

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

The Cliffs Club & Hospitality Group, Inc., *et al.*,¹ *d/b/a* The Cliffs Golf & Country Club,

Debtors.

CHAPTER 11

Case No. 12-01220

Joint Administration Pending

**DEBTORS' APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING
RETENTION AND EMPLOYMENT OF MCKENNA LONG & ALDRIDGE LLP AS
COUNSEL TO THE DEBTORS, *NUNC PRO TUNC* TO THE PETITION DATE**

COME NOW The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 Cases, as debtors and debtors in possession (collectively, the "Debtors"), and hereby present this application (the "Application") to the Court for the entry of an order, pursuant to sections 327(a) and 1107(b) of title 11 of the United States Code (as amended, the "Bankruptcy Code"), and Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing the retention and employment of McKenna Long & Aldridge LLP ("McKenna") as counsel to the Debtors *nunc pro tunc* to the Petition Date (as defined below). In support of this Application, the Debtors rely upon and incorporate by reference the Declaration of J. Michael Levensgood in Support of the Debtors' Application for Entry of an Order Authorizing Retention and Employment of McKenna Long & Aldridge LLP as

¹ The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338); CCHG Holdings, Inc. (1356); The Cliffs at Mountain Park Golf & Country Club, LLC (2842); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898); The Cliffs at High Carolina Golf & Country Club, LLC (4293); The Cliffs at Glassy Golf & Country Club, LLC (6559); The Cliffs Valley Golf & Country Club, LLC (6486); Cliffs Club & Hospitality Service Company, LLC (9665).

Counsel to the Debtors, *Nunc Pro Tunc* to the Petition Date (the "Levengood Declaration"), attached hereto as Exhibit A, and respectfully state as follows:

JURISDICTION

1. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of these proceedings and the application in this Court is proper under 28 U.S.C. § 1408 and § 1409.

2. The statutory bases for the relief requested herein are 327(a) and 1107(b) of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016.

BACKGROUND

3. On the date hereof (the "Petition Date"), the Debtors commenced these bankruptcy cases (the "Chapter 11 Cases") by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. No trustee, examiner or creditors' committee has been appointed in these cases. The Debtors are operating their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

4. The events leading up to the Petition Date and the facts and circumstances supporting the relief requested herein are set forth in the Declaration of Timothy P. Cherry in Support of First Day Motions (the "Cherry Declaration") filed contemporaneously herewith and incorporated herein by reference.

RELIEF REQUESTED

5. The Debtors desire to retain and employ McKenna as their bankruptcy attorneys in these Chapter 11 Cases. By this Application, the Debtors respectfully request that the Court enter an order authorizing the Debtors to retain and employ McKenna as the Debtors'

bankruptcy attorneys, *nunc pro tunc* to the Petition Date, to represent the Debtors in all phases of these Chapter 11 Cases.

6. Accordingly, the Debtors respectfully request the entry of an order, pursuant to section 327(a) of the Bankruptcy Code, authorizing the employment and retention of McKenna to perform the legal services that will be necessary in these Chapter 11 Cases.

BASIS FOR RELIEF

7. Under section 327(a) of the Bankruptcy Code, a debtor-in-possession may employ one or more attorneys to represent it in carrying out its duties under the Bankruptcy Code, provided that such attorneys are disinterested persons and do not hold or represent an interest adverse to the estate. Section 101(14) of the Bankruptcy Code defines “disinterested person” as one who

is not a creditor, an equity security holder, or an insider; [or] is not and was not, within 2 years before the date of the filing of the petition, a director, officer or employee of the Debtors; and . . . does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason.

11 USC § 101(14).

8. The Debtors request approval of the employment of McKenna *nunc pro tunc* to the Petition Date. Such relief is warranted by the extraordinary circumstances presented by these Chapter 11 Cases. Time pressure to begin service and absence of prejudice are factors favoring *nunc pro tunc* retention. *See Matter of Arkansas Co.*, 798 F.2d 645, 650 (3d Cir. 1986); *see also In re Indian River Homes, Inc.*, 108 B.R. 46, 52 (D. Del. 1989), *app. dismissed*, 909 F.2d 1406 (3d Cir. 1990). The complexity, intense activity and speed that have characterized these Chapter 11 Cases have necessitated that the Debtors, McKenna and the Debtors’ other professionals focus their immediate attention on time-sensitive matters and promptly devote

substantial resources to the affairs of the Debtors pending submission and approval of this Application.

9. Prior to the commencement of these Chapter 11 Cases, McKenna has provided restructuring advice and general legal counsel to the Debtors. The Debtors request that the Court approve their retention of McKenna as their attorneys to perform certain continued legal services that will be necessary during these Chapter 11 Cases, under a general retainer, in accordance with McKenna's standard hourly rates and disbursement policies.

10. The Debtors seek to retain McKenna because of the firm's extensive experience and knowledge in the fields of, *inter alia*, Debtors' and creditors' rights, business reorganizations under chapter 11 of the Bankruptcy Code, and general corporate law. The attorneys at McKenna who will be employed in these Chapter 11 Cases are members in good standing in the courts in which they are admitted to practice and, as necessary in the conduct of these cases, will seek admission to practice before this Court. Accordingly, McKenna is well qualified to deal effectively with the potential legal issues and problems that may arise in the context of these Chapter 11 Cases.

