

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
RC SOONER HOLDINGS, LLC, <u>et al.</u> , ¹)	Case No. 10-10528 (BLS)
)	
Debtors.)	(Jointly Administered)
)	

**FINAL ORDER AUTHORIZING POSTPETITION FINANCING,
GRANTING SENIOR LIENS, AND APPROVING AGREEMENT
WITH ALLSTAR CAPITAL, INC.**

Upon consideration of the Motion (the "Motion") filed on April 30, 2010, by RC Sooner Holdings, LLC, and all of its debtor affiliates and subsidiaries listed in footnote 1 (collectively, the "Debtors"), seeking, inter alia, (i) authority pursuant to Sections 105 and 364(d)(1) of the title 11 of the United States Code (the "Bankruptcy Code") and Rules 4001 and 9014 of the Federal Rules of Bankruptcy Procedure, for the Debtors to obtain post-petition loans, advances and other credit accommodations from AllStar Capital, Inc. (the "Lender"), secured by first priority security interests in and liens upon all present and future property of the Debtors' estates including, without limitation, all now existing and hereafter acquired real and personal property but expressly excluding the Fannie Mae Collateral (as hereinafter defined); (ii) approval of the terms and conditions of the Financing Agreement² by and between the Lender and the Debtors; (iii) modification of the automatic stay solely to the extent necessary to effectuate the terms of this Order; (iv) the granting to

¹ The Debtors and the last four digits of their taxpayer identification numbers are: RC Sooner Holdings, LLC (7904); RC Brixton Square Owner, LLC (8002); RC Cedar Crest Owner, LLC (7914); RC Fulton Plaza Owner, LLC (8011); RC Magnolia Owner, LLC (7998); RC Pomeroy Park Owner, LLC (7939); RC Salida Owner, LLC (7947); RC Savannah South Owner, LLC (7983); RC Southern Hills Owner, LLC (7958); Brixton Square Apartments, LLC (1844); CC Apartments, LLC (1798); Fulton Plaza Apartments, LLC (4344); Magnolia Manor Apartments, LLC (4486); Pomeroy Park Apartments, LLC (1649); Salida Apartments, LLC (1915); Savannah South Apartments, LLC (8586); and Southern Hills Villa Apartments, LLC (1721). The business address for each of the Debtors where notices should be sent is 1515 Broadway, 11th Floor, New York, New York 10036-8901.

Lender of super-priority secured claim status pursuant to Section 364(d)(1) of the Bankruptcy Code; and (v) the setting of a final hearing on the Motion; and the Lender and Debtors having agreed and stipulated as follows, which stipulations this Court hereby approves and adopts:

A. Filing of Petition. On February 22, 2010 (the "Petition Date"), the Debtors filed voluntary chapter 11 petitions under the Bankruptcy Code. By order of this Court, the Debtors' bankruptcy cases (the "Cases") are jointly administered for procedural purposes only. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors are authorized to operate their business as debtors in possession. To date, no official committee of unsecured creditors has been appointed in these cases.

B. Jurisdiction: Core Proceeding. Consideration of the Motion constitutes a "core proceeding" as defined in 28 U.S.C. § 157(b)(2)(A), (D), (G), (K), (M) and (O). This Court has jurisdiction over this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this District.

C. The Cash Collateral Motion. On the Petition Date, Fannie Mae had liens on and security interests against, among other things, the Apartment Complexes, 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 Lift Stay Order, as hereinafter defined, the "Fannie Mae Collateral"). As a result, on the Petition Date, all cash of the Debtors constituted cash collateral within the meaning of Section 363(a) of the Bankruptcy Code (the "Cash Collateral"). Accordingly, on the Petition

(...continued)

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Motion.

Date, the Debtors filed a Motion for Entry of Interim and Final Orders (A) Authorizing Debtors in Possession to Use Cash Collateral; (B) Granting Replacement Liens to Fannie Mae; (C) Granting Adequate Protection; and (D) Scheduling a Final Hearing Thereon (the "Cash Collateral Motion"), pursuant to which the Debtors sought authority to use Cash Collateral.

D. The First Interim Cash Collateral Order. On February 24, 2010, after conducting a preliminary hearing on the Cash Collateral Motion, this Court entered an Interim Agreed Order (A) Authorizing Debtors in Possession to Use Cash Collateral; (B) Granting Replacement Liens to Fannie Mae; (C) Granting Adequate Protection; and (D) Scheduling a Final Hearing Thereon whereby, *inter alia*, this Court authorized the Debtors to use Cash Collateral through and including March 11, 2010, set a deadline to object to the Motion of March 8, 2010, and set a final hearing on the Motion for March 11, 2010.

