

**IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TENNESSEE AT MEMPHIS**

REGIONS BANK,)	
as Indenture Trustee,)	
)	
Plaintiff,)	
)	
v.)	Case No. 06-cv-2239-JPM
)	
CME-CORNERS, INC., and)	
THE HEALTH, EDUCATIONAL AND)	
HOUSING FACILITY BOARD OF THE)	
COUNTY OF SHELBY, TENNESSEE,)	
)	
Defendants.)	

**ORDER AUTHORIZING RECEIVER TO OBTAIN LOAN
TO FINANCE CERTAIN RECEIVERSHIP EXPENSES**

This matter came before the Court on the Receiver’s Motion to Obtain Loan to Finance Certain Receivership Expenses (the “Financing Motion”) filed herein by Cumberland & Ohio Co. of Texas and James A. (“Buddy”) Skinner, together as receiver (the “Receiver”). This Court, having reviewed the pleadings, including that certain Memorandum in Support of Receiver’s Motion to Obtain Loan to Finance Certain Receivership Expenses (including exhibits thereto, the “Memorandum”), and being fully advised on the premises, finds as follows:

1. Unless otherwise indicated herein, all capitalized terms in this Order have the same meaning ascribed to them in the Memorandum.

2. Trustee is a banking corporation organized under the laws of Alabama with its designated corporate trust office located in Little Rock, Arkansas. Trustee, as the indenture trustee, is the holder of a first deed of trust lien against certain Collateral (as defined in the Receiver Order), which includes without limitation that low-income housing facility known as

The Corners Apartments, located at 4150 Winchester Road, Memphis, Tennessee, and the revenues generated thereby under that certain Lease Agreement (as defined in the Receiver Order). Trustee holds these liens against the Collateral to secure the repayment of amounts owed to Trustee and certain bondholders pursuant to that certain Trust Indenture (as defined in the Receiver Order) and that certain Deed of Trust (as defined in the Receiver Order), each among The Health, Educational and Housing Facility Board of the County of Shelby, Tennessee (the “Issuer”), CME-Corners, Inc. (“CME-Corners”), and Trustee.

3. Pursuant to paragraphs D(8) and D(30) of the Receiver Order, the Receiver has the authority to obtain the Financing, but requires this Court’s approval for priming the lien of the Trustee under the Bond Documents.

4. As set forth in that certain order of this court, dated September 1, 2006 (the “Sale Procedures Order”), in light of the fact that expenses to operate the Collateral will likely outpace revenues, a Receiver Sale is in the best interests of the receivership estate and the creditors and is supported by sound business justifications. A timely Receiver Sale of a going concern project is necessary at this time and will result in greater distribution to creditors than any other course of action.

5. The Financing is necessary to preserve the value of the Collateral and to allow a Receiver Sale of the Collateral to be on a going-concern basis. As a result of the Receiver’s reasonable investigation and negotiations, the terms and conditions of the Financing, as set forth below (including the priming feature), are reasonable and appropriate.

6. Good cause exists for such Financing and approval thereof, and the Receiver and the Trustee have acted in good faith with respect to such Financing and the Financing Motion.

7. Proper and sufficient notice was given of the Financing Motion and the hearing thereon. [No bondholder or other party appeared to object and it appears reasonable, under the circumstances, that the Trustee does not object to the Financing or the priming of the Trustee's lien under the Bond Documents.]

8. The requirements of Rule LR 7.2 of the Local Rules of the United States District Court for the Western District of Tennessee have been satisfied in all respects regarding the Financing Motion and the Memorandum.

IT IS, THEREFORE, ORDERED THAT:

A. The Financing Motion is hereby granted and the Financing is approved, on the following terms and conditions:

(i). The Trustee, either in its lending capacity or its representative capacity (the "Lender"), agrees to make available certain funds, up to \$50,000.00 (the "Funds") for the Receiver's expenses of administration of the receivership estate, as set forth on the Budget annexed to the Memorandum as Exhibit B (the "Budget").

(ii) The Lender shall retain sole and absolute discretion of what amount, if any, of the Funds are advanced to the Receiver. By entry of this Financing Order, the Receiver is not required to borrow any of the Funds, but may borrow same if circumstances, in its sole and absolute discretion, warrant.

(iii) The Receiver shall request in writing draws of Funds from the Lender, which request shall include documentation as to the use of the Funds and a revised form of budget that reflects the application of such requested Funds in the categories set forth in the Budget. The written requests combined with the Lender's wire

receipts, together with this Financing Order, shall be deemed to be sufficient documentation of the loan.

(iv) Any Funds drawn and disbursed to the Receiver shall bear interest at a rate of Prime + 2.00% per annum, compounding daily (based on a 360-day year and 30-day months), for as long as such amounts remain outstanding. The aforementioned “Prime” rate shall be as published in the *Wall Street Journal*.

(v) This Financing Order shall subordinate the Trustee’s lien under the Bond Documents in all respects up to a total amount of \$50,000 plus any outstanding interest on account of the Financing, and shall be given priority over the claims of any other creditor against the Collateral, whether such claim is secured or unsecured. The Lender shall not be required to file any financing statement or deed of trust to perfect such priming lien, as this Financing Order shall be deemed sufficient to perfect such priming lien.

(vi) Upon consummation of any Receiver Sale and receipt of the proceeds of such Sale, the Lender shall be repaid all principal and interest borrowed by the Receiver ahead of any and all other amount distributed by the Receiver (including payments of any commissions or fees), and the Bond Documents (as defined in the Receiver Order) and any order approving such Sale shall be superseded and amended with respect to such distribution priority. The Receiver shall make immediate payment of any such outstanding amounts to the Lender upon receipt of any proceeds of any Receiver Sale, and upon full and final payment, as acknowledged by the Lender in writing, the priming lien granted in the preceding subsection shall discontinue and be deemed to be released by the Lender.

B. To the extent there are any conflicts between the terms and conditions of the Financing contained in this Order with those contained in the Memorandum or any subsequent Order of this Court (except as expressly indicated in such subsequent Order), this Order shall control.

C. Notwithstanding any other Orders of the Court (including without limitation the Sale Procedures Order or any order confirming a Receiver Sale), the Receiver Sale proceeds shall be applied and distributed as follows:

(i) First, payment to the Lender of any outstanding amounts, including any principal, interest, in connection with the Financing, which payment shall be made immediately upon receipt of the proceeds of any Receiver Sale by the Receiver.

(ii) Second, the remaining sale proceeds shall be distributed in accordance with further Court Order, including without limitation the Sale Procedures Order or any order confirming a Receiver Sale.

D. The terms of this Order and the Financing shall be binding upon CME-Corners, the Receiver, those bondholders (or their representatives) who receive notice of the Motion (including through any correspondence from the Trustee to such bondholders), their creditors, parties with any claims against CME-Corners and the Collateral, and other parties in interest, and any successors of such parties.

SIGNED this 19th day of September, 2006.

/s/ Jon P. McCalla
Jon Phipps McCalla
United States District Court Judge