SERVICES TO BE PROVIDED BY MCKENNA

11. The Debtors believe that the services of McKenna are necessary to enable them to execute faithfully their duties as debtors-in-possession. Subject to further order of this Court, McKenna will serve as the Debtors' general bankruptcy counsel and will render the following professional services to the Debtors:

- (a) Advise the Debtors with respect to their powers and duties as Debtors and Debtors-in-possession in the continued management and operation of their businesses and property;
- (b) Attend meetings and negotiate with representatives of creditors and other parties in interest and advise and consult on the conduct of

the Chapter 11 Cases, including all of the legal and administrative requirements of operating in Chapter 11;

- (c) Take necessary action to protect and preserve the Debtors' estates, including the prosecution of actions on their behalf, the defense of any actions commenced against the estates, negotiations concerning all litigation in which the Debtors may be involved and objections to claims filed against the estates;
- (d) Review and prepare on behalf of the Debtors all documents and agreements as they become necessary and desirable;
- (e) Review and prepare on behalf of the Debtors all motions, administrative and procedural applications, answers, orders, reports and papers necessary to the administration of the estates;
- (f) Negotiate and prepare on the Debtors' behalf a plan of reorganization, disclosure statement and all related agreements and/or documents and take any necessary action on behalf of the Debtors to obtain confirmation of such plan;
- (g) Review and object to claims; analyze, recommend, prepare, and bring any causes of action created under the Bankruptcy Code;
- (h) Advise the Debtors in connection with any sale of assets;
- (i) Appear before this Court, any appellate courts, and the U.S. Trustee, and protect the interests of the Debtors' estates before such courts and the U.S. Trustee; and
- (j) Perform all other necessary legal services and give all other necessary legal advice to the Debtors in connection with these Chapter 11 Cases.

12. The Debtors believe that McKenna's employment is in the best interests of the Debtors, their estates, and their creditors.

13. Subject to this Court's approval of the Application, McKenna is willing to serve as the Debtors' counsel and to perform the services described above.

DISINTERESTEDNESS OF MCKENNA

14. To the best of the Debtors' knowledge, information and belief, and except to the extent otherwise indicated in the Levengood Declaration, none of McKenna's partners,

counsel or associates hold or represent any interest adverse to the Debtors' estates or their creditors, and McKenna is a "disinterested person," as defined in section 101(14) of the Bankruptcy Code.

15. McKenna does not, and has not, represented any entities, other than the Debtors, in matters related to these Chapter 11 Cases. McKenna was retained initially to provide bankruptcy counsel to the Debtors and to Cliffs Communities, Inc., the parent of the Debtors. McKenna received a \$25,000 advance retainer in January 2012 for its limited work for Cliffs Communities, Inc., against which it billed for such services. McKenna's representation of Cliffs Communities, Inc. has ended and, accordingly, Cliffs Communities, Inc. is a former client. McKenna may represent or may have represented certain parties with interests in the Chapter 11 Cases on matters unrelated to these Chapter 11 Cases. As set forth in the Levensgood Declaration, McKenna has conducted, and continues to conduct, research into its relations with the Debtors, the Debtors' substantial creditors and equity security holders and other parties interested in these Chapter 11 Cases. As part of this inquiry, which is continuing, McKenna obtained the names of individuals or entities that may be parties in interest in these Chapter 11 Cases (the "Potential Parties in Interest"). McKenna then entered the names of the Potential Parties in Interest into a computer database containing the names of all clients and conflict information concerning the clients of McKenna. This inquiry, which is continuing, has revealed that certain of the Potential Parties-in-Interest or entities affiliated with and/or related to certain Potential Parties of Interest (collectively, the "Client Match Entities"), are current (collectively, the "Current Client Match Entities") or former (collectively, the "Former Client Match Entities") McKenna clients. The list of Current Client Match Entities are listed on Schedule 2 attached to the Levensgood Declaration and the list of Former Client Match Entities are listed on Schedule 3

attached to the Levengood Declaration. McKenna has determined that the representation of the Client Match Entities concerned matters unrelated to these Chapter 11 Cases, except to the extent otherwise indicated in the Levengood Declaration.

16. McKenna and certain of its partners, counsel and associates may have in the past represented, may currently represent, and likely in the future will represent parties in interest of the Debtors in connection with matters unrelated to the Debtors and these Chapter 11 Cases. While McKenna has undertaken, and continues to undertake, efforts to identify connections with the Debtors and other parties in interest, it is possible that connections with some parties in interest have not yet been identified. Should McKenna, through its continuing efforts or as these Chapter 11 Cases progress, learn of any new connections of the nature described above, McKenna will so advise the Court.

COMPENSATION

17. McKenna was retained by the Debtors under an advance payment retainer pursuant to an engagement letter executed by the Debtors on December 20, 2011 (the "Engagement Agreement"). McKenna has received retainer payments from the Debtors totaling \$330,405.36 for work to be done with respect to these Chapter 11 cases, against which McKenna has applied \$330,405.36. Accordingly, McKenna currently holds a balance of \$0.00 as an advance payment for services to be rendered and expenses to be incurred in connection with its representation of the Debtors. McKenna has not received any other compensation from the Debtors.

18. McKenna's requested compensation for professional services rendered to the Debtors will be based upon the hours actually expended by each assigned professional at each professional's hourly billing rate. Subject to Court approval in accordance with 11 U.S.C.

§§ 330 and 331, the Bankruptcy Rules, the Local Rules and the orders of this Court, the Debtors propose to compensate McKenna for professional services rendered at its normal and customary hourly rates in effect from time to time as set forth in the Levengood Declaration, plus reimbursement of actual, necessary expenses incurred by McKenna on the Debtors' behalf.

19. At the present time, the following are McKenna's current hourly rates for work of this nature:

| | |
|----------------------|-------|
| Gary W. Marsh | \$550 |
| J. Michael Levengood | \$540 |
| Bryan Bates | \$425 |

These hourly rates are subject to periodic adjustments to reflect economic and other conditions, and with respect to those below the level of senior partner, to reflect its increased expertise and experience in its respective areas of law.

20. McKenna will also seek reimbursement for necessary expenses incurred, which shall include travel, photocopying, delivery service, postage, vendor charges and other out-of-pocket expenses incurred in providing professional services.

21. McKenna intends to apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses incurred in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules.

22. The Debtors firmly believe that McKenna is qualified to represent their interests and the interests of their estates.

23. McKenna will comply with all of the requirements of this Court, the Bankruptcy Code and the Bankruptcy Rules with respect to fee and expense applications of professionals employed by bankruptcy estates.

