

**IN THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE**

IN RE:)
)
 SENTINEL TRUST COMPANY) **NO. 4781**
)
)

**SENTINEL TRUST RECEIVER’S MOTION FOR APPROVAL
OF DISTRIBUTION TO DADE CITY, FLORIDA
SERIES 1998 BOND ISSUE BONDHOLDERS**

I. INTRODUCTION

Through this Motion, the Sentinel Trust Receiver requests the Court’s approval of a distribution of funds to the bondholders of a bond issue known as the Dade City Series 1998/Pasco Nursing Home Bond Issue (“Dade City 1998 Bond Issue”).

II. FACTUAL BACKGROUND

In or around December 2002, the Dade City 1998 Bond Issue fell into default. The borrower that was obligated to pay principal and interest on that bond issue was Chamber Health Care Society, Inc. (“Chamber”). Sentinel Trust was the indenture trustee on the Dade City 1998 Bond Issue. Sentinel Trust proceeded to foreclose on the property, but the foreclosure sale did not yield sufficient funds to address the debt owed by Chamber. Indeed, there was, from Sentinel Trust’s perspective, a deficiency of approximately \$1.7 million as between what was owed by Chamber and what was yielded from the foreclosure sale. Sentinel Trust pursued the deficiency in a lawsuit filed against Chamber in a Florida state court. As part of that action, the parties were ordered to mediation. It was at this point in time that Sentinel Trust was taken possession of by the Commissioner of the Tennessee Department of Financial Institutions and the Receiver appointed. Mediation with Chamber was conducted by representatives of the

Receiver in Tampa, Florida on October 20, 2004. Mediation did not result in the settlement of the dispute. However, subsequent discussions resulted in the settlement of this matter, the only condition being the approval of this Court.

On November 8, 2004, the Receiver filed a Motion to Approve Settlement of Claim with Chamber Health Care Society, Inc. Concerning Dade City Series 1998 Bond Issue. The Court entered an Order Approving Settlement on November 15, 2004.

The settlement had an up front cash payment and an "over-time" cash payment component. Chamber has just paid the last payment called for in the agreements between it and the Sentinel Trust Receiver. The total amount that is being held by the Sentinel Trust Receiver in relation to the settlement is \$636,676.28, which breaks down to \$622,150.00 in payments from Chamber and \$14,526.28 in interest¹ earned on the funds held by the Receiver.

The other component of the settlement with Chamber was the assignment of Chamber's claim in the Sentinel Trust Receivership estate to the Receiver for the benefit of the Dade City 1998 Bond Issue bondholders. That claim arose from Chamber's involvement in another bond issue -- the Newton County, Georgia Industrial Development Authority Series 1998A/Riverside Facility Bond Issue. The amount of that claim in the Sentinel Trust Receivership is \$356,603.91 and has been presented in the pending Schedule of Claim Determinations as a claim by the Sentinel Trust Receiver on behalf of the Dade City 1998 Bond Issue bondholders². Payment of that part of the settlement must await approvals of any interim distribution(s) allowed by the Court and/or final distribution in conjunction with the closing of the Sentinel Trust Receivership estate.

¹ This is the computation of interest earned through March 17, 2006.

² See Notice of Filing of Commissioner-in-Possession and Receiver's Schedule of Claim Determinations and Motion Seeking Approval filed January 31, 2006, at pages 11-12 for further explanation of the assignment of claim and also refer to the Schedule of Claim Determinations (Exhibit A to that filing) at pg. 6 where the Receiver's Dade City 1998 Bond Issue claim is noted.

**III. DISTRIBUTION FOR PAYMENT OF FEES AND EXPENSES
INCURRED REGARDING DADE CITY 1998 BOND ISSUE**

Attached as **Exhibit A** is a chart showing, amongst other matters, the fees and expenses incurred by the Receiver regarding the Dade City 1998 Bond Issue. The amounts are the amounts paid by the Receiver for post- May 18, 2004 fees and expenses incurred on the Dade City 1998 Bond Issue -- an amount of \$23,195.54. Also included in the post- May 18, 2004 fees and expenses is a good faith estimate of fees and expenses expected to be incurred on this matter for the months of March, April and May 2005 (\$2,500.00 for Receiver's fees and expenses, \$2,500.00 for legal fees and expenses and \$1,000.00 for miscellaneous fees and expenses).

