

Susan Keith Baker, CCTS  
 Senior Vice President  
 Manager Advisory Services  
 315 Deaderick Street – 2<sup>nd</sup> Floor  
 Nashville, Tennessee 37237  
 (615) 770-4356



## FOURTEENTH 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 Hearing re: (i) Trustee's Motion Seeking Trust Instruction  
 for Liquidation and Distribution of Series D Principal Reserve Account,  
 (ii) Receiver's Final Accounting and Request for Discharge; and (iii) Dismissal of Case**

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 determined to sell the Collateral; (iv) that the Court entered an order, dated September 1, 2006, establishing procedures for the Receiver to conduct a sale of the Collateral; (v) that the Receiver conducted a foreclosure sale of the Collateral and a simultaneous auction sale (the "Receiver Sale") of the Collateral on November 17, 2006, which Receiver Sale was confirmed by the Court's order, dated November 22, 2006, and which was consummated on November 29, 2006; (vi) that the Trustee established December 19, 2006 as the record date and December 29, 2006 as the distribution date, and that the proceeds of the Receiver Sale and certain other funds on hand have been distributed in accordance with the Court's orders and the Bond Documents; (vii) of the Trustee's Verified Motion and Memorandum of Law in Support of Motion for Trust Instruction Regarding Liquidation and Distribution of Series D Principal Reserve Account (the "Motion"), whereby the Trustee seeks a trust instruction from the Court regarding distribution of the Series D Principal Reserve Account Investment in cash, less the costs and expenses (including attorneys' fees and expenses) of liquidating the investment and of seeking such instruction; and (viii) that certain amounts, aggregating less than approximately \$48,000, may be received from the Receiver on account of the Trustee's claim against the Collateral (the "Wind-Up Funds") as the receivership estate is wound up.

**At a hearing on February 2, 2007, the Court advised the Trustee that the Court wants input from all parties affected by its decision on the Motion. Accordingly, the Court has scheduled a final hearing (the "Hearing") on the Motion for Friday, February 16, 2007 at 4:00 p.m. to consider any objections to the Motion. Holders of Series A, Series B or Series D Bonds are encouraged to make their views known at the Hearing with respect to how the Series D Principal Reserve Account Investment should be distributed. In addition, it is anticipated that the Receiver will file a final accounting and request for discharge, which will also be considered by the Court at the Hearing. In addition, the court will consider dismissing the lawsuit as concluded. The Hearing will take place in Courtroom No. 4 at the Federal Building (9<sup>th</sup> Floor) in Memphis, Tennessee.**

Following a distribution of the Series D Principal Reserve Account Investment and the Wind-Up Fees, if any (with each item net of the Trustee's expenses, including without limitation attorneys' fees and 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. In connection with the last distribution from the Trust Estate, the Trustee will send one final Notice to Bondholders regarding such distribution. 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 Motion and 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, 315 Deaderick Street, 2nd Floor, Nashville, TN 37237. Ms. Baker's telephone number is (615) 770-4356. 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

*Susan K. Baker*

By: Susan K. Baker, Senior Vice President

Dated: February 5, 2007

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.