NOTICE

24. No trustee, examiner, or creditors' committee has been appointed in these Chapter 11 Cases. Notice of this Motion will be given to: (a) the Office of the United States Trustee for the District of South Carolina; (b) counsel to the Indenture Trustee (as defined in the Cherry Declaration); (c) counsel to the DIP Lender (as defined in the Cherry Declaration); (d) the Debtors' fifty (50) largest unsecured creditors (on a consolidated basis); (e) those persons who have formally appeared in the bankruptcy cases and requested service pursuant to Bankruptcy Rule 2002; and (f) all applicable government agencies to the extent required by the Bankruptcy Rules and the Local Rules. The Debtors submit that, under the circumstances, no other or further notice is required.

NO PRIOR REQUEST

25. No previous request for the relief sought in this Application has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form annexed hereto as Exhibit D, (i) granting this Application; (ii) authorizing the Debtors to retain and employ McKenna as their bankruptcy counsel, *nunc pro tunc* to the Petition Date; and (iii) granting such other and further relief as may be just and proper.

[signature follows]

Respectfully submitted this 28th day of February, 2012.

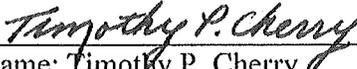

Name: Timothy P. Cherry
Title: Interim President and Chief Executive
Officer of the Debtors

EXHIBIT A

LEVENGOD DECLARATION

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

The Cliffs Club & Hospitality Group, Inc., *et al.*,¹
d/b/a The Cliffs Golf & Country Club,

Debtors.

CHAPTER 11

Case No. 12-01220

Joint Administration Pending

**DECLARATION OF J. MICHAEL LEVENGOOD IN SUPPORT OF THE DEBTORS'
APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING RETENTION AND
EMPLOYMENT OF MCKENNA LONG & ALDRIDGE LLP AS COUNSEL TO THE
DEBTORS, NUNC PRO TUNC TO THE PETITION DATE**

I, J. MICHAEL LEVENGOOD, hereby declare under penalty of perjury:

1. I am a partner with McKenna Long & Aldridge LLP ("McKenna"), which maintains an office at 303 Peachtree Street, NE, Suite 5300, Atlanta, Georgia 30308. I am an attorney at law, duly admitted and in good standing to practice in the state of Georgia, as well as the United States District Court for the Northern and Middle Districts of Georgia and the United States Court of Appeals for the Eleventh Circuit.

2. I submit this declaration (the "Declaration") in connection with the application (the "Application")² of the above-captioned debtors and debtors in possession (the

¹ The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338); CCHG Holdings, Inc. (1356); The Cliffs at Mountain Park Golf & Country Club, LLC (2842); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898); The Cliffs at High Carolina Golf & Country Club, LLC (4293); The Cliffs at Glassy Golf & Country Club, LLC (6559); The Cliffs Valley Golf & Country Club, LLC (6486); Cliffs Club & Hospitality Service Company, LLC (9665).

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Application.

“Debtors”), in the above-captioned Chapter 11 Cases (the “Chapter 11 Cases”) to retain and employ McKenna as counsel to the Debtors *nunc pro tunc* to the Petition Date and to provide certain disclosures under section 327(a) of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of South Carolina (the “Local Rules”).

3. All statements made herein are true and correct to the best of my knowledge, information and belief.

4. Neither I, McKenna, nor any partner, counsel or associate thereof, insofar as I have been able to ascertain, has any connection with the Debtors, their significant secured and unsecured creditors or any other parties in interest herein or their respective attorneys, or accountants, other than as described in this Declaration.

5. To the best of my knowledge, information, and belief formed after reasonable inquiry, other than in connection with these cases, and except as set forth below, neither I nor McKenna has any connection with the Debtors, their creditors, the United States Trustee, or any other party with an actual or potential interest in these Chapter 11 Cases, or their respective attorneys or accountants, except that (a) McKenna was retained initially to provide bankruptcy counsel to the Debtors and to Cliffs Communities, Inc., the parent of the Debtors. McKenna received a \$25,000 advance retainer in January 2012 for its limited work for Cliffs Communities, Inc. against which it billed for such services. McKenna’s representation of Cliffs Communities, Inc. has ended and, accordingly, Cliffs Communities, Inc. is a former client; (b) McKenna may have appeared from time to time in the past, and may appear in the future, in other cases where one or more of such parties may have been or may be involved; and (c)

McKenna may have been retained by certain creditors and other parties in interest or their attorneys, accountants, or professionals in other cases unrelated to the Debtors' Chapter 11 Cases.

6. Other than as set forth herein, McKenna is neither a creditor of the Debtors, an equity holder of the Debtors nor an insider of the Debtors. For so long as it represents the Debtors, McKenna will not represent any entities other than the Debtors in connection with these Chapter 11 Cases.

7. In connection with McKenna's representation of the Debtors, and in contemplation of the potential commencement of the Chapter 11 Cases by the Debtors, McKenna assembled from the Debtors a list of the Debtors' most significant creditors, secured lenders and interested parties, and in order to determine all connections of McKenna, its partners, attorneys, and counsel with such creditors, secured lenders and interested parties, McKenna commenced a review of such list. A copy of the list is attached as Schedule 6 hereof. Set forth herein are all of the connections that have been revealed by McKenna's review, which is continuing, of McKenna, its partners, attorneys, and counsel with the Debtors' listed creditors, secured lenders, and persons who are or may be interested parties. In addition to the foregoing, the Debtors subsequently assembled a list of all of their known creditors, secured lenders and interested parties, to the best of their information, knowledge and belief (the "Master List of Creditors"). On February 22, 2012, McKenna received a draft of the Master List of Creditors, containing in excess of 10,000 entries. McKenna will run a conflicts check on the draft Master List of Creditors received, which list McKenna understands has been reduced to approximately 8,000 entries after removal of duplicate entries, and I will provide a supplemental affidavit to reflect the results of such search.

8. In addition to the foregoing, on February 21, 2012, a general inquiry was sent to all of McKenna's personnel to determine whether any of them had any connections, including, without limitation, being related by blood or marriage within the second degree, being former employees, and/or being law or business associates of any of the named employees of the U.S. Trustee's office for Region 4. A list of the employees of the U.S. Trustee's office for Region 4 was attached to the inquiry and is attached as Schedule 1 hereto. No connections were found.

