



## SEVENTH NOTICE TO REGISTERED BONDHOLDERS

TO THE REGISTERED OWNERS OF:

\$4,720,000

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF  
SHELBY, TENNESSEE

MULTIFAMILY HOUSING REVENUE BONDS (THE CORNERS APARTMENTS PROJECT)

\$3,500,000 SERIES 1996A CUSIP Nos. 821697PG8 & 821697PH6

\$400,000 SUBORDINATE SERIES 1996C CUSIP No. 821697PK9

\$550,000 JUNIOR SUBORDINATE SERIES 1996D CUSIP No. 821697PL7

### **Receiver's Expedited Motion To Obtain Loan To Finance Certain Receivership Expenses And To Set Hearing**

Regions Bank serves as the successor trustee (the "Trustee") under a Trust Indenture dated as of December 1, 1996 (as amended, supplemented or otherwise modified from time to time, the "Indenture"), with the Health, Educational and Housing Facility Board of the County of Shelby, Tennessee (the "Issuer"). Pursuant to the Indenture, the Issuer issued its Multifamily Housing Revenue Bonds (The Corners Apartments Project), Series 1996A, Series 1996B, Series 1996C and Series 1996D (collectively, the "Bonds") issued by the Issuer in the original principal amount of \$4,720,000. The Series B Bonds previously matured and have no amounts outstanding. Currently, \$3,260,000 in principal amount of Series A Bonds remain outstanding, \$160,000 in principal amount of Series C Bonds remain outstanding, and \$500,000 in principal amount of Series D Bonds remain outstanding. Capitalized terms used and not otherwise defined in this notice shall have the meanings given them in the Indenture and the other Bond Documents.

The Bonds were issued to finance the acquisition and rehabilitation by CME – Corners, Inc., a Tennessee not-for-profit corporation ("CME Corners"), of a 200-unit multifamily residential apartment rental project known as the Corners Apartments (the "Project") located in Shelby County, Tennessee. CME Corners leases the Project from the Issuer pursuant to a Lease Agreement dated as of December 1, 1996 (the "Lease Agreement"), between the Issuer and CME Corners. In accordance with that certain Declaration of Restrictive Covenants and Regulatory Agreement dated as of December 1, 1996 (as amended, supplemented or otherwise modified from time to time), among the Issuer, the Trustee and CME Corners, certain percentages of the apartments must be rented to certain Qualified Tenants.

The Bonds are special limited obligations of the Issuer payable solely from the lease payments to be made by CME Corners under the Lease Agreement, and are secured by a deed of trust lien on the Project and its gross revenues and certain funds on deposit with the Trustee. The repayment of the Series C Bonds and the Series D Bonds is subordinate to the prior repayment in full of the Series A and Series B Bonds in accordance with the terms of the Indenture, and the repayment of the Series D Bonds is subordinate to the prior repayment in full of the Series C Bonds in accordance with the terms of the Indenture.

The Trustee has previously given notice to registered Bondholders (the "Holders") (i) of the occurrence of Events of Default under the Bond Documents; (ii) of the commencement of a lawsuit (Regions Bank, as

Trustee v. CME – Corners, Inc., Case No. 06-cv-2239) before the Honorable Jon Phipps McCalla in the United States District Court for the Western District of Tennessee in Memphis (the “Court”), pursuant to which, among other things, the Court has appointed a receiver (the “Receiver”) to take control of the Project and certain related collateral for the Bonds (the “Collateral”); (iii) that the Receiver has determined to sell the Collateral; and (iv) upon motion by the Receiver, the Court has entered an order establishing procedures for the Receiver to conduct a sale of the Collateral (a “Receiver Sale”).

On September 15, 2006, the Receiver filed a motion (the “Loan Motion”) with the Court seeking to borrow up to \$50,000.00 (the “Financing”) from Regions Bank, either in its lending capacity or its representative capacity (the “Lender”). The Receiver has indicated that such Financing is required to maintain the Project as a going concern until a Receiver Sale, as the expenses to maintain the Collateral are outpacing the revenues. In fact, the Receiver has determined that, at the current pace, the Receiver’s operating account could be depleted of funds as early as the middle of October, 2006, but that a Receiver Sale may not be consummated until November, 2006, if ever. The Receiver has determined that such Financing is sufficient to carry the Receiver’s operation of the Collateral through November, 2006, and that the terms and conditions of the Financing are fair and reasonable, including the imposition of interest on borrowed funds at a rate of Prime (as published in *The Wall Street Journal*) plus two percent (2.00%) and the priming lien described below. As set forth in the Loan Motion, the Receiver intends to obtain the Financing from the Lender because doing so (i) reduces the costs of documenting the transaction, (ii) eliminates the need for a lender to familiarize itself with the transaction, and (iii) is convenient given the Receiver’s operating accounts are currently with the Lender as a result of a branch office’s proximity to the Project.

