

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE:)	CASE NO. 05-85627
)	
RELIABLE AIR, INC. d/b/a)	Chapter 11
RELIABLE HEATING AND AIR,)	
)	JUDGE MASSEY
Debtor.)	

**DEBTOR'S MOTION FOR AUTHORITY TO PAY FLAG BANK
FROM PROCEEDS OF SALE OF COMMERCIAL REAL PROPERTY**

COMES NOW Reliable Air, Inc. d/b/a Reliable Heating and Air, debtor and debtor-in-possession in the above-referenced Chapter 11 case ("Debtor"), by and through the undersigned counsel, and files this Motion for Authority to Pay Flag Bank from Proceeds of Sale of Commercial Real Property (the "Motion"). In support of its Motion, the Debtor shows the Court as follows:

1. On November 22, 2005, Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor has continued in possession of its property and has continued to operate and manage its business as a debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

2. On August 10, 2006, this Court entered an order authorizing the Debtor to sell its commercial real property located at 15021 Highway 92, Woodstock, Cherokee County, Georgia 30188 (the "Commercial Property"), to JAT Partners, LP for a total purchase price of two million seventy-five thousand dollars (\$2,075,000.00).

3. The sale closed on August 25, 2006.

4. At closing, the Debtor paid a broker's commission in the amount of \$124,500; normal and customary closing costs, including real estate transfer taxes, 2005 ad valorem taxes and recording fees, in an aggregate amount of \$15,297.18; and paid Zion's First National Bank

\$1,588,589.45 in full and complete satisfaction all outstanding amounts owed by the Debtor.

5. The net proceeds of sale, totaling \$339,111.37, were placed in an escrow account maintained by Scroggins & Williamson pending a determination as to the validity and amount of claims asserted by Flag Bank and Mingledorff's, Inc. The Debtor has reached an agreement with Mingledorff's regarding the treatment of its claim and has filed simultaneously herewith a motion seeking approval of a settlement agreement between the Debtor and Mingledorff's.

6. On or about August 15, 2006, Flag Bank filed an amended proof of claim asserting a secured claim in the amount of \$60,825.27 plus interest calculated at a per diem rate of \$10.54 (the "Claim").

7. Flag Bank asserts that the Claim represents amounts unpaid pursuant to a promissory note (the "Note") executed by the Debtor in favor of Business Development Corporation of Georgia, Inc., on December 19, 2001 in the principal amount of \$157,000.00. Furthermore, Flag Bank asserts that the Note is secured by the Commercial Property as set forth in a Deed to Secure Debt executed by the Debtor in favor of Business Development Corporation of Georgia, Inc. also on December 19, 2006 (the Note with the Deed to Secure Debt are collectively referred to as the "Loan Documents").

8. At the request of the Debtor, Flag Bank has provided documentation sufficient to show the validity of the Loan Documents as well as the subsequent assignments of the Loan Documents from the Business Development Corporation of Georgia, Inc. to various parties and ultimately to Flag Bank.

9. The Debtor has reviewed the Loan Documents and the assignment documents and believes that the Claim asserted by Flag Bank is properly perfected and secured by the Commercial Property.

10. Debtor seeks authorization to pay Flag Bank in full from the net sale proceeds currently being held in escrow by Scroggins & Williamson. As of December 15, 2006, the amount owed will total \$62,111.15. This amount will be adjusted by the per diem rate of \$10.54 through the date of payment.

WHEREFORE, the Debtor respectfully requests that the Court (i) grant this Motion, (ii) authorize the Debtor to pay Flag Bank from the net sale proceeds from the sale of the Commercial Property which are currently being held in escrow, and (iii) grant such other and further relief as the Court deems just and proper.

This 16th day of November, 2006.

Respectfully submitted,

SCROGGINS & WILLIAMSON

/s/ Ashley R. Ray

J. ROBERT WILLIAMSON

Georgia Bar No. 765214

ASHLEY REYNOLDS RAY

Georgia Bar No. 601559

Counsel for the Debtor

1500 Candler Building
127 Peachtree Street, NE
Atlanta, GA 30303
(404) 893-3880

CERTIFICATE OF SERVICE

This is to certify that on this date I served a true and correct copy of the attached **Motion for Authority to Pay Flag Bank from Proceeds of Sale of Commercial Real Property**, by causing same to be deposited in the United States Mail with adequate postage affixed thereon and addressed to the following persons:

Thomas W. Dworschak, Esq.
Office of the United States Trustee
362 Richard Russell Building
75 Spring Street, S.W.
Atlanta, GA 30303

Larry R. Landry, Esq.
Quirk & Quirk, PC
2964 Peachtree Road
Suite 450
Atlanta, GA 30305

This 16th day of November, 2006.