9. In addition to its pre-petition representation of the Debtors and proposed retention as counsel for the Debtors, McKenna presently represents the persons listed on Schedule 2 hereto who are or may be interested parties in matters wholly unrelated to the Debtors' Chapter 11 Cases.

10. McKenna formerly represented the persons listed on Schedule 3 hereto who are or may be interested parties in other matters wholly unrelated to the Debtors' Chapter 11 Cases.

11. McKenna presently represents persons in matters wholly unrelated to the Debtors' Chapter 11 Cases who are adverse to the persons listed on Schedule 4 hereof who are or may be interested parties in the Debtors' Chapter 11 Cases.

12. McKenna formerly represented persons in matters wholly unrelated to the Debtors' Chapter 11 Cases who were adverse to the persons listed on Schedule 5 hereof who are or may be interested parties in the Debtors' Chapter 11 Cases.

13. McKenna is a "disinterested person" as that term is defined in 11 U.S.C. § 101(14) in that the firm and its partners, counsel and associates:

- a. Are not creditors (including by reason of unpaid fees and expenses for prepetition services), equity security holders or insiders of the Debtors;
- b. Are not and were not, within two (2) years before the date of the filing of the Debtors' Chapter 11 petitions, a director, officer, or employee of the Debtors; and
- c. Do not have an interest materially adverse to the interest of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or for any other reason.

14. McKenna continues to, and will periodically continue to, review its files during the pendency of these Chapter 11 Cases to ensure that no conflicts or other disqualifying circumstances exist or arise and if any new relevant facts or relationships are discovered or arise, McKenna will use reasonable efforts to identify such further developments by filing a supplemental declaration.

15. McKenna was retained by the Debtors under an advance payment retainer pursuant to an engagement letter executed by the Debtors on December 20, 2011 (the "Engagement Agreement"). McKenna has received retainer payments from the Debtors totaling \$330,405.36 for work to be done with respect to these Chapter 11 cases, against which McKenna has applied \$330,405.36. Accordingly, McKenna currently holds a balance of \$0.00 as an advance payment for services to be rendered and expenses to be incurred in connection with its representation of the Debtors. McKenna has not received any other compensation from the Debtors.³

³ McKenna's statement pursuant to Bankruptcy Rule 2016 is attached to the Application as Exhibit C.

16. At the present time, the attorneys principally responsible for the representation of the Debtors and their current hourly rates are as follows:

| | |
|----------------------|-------|
| Gary W. Marsh | \$550 |
| J. Michael Levengood | \$540 |
| Bryan Bates | \$425 |

17. These hourly rates are subject to periodic adjustments to reflect economic and other conditions.

18. McKenna will comply with all of the requirements of this Court and of the Bankruptcy Code and Bankruptcy Rules with respect to fee and expense applications of professionals employed by bankruptcy estates.

19. No promises have been received by McKenna or by any partner, counsel or associate thereof as to compensation in connection with its representation of the Debtors in these Chapter 11 Cases other than as set forth in the Application.

20. The proposed employment of McKenna is not prohibited by or improper under Rule 5002 of the Bankruptcy Rules. Except as disclosed herein, I am not related, and to the best of my knowledge, no attorney at McKenna is related, to any United States Bankruptcy Judge or United States District Court Judge for the District of South Carolina or to the United States Trustee for Region 4 or any employee in the office thereof.

21. McKenna has no agreement with any entity to share any compensation received by McKenna.

22. I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on February 28, 2012.

A handwritten signature in cursive script that reads "J. Michael Levensgood". The signature is written in black ink and is positioned above a horizontal line.

J. Michael Levensgood

SCHEDULE 1

UST REGION 4 EMPLOYEES

| Name | Position |
|-------------------------|-----------------------------------|
| W. Clarkson McDow, Jr. | United States Trustee |
| Joel S. Atkinson | Information Technology Specialist |
| Betty B. Enlow | Administrative Officer |
| B. Anne Hiers | Bankruptcy Analyst |
| Barbara S. Spohn | Legal Clerk |
| Joseph F. Buzhardt, III | Assistant U.S. Trustee |
| Linda K. Barr | Trial Attorney |
| Robert B. Doyle | Paralegal Specialist |
| Andrea W. Hill | Legal Clerk |
| Peter N. Sergakis | Bankruptcy Analyst |
| Julie C. Smoak | Bankruptcy Analyst |
| Timothy J. Stack | Trial Attorney |
| Mark A. Neal | Assistant U.S. Trustee |
| Denise Bachman | Legal Clerk |
| Susan M. Balderson | Bankruptcy Analyst |
| Hugh M. Bernstein | Trial Attorney |
| Danielle Brown | Legal Clerk |
| Amy C. Busch | Paralegal Specialist |
| Steven G. Eggert | Paralegal Specialist |
| Edmund A. Goldberg | Trial Attorney |
| Katherine A. Levin | Trial Attorney |
| Terry J. Miller | Bankruptcy Analyst |
| Kim Ries | Legal Clerk |
| Brenda B. Wilmore | Paralegal Specialist |
| Gerard Vetter | Assistant U.S. Trustee |
| Jennifer Balourdos | Paralegal Specialist |
| Leander D. Barnhill | Trial Attorney |
| Debi Costa | Legal Clerk |
| Jeanne M. Crouse | Trial Attorney |
| Jennifer Jacobs | Bankruptcy Analyst |
| Lynn A. Kohen | Trial Attorney |

