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**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): July 3, 2008**

**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 July 7, 2008, America First Tax Exempt Investors, L.P., a Delaware limited partnership (the "Registrant"), entered into an interest rate cap agreement (the "Cap") with US Bank, N.A. Under the Cap, US Bank will make payments to the Registrant on a nominal amount of \$60.0 million in the event the Securities Industry and Financial Markets Association ("SIFMA") floating index rate increases above 2.5%. The Cap is intended to partially mitigate the Registrant's risk from changing short-term interest rates on its new Bank of America tender option bond financing arrangement described in Item 1.02 below.

**Item 1.02 Termination of a Material Definitive Agreement.**

On July 3, 2008, the Registrant repaid the entire principal balance and all accrued interest on a \$65.1 million bridge loan from Bank of America, N.A. (the "Bridge Loan"), the proceeds of which had been used by the Registrant on June 26, 2008 to redeem the senior securities (known as "P-Floats") that had been issued in connection with the Registrant's previous tender offer bond financing arrangements through Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and to satisfy certain other obligations of the Registrant in connection therewith. The funds used by the Registrant were generated from the sale of certain senior trust securities (known as "Floater Certificates") issued under a tender option bond financing program entered into by the Registrant with Bank of America on June 26, 2008 which is a replacement financing arrangement for the Merrill Lynch P-Float program. The Bridge Loan was provided by Bank of America to allow the Registrant to redeem the P-Floats according to a contractual obligation on June 26, 2008 even though the funds from the issuance of Floater Certificates under the new Bank of America tender option bond financing arrangement were not available on that date. The terms and conditions of Bridge Loan and of the Registrant's new tender option bond financing arrangements are more fully described in the Report on Form 8-K filed by the Registrant on July 1, 2008.

There is no affiliation between the Registrant, on the one hand, and either Bank of America, N.A. or US Bank, N.A. on the other hand.

**Item 9.01 Financial Statements and Exhibits.**

99. Press Release, dated July 8, 2008, issued by Registrant announcing the funding of its new tender option bond financing with Bank of America, N.A.

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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: July 8, 2008

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  
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Michael J. Draper, Chief Financial Officer

**AMERICA FIRST TAX EXEMPT INVESTORS L.P.  
ANNOUNCES FUNDING OF NEW SECURED CREDIT FACILITY**

Omaha, NE- July 8, 2008- America First Tax Exempt Investors, L.P. (NASDAQ: ATAX) (the “Company”), announced today that the Company has closed and funded its new tender option bond credit facility with Bank of America. The Company previously announced that it had entered into agreements with Bank of America and funded a \$65.1 million bridge loan agreement on June 26, 2008 in order to repay its existing P-Float credit facility with Merrill Lynch. Proceeds from the new tender option bond credit facility totaled approximately \$76.7 million of which approximately \$65.1 million were used to repay the bridge loan facility. Net proceeds of approximately \$10.8 million remaining after the payment of related fees and expenses are available to the Company for additional investments or general working capital needs.

Since late 2007, the Company’s cost of borrowings under the Merrill Lynch P-Float program has increased significantly due primarily to credit rating downgrades at Merrill Lynch. The cost of borrowing for the Company under the P-Float program during the first six months of 2008 ranged from a low of approximately 3.23% to a high of approximately 6.95%. The initial variable interest rate at closing of the new tender option bond credit facility was 3.27% representing a significant decrease in the cost of borrowing compared to the rates incurred during the first six months of 2008 under the P-Float program. Given the anticipated positive impact of the new credit facility on the Company’s future financial results, the Company intends to maintain its current annual distribution rate of \$0.54 per Beneficial Unit Certificate (“BUC”). The specific terms of the new credit facility were outlined in a Form 8-K filing with the Securities Exchange Commission filed on July 1, 2008.

The new credit facility effectively provides the Company with variable rate financing based on the Securities Industry and Financial Markets Association (“SIFMA”) floating index rate plus certain basis point credit facility fees, while allowing it to continue to receive tax-exempt interest from its portfolio of mortgage revenues bonds on multifamily housing and student housing projects. In order to mitigate the Company’s exposure to credit facility’s variable interest rates, the Company has entered into interest rate cap agreement with US Bank, N.A. The interest rate cap agreement carries a notional amount of \$60.0 million and is indexed to the SIFMA floating index. These agreements effectively cap the Company’s exposure to increases in the SIFMA floating index at 2.5% on the notional amount of the agreements and, therefore, allow the Company to benefit from a low interest rate environment while protecting it from a significant increase in the SIMFA index.

**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-

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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](http://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.