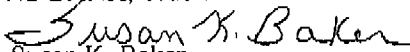
**If approved by the Court, the proposed Financing would be granted a first priority priming lien, which lien would be senior to the claims of all creditors of the receivership estate, including that of the Trustee and the Holders pursuant to the Bond Documents. The result of such priming lien would result in the repayment of the Financing, plus accrued interest, from the proceeds of a Receiver Sale to the Lender prior to any other distributions (including the payment of the Receiver’s outstanding administrative expenses and the Trustee’s and Holders’ claims under the Bond Documents).**

At this time, the Court has not set a hearing on the Loan Motion and it is not clear if such a hearing will be set prior to entry of the proposed order. The Trustee has considered the action of the Receiver. In light of the fact that expenses to operate the Project are outstripping revenues received for the Project, among other things, the Trustee believes the Receiver’s actions are prudent under the circumstances. Accordingly, unless directed in writing otherwise, the Trustee intends to consent to the Loan Motion. Holders with an interest in the activities of the Receiver with respect to the Collateral should either file a notice with the Court to obtain court notices electronically, or should contact the Receiver or the Trustee, directly, for periodic updates.

The Indenture provides, in part, that during any Event of Default, the owners of at least a majority of the Bonds outstanding may direct the Trustee to conduct remedial proceedings, if such owners provide the Trustee with an indemnity acceptable to the Trustee to cover potential expenses or liabilities. The Indenture provides that the Trustee has a right to the payment of its fees and expenses prior to the payment to the Bondholders of principal and interest and grants to the Trustee a first-priority lien on the Revenue Fund for the payment of its fees and expenses. **ABSENT WRITTEN DIRECTION AND SUFFICIENT INDEMNITY, THE TRUSTEE DOES NOT INTEND TO OBJECT TO ANY OF THE RELIEF BEING SOUGHT BY THE RECEIVER WITH RESPECT TO THE FINANCING, OR ANY OTHER RELIEF WHICH MAY BE SOUGHT BY THE RECEIVER CONSISTENT WITH A SALE OF THE COLLATERAL AS SOON AS POSSIBLE FOR THE HIGHEST AND BEST PRICE.**

The Loan Motion (including the proposed order), this Notice and previous and future notices to bondholders will be made available at the following website: <http://www.wallerlaw.com/courtnotice.cfm>. Copies of the pleadings and orders in the case are also available from the Court or the Trustee (at the address listed herein). Bondholders with questions about this notice may direct them to Susan Baker, Regions Bank, Corporate Trust Department, 401 Union Street, 11th Floor, Nashville, TN 37219. Ms. Baker's telephone number is (615) 726-4271. While Ms. Baker and the Trustee will attempt to provide additional information to the Bondholders, please be advised that the Trustee may conclude that a specific response to a particular inquiry from an individual Bondholder is not consistent with equal and full dissemination of information to all Bondholders. Accordingly, the Trustee may, in its discretion, decline to provide specific information to a particular inquiry. Moreover, the Trustee is not under any circumstance able to provide Bondholders with legal or investment advice. The Bondholders should seek the advice of their own legal counsel and/or financial consultants regarding their individual rights under the Bond Documents.

REGIONS BANK, Trustee

By:   
Susan K. Baker  
Senior Vice President

Dated: September 19, 2006

THE CUSIP NUMBER HAS BEEN ASSIGNED TO THE BONDS BY STANDARD AND POOR'S CORPORATION AND IS INSERTED FOR THE CONVENIENCE OF THE HOLDERS OF THE BONDS. NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OR ACCURACY OF THE FOREGOING CUSIP NUMBER OR THE CUSIP NUMBERS PRINTED ON THE BONDS.