| Name | Position |
|----------------------------|---------------------------|
| Kevin Nelson. | Paralegal Specialist |
| Anthony M. Payton | Legal Clerk |
| Beth A. Printz | Paralegal Specialist |
| Joseph A. Guzinski | Assistant U.S. Trustee |
| Paula F. Blades | Paralegal Specialist |
| Martha Davis | Trial Attorney |
| Jack I. Frankel | Trial Attorney |
| Daniel V. Johnson, Jr. | Senior Bankruptcy Analyst |
| Caramaria C. Nebeker | Bankruptcy Analyst |
| Peter M. Orens | Paralegal Specialist |
| Tony Pika | Bankruptcy Analyst |
| Ilene M. Sims | Legal Clerk |
| Mark E. Steven | Paralegal Specialist |
| Debera F. Conlon | Assistant U.S. Trustee |
| Margaret L. Bloom | Paralegal Specialist |
| Susan L. Eberhardt | Legal Clerk |
| Jay W. Legum | Bankruptcy Analyst |
| Martha J. Watson | Paralegal Specialist |
| Cecelia A. Weschler | Trial Attorney |
| Kenneth N. Whitehurst, III | Trial Attorney |
| Sheryl D. Wilson | Paralegal Specialist |
| Robert B. Van Arsdale | Assistant U.S. Trustee |
| Peggy T. Flinchum | Paralegal Specialist |
| Frances B. Hodges | Paralegal Specialist |
| Theresa Mack | Legal Clerk |
| Shannon F. Pecoraro | Trial Attorney |
| June E. Turner | Bankruptcy Analyst |
| John Byrnes | Assistant U.S. Trustee |
| Joel Charboneau | Trial Attorney |
| Deborah A. Charles | Paralegal Specialist |
| Lisa D. Franklin | Legal Clerk |
| Margaret K. Garber | Trial Attorney |
| Karen Kidd | Paralegal Specialist |
| Everette Mann | Bankruptcy Analyst |

| Name | Position |
|---------------------|---------------------------------|
| Heidi Poda | Legal Clerk |
| Debra A. Wertman | Assistant United States Trustee |
| David L. Bissett | Trial Attorney |
| Robin D. Broyles | Legal Clerk |
| Connie S. Caldwell | Paralegal Specialist |
| Martha T. Cox | Bankruptcy Analyst |
| Douglas A. Kilmer | Trial Attorney |
| Jo Anna Miller | Paralegal Specialist |
| Karen Pettit | Legal Clerk |
| R. Michael Umberger | Bankruptcy Analyst |

SCHEDULE 2

None

SCHEDULE 3

The Cliffs Communities, Inc.*
Urbana Companies, LLC

*McKenna Long & Aldridge LLP was retained by The Cliffs Communities, Inc. to provide restructuring advice for which McKenna Long & Aldridge LLP received a \$25,000 retainer from and rendered service to The Cliffs Communities, Inc. This matter has been closed.

SCHEDULE 4

None

SCHEDULE 5

John Evans*
William Hicks*
Thomas Hallmark*
Barbara Davis*
John Black*
John Walters*
John P. Charles*

* McKenna Long & Aldridge LLP formerly represented persons in matters wholly unrelated to the Debtors' Chapter 11 Cases who were adverse to a person with the same or similar name as this person, though it is very unlikely that the such person is the same person listed hereon who is or may be an interested party in the Debtors' Chapter 11 Cases.

SCHEDULE 6

| | | |
|----------------------------|---------------------|-------------------------------------|
| Adam Hodges | Gregory Paul | Peter Venditti |
| Aquaris II, Inc. | Habie | Philip Kalchthaler |
| Arendale Holdings | Harrell's | Richard Berkowitz |
| Barbara Davis | James Steever | Rick Steif |
| Bob Levine | Jim Derrick | Robert Barth |
| Carlile Development Group | John Black | Robert Missant |
| Charles Biladeau | John Charles | Robert Russo |
| Charles Dick | John Downey | Robert Satterfield |
| Charles Moniotte | John Evans | Robert Swander |
| Christopher Curtis | John Evans | Ronald Zebek |
| Chuck Hutchinson | John Mack | Salvatore Badalamenti |
| Cliffs Management Services | John Stites | Scott Hughes |
| Daniel Gerner | John Walter | Scott Logan |
| Daniel McCollum | Jon Kraut | Scott Minton |
| Daniel Zinke | Keith Holmberg | Sharon Simmons (Keowee Devel., LLC) |
| David Meek | Keith Rezin | Smith Turf & Irrigation Co. |
| David Rathgeber | Kent Smith | SP 50 Investments, Ltd. |
| David Sargent | Kripa Jones | Stephen Larson |
| Dean Banks | L. Michael Hinds | Steve Carlile |
| Denis Chevaleur | Larry Lacerte | Steve Coss |
| Douglas Cioce | Lars Bespolka | Stewart Bainum |
| Douglas Snyder | Lee Zoeller | Stokes Land Co. |
| Dudley Tower | Margaret Welsh | T.J.F. Golf, Inc. |
| Ellis McCracken | Mark Antoncic | Thomas Hallmark |
| Feank Sidoti | Matthew Price | Tim Cherry |
| Fred Myers | Medalist Golf, Inc. | Tom Currey |
| Gary Bolick | Michael Blackburn | Tom Hallmark |
| George M. Royal | Mike Cuckler | Urbana |
| Gerald and Larisa Gaige | Mike Krimbill | Wall to Wall Concrete, Inc. |
| Glenn Simpson | Myles Jerdan | William Hicks |
| Glenn Wright | Newlife Turf Inc. | William Whisnant |
| Golf Agronomics | Paul Weaver | |

EXHIBIT B

MCKENNA LONG & ALDRIDGE LLP
ENGAGEMENT AGREEMENT

Albany
Atlanta
Brussels
Denver
Los Angeles

McKenna Long
& Aldridge^{LLP}
Attorneys at Law

303 Peachtree Street, NE • Suite 5300 • Atlanta, GA 30308
Tel: 404.527.4000 • Fax: 404.527.4198
www.mckennalong.com

New York
Philadelphia
San Diego
San Francisco
Washington, D.C.

GARY W. MARSH
(404) 527-4150

EMAIL ADDRESS
gmarsh@mckennalong.com

December 20, 2011

VIA E-MAIL (tcherry@cliffscommunities.com)
and U.S. MAIL

Mr. Timothy P. Cherry, C.P.A.
Chief Financial Officer
The Cliffs Communities, Inc.
3598 Highway 11
Travelers Rest, SC 29690

RE: Representation of CCH Holding, inc. ("Club Co.") and its direct and indirect subsidiaries identified on Exhibit "A" (collectively, "Club Co.") in Connection with Restructuring and Possible Bankruptcy

Dear Mr. Cherry:

We are most pleased to have the opportunity to serve as counsel to Club Co. with respect to the matter outlined herein. The purpose of this letter is to confirm our arrangement for the representation by McKenna Long & Aldridge LLP of Club Co..

