

**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.	)	

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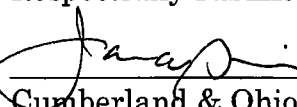
**RECEIVER'S NOTICE OF RECEIVER'S REPORT  
PURSUANT TO ORDER APPOINTING RECEIVER, GRANTING  
INJUNCTIVE RELIEF, AND SETTING BOND**

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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 June 12, 2006 – July 14, 2006 with July, August and September 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.

Respectfully submitted:



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Cumberland & Ohio Co. of Texas  
James A. Skinner, President  
732 Harpeth Trace Drive  
Nashville, Tennessee 37221  
TEL (615) 352-2351  
FAX (615) 352-9117  
[jaskinner@comcast.net](mailto:jaskinner@comcast.net)

**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 14 day of July, 2006.

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

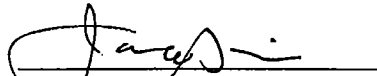
Dr. Annie J. Carter  
2513 Oak Forrest Drive  
Antioch, TN 37013

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 4<sup>th</sup> Avenue North  
Nashville, Tennessee 37219-2498  
Attention: Tom Dundon, Esq.

  
James A. Skinner

## RECEIVER'S REPORT JULY 14, 2006

1. Sale: CB Richard Ellis Memphis has developed mailers and offering circulars that have been sent to approximately 3,500 potential prospect groups. Over the next four weeks (approximately July 20 to August 17) will be filled with tours and buyers underwriting discussions. Due diligence by prospective buyers will begin when a qualified buyer is under contract.
2. Delinquency: On April 30, 2006, the Property Rent Roll listed 71 residents with 31 residents current on their rent and 37 delinquent. The delinquent accounts were \$66,446.69 and ranged from 1 to 7 months. Since the Receivership 31 residents have been evicted or skipped and the 6 remaining delinquent residents at June 30, 2006 are being evicted or are making financial arrangements to become current with their rent.
3. Occupancy: Occupancy at June 30, 2006 was 37 residents or 21%. Of the 179 apartments there are currently only 4 apartments in a rentable condition. The others are either fire damaged or vandalized. Despite heavy security, vandals continue to steal air conditioner parts and copper wiring.
4. Insurance: The insurance carrier required that the fire damaged buildings have the roofs tarped and all door and windows boarded which has been completed at a cost of \$8,323.50 in June.
5. Bar Date: Counsel for the Receiver is preparing Bar Date Motion and Proof of Claims forms to be submitted shortly.
6. Subpoena of Taliafaro, Inc.: On July 5, 2006, counsel for the Receiver issued a subpoena for the production of documents and answer questions of certain Pre-Receivership payments, since the Receiver's previous request of June 19, 2006 was ignored.
7. Demand of Return of Pre-Receivership Funds by Memphis Light, Gas and Water Division ("MLGW"): On July 11, 2006, the Receiver demanded that MLGW return \$21,689.86 in amounts charged for Pre-Receivership claims.
8. Financial Results:
  - Exhibit A: June 2006 Actual Income & Expense
  - Exhibit B: Cash Receipts & Disbursements 5/10/06 – 6/30/06
  - Exhibit C: Revised Budgets – July, August, September 2006

Corners, Inc.  
 June 2006 actual -Operating account  
 Cash Basis

	<u>Actual</u>
<b>Beginning Cash Balance</b>	<u>163,640.50</u>
<b>Cash receipts:</b>	
Rental income	11,147.00
Other income	<u>39.08</u>
Total cash receipts	<u>11,186.08</u>
<b>Cash disbursements:</b>	
Petty Cash	517.44
Utilities - Electricity	4,129.33
Utilities - Water and sewer	2,189.76
Utilities - Security deposit	5,335.00
ADT Security	80.00
MCI/Phone	217.41
Security services-Memphis city wide	3,778.00
Lawn service	1,500.00
Payroll and payroll taxes	7,703.81
Equipment lease (computer, fax, etc.)	-
General maintenance	850.00
Repairs and tarping burned building 4130	8,323.50
Office supplies	-
Security deposit refunds	550.00
Late fees and bank charges	172.96
Answering service	-
Background checks/credit reports	-
Property and General liability insurance	35,922.51
Accounting and legal	5,250.00
Appraisal	5,500.00
Receiver expenses	15,375.00
Total cash disbursements	<u>97,394.72</u>
Net cash receipts (disbursements)	<u>(86,208.64)</u>
<b>Ending Cash Balance</b>	77,431.86