Accordingly, the Receiver requests that the amount of \$29,195.54 be distributed from the \$636,676.28 settlement proceeds in payment of the incurred and anticipated post-Sentinel Trust Receivership fees and expenses on the Dade City 1998 Bond Issue. Also, as noted on **Exhibit A**, the Receiver requests that a small amount of \$856.74 be held in reserve to address expenses beyond May 2006 associated with the Dade City 1998 Bond Issue.

IV. PAYMENT TO BONDHOLDERS

The remaining \$606,624.00 will yield a 34¢/\$1.00 payment to the Dade City 1998 Bond Issue bondholders. See Exhibit A.

V. ARGUMENT IN FAVOR OF DISTRIBUTION

The distribution of the settlement proceeds should be approved. The amounts sought for fees and expenses, as well as the amount requested to be held back as reserve for future expenses, are reasonable. The bulk of the funds that could be distributed to the Dade City 1998 Bond Issue bondholders is now available for distribution. The Commissioner-in-Possession and Receiver assert that there is no compelling reason to wait for any interim or final distributions as

to the Receiver's Dade City 1998 Bond Issue claim.³ The amount currently being held by the Receiver justifies a distribution to the Dade City 1998 Bond Issue bondholders.

So as to be clear, the \$636,676.28 that is requested to be distributed are not funds held in the Pooled Fiduciary Account. Rather, that amount is being held separately by the Receiver, on behalf of the Dade City 1998 Bond Issue bondholders.

VI. REQUEST TO CERTIFY ANY ORDER APPROVING DISTRIBUTION AS FINAL PURSUANT TO RULE 54.02 TENN.R.CIV.P.

The Sentinel Trust receiver further moves that if the Court approves the matters requested herein and has an order entered to that effect, then that order should be certified as a final order pursuant to Rule 54.02 Tenn.R.Civ.P. There is no just reason for delaying the finality of an order approving distribution of funds being held in relation to the Dade City 1998 Bond Issue default. The certainty of payments sent to bondholders is enhanced through the entry of any order as a final order. Accordingly, it is requested that the Court specifically find that there is no just cause for delay and instruct the Clerk & Master to enter the order approving the distribution requested herein as a final order pursuant to Rule 54.02 Tenn.R.Civ.P.

VII. NOTICE TO BONDHOLDERS

Notice of this Motion has been provided to all current Dade City 1998 Bond Issue bondholders known to the Sentinel Trust Receiver. That Notice, a copy of which is attached as **Exhibit B**, was mailed on Friday, March 24, 2006, to each current bondholder at his/her/its address as reflected in the Sentinel Trust records. That Notice informs the bondholders of much

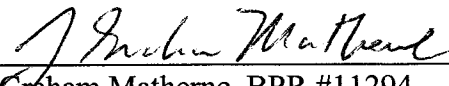
³ As the Court is aware, if the currently pending Motion for Approval of Schedule of Claims Determination is approved, the Commissioner-in-Possession and Receiver will be moving soon thereafter for permission to make an interim distribution to the approved Sentinel Trust Receivership claimants. Any such interim distribution would include an interim distribution on the Receiver's claim earlier described. If an interim distribution is approved by the Court prior to the end of May 2006, the Receiver reserves the ability to include proceeds from the Receiver's claim in the distribution requested herein. If an interim payment has not been approved by the end of May 2006, then the Receiver will proceed to make the distribution requested herein, if approved by the Court.

of the contents of this Motion, informs them of when and where the hearing on this Motion is to occur, directs them to the Department of Financial Institutions website to review the full text of this Motion (including exhibits) and provides them with telephone numbers to call with questions.

VIII. CONCLUSION

For the stated reasons, the Sentinel Trust Receiver requests that an order of Court issue as requested herein.

Respectfully submitted,



J. Graham Matherne, BPR #11294
Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, TN 37203-1423
(615) 244-0020

*Counsel for Receivership Management, Inc.,
Receiver of Sentinel Trust Company*

**THIS MOTION IS SET TO BE HEARD ON THE 12TH DAY OF APRIL, 2006 AT
1:00 P.M. IN HOHENWALD, LEWIS COUNTY, TENNESSEE**

However, pursuant to Previous Order of Court (entered September 9, 2005), if no written objections are filed and served by April 5, 2006, movants are relieved from being present in Hohenwald, Lewis County, Tennessee for the hearing of this Motion, and the Motion will be granted, absent timely-filed written objections, absent concern of the Court or absent material oral objections made on April 12, 2006.