1. ENGAGEMENT AND REPRESENTATION.

Subject to the terms of this letter, Club Co., has retained McKenna Long & Aldridge LLP to represent Club Co. as counsel in connection with the above-referenced matter. The scope of our representation, unless our firm and Club Co. expand such scope, is limited to acting as counsel with respect to the above-referenced matter.

2. FEES, EXPENSES AND BILLING

We will charge Club Co. for: (a) our legal services; and (b) charges attributable to our representation.

The amount we charge for our legal services will be calculated by multiplying the number of hours worked by each professional by that person's then current applicable hourly rate for the type of work to be performed. The hourly rates of our professionals are adjusted from time to time to reflect, inter alia, increased experience.

ATLANTA:5353175.1

Mr. Timothy Cherry
December 20, 2011
Page 2

The amount we charge for services such as overnight mail service, telecopies, computerized legal research, etc., will be based upon our standard rates for such services based upon our analysis of the direct and indirect costs of providing these services.

Our fees will not be contingent upon the ultimate outcome of our efforts on behalf of Club Co..

We will send a monthly statement reflecting the amount due for services rendered and expenses incurred during the preceding month. Our statement will be sent no later than the 15th day of each month, and payment is due by the end of the month in which Club Co. receives the statement.

Each of the Club Co. entities listed on Exhibit "A" shall be jointly and severally liable for our fees and expenses.

3. JOINT REPRESENTATION

We have agreed to represent Club Co. and its direct and indirect subsidiaries identified on Exhibit A, jointly, in this matter. After discussing the matter with each of Club Co. and its direct and indirect subsidiaries, including the advantages and risks of joint representation, we believe that joint representation is appropriate. Nevertheless, it is possible that during our representation, unanticipated facts could come to light which would make it inadvisable to continue joint representation. In such event, we might have to withdraw from the representation of some or all of Club Co. and its direct and indirect subsidiaries if our ability to exercise our independent judgment on behalf of each of Club Co. and its direct and indirect subsidiaries would be adversely affected. Under such circumstances, we reserve the right to determine in our discretion which parties to continue to represent. In the event the firm withdraws from representing Club Co. and its direct and indirect subsidiaries, Club Co. and its direct and indirect subsidiaries agree to waive any conflict arising from our continued representation of the other clients adverse to Club Co. and its direct and indirect subsidiaries and Club Co. and its direct and indirect subsidiaries agree not to seek to disqualify the firm from continuing to represent the remaining clients.

4. CONFLICT WAIVER

As you also know, pursuant to a separate engagement, we have been asked to represent The Cliff Communities, Inc. and certain of its direct and indirect subsidiaries (collectively, "CCI"). On behalf of Club Co., you expressly consent to this separate representation of CCI and waive any conflict of interest that may exist.

5. OTHER TERMS OF OUR REPRESENTATION

Attached to this engagement letter is a statement of McKenna Long & Aldridge LLP's general billing policies and payment terms (the "Statement") which shall apply to this

Mr. Timothy Cherry
December 20, 2011
Page 3

representation. In that regard, a retainer of \$25,000.00 will be required for this matter. Attached as Exhibit "B" are wire instructions for the retainer.

6. WITHDRAWAL AND TERMINATION

Club Co. may terminate our representation at any time for any reason. We reserve the right to withdraw from further representation at any time for any reason sufficient under applicable legal and ethical rules. Without limiting the foregoing, we specifically reserve the right to withdraw from further representation for failure to pay timely our fees and charges in accordance with this agreement. Of course, any withdrawal from or termination of our representation will not relieve Club Co. of Club Co.' obligation to pay for all services rendered and expenses incurred up to the date of withdrawal or termination.

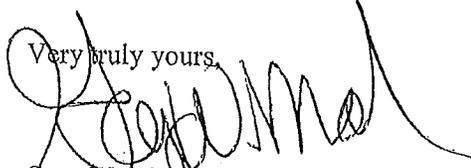
7. RECORD RETENTION

The Firm's record retention policy provides for client's files to be kept for ten (10) years after the client's matter has been closed. At the conclusion of the retention period, the file will be destroyed unless the client requests alternate arrangements. Upon request, we will return any personal property or original documents furnished to us in the course of representation as soon as the matter is closed.

If the foregoing is not acceptable to Club Co., please let me know immediately. If this arrangement is acceptable, please confirm the same by executing this letter in the space provided below and returning the same to me along with the requested retainer.

With these necessary business matters taken care of, I want to say again that we sincerely appreciate the opportunity to represent Club Co. in connection with this matter.

Best regards.

Very truly yours,

Gary W. Marsh

GWM:kcr
Enclosure

Mr. Timothy Cherry
December 20, 2011
Page 4

READ AND ACCEPTED:

CCHG Holding, Inc., for itself and
for each of its direct and indirect subsidiaries
identified on Exhibit A

By: Timothy P. Cherry
Its: Chairman, Board of Directors

Albany
Atlanta
Brussels
Denver
Los Angeles

**McKenna Long
& Aldridge**^{LLP}
Attorneys at Law

303 Peachtree Street, NE • Suite 5300 • Atlanta, GA 30308
Tel: 404.527.4000 • Fax: 404.527.4198
www.mckennalong.com

New York
Philadelphia
San Diego
San Francisco
Washington, D.C.

Statement to Clients Regarding Firm Engagement Policies

This statement regarding McKenna Long & Aldridge's billing policies and payment terms has been prepared for the information of clients of the firm. It applies to all client accounts and sets forth our agreement regarding the firm's representation unless otherwise agreed in writing.

Legal Fees

Unless otherwise agreed in writing, the amount we charge for our legal and paralegal services is calculated by multiplying the number of hours worked by each lawyer and paralegal by that person's then current applicable hourly rate for the type of work to be performed. The hourly rates for many of our lawyers are adjusted annually to reflect increased experience, and all rates are adjusted from time to time.