CME - Corners, Inc.  
Cash receipts and disbursements

<u>Date</u>	<u>Ck #</u>		<u>Debits</u>	<u>Credits</u>	<u>Adjusted Balance</u>
					\$0.00
05/10/06		Rent	7,151.00		7,151.00
05/12/06		Insurance settlement	172,671.99		179,822.99
05/15/06		Rent	2,603.00		182,425.99
05/16/06		Rent	2,748.50		185,174.49
	1001	void		-	185,174.49
05/17/06	cashier ck	Memphis Light Gas and Water - water/sewer		(16,052.16)	169,122.33
05/12/06		Returned ck - Abubakar 3515-apt 13		(320.00)	168,802.33
05/18/06	1002	Taliafaro Inc. payroll for 5-19-06		(2,986.85)	165,815.48
	1003	void			165,815.48
05/18/06	cashier ck	Memphis Light Gas and Water-electricity		(2,710.97)	163,104.51
05/22/06		Rent	1,314.00		164,418.51
05/23/06	1004	Rev A D Sledge - pump rental to pump pool		(91.78)	164,326.73
	1005	void			164,326.73
05/24/06	1006	Verizon		(130.49)	164,196.24
05/24/06	1007	ADT Security Services		(80.00)	164,116.24
05/24/06	1008	Prudencio Ramirez - lawn		(1,600.00)	162,516.24
	1009	void			162,516.24
05/24/06	cashier ck	CC Dickson - Air cond. Repair #3532-1		(779.74)	161,736.50
05/25/06	1010	Straight Arrow Screening		(100.00)	161,636.50
05/25/06	1011	A.D. Sledge - petty cash		(500.00)	161,136.50
05/31/06		Rent	2,504.00		163,640.50
		Total for May 2006			
	1012	void for Paychex			163,640.50
	1013	void			163,640.50
06/01/06	deposit	Rent	749.00		164,389.50
06/02/06	auto w/d	Payroll, net		(1,903.37)	162,486.13
06/01/06	credit	Returned check charge for May		(6.00)	162,480.13
06/01/06	deposit	Interest income for checking acct for May	16.22		162,496.35
06/05/06	deposit	Rent	4,315.00		166,811.35
06/06/06	deposit	Rent	830.00		167,641.35
06/06/06	1014	Memphis Light Gas and Water-electricity		(11,798.34)	155,843.01
06/07/06	deposit	Rent	1,100.00		156,943.01
06/07/06	1015	Michael Taylor - security depo refund		(100.00)	156,843.01
06/07/06	1016	Vernon Henderson - security depo refund		(150.00)	156,693.01
06/07/06	1017	Cannice Baily - security depo refund		(150.00)	156,543.01
06/07/06	1018	Sherrod Horn - security depo refund		(150.00)	156,393.01
06/07/06	deposit	Reimbursement from Security Deposit account	550.00		156,943.01
06/08/06	1019	Budget Premium Co		(35,922.51)	121,020.50
06/08/06	1020	Puryear Hamilton Hausman and Wood		(2,825.00)	118,195.50
06/08/06	1021	Anthony D. Sledge - reimb petty cash		(602.81)	117,592.69
06/12/06	1022	Province Valuation Group		(5,500.00)	112,092.69
06/12/06	1023	Crocker and Niarhos		(2,175.00)	109,917.69
06/12/06	1024	Danny Cannon DBA C & C Construction - roof tarp		(2,375.00)	107,542.69
06/12/06	1025	Danny Cannon DBA C & C Construction #1 of 2-fire boarding		(2,974.25)	104,568.44
06/12/06	deposit	Rent	815.00		105,383.64
	1026	void			105,383.64
06/13/06	1027	Memphis City Wide Security		(1,889.00)	103,494.64
06/16/06	deposit	Rent	1,054.00		104,548.64
06/16/06	auto w/d	Payroll, net		(1,896.12)	102,652.52
06/16/06	auto w/d	Payroll taxes		(760.18)	101,892.34
06/19/06	1028	ADT Security		(35.00)	101,857.34
06/19/06	1029	ADT Security		(45.00)	101,812.34
06/19/06	1030	Danny Cannon DBA C & C Construction #2 of 2-fire boarding		(2,974.25)	98,838.09
06/19/06	1031	Memphis City Wide Subpoenas		(250.00)	98,588.09
06/20/06	deposit	Rent	200.00		98,788.09
06/20/06	auto w/d	Payroll taxes for 6-2-06 payroll		(600.52)	98,187.57
06/23/06	1032	Danny Cannon DBA C & C Construction (Balcony 3522#2)		(850.00)	97,337.57
06/23/06	1033	Lauro Santiago - lawn		(1,500.00)	95,837.57
06/23/06	deposit	Rent	527.00		96,364.57
06/26/06	1034	Verizon		(132.24)	96,232.33
06/26/06	1035	Cumberland and Ohio Co of Texas		(15,375.00)	80,857.33
06/26/06	deposit	Rent	1,107.00		81,964.33
06/27/06	deposit	Rent	450.00		82,414.33
06/28/06	deposit	Reimbursement from Security Deposit account	4,910.00		87,324.33
06/28/06	1036	Memphis City Wide Security		(1,889.00)	85,435.33
06/30/06	auto w/d	Payroll, net		(1,874.36)	83,560.97
06/30/06	auto w/d	Payroll taxes		(689.26)	82,871.71