E. The Second Interim Cash Collateral Order. On March 11, 2010, this Court entered a Second Interim Agreed Order (A) Authorizing Debtors in Possession to Use Cash Collateral; (B) Granting Replacement Liens to Lender; (C) Granting Adequate Protection; and (D) Scheduling a Final Hearing Thereon whereby, *inter alia*, this Court authorized the Debtors to use Cash Collateral through and including March 18, 2010, extended the deadline for Fannie Mae to object to the Cash Collateral Motion of March 15, 2010, and set a final hearing on the Cash Collateral Motion for March 18, 2010.

F. Fannie Mae's Limited Objection to the Motion. On March 15, 2010, Fannie Mae filed a Limited Objection to the Cash Collateral Motion (the "Fannie Mae Limited Objection"), in which Fannie Mae stated that it did not object to the use of Cash Collateral for ordinary and necessary operations or for the payment of fees to the Debtors' claims agent but objected solely to the use of Cash Collateral for the payment of other administrative expenses, including, without

limitation, the payment of the fees of Debtors' attorneys. No other creditors or parties-in-interest objected to the Motion or the entry of a Final Order.

G. The March 18, 2010 Hearing. On March 18, 2010, this Court conducted a further preliminary hearing on the Cash Collateral Motion and the Fannie Mae Limited Objection.

H. The Third Interim Cash Collateral Order. On March 19, 2010, this Court entered a Third Interim Agreed Order (A) Authorizing Debtors in Possession to Use Cash Collateral; (B) Granting Replacement Liens to Lender; (C) Granting Adequate Protection; and (D) Scheduling a Final Hearing Thereon whereby, *inter alia*, this Court authorized the Debtors to use Cash Collateral through and including March 30, 2010, and set a final hearing on the Cash Collateral Motion for March 30, 2010.

I. Fourth Interim Cash Collateral Order. On March 26, 2010, this Court entered a Fourth Interim Agreed Order (A) Authorizing Debtors in Possession to Use Cash Collateral; (B) Granting Replacement Liens to Lender; (C) Granting Adequate Protection; and (D) Scheduling a Final Hearing Thereon whereby, *inter alia*, this Court authorized the Debtors to use Cash Collateral through and including the earlier of April 19, 2010, or the date on which an order granting Fannie Mae relief from the automatic stay is entered, and set a final hearing on the Cash Collateral Motion for April 19, 2010.

J. Fannie Mae's Lift Stay Motion. On March 30, 2010, Fannie Mae filed a 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 (the "Lift Stay Motion"). The Debtors reached an agreement with the Fannie Mae consenting to the relief requested by Fannie Mae in the Lift Stay Motion upon the terms and conditions set forth in a Stipulation and Consent Order Granting the Lift Stay Motion (the "Lift Stay Order") which was entered by this Court on April 27, 2010. (Docket No. 146). Pursuant to the

Lift Stay Order, among other things, Fannie Mae was granted relief from the automatic stay imposed by Section 362(a) of the Bankruptcy Code to seek the appointment of a receiver by a competent court of the State of Oklahoma to manage and operate the Apartment Complexes and to exercise its other state law rights and remedies against the Apartment Complexes, including, without limitation, foreclosing upon the same.

K. The Final Cash Collateral Order. Contemporaneously with the Debtors' consenting to the Lift Stay Order, Fannie Mae consented to the entry of a Final Agreed Order Authorizing Debtors in Possession to Use Cash Collateral; Granting Replacement Liens to Lender; and Granting Adequate Protection (the "Final Cash Collateral Order") pursuant to which Fannie Mae consented to the Debtors' use of Cash Collateral, on the terms set forth therein, through and including the date on which a receiver is appointed to manage and operate the Apartment Complexes owned by the Apartment Debtors in accordance with the terms set forth in the Lift Stay Order. The Final Cash Collateral Order was entered by this Court on April 27, 2010 (Docket No. 145).

L. Need for Funding. The relief sought in the Motion is necessary and in the best interests of the Debtors' estates in order to prevent immediate and irreparable harm to the Debtors' estates which would result in the absence of the proposed financing. The Debtors believe that without the proposed financing, the Debtors will not have the funds necessary (a) to pay overhead and other expenses necessary for the continued operation of the Debtors' business, including the administrative costs associated with the Cases, (b) to continue the prosecution of certain valuable claims and causes of action, and (c) the management and preservation of the Debtors' assets and properties. The Debtors have requested that Lender make loans and advances to Debtors in order to provide funds to be used by Debtors for their general operating, working capital and other business purposes in the ordinary course of the Debtors' business.

