

PROMISSORY NOTE AND SECURITY AGREEMENT

THIS PROMISSORY NOTE AND SECURITY AGREEMENT (this "Agreement") is dated as of ___ day of April 2010, by and between AllStar Capital, Inc. ("AllStar") and RC Sooner Holdings, LLC; RC Brixton Square Owner, LLC; RC Cedar Crest Owner, LLC; RC Fulton Plaza Owner, LLC; RC Magnolia Owner, LLC; RC Pomeroy Park Owner, LLC; RC Salida Owner, LLC; RC Savannah South Owner, LLC; RC Southern Hills Owner, LLC; Brixton Square Apartments, LLC; CC Apartments, LLC; Fulton Plaza Apartments, LLC; Magnolia Manor Apartments, LLC; Pomeroy Park Apartments, LLC; Salida Apartments, LLC; Savannah South Apartments, LLC; and Southern Hills Villa Apartments, LLC (collectively, the "Debtors").

WHEREAS, on February 22, 2010, the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), which cases are jointly administered under Case No. 10-10528 (BLS) (collectively, the "Bankruptcy Cases");

WHEREAS, AllStar proposes to provide Debtors with a loan (the "Transaction") in the original principal amount of \$500,000 and Debtors' payment obligations to AllStar are evidenced hereby; and

WHEREAS, it is a condition precedent to AllStar entering into the Transaction that, among other things, Debtors shall have executed and delivered this Agreement and obtained approval of the Bankruptcy Court to enter into this Transaction.

NOW THEREFORE, in order to induce AllStar to enter into the Transaction, the Debtors hereby agree with AllStar as follows:

1. Payment Obligations.

(a) Debtors, jointly and severally, promise to pay to the order of AllStar the principal sum of \$500,000 or such lesser amount that remains outstanding pursuant to the terms hereof in lawful money of the United States of America, with interest thereon. Interest on the outstanding principal balance of the obligations evidenced by this Agreement shall accrue at a per annum rate equal to the Interest Rate (as hereinafter defined).

(b) Subject to the terms of this Agreement, AllStar agrees to make available to the Debtors advances up to the maximum amount of \$500,000 on a non-revolving basis to finance certain of Debtors' operating expenses and the administrative costs associated with the Bankruptcy Cases.

(c) All principal, interest, and other sums which may become due and payable shall be payable in full in immediately available funds on December 31, 2010 (the "Maturity Date"). The Maturity Date may be extended one time for a period of 6 months if AllStar agrees to such extension in a writing signed by both the Debtors and AllStar. Debtors shall not be required to make any payments of principal and interest until the Maturity Date.

(d) Debtors shall have the right to prepay all or a part of the outstanding principal indebtedness at any time.

(e) Notwithstanding any other provision hereof, this Agreement is subject to the express condition that at no time shall the Debtors be obligated or be required to pay interest on the principal balance of this Agreement at a rate which could subject AllStar either to civil or to criminal penalty as a result of being in excess of the maximum allowable rate which Debtors are permitted by law to contract or agree to pay. If by the terms of this Agreement the Debtors at any time are required or obligated to pay interest at a rate in excess of such maximum allowable rate, the rate of interest under this Agreement shall be deemed to be immediately reduced to such maximum allowable rate and the interest payable hereunder shall be computed at such maximum allowable rate, and the portion of all prior interest payments made in excess of such maximum allowable rate shall be applied and shall be deemed to be payment made in reduction of the principal balance outstanding under this Agreement.

(f) Debtors hereby waive presentment and demand for payment, notice of dishonor, protest and notice of protest of this Agreement and agree, jointly and severally, to pay all costs of collection when due, including reasonable attorneys' fees (which costs may be added to the amount due under this Agreement and be receivable therewith) and to perform and comply with each of the terms, covenants and provisions contained in this Agreement and in any instrument evidencing or securing the indebtedness evidenced by this Agreement on the part of Borrower to be observed and/or performed hereunder and thereunder. No release of any security for the principal sum due under this Agreement, or for any portion thereof, and no alteration, amendment or waiver of any provision of this Agreement or of any instrument evidencing and/or securing the indebtedness evidenced by this Agreement made by agreement between AllStar and any other person or party shall release, discharge, modify, change or affect the liability of Borrower under this Agreement or under such instrument.

2. Interest Rate. Interest rate shall mean a per annum rate of interest equal to 12%.

3. Collateral. The term Collateral shall mean all now existing and hereafter acquired personal and real property and fixtures of the Debtors and their bankruptcy estates, of whatever kind or nature, whether acquired prior to or subsequent to filing the Petition Date including, without limitation, and by way of general description: All Accounts (including, without limitation, contract rights, chattel paper, documents and instruments, all obligations for the payment of money arising out of the sale, lease or other disposition of goods, merchandise or services which give rise thereto); all Inventory (including, without limitation, raw materials, work in process, finished goods and all other inventory of whatsoever kind or nature, any other personal property held for sale, exchange or lease for use in Debtors' business); all Machinery and Equipment; all of Debtors' right, title and interest, and all of Debtors' rights and remedies, security and liens, in, to and in respect of the accounts and the goods relating thereto, including without limitation, rights of stoppage in transit, replevin, repossession and reclamation; furniture, machinery, fixtures and equipment; other personal property acquired for use in the Debtors' business, cash, cash equivalents, deposit accounts, personal property leases; all causes of action whether arising in contract, tort, or otherwise; all General Intangibles (including, without limitation, registered and unregistered patents, tradenames,

