds of approximately \$12.6 million accounted for as secured variable-rate borrowing.

With the purchase of the Bonds and the new P-Float debt the Partnership now owns a bond portfolio with a total par value of approximately \$150.1 million with associated P-Float secured financing of approximately \$71.5 million, or 48% of the par value of the bond portfolio. The Partnership’s operating policy is to maintain leverage between 40% and 60% of the bond portfolio value. The Partnership continues to pursue new investments and, in the short term, expects to fund any new investments with existing cash and available leverage.

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 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. America First Tax Exempt Investors, L.P. press releases are available on the World Wide Web at www.ataxz.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. Reference is hereby made to the filings of America First Tax Exempt Investors, L.P., with the Securities and Exchange Commission, including quarterly reports on Form 10-Q, reports on Form 8-K and its annual report on Form 10-K.