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UNITED STATES COURTS
DISTRICT OF IDAHO

JUL 10 1998

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Attorneys for Trustee, Bernie R. Rakozy

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF IDAHO

In the Matter of

COMMUNITY HOME HEALTH, INC.

Debtor.

Case No. 98-02141

**PRELIMINARY ORDER
ALLOWING LIMITED
OPERATION AND USE OF CASH
COLLATERAL BY TRUSTEE**

The Trustee's Stipulation for Limited Operating Order and Motion for Use of Cash Collateral was heard by this court on an expedited basis on July 6, 1998 with notice to the debtor, U.S. Trustee, twenty largest creditors, U.S. Bank, Federal Medicare Intermediary, and Transamerica Insurance Finance Corporation. No objections were heard or filed.

Pursuant to Bankruptcy Code §§ 363(c) and 721, and for good cause appearing, IT IS HEREBY ORDERED that the Trustee is authorized to operate the Debtor's business for the limited purpose only of winding up the business administration of the debtor, including the handling, processing, and necessary related activities of: patient's records; Doctor's orders; private billings; Medicare and Medicaid billings; collection on accounts and billings; inventory reduction by returns to suppliers for reimbursements; quarterly and final Medicare and Medicaid reports; tax forms such as W-2's, 941 Forms and other ordinary course tax forms; and administrative law proceedings regarding governmental billings.

PRELIMINARY ORDER ALLOWING LIMITED OPERATION BY TRUSTEE - 1

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The Trustee is authorized to retain up to six of the Debtor's former employees on a contract basis, as needed, with compensation to be paid at commercially reasonable amounts not more than each was paid prior to bankruptcy. Said services shall be terminated as soon as each particular person's assigned activities or tasks are completed. In addition, the Trustee is authorized to pay for ordinary and necessary overhead expenses, such as rents, utilities, supplies, insurance, sales tax etc., as is commercially reasonable.

In order to carry out the above described limited operation, the Trustee is authorized to use the cash collateral of U.S. Bank for the purpose of paying compensation and the ordinary and necessary expenses described above. The Trustee shall segregate, in a separate bank account, all cash collateral to which U.S. Bank claims to be secured.

U.S. Bank shall be entitled to inspect all the estates' properties, books, and records at all reasonable times. Within twenty (20) days of entry of this order, the Trustee shall file a proposed budget projecting his best estimate of expenses and compensation to be paid. The Trustee shall further file with the court a monthly report in the form to be supplied by the U.S. Trustee's office. Claims or objections to a Bankruptcy Code Section 506(c) surcharge to secured property shall be reserved to further orders of this court. U.S. Bank reserves all rights it may have against any guarantors of the debtor's obligations.

This order is a preliminary order under 11 USC § 363 and shall be effective until the final hearing on this matter. A final hearing is hereby set for 1:30 p.m., August 5, 1998 subject to modification or termination at a final hearing. If not modified at the final hearing, this order shall be final and shall expire and not extend beyond ninety (90) days from entry without further order of the court.

DATED this 10th day of July, 1998.


UNITED STATES BANKRUPTCY JUDGE

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 10 day of July, 1998, a true and correct copy of the foregoing document was served by first-class mail, postage prepaid, and addressed to; by fax transmission to; by overnight delivery to; or by personally delivering to or leaving with a person in charge of the office as indicated below:

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