



**ELEVENTH 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

**Notice of Allowance of Trustee's Claim, Receiver's Sale of the Collateral  
and Trustee's Receipt of Distribution from Sale Proceeds**

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, pursuant to Sections 8.2(c)

and 8.14 of the Indenture, the Trustee intended to file a claim on account of the Bonds and related obligations (the "Claim") and seek a determination by the Court that the Claim is secured; (iv) that the Receiver has determined to sell the Collateral; (v) that the Court, on the Receiver's motion, entered an order (the "Sale Procedures Order") establishing procedures for the Receiver to conduct a sale of the Collateral; (vi) that the Receiver scheduled a foreclosure sale (the "Foreclosure Sale") of the Collateral and a simultaneous auction sale (the "Receiver Sale") of the Collateral for November 17, 2006 and that a hearing (the "Confirmation Hearing") for the Court to consider confirming the results of the Receiver Sale was set for November 20, 2006.

On October 27, 2006, the Trustee filed its Claim with the Receiver in an amount equal to \$4,120,789.45 as of October 31, 2006 (including trustee fees and expenses – including reasonable attorney fees – which are calculated through September 30, 2006). Contemporaneously, the Trustee also filed a motion and supporting memorandum (together, the "Claim Motion") with the Court seeking allowance of the Claim, determination of the Claim's secured status, and direction regarding the disbursement of proceeds from any sale of the Collateral. On November 3, 2006, the Court entered an order (the "Claim Order") granting the Claim Motion. The Claim Order deems the Claim allowed, to the extent of the Trustee's damages, as a secured claim with a first and prior lien on the Collateral, and further directs the Receiver to distribute proceeds from a sale of the Collateral to the Trustee after deduction of certain administrative expenses described below.

On November 17, 2006, no bidders appeared at the Foreclosure Sale and the Deed of Trust Trustee adjourned the Foreclosure Sale to be conducted simultaneously with the Receiver Sale. At the conclusion of the bidding at the combination Foreclosure Sale and Receiver Sale, Glenn Lou Properties, LLC was chosen by the Receiver as having made the highest and best bid of \$1,675,000. In addition, Alterra Capital Group, LLC was chosen as the back-up bidder in the amount of \$1,650,000. Subsequent to the conclusion of the Receiver Sale, the Receiver determined that Glenn Lou Properties, LLC was unable to consummate the Receiver Sale in accordance with the terms of the Sale Procedures Order, and the Receiver exercised its right to designate Alterra Capital Group, LLC as the prevailing bidder.

On November 20, 2006, the Court conducted the Confirmation Hearing, which resulted in the submission of a form of order (the "Sale Approval Order") agreed upon by both the Receiver and Alterra Capital Group, LLC. On November 22, 2006, the Court entered the Sale Approval Order, which provides for the Sale of the Collateral to an affiliate of Alterra Capital Group, LLC (the "Purchaser") for \$1,650,000.

On November 29, 2006, the Receiver and Purchaser consummated the Receiver Sale. Pursuant to the Claim Order and the Sale Approval Order, the following items, among other things, have reduced the net proceeds actually received by the Receiver upon closing of the Receiver Sale (collectively, the "Administrative Costs"): (a) the Purchaser received credit for a break-up fee of 2.5% of the purchase price, in the amount of \$41,250, for its role serving as the Stalking Horse Bidder (as defined in the Sale Procedures Order); (b) the Receiver repaid the operating loans previously approved by the Court, in the amount of \$50,000, plus interest of \$489.73; (c) the Receiver recovered its outstanding fees and expenses (including without limitation its attorneys' fees) in the amount of \$53,122.12, plus an advance of estimated future fees and expenses (including without limitation its attorneys' fees) in the amount of \$5,000; and (d) the Receiver paid its exclusive listing agent's commission of 4% of the purchase price, in the amount of \$66,000, which fee was previously approved by the Court. After applying credit for the break-up fee and making payment on the Administrative Costs, the Receiver disbursed the remaining proceeds from the Receiver Sale (the "Proceeds"), in the amount of \$1,430,893.93, to the Trustee.

In addition, the Trustee has approximately \$546,879.81 (the "Funds on Hand") on hand in the various trust accounts required by the Indenture. The Claim Order and the Sale Approval Order provide that the Proceeds and Funds on Hand, shall be distributed in accordance with the Claim Order, the Sale Approval Order and the Bond Documents. Pursuant to the Indenture, the Trustee is entitled to recover its fees and

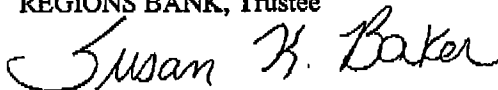
expenses (including its attorneys' fees) in accordance with the Indenture prior to making distribution to bondholders. Prior to making such distribution, the Trustee will establish a record date and provide notice of the net amount available for distribution to bondholders. Pursuant to the Sale Approval Order and Section 8.11(b) of the Indenture, prior to receiving distribution on account of any Bonds, such holders will be required to submit their Bonds to the Trustee, which bonds will be deemed retired and no longer outstanding. The Trustee expects to make a distribution of the Proceeds and Funds on Hand within the next forty-five (45) days, but such timing is not certain.

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.

Following a distribution of the Funds on Hand and the Proceeds (net of the Trustee's expenses), the Trustee does not intend to take any further action to recover any amount owed on account of the Bonds, unless directed and indemnified by Bondholders. The Trustee will send one final Notice to Bondholders regarding a distribution and the mechanics for surrendering their Bonds and receiving a distribution on account of the Bonds. After that, the Trustee does not intend to provide any further communication with Bondholders and will treat its duties under the Bond Documents, at law or equity to be fully discharged and completed.

The Sale Procedures Order, the Claim Motion, the Claim Order, the Sale Approval 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: December 1, 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.