Other Charges

Certain charges for items performed on the client's behalf in rendering legal services, such as filing fees, long-distance telephone calls, copying, facsimile and delivery charges, travel expenses, court reporter charges and the like, are payable by the client. The charges for some items performed at the firm's offices, such as photocopying, long-distance telephone calls, outgoing facsimile transmissions, secretarial overtime and electronic research, are established by the firm from time to time, after taking into account the total costs involved in providing these services.

Billing and Payment

Statements for services rendered and other charges of the firm are generally rendered to clients monthly. All statements for services rendered are payable in full upon receipt. Unless otherwise agreed in writing, payment of our bills is not contingent in any respect.

Withdrawal

In the event that any statement remains unpaid for more than 30 days, we reserve the right to withdraw from further representation, and you agree not to contest our right to withdraw under such circumstances. Our withdrawal from further representation will not, of course, relieve you of your obligation to pay for all services rendered up to the date of withdrawal. Furthermore, we reserve our right to withdraw from further representation at any time for any reason sufficient under applicable law and ethical rules.

Waiver of Conflicts

McKenna is a law firm of several hundred lawyers and non-lawyer professionals, with offices in multiple states and Brussels, Belgium. From time to time, clients of McKenna will have business dealings, negotiations, and sometimes disputes (including litigation) with other clients of the firm. In consideration of McKenna's acceptance of this engagement, you agree that McKenna may in the future represent existing or new clients in any matter involving or related to you including, without limitation, litigation against you, your parent and/or any of your affiliates and all other matters directly or indirectly adverse to the interests of you, your parent and/or any of your affiliates, so long as those matters are not substantially related to this representation or to any other matter on which you engage McKenna. You agree that services performed by McKenna for you will not be considered, for conflict-of-interest purposes, services on behalf of an owner or affiliate of you for whom no work has been performed. For example, you agree that we may represent debtors, trustees, examiners, or official committees in bankruptcy cases in which you are a creditor or a party in interest and in regard to which you may have an adverse interest to those debtors, trustees, examiners, or official committees so long as such representation is not substantially related to McKenna's representation of you.

Resolution of Disputes

Any and all disputes of any type, kind, or nature whatsoever (including without limitation fee disputes and disputes concerning the legal services rendered or not rendered by our firm) shall be resolved solely by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, or in the case of a dispute regarding legal fees, you may choose arbitration pursuant to the rules of the applicable State Bar or the Commercial Arbitration Rules of the American Arbitration Association.

Documents

Any and all documents that you deliver to us during the course of our representation of you will remain your property and will be returned to you promptly upon your request at any time. Any and all documents generated by our firm during the course of our representation of you will remain the property of the firm. Upon termination of our representation of you and upon your request, we will provide you or any law firm you designate with copies of documents in our files (other than internal administrative documents and memoranda and our firm's work product) upon your payment to our firm of the reasonable cost of reviewing our files and producing such copies.

Advice Regarding Insurance

Unless otherwise agreed in writing, the scope of our engagement does not include any inquiry into or advice concerning any type of insurance.

EXHIBIT "A"

CCHG Holdings, Inc.
The Cliffs Club & Hospitality Group, Inc.
The Cliffs Club & Hospitality Service Company, LLC
The Cliffs at Mountain Park Golf & Country Club, LLC
The Cliffs at Keowee Vineyards Golf & Country Club, LLC
The Cliffs at Walnut Cove Golf & Country Club, LLC
The Cliffs at Glassy Golf and Country Club, LLC
The Cliffs at Keowee Falls Golf & Country Club, LLC
The Cliffs at Keowee Springs Golf & Country Club, LLC
The Cliffs at High Carolina Golf & Country Club, LLC
The Cliffs Valley Golf & Country Club, LLC

EXHIBIT "B"

MCKENNA LONG & ALDRIDGE LLP

WIRE TRANSFER INSTRUCTIONS - ESCROW ACCOUNT

Bank Name: SunTrust Bank
Bank Address: 25 Park Place
26th Floor
Atlanta, GA 30303
ABA Number: 061000104
Account Name: McKenna Long & Aldridge LLP
Account Number: 8800918115
Notify: Linda Marshall - (404) 527-8453 or
Lisa Stipancic - (404) 527-8366
Reference to: Client/Matter #/Invoice #(s)

EXHIBIT C
MCKENNA LONG & ALDRIDGE LLP
RULE 2016 STATEMENT

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

The Cliffs Club & Hospitality Group, Inc., *et al.*,¹
d/b/a The Cliffs Golf & Country Club,

Debtors.

CHAPTER 11

Case No. 12-01220

Joint Administration Pending

STATEMENT OF MCKENNA LONG & ALDRIDGE LLP PURSUANT TO 11 U.S.C.
§ 329, FED. R. BANKR. 2016

McKenna Long & Aldridge LLP (“McKenna”), pursuant to section 329 of title 11 of the United States Code (as amended, the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), respectfully states as follows (the “Statement”):

1. McKenna is the proposed bankruptcy counsel for The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors, the above-captioned debtors and debtors-in-possession (the “Debtors”) in the above-captioned Chapter 11 Cases (the “Chapter 11 Cases”).²

2. This Statement is made and submitted in connection with the Debtors’ Application For Entry Of An Order Authoring Retention And Employment Of McKenna Long &

¹ The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338); CCHG Holdings, Inc. (1356); The Cliffs at Mountain Park Golf & Country Club, LLC (2842); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898); The Cliffs at High Carolina Golf & Country Club, LLC (4293); The Cliffs at Glassy Golf & Country Club, LLC (6559); The Cliffs Valley Golf & Country Club, LLC (6486); Cliffs Club & Hospitality Service Company, LLC (9665).

² Capitalized terms not defined herein shall have the meanings ascribed to them in the Application.

Aldridge LLP As Counsel For The Debtors, *Nunc Pro Tunc* To The Petition Date (the "Application").

