



SECOND 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

Default by Lessee, Commencement of Lawsuit and Appointment of Receiver over Project

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.

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 the 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, the "Regulatory Agreement") 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.

On April 7, 2006 (the "Notice Date"), the Trustee issued the Borrower a Notice of Default, detailing certain defaults under the Lease Agreement and Indenture. Upon occurrence of an Event of Default under the Lease Agreement, the Trustee may, among other things, declare all amounts due under the Lease Agreement to be immediately due and payable by acceleration and take whatever action necessary to collect all amounts due under the Lease Agreement, including without limitation suing for specific performance of the Lease Agreement and/or the Regulatory Agreement.

In accordance with the Indenture and the Lease Agreement, on April 21, 2006, the Trustee commenced a lawsuit against the Issuer and CME Corners in United States District Court for the Western District of Tennessee by filing a Verified Complaint for Appointment of Receiver, Injunctive Relief, and Damages (the "Verified Complaint"). The Verified Complaint seeks (i) appointment of a receiver pursuant to Tennessee law to take control of the Project and other collateral, (ii) injunctive relief to prevent creditors from enforcing their rights against the Project and other collateral, and (iii) a judgment for the outstanding amount of the Bonds as payable under the Lease Agreement. The lawsuit, Case No. 06-cv-2239, is currently pending before the Honorable Jon Phipps McCalla in the United States District Court for the Western District of Tennessee in Memphis (the "Court"). An answer or response to the Verified Complaint is due from CME Corners on or before May 16, 2006.

Also on April 21, 2006, the Trustee filed an Expedited Motion and Memorandum of Law in Support of Motion for Appointment of Receiver, Injunctive Relief, to Set Bond, and to Set Hearing (the "Expedited Motion"). The Court set and conducted a hearing on the Expedited Motion on May 4, 2006 at 3:00 p.m. (the "Hearing"). The Issuer and CME Corners indicated prior to the Hearing that they did not oppose the relief sought. At the conclusion of the Hearing, the Court entered an Order Appointing Receiver, Granting Injunctive Relief, and Setting Bond (the "Receiver Order"). Pursuant to the Receiver Order, Cumberland & Ohio Co. of Texas has been appointed as receiver (the "Receiver"). The Receiver is charged with taking control of the Project and other collateral and protecting the value of the Project and such collateral. In addition, the Court implemented a preliminary injunction preventing certain interference with the Receiver's exercise of his control powers under the Receiver Order. Finally, pursuant to the Receiver Order, the Receiver is required to post a bond of \$1,000 with the Court.

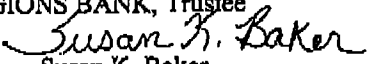
The Trustee does not anticipate receiving sufficient funds from the Receiver to make principal and interest payments on the Bonds during the Event of Default and pendency of the receivership. Going forward, it is anticipated that the Receiver will sell the Project in order to realize upon the collateral for the Bonds. The exact timing of a sale has not been determined by the Receiver. The Trustee will give notice of any potential sale. As the case progresses, the Trustee will provide information to Bondholders regarding material events of a public nature of which Trustee has knowledge.

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.

The Receiver Order, this Notice and previous and future notices to bondholders will be made available at the following website: <http://www.wallerlaw.com/courtnotice.cfm>. 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: May 9, 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.