SCROGGINS & WILLIAMSON

/s/ Ashley R. Ray

J. ROBERT WILLIAMSON
Georgia Bar No. 765214
ASHLEY REYNOLDS RAY
Georgia Bar No. 601559
Counsel for the Debtor

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127 Peachtree Street, NE
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**IN THE UNITED STATES BANKRUPTCY COURT
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IN RE:)	CASE NO. 05-85627
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RELIABLE AIR, INC. d/b/a)	Chapter 11
RELIABLE HEATING AND AIR,)	
)	JUDGE MASSEY
Debtor.)	

NOTICE OF HEARING

PLEASE TAKE NOTICE that on November 16, 2006, Reliable Air, Inc., Debtor in the above-referenced case (“Debtor”), filed its Motion for Authority to Pay Flag Bank From Proceeds of Sale of Commercial Property (the “Motion”). The Motion is available for inspection at the office of the Clerk, United States Bankruptcy Court, 75 Spring Street, SW, Room 1340, Atlanta, Georgia 30303.

PLEASE TAKE FURTHER NOTICE that the Court will hold a hearing on the Motion in Courtroom 1404, United States Courthouse, 75 Spring Street, SW, Atlanta, Georgia, on the **12th day of December, 2006, at 11:00 o'clock a. m.**

Your rights may be affected by the Court’s ruling on these pleadings. You should read these pleadings carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.) If you do not want the Court to grant the relief sought in the Motion, or if you want the Court to consider your views, then you and/or your attorney must attend the hearing. You may also file a written response to the Motion with the Clerk at the address stated below, but you are not required to do so. If you file a written response, you must attach a certificate stating when, how and on whom (including address) you served the response. Mail or deliver your response so that it is received by the Clerk at least two business days before the hearing. The address of the Clerk's office is: Clerk, United States Bankruptcy Court, 75 Spring Street, SW, Room 1340, Atlanta, Georgia 30303. You must also mail a copy of your response to the undersigned at the address stated below.

This 16th day of November, 2006.

SCROGGINS & WILLIAMSON

/s/ Ashley R. Ray

J. ROBERT WILLIAMSON
Georgia Bar No. 765214
ASHLEY REYNOLDS RAY
Georgia Bar No. 601559
Counsel for the Debtor

1500 Candler Building
127 Peachtree Street, NE
Atlanta, GA 30303
(404) 893-3880

CERTIFICATE OF SERVICE

This is to certify that on this date I served a true and correct copy of the within and foregoing **Notice of Hearing** by causing same to be deposited in the United States Mail with adequate postage affixed thereon and addressed to the persons on the attached Service List.

This 16th day of November, 2006.

Respectfully submitted,

SCROGGINS & WILLIAMSON

/s/ Ashley R. Ray

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Georgia Bar No. 765214
ASHLEY REYNOLDS RAY
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Counsel for the Debtor

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SERVICE LIST

@ROAD

Mobile Resource Mgt.
47200 Bayside Parkway
Freemont, CA 94538

ADP

P. O. Box 9001006
Louisville, KY 40290-1006

All Fleet and Auto Service
9880 Main Street
Woodstock, GA 30188

All Star Auto Glass
10219 Hwy. 58
Ooltewah, TN 37363

American General Finance
Georgetown Sq
4490 Chamblee Dunwoody Rd.
Atlanta, GA 30338-6221

American Standard
c/o Wagner, Falconer & Judd, LLC
3500 IDS Center
80 South 8th Street
Minneapolis, MN 55402

APEX Supply Co., Inc.
d/b/a The Home Depot Supply
3300 Breckinridge Boulevard, Suite 100
Duluth, GA 30096

AT&T

P. O. Box 9001309
Louisville, KY 40290-1309

Atlanta Supply Co.
1333 Logan Circle, NW
Atlanta, GA 30318

Austin's Used Truck Parts
2545 Cochran Industrial Blve.
Douglasville,, GA 30134

Barnett

P. O. Box 404295
Atlanta, GA 30384

BDR

19604 International Blvd.
Seatac, WA 98188

Bell South Advertising & Publishing Corp
P.O. Box 105024
Atlanta, GA 30348-5024

BellSouth

P. O. Box 105262
Atlanta, GA 30348-5262

Bennett Thrasher

One Overton Park
Atlanta, GA 30339

Benson Printing, Inc.

220 Turner Blvd.
Ballground, GA 30107

Bill Heard Chevrolet

950 Barrett Parkway
Kennesaw, GA 30144

Blue Iris Consulting, LLC

4140 Blue Iris Hollow
Norcross, GA 30092

Buckhead Yellow Pages

2889 Knob Hill Dr.
Atlanta, GA 30339

Carl Black Truck Center

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Kennesaw, Ga 30144

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CC Dickson Co.