CERTIFICATE OF SERVICE

This is to certify that on March 24th, 2006 a copy of the foregoing Motion has been sent by First Class U.S. Mail, postage paid, and also by facsimile as noted, to:

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also via fax (931-796-5692)

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Stokes, Bartholomew, Evans & Petree
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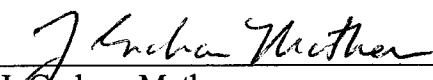
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J. Graham Matherne

Dade City, Florida Series 1998
(Chamber Health Care Project)

Accounting for Distribution to Dade City, Florida Bondholders

SERIES 1998A DUE 06/01/2003 \$1,620,000
SERIES 1998B DUE 12/01/2002 \$160,000

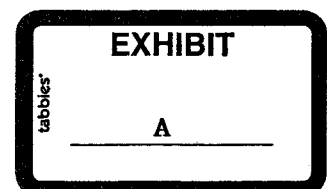
Account Summary for Dade City, Florida

Summary

Total Money Received Post May 18, 2004 - Cash Receipts - Tab 148RECEIPTS	\$ 622,150.00
Total Money Received Post May 18, 2004 - Interest on Receipts - Tab SWEEPDADE148	14,526.28
Total Post May 18, 2004 Expenses Due	<u>(29,195.54)</u>
Net Total Available to Bondholders	607,480.74
Total Amount Payable to Bondholders	<u>(606,624.00)</u>
Payout of \$1,780,000 @ 34.08%	
Residual Balance for Final Expenses	<u>\$ 856.74</u>

Bond #148

Account Detail	
Assessment of Expenses and Fees for Dade City, Florida-Post May 18, 2004	
Expenses Incurred 05-18-04 / 02-28-06 - Tab 148EXPSUM	\$ 23,195.54
Estimated Expenses 03-01-06 / 05-31-06	
Sentinel Trust Company	2,500.00
Wyatt Tarrant and Combs	2,500.00
Other	1,000.00
	-
Total Expenses Post May 18, 2004	\$ 29,195.54



DADE CITY FLORIDA
 CHAMBER HEALTH CARE ISSUE
 EXPENSE BY PAYEE THRU 02-28-06

	A	B
1	Description	Amount
2	CUMBERLAND & OHIO CO	-5,216.53
3	GINNIE VAN KESTEREN ESCROW TRUST	-3,510.80
4	PAUL WILLIAMS	-26.04
5	SENTINEL TRUST COMPANY	-2,750.00
6	SUMMIT DOCUMENT SERVICES NASHVILLE	-251.56
7	WYATT TARRANT & COMBS	-11,440.61
8		
9	OVERALL TOTAL	-23,195.54
10		
11		
12	3/20/2006 15:52	

Receivership Management, Inc.

P. O. Box 2307 Brentwood, TN 37024 (615) 370-0051 FAX (615) 373-4336

NOTICE TO BONDHOLDERS

\$1,840,000 DADE CITY, FLORIDA (Chambers Health Care Society, Inc. Project) Series 1999A and 1998B “(Bonds)” CUSIP#23342PAG8, PAH6,PAJ2, PAK9, PAL7, PAM5, PAN3, PAP8, PAQ6 AND PAR4.

Sentinel Trust Company (“the Trustee”) serves as indenture trustee under that certain Mortgage and Trust Indenture dated as of December 11, 1998 between the Trustee and Dade City, Florida (“the Issuer”). The current outstanding principal amount of the Bonds is \$1,780,000.

The Receiver for Sentinel Trust Company has filed with the Chancery Court in Lewis County, Tennessee a Motion requesting approval concerning the distribution of settlement funds between Chambers Health Care Society and the Receiver for Sentinel Trust Company. This Motion is set to be heard on April 12, 2006, 9:00 A.M. in Hohenwald, Lewis County, Tennessee.

Please refer to the Tennessee Department of Financial Institutions website at www.state.tn.us/financialinst/ to view the Motion and Exhibits concerning this requested distribution, which includes a distribution to bondholders.

Bondholders with questions about this notice may contact Receivership Management, Inc., Sentinel Trust Company Receiver, at 615-370-0051.

Dated: March 24, 2006

Sentinel Trust Company, as Trustee
thru Receivership Management, Inc., its Receiver