CME - Corners, Inc.  
Security deposit account

<u>Date</u>	<u>Ck #</u>	<u>Debits</u>	<u>Credits</u>	<u>Adjusted Balance</u>	<u>Security depo refunds</u>
5/16/2006	Open account	10,610.00		10,610.00	
6/7/2006	1 to Operating account		(550.00)	10,060.00	(550.00)
6/26/2006	2 void		-	10,060.00	
6/28/2006	3 to Operating account		(4,910.00)	5,150.00	(4,910.00)

**CME - Corners, Inc.**  
**Budgets**  
**July, August, and September 2006**

	<u>July 2006</u>	<u>August 2006</u>	<u>September 2006</u>
<b>Opening balance</b>	\$ 77,413.81	\$ 36,294.81	\$ (4,324.19)
<b>Cash receipts:</b>			
Rental income	11,000.00	11,500.00	12,000.00
Other income	-	-	-
	<u>11,000.00</u>	<u>11,500.00</u>	<u>12,000.00</u>
Total cash receipts	<u>11,000.00</u>	<u>11,500.00</u>	<u>12,000.00</u>
<b>Cash disbursements:</b>			
Petty Cash	525.00	525.00	525.00
Utilities - Electricity	2,500.00	2,500.00	2,500.00
Utilities - Water and sewer	5,600.00	5,600.00	5,600.00
Utilities - Security deposit	-	-	-
ADT Security	80.00	80.00	80.00
MCI/Phone	140.00	140.00	140.00
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	7,700.00	7,700.00	7,700.00
Equipment lease	100.00	100.00	100.00
General maintenance	800.00	800.00	800.00
Office supplies	300.00	300.00	300.00
Late fees and bank charges	-	-	-
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	8,000.00	8,000.00	6,000.00
Receiver expenses	<u>14,000.00</u>	<u>14,000.00</u>	<u>14,000.00</u>
	<u>52,119.00</u>	<u>52,119.00</u>	<u>50,119.00</u>
Total cash disbursements	<u>52,119.00</u>	<u>52,119.00</u>	<u>50,119.00</u>
	<u>(41,119.00)</u>	<u>(40,619.00)</u>	<u>(38,119.00)</u>
Net cash receipts (disbursements)	<u>(41,119.00)</u>	<u>(40,619.00)</u>	<u>(38,119.00)</u>
<b>Closing balance</b>	<u>\$ 36,294.81</u>	<u>\$ (4,324.19)</u>	<u>\$ (42,443.19)</u>