P.O. Box 13501
Rock Hill, SC 29731-3501

CC Dickson

Escrow Acct. of Joe Perry Redd
1959-G Parker Court
Stone Mountain, GA 30087

Champion Lawn Care

3000 Old Alabama Road
Alpharetta, GA 30022

Chastain Chem-Dry
P. O. Box 421971
Atlanta, GA 30342

Cherokee County Water Authority
P. O. Box 5000
Canton, GA 30114-5000

Cherokee County Tax Commissioner
100 North St., Suite 150
P. O. Box 449
Canton, GA 30114

Cherokee Ledger-News
P. O. Box 2369
Woodstock, GA 30188

Cingular Wireless
P. O. Box 30523
Tampa, FL 33630-3523

Cintas Corporation
3600 Kennesaw 75 Pkwy.
Kennesaw, GA 30144

Climatic Comfort Products
P. O. Box 530100
SC 00047
Atlanta, GA 30353-0100

Coastline Distribution, Inc.
P. O. Box 409635
Atlanta, GA 30384-9635

Cobb EMC
P. O. Box 369
Marietta, GA 30061-0369

Colombia Insurance Co.
P. O. Box 6032
Colombia, MO 65205

Companion
P. O. Box 100359
Columbia, SC 29202-3259

Covenant Management, Inc.
P. O. Box 105189
Atlanta, GA 30348-5189

Culet Communications
180 Allen Road
Atlanta, GA 30328

Daniel Ace Hardware
115 Colony Center Drive
Woodstock, GA 30188

Dealers Supply Co., Inc.
82 Kennedy Dr.
P. O. Box 1708
Forest Park, GA 30298

Diamond Metal
322 Northpoint Parkway
Acworth, GA 30102

Dixie Duct & Fabrication, Inc.
122 Oak Street
Roswell, GA 30075

Dixie Filters, Inc.
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P. O. Box 664
Woodstock, GA 30188

Falcon Transportation
289 Church Street
Marietta, GA 30060

Ferguson Enterprises, Inc.
FEI #107
P. O. Box 100286
Atlanta, GA 30384-0286

Firestone Tire & Service Centers
4676 Sandy Plains Road
Roswell, GA 30075

First Capital Bank\Loan Operations
3320 Holcomb Bridge Road, NW
Norcross, GA 30092

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148 International Blvd.
Suite 826
Atlanta, GA 30303

Georgia Department of Revenue
Bankruptcy Section
P. O. Box 38143
Atlanta, GA 30334-0189

High-Tech Transmission Service
7207 Buford Highway
Doraville, GA 30340

HLB Gross Collins, PC
2625 Cumberland Parkway
Atlanta, GA 30339

Hometurf Lawn & Landscape Ser.
306 Wood Knoll Court
Woodstock, GA 30189

Hughes Supplies, Inc.
P. O. Box 105837
Atlanta, GA 30348-5837

Humana, Inc.
P. O. Box 14209
Lexington, KY 40512-4209

Internal Revenue Service
Insolvency
Room 400, Stop 334-D
401 W. Peachtree Street
Atlanta, GA 30308

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6 Cadillac Drive
Brentwood, TN 37027

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1100 Spring Street
Atlanta, GA 30309

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Woodstock, GA 30188

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Atlanta, GA 30339

Mayer Electric Supply Co., Inc.
Attn: Rita Segers
6500 Peachtree Industrial Blvd.
Norcross, GA 30071

Metro Directories
P. O. Box 941009
Atlanta, GA 31141

Mingledorff's
6675 Jones Mill Court
Norcross GA 30092

Mingledorff's Inc.or Carrier Complete Syst.
P.O. Box 934142
Atlanta, GA 31193-4142

News Shopper, Inc.
P. O. Box 1111
Woodstock, GA 30188

Nuvox Communications
P. O. Box 580451
Charlotte, NC 28258-0451

Office Depot
Dept. 56
P. O. Box 689020
Des Moines, IA 50368-9020

Perfect Performance, Inc.
1089 Frazier Street
Roswell, GA 30075

Salem Media of Georgia
2970 Peachtree Road, NE
Suite 700
Atlanta, GA 30305

SECURIAN Retirement Services
P. O. Box 64787
St. Paul, MN 55164-0787

SecurityOne & Associates
P. O. Box 80062
Roswell, GA 30375

Smith Welding Products, Inc.
Caller Service 105100
Tucker, GA 30085-5100

Smith Welding Products, Inc.
109 Rickman Industrial Dr.
Holly Springs, GA 30142

Sprint
P. O. Box 740602
Cincinnati, OH 45274-0602

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P. O. Box 651690
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