

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

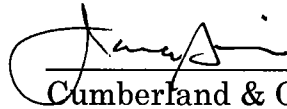
REGIONS BANK,)	
as Indenture Trustee,)	
)	
Plaintiff,)	
)	
v.)	Case No. 06-cv-2239-JPM
)	
CME-CORNERS, INC., and)	
THE HEALTH, EDUCATIONAL AND)	
HOUSING FACILITY BOARD OF THE)	
COUNTY OF SHELBY, TENNESSEE,)	
)	
Defendants.)	

**RECEIVER'S NOTICE OF RECEIVER'S REPORT
PURSUANT TO ORDER APPOINTING RECEIVER, GRANTING
INJUNCTIVE RELIEF, AND SETTING BOND**

TO THE HONORABLE JON PHIPPS MCCALLA
AND ALL PARTIES IN INTEREST:

PLEASE TAKE NOTICE THAT attached hereto is the Receiver's Report of actions taken for the periods September 1 – September 29 with September, October and November 2006 cash operating budgets. This Notice is in compliance with that certain Order Appointing Receiver, Granting Injunctive Relief, and Setting Bond, which was entered on May 4, 2006 and amended on May 9, 2006.

Respectfully submitted:


 Cumberland & Ohio Co. of Texas
 James A. Skinner, President
 732 Harpeth Trace Drive
 Nashville, Tennessee 37221
 TEL (615) 352-2351
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CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Notice to be served via first-class mail, postage pre-paid, upon the following named parties to this action on this the 10th day of October, 2006.

CME-Corners, Inc. (Attention: Legal Department)
4466 Elvis Presley Boulevard, Suite 300
Memphis, TN 38116

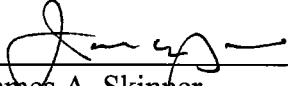
Dr. Annie J. Carter
2513 Oak Forrest Drive
Antioch, TN 37013

Farris Mathews Branam Bobango Hellen & Dunlap PLC (Attn: James E. Bailey III)
1 Commerce Square, Suite 2000
Memphis, TN 38103

The Health, Educational and Housing Facility Board
of the County of Shelby, Tennessee
c/o Donnie Wilson, County Attorney
160 North Main Street, Suite 801
Memphis, TN 38103

The Winchester Law Firm (Attn: Stephen L. Anderson)
6060 Poplar Avenue, Suite 295
P.O. Box 17236
Memphis, Tennessee 38187

Neal & Harwell, PLC
One Nashville Place, Suite 2000
150 4th Avenue North
Nashville, Tennessee 37219-2498
Attention: Tom Dundon, Esq.



James A. Skinner

RECEIVER'S REPORT OCTOBER 10, 2006

1. **SALE:** The Receiver received October 6, 2006 a Purchase Agreement for the Corners Apartments, 4150 Winchester Road, Memphis, Tennessee 38118. The buyers will serve as the "Stalling House" in accordance with the Sale Procedures Order dated September 1, 2006.

2. **OCCUPANCY:** Residents who have failed to pay rent have been evicted. Occupancy declined in September to 24 or 14%. However, three (3) new residents have moved in during September and two (2) more in October.

3. **OPERATING LOAN:** The Receiver requested Court permission for a loan of \$50,000 which was granted September 19, 2006 to finance operating expense to November 30, 2006.

3. **FINANCIAL RESULTS:**

Exhibit A: Receipts and Disbursement 9/01/06 – 9/29/06

Exhibit B: Operating Budgets September, October and November 2006

Exhibit C: September 2006 Budget v. Actual

CME - Corners, Inc. - Operating account
Cash receipts and disbursements - *Sept '06*

<u>Date</u>	<u>Ck #</u>		<u>Debits</u>	<u>Credits</u>	<u>Adjusted Balance</u>
		Balance forward			48,930.69
09/01/06	1063	Memphis City Wide Security		(1,889.00)	47,041.69
09/01/06	1064	Budget Premium Co - liab and prop insur		(8,760.75)	38,280.94
09/01/06	1065	Memphis Light Gas and Water-utilities		(4,118.39)	34,162.55
09/01/06	1066	Petty Cash		(587.65)	33,574.90
09/01/06	deposit	Rent	550.00		34,124.90
09/01/06	1067	ADT Security Services Inc.		(35.00)	34,089.90
09/01/06	1068	ADT Security Services Inc.		(45.00)	34,044.90
09/05/06	deposit	Rent	2,720.00		36,764.90
09/06/06	1069	Puryear Hamilton Hausman and Wood - acctg		(2,442.50)	34,322.40
09/06/06	1070	Crocker and Niarhos - legal services		(4,305.59)	30,016.81
09/06/06	deposit	Rent	1,945.00		31,961.81
09/07/06	deposit	Transfer forfeited security deposits to operations	150.00		32,111.81
09/07/06	auto w/d	Payroll, net		(1,874.36)	30,237.45
09/08/06	auto w/d	Payroll taxes		(589.16)	29,648.29
09/08/06	deposit	Rent	540.00		30,188.29
09/11/06	auto w/d	Paychex charges		(101.96)	30,086.33
09/12/06	deposit	Rent	855.00		30,941.33
09/12/06	1071	Petty Cash		(415.99)	30,525.34
09/12/06	1072	C & C Construction final pmt to replace stolen A/C unit		(1,850.00)	28,675.34
09/13/06	deposit	Rent and laundry	329.50		29,004.84
09/14/06	1073	CLM Landscape		(1,500.00)	27,504.84
09/14/06	1074	T and J Carpet Cleaning		(120.00)	27,384.84
09/14/06	deposit	Rent	570.00		27,954.84
09/18/06	deposit	Rent	1,122.00		29,076.84
09/21/06	1072 - void	Stop payment on #1072	1,850.00		30,926.84
09/21/06	1075	C & C Construction final pmt to replace stolen A/C unit		(1,850.00)	29,076.84
09/21/06	Credit	Charge for stop payment		(31.00)	29,045.84
09/21/06	auto w/d	Payroll, net		(1,874.36)	27,171.48
09/22/06	auto w/d	Payroll taxes		(589.16)	26,582.32
09/25/06	1076	Cumberland and Ohio Company of Texas		(7,982.18)	18,600.14
09/26/06	deposit	Rent	750.00		19,350.14
09/29/06	deposit	Rent	802.00		20,152.14
09/30/06	Credit	Insufficient funds		(600.00)	19,552.14
09/29/06	deposit	interest income for checking acct for Sept	6.16		19,558.30
09/29/06	auto w/d	Maintenance fee		(10.00)	19,548.30
09/29/06	auto w/d	Bank charges		(11.08)	19,537.22

