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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

**STIPULATION FOR
LIMITED OPERATING
ORDER AND MOTION FOR USE
OF CASH COLLATERAL**

Pursuant to Bankruptcy Code § 721, the undersigned, on behalf of the Trustee, Debtor, and U.S. Trustee, hereby stipulate to a Limited Operating Order in the form attached as Exhibit A. Pursuant to Bankruptcy Code § 363(c), the parties further request permission for the Trustee to use the cash collateral of U.S. Bank to carry out the limited operation. In support of this Stipulation, the parties allege:

1. The Debtor filed a voluntary Chapter 7 bankruptcy petition on June 25, 1998. The debtor was the largest home health care provider in Southern Idaho.
2. The filing of the Petition was sudden and in the middle of several critical business administrative processes. In order to maximize the recovery for services already performed,

patient records with Doctors' orders are required to be processed. Governmental reports including quarterly reports and final accounting for Medicare and Medicaid programs must be prepared and submitted. There are a significant amounts of Administrative Law cases pending which generally the debtor prevails in prior to final recovery. Tax forms including W-2's, 941 Forms and other reports need to be prepared. Accounts receivables need to be processed and billed. A significant amount of medical supplies inventory exists which can be returned to suppliers for refunds. Computerized information of the debtor needs to be preserved and closed down in an orderly fashion such that important information is not lost. The necessary tasks are in a specialized field requiring unique knowledge and skills of persons handling the duties.

3. The debtor estimates that receivables could yield \$300,000 from Medicare and Medicaid, \$200,000 from pending ALJ matters, \$100,000 in private billings, and \$68,000 miscellaneous. The debtor estimates that the U.S. Bank claim is roughly \$485,000.

4. U.S. Bank claims a security interest in all the estate's assets. The debtor estimates that the U.S. Bank claim is roughly \$485,000. The Trustee has not yet reviewed or verified the security documents of U.S. Bank as to the extent or enforceability of the secured claim, but assuming it is valid, there would still appear to be equity in the estate.

5. In order to maximize the estate's value in an orderly liquidation of the debtor, the parties stipulate and the Trustee seeks permission to operate the debtor corporation's business on a limited basis to wind up the administrative tasks but not offer or continue any health services to the public. As part of the limited operation the Trustee proposes to retain as contract consultants, on a limited as needed basis, the services of up to five or six key former employees

of the debtor. Some may need to work only part time. Each consultant will be used for only necessary administrative purposes and terminated as soon each of the duties can be wound up and completed. The Trustee believes, after consulting with the debtor, that such tasks can be completed within 60-90 days. The Trustee proposes to pay each an amount of consideration at the former employees' pre-petition compensation rate, prorated for the amount of time actually spent.

6. The proposed consultants and their respective compensation rates are:

Charon Castanon	\$63,000/yr.	Nurse handling patient records and Dr. orders
Ted Sleight	\$67,500/yr.	Accountant - quarterly/cost reports/ final accounting
Gary Kittleson	\$67,500/yr.	Acct. - Atty - Contracts, controller, taxes, ALJ closeouts
Chris Faubion	\$20.26/hr.	Records control - accounts payable control
Julie Eldred	\$13.10/hr.	Medical supplies / Inventory / purchasing
Doris Rice	\$38,500/yr.	Billor for Medicare & Medicaid.

The above proposed operation may also necessarily involve some overhead expenses which the Trustee will attempt to keep to a minimum but pay in the ordinary course of business as funds are available. Such items may include rents, utilities, supplies, insurance, sales tax etc.

7. The parties at this time reserve all rights and objections as to any surcharge allocation under 506(c) but the parties anticipate that a future stipulation can be worked out. U.S. Bank shall be allowed to inspect the property, books, and records of the debtor or the Trustee's limited operation at any reasonable time. Within 20 days of entry of the Order Allowing Limited Operation By Trustee, the Trustee will file a proposed budget projecting his best estimate of expenses and compensation to be paid. The Trustee will also submit a monthly report per a form to be supplied by the U.S. Trustee's office.

8. The Trustee has used every reasonable effort to obtain the consent of U.S. Bank to this motion. U.S. Bank has been notified and provided drafts of the proposal, but the Trustee has been unable to find any person within the organization who believes to have authority to enter into the consent for the requested order. However, the Trustee believes that ultimately U.S. Bank will consent in order to preserve the value of the receivables. Said receivables will lose substantial value if not processed and pursued promptly.

9. The parties request an expedited telephone hearing. Time is of the essence in order to preserve the value of assets in the estate.

DATED this 26 day of June, 1998.

EVANS, KEANE LLP

By Jed W. Manwaring
Jed W. Manwaring, Of the Firm
Attorneys for Bernie R. Rakozy, Trustee

RINGERT CLARK, CHARTERED

By Tania E. Bini for D. Blair Clark
Blair Clark, Of the Firm, Attorneys for
Debtor

U.S. TRUSTEE

By Jeffrey G. Howe
Jeffrey G. Howe, Assistant U.S. Trustee

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 26 day of June, 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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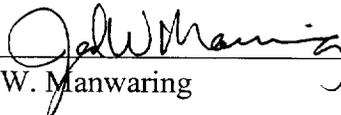
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