3. Compensation agreed to be paid by the Debtors to McKenna is to be for legal services rendered in connection with these Chapter 11 Cases. The Debtors have agreed to pay McKenna for the legal services rendered or to be rendered on the Debtors' behalf by McKenna' various attorneys and paralegals, which include those services set forth in the Application. The Debtors also have agreed to reimburse McKenna for its actual and necessary expenses incurred in connection with these Chapter 11 Cases.

4. McKenna was retained by the Debtors under an advance payment retainer pursuant to an engagement letter executed by the Debtors on December 20, 2011 (the "Engagement Agreement"). McKenna has received retainer payments from the Debtors totaling \$330,405.36 for work to be done with respect to these Chapter 11 cases, against which McKenna has applied \$330,405.36. Accordingly, McKenna currently holds a balance of \$0.00 as an advance payment for services to be rendered and expenses to be incurred in connection with its representation of the Debtors. McKenna has not received any other compensation from the Debtors.

5. McKenna will seek approval of payment of compensation upon its filing of applications for allowance of interim or final compensation pursuant to sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any applicable orders of this Court.

6. The entire filing fees in these Chapter 11 Cases have been paid.

7. McKenna further states that it has neither shared nor agreed to share (a) any compensation it has received or may receive with another party or person, other than with

the partners, counsel and associates of McKenna, or (b) any compensation another person or party has received or may receive.

Dated: February 28, 2012

Respectfully submitted,

s/ J. Michael Levensgood
Gary W. Marsh
Georgia Bar No. 471290
J. Michael Levensgood
Georgia Bar No. 447934
Bryan E. Bates
Georgia Bar No. 140856
MCKENNA LONG & ALDRIDGE LLP
303 Peachtree Street, Suite 5300
Atlanta, Georgia 30308
404-527-4000 (phone)
404-527-4198 (fax)
gmarsh@mckennalong.com
mlevengood@mckennalong.com
bbates@mckennalong.com

Proposed Attorneys for Debtors and Debtors in Possession

EXHIBIT D

PROPOSED ORDER

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

Case No. 12-01220

**ORDER AUTHORIZING RETENTION AND EMPLOYMENT OF MCKENNA LONG &
ALDRIDGE LLP AS BANKRUPTCY COUNSEL FOR THE DEBTORS, *NUNC PRO*
*TUNC TO THE PETITION DATE***

The relief set forth on the following pages, for a total of 6 pages including this page, is hereby **ORDERED**.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

The Cliffs Club & Hospitality Group, Inc., *et al.*,¹
d/b/a The Cliffs Golf & Country Club,

Debtors.

CHAPTER 11

Case No. 12-01220

Joint Administration Pending

**ORDER AUTHORIZING RETENTION AND EMPLOYMENT OF MCKENNA LONG &
ALDRIDGE LLP AS BANKRUPTCY COUNSEL FOR THE DEBTORS, *NUNC PRO
TUNC TO THE PETITION DATE***

Upon the Application (the "Application")² of the above-captioned debtors and debtors in possession (the "Debtors") for entry of an order (this "Order"), pursuant to sections 327(a) and 1107 of title 11 of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016, and Local Rule 2014-1 and 2016-1, authorizing the Debtors to retain and employ McKenna Long & Aldridge LLP ("McKenna") as bankruptcy counsel *nunc pro tunc* to the Petition Date; and upon the Cherry Declaration; and upon the Levengood Declaration, which is annexed to the Application as Exhibit A; and the Court being satisfied that McKenna represents no interest adverse to the Debtors' estate, that McKenna is a "disinterested person" within the meaning of

¹ The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338); CCHG Holdings, Inc. (1356); The Cliffs at Mountain Park Golf & Country Club, LLC (2842); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898); The Cliffs at High Carolina Golf & Country Club, LLC (4293); The Cliffs at Glassy Golf & Country Club, LLC (6559); The Cliffs Valley Golf & Country Club, LLC (6486); Cliffs Club & Hospitality Service Company, LLC (9665).

² Capitalized terms used herein as defined terms and not otherwise defined shall have those meanings ascribed to them in the Application.

section 101(14) of the Bankruptcy Code and that the employment of McKenna is necessary and in the best interests of the Debtors and their estates; and the Court having jurisdiction over the Application pursuant to 28 U.S.C. §157(b)(2)(A); and due and sufficient notice of the Application having been given; and it appearing that no other or further notice need be provided; and this Court having determined that the relief requested in the Application is just and proper; and it appearing that the relief requested by the Application is in the best interest of the Debtors, their estates, their creditors and other parties in interest; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED.
2. The Debtors are authorized to retain and employ McKenna as their attorneys in these Chapter 11 Cases *nunc pro tunc* to the Petition Date.
3. The compensation to be paid to McKenna for professional services rendered and reimbursement for expenses incurred by McKenna shall be as determined by this Court upon proper application pursuant to sections 330 and 331 of the Bankruptcy Code.
4. The Debtors are authorized and empowered to take such actions as may be necessary and appropriate to implement the terms of this Order.

5. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

6. The Debtors shall, within three (3) business days hereof, serve a copy of this Order on all parties that received notice of the Application, as well as all parties that have appeared in these cases and requested notice since the Debtors filed the Motion, and file a certificate of service evidencing such service.

AND IT IS SO ORDERED.

Prepared and presented by:

/s/ Däna Wilkinson

Däna Wilkinson
District Court I.D. No. 4663
LAW OFFICE OF DÄNA
WILKINSON
365-C East Blackstock Road
Spartanburg, SC 29301
864.574.7944 (Telephone)
864.574.7531 (Facsimile)
danawilkinson@danawilkinsonlaw.com

-and-

/s/ J. Michael Levensgood

Gary W. Marsh
Georgia Bar No. 471290
J. Michael Levensgood
Georgia Bar No. 447934
Bryan E. Bates
Georgia Bar No. 140856
MCKENNA LONG & ALDRIDGE
LLP
303 Peachtree Street, Suite 5300
Atlanta, Georgia 30308
404-527-4000 (phone)
404-527-4198 (fax)
gmarsh@mckennalong.com
mlevengood@mckennalong.com
bbates@mckennalong.com

*Proposed Attorneys for Debtors and
Debtors in Possession*