CME - Corners, Inc.
Budgets
September, October, and November 2006

	<u>September 2006</u>	<u>October 2006</u>	<u>November 2006</u>
Opening balance	\$ 48,930.69	\$ 16,951.69	\$ 4,472.69
Cash receipts:			
Rental income	11,000.00	11,500.00	11,500.00
Other income	-	-	-
Priority loan	-	20,000.00	30,000.00
	<u>11,000.00</u>	<u>31,500.00</u>	<u>41,500.00</u>
Total cash receipts			
	<u>11,000.00</u>	<u>31,500.00</u>	<u>41,500.00</u>
Cash disbursements:			
Petty Cash	525.00	525.00	525.00
Utilities	4,500.00	4,500.00	4,500.00
ADT Security	80.00	80.00	80.00
MCI/Phone	150.00	150.00	150.00
Security services-Memphis city wide	1,889.00	1,889.00	1,889.00
Lawn service	1,600.00	1,600.00	1,600.00
Payroll and payroll taxes	5,500.00	5,500.00	5,500.00
General maintenance	800.00	800.00	800.00
Late fees and bank charges	50.00	50.00	50.00
Background checks/credit reports	125.00	125.00	125.00
Property and General liability insurance	8,760.00	8,760.00	8,760.00
Accounting and legal	7,000.00	8,000.00	8,000.00
Receiver expenses	12,000.00	12,000.00	12,000.00
	<u>42,979.00</u>	<u>43,979.00</u>	<u>43,979.00</u>
Total cash disbursements			
	<u>42,979.00</u>	<u>43,979.00</u>	<u>43,979.00</u>
Net cash receipts (disbursements)	<u>(31,979.00)</u>	<u>(12,479.00)</u>	<u>(2,479.00)</u>
Closing balance	<u>\$ 16,951.69</u>	<u>\$ 4,472.69</u>	<u>\$ 1,993.69</u>

Corners, Inc.
 September 2006 budget and actual -Operating account
 Cash Basis

	Budget	Actual	Variance	% Variance Over (under) Budget
Beginning Cash Balance	<u>48,930.69</u>	<u>48,930.69</u>	<u>-</u>	
Cash receipts:				
Rental income	11,000.00	9,454.00	(1,546.00)	-14.05%
Other income	-	285.66	285.66	>99.99%
Total cash receipts	<u>11,000.00</u>	<u>9,739.66</u>	<u>(1,260.34)</u>	
Cash disbursements:				
Petty Cash	525.00	921.13	396.13	75.45%
Utilities	4,500.00	4,118.39	(381.61)	-8.48%
ADT Security	80.00	80.00	-	0.00%
MCI/Phone	150.00	82.51	(67.49)	-44.99%
Security services-Memphis city wide	1,889.00	1,889.00	-	0.00%
Lawn service	1,600.00	1,500.00	(100.00)	-6.25%
Payroll and payroll taxes	5,500.00	5,029.00	(471.00)	-8.56%
General maintenance	800.00	1,970.00	1,170.00	146.25%
Late fees and bank charges	50.00	52.08	2.08	4.16%
Background checks/credit reports	125.00	-	(125.00)	-100.00%
Property and General liability insurance	8,760.00	8,760.75	0.75	0.01%
Accounting and legal	7,000.00	6,748.09	(251.91)	-3.60%
Receiver expenses	12,000.00	7,982.18	(4,017.82)	-33.48%
Total cash disbursements	<u>42,979.00</u>	<u>39,133.13</u>	<u>(3,845.87)</u>	
Net cash receipts (disbursements)	<u>(31,979.00)</u>	<u>(29,393.47)</u>	<u>2,585.53</u>	
Ending Cash Balance	<u>16,951.69</u>	<u>19,537.22</u>	<u>2,585.53</u>	

(1) Continued decline in residents

(2) Includes remaining \$1,850 for replacement of stolen A/C unit

(3) Less activity than anticipated.