trademarks, and the goodwill of the business symbolized thereby, copyrights, service marks, trade secrets, customer lists, licenses, royalties arising from the licensing of any intellectual property, investment properties, mutual funds, insurance policy proceeds, Federal, State and local tax refunds, and franchise rights); all leasehold interests and leases; and all proceeds, products, and profits of all of the foregoing, whether cash or non-cash; and all property described as "Collateral" in the Financing Agreement but expressly excluding the apartment complexes (the "Apartment Complexes") owned by Brixton Square Apartments, LLC; CC Apartments, LLC; Fulton Plaza Apartments, LLC; Magnolia Manor Apartments, LLC; Pomeroy Park Apartments, LLC; Salida Apartments, LLC; Savannah South Apartments, LLC; and Southern Hills Villa Apartments, LLC (the "Apartment Debtors"), the rent derived from the operation of the Apartment Complexes, the leases by and between the Apartment Debtors and the residential tenants who reside therein, and the proceeds thereof, as more particularly described in the mortgages and loan documents by and between the Apartment Debtors and Fannie Mae (except as limited or modified by the Stipulation and Consent Order Granting Fannie Mae's Motion for Relief from the Automatic Stay Pursuant to 11 U.S.C. § 362(d) and Rule 4001 of the Federal Rules of Bankruptcy Procedure entered by the Bankruptcy Court in the Bankruptcy Cases under on April 27, 2010, the "Fannie Mae Collateral").

4. Security Interest. To secure the repayment of all obligations of the Debtors to AllStar under this Agreement, Debtors hereby grant and convey to AllStar a first and continuing security interest in the Collateral (as hereinafter defined) and an allowed super-priority secured claim in the Collateral having priority in right of payment senior to and over any and all other obligations, liabilities and indebtedness of Debtors, now in existence or hereafter incurred by Debtors and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, Sections 326, 330, 331, 503(b), 506(c) or 507(b) of the Bankruptcy Code. AllStar is hereby authorized to file financing statements and amendments to financing statements without Debtors' signatures in accordance with the Uniform Commercial Code as in effect in the State of Delaware from time to time (the "UCC"). Debtors hereby authorize AllStar to file all financing statements and amendments to financing statements describing the Collateral in any filing office as AllStar, in its sole and absolute discretion, may determine. Debtors agree to comply with the requirements of all state and federal laws and requests of AllStar in order for AllStar to have and maintain a valid and perfected first security interest in the Collateral.

5. Events of Default. In the event of the occurrence of any of the following: (a) the failure of Debtors to perform any of its obligations pursuant to the Financing Order (as hereinafter defined), (b) the occurrence of any "Event of Default" under the Financing Agreement, (c) the termination or non-renewal of the Financing Agreement as provided for in this Financing Order, (d) conversion of the any or all of the Debtors' bankruptcy cases to a case or cases under Chapter 7 of the Bankruptcy Code, (e) the appointment of a Trustee pursuant to Sections 1104(a)(1) or 1104(a)(2) of the Bankruptcy Code, (f) dismissal of the Debtors' bankruptcy cases except for dismissal of any or all of the Apartment Debtors' bankruptcy cases, (g) the entry of any order modifying, reversing, revoking, staying, rescinding, vacating or amending any Financing Order without the express prior written consent of Lender, (h) the filing of a Chapter 11 plan which does not provide for the payment in cash and in full of the obligations to AllStar upon confirmation, (i) the filing by any Committee of an objection to or complaint challenging the validity, priority, and/or extent of AllStar's liens or the amount of

indebtedness, or an assertion of a claim of any kind against AllStar, (the foregoing being referred to in this Agreement, individually, as an “Event of Default” and collectively, “Events of Default”); then (unless such Event of Default is specifically waived in writing by AllStar), and upon or after the occurrence of any of the foregoing, and at all times thereafter, upon the expiration of five (5) business days after providing notice in writing, served by overnight delivery service or facsimile upon Debtors and Debtors’ counsel, counsel to the Committee, if any, a Trustee, if appointed, and the United States Trustee, all of the obligations of the Debtors under this Agreement shall become immediately due and payable and AllStar shall have no obligation to fund and may, in its sole and absolute discretion, terminate financing.

6. Approval by Bankruptcy Court. AllStar shall have no obligations to advance funds to the Debtors under this Agreement unless the Bankruptcy Court enters an order, substantially in the form attached hereto as Exhibit A and incorporated herein by reference, on an interim basis, within 15 days of the execution and delivery of this Agreement, and such order becomes a final order (the “Financing Order”) within 45 days of the execution and delivery of this Agreement.

7. Miscellaneous.

a. Applicable Law. The UCC and Delaware law shall govern the rights, duties and remedies of the parties hereto without reference to Delaware’s principles of conflicts of law.

b. Assignment. AllStar may assign this Agreement, and if assigned, the assignee shall be entitled to the performance of all of the Debtors’ obligations and agreements hereunder and the assignee shall be entitled to all of the rights and remedies of AllStar hereunder.

c. No Oral Modifications. This Agreement may not be amended except by written agreement signed by all the parties hereto.

d. Severability. The invalidity or unenforceability of any one or more provisions of this Agreement or the application thereof shall not affect the validity or enforceability of the remaining portions of this Agreement or an part thereof.

e. Counterparts. This Agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all of which shall constitute but one and the same instrument.

f. Waiver of Trial by Jury. The Debtors waive their right to a trial by jury in any litigation associated with the indebtedness evidenced by this Agreement, this Agreement, the Transaction, or any other documents executed in connection herewith.

AllStar Capital, Inc.

By: Daniel Gordon
Title: President

RC Sooner Holdings, LLC

By: Daniel Gordon
Title: President

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