M. Good Cause. All such loans, advances and other financial accommodations by Lender will benefit the Debtors, their creditors and their estates. The Lender is willing to make such loans and advances and provide such other credit accommodations on a secured basis pursuant to Section 364(d)(1) of the Bankruptcy Code as more particularly described herein and in the Secured Promissory Note (the "Financing Agreement"), a copy of which is attached to the Motion as Exhibit A. Among other things, entry of this Order will minimize disruption of the Debtors' business, will preserve and maintain the assets of their estates, will increase the possibility of the reorganization of the Debtors, will avoid immediate and irreparable harm to, and is in the best interests of, the Debtors, their creditors and their estates.

N. Unavailability of Alternative Financing. The Debtors are unable to obtain unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code, or pursuant to Sections 364(a), (b) and (c) of the Bankruptcy Code. No other source of post-petition financing exists other than from Lender, and no other source of post-petition financing exists on terms more favorable than those offered by Lender which were acceptable to the Debtors.

O. Notice: The Debtors have provided sufficient notice of the terms of the Motion and the relief requested to (i) the United States Trustee, (ii) the attorneys for Fannie Mae, (iii) all creditors known to Debtors who may have liens against the Debtors' assets, (iv) the United States Internal Revenue Service, (v) the twenty (20) largest unsecured creditors of the Debtors, and (viii) all other creditors and parties in interest requesting notice under Bankruptcy Rule 2002(i).

P. Business Judgment and Good Faith Under Section 364(e). The terms of the Financing Agreement and this Final Financing Order between the Debtors and Lender pursuant to which post-petition loans, advances and other credit accommodations may be made or provided to

Debtors by Lender have been negotiated in good faith and at arms' length within the meaning of Section 364(e) of the Bankruptcy Code, are in the best interests of the Debtors, their creditors and the estates, are fair and equitable under the circumstances, and are enforceable pursuant to their terms. The relief granted by this Court pursuant to this Final Financing Order is necessary to avoid immediate and irreparable harm to the Debtors and their bankruptcy estates. The terms of the proposed financing are (i) fair and reasonable; (ii) reflect prudent exercise of business judgment consistent with the Debtors' fiduciary duties; (iii) constitute reasonably equivalent value and fair consideration; and (iv) are essential and appropriate for the continued operation and management of the Debtors' business and the preservation of their assets and properties. This Final Financing Order is subject to, and Lender is entitled to the benefits of, the provisions of Section 364(e) of the Bankruptcy Code.

Q. Factual Findings/Legal Conclusions. Each of the foregoing findings by the Court will be deemed a finding of fact if and to the full extent that it makes and contains factual findings and a conclusion of law if and to the full extent that it makes and contains legal conclusions.

THEREFORE, IT IS HEREBY ORDERED THAT:

1. Authorization to Incur Indebtedness and Enter Into Financing Agreement. The Motion is hereby granted and approved in all respects. Pursuant to Section 364(d)(1) of the Bankruptcy Code, the Debtors are hereby authorized and empowered for the period ending on December 31, 2010 to borrow from Lender, pursuant to the terms of this Final Financing Order and the terms and conditions set forth in the Financing Agreement. The Debtors are authorized and directed to execute, deliver, perform and comply with the terms and covenants of the Financing Agreement and this Final Financing Order. The terms and conditions of the Financing

Agreement as ratified and approved, and, together with this Final Financing Order, shall be sufficient and conclusive evidence of the borrowing arrangements between the Debtors and Lender and of the terms and conditions of the Financing Agreement, for all purposes. In the event of a conflict between the terms of the Financing Agreement and this Final Financing Order, then in such event, the terms of this Final Financing Order shall govern.

2. Use of Advances Made Under this Final Financing Order. The Debtors are hereby authorized to use the proceeds of the loans and advances made, and other credit accommodations provided, by Lender to Debtors for the payment of their post-petition obligations including, without limitation, general operating and working capital expenses incurred in the ordinary course of Debtors' business and in accordance with the terms and conditions of the Financing Agreement. In addition, the Debtors are hereby authorized to use the proceeds of the loans and advances made, and other financial accommodations provided by Lender to Debtors, to pay the fees and expenses of the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) and to pay the administrative costs associated with the Cases, including, without limitation, to pay the fees of the Debtors' attorneys, accountants, and other professionals employed by the Debtors in these Cases.

3. Grant of Super Priority Liens. To secure the prompt payment and performance of any and all postpetition obligations, liabilities and indebtedness of the Debtors to Lender of whatever kind or nature or description arising under the Financing Agreement (collectively, the "Post-Petition Debt"), Lender shall have and is hereby granted, pursuant to Section 364(d)(1) of the Bankruptcy Code effective on and after the date of this Final Financing Order, valid and perfected security interests and liens, senior to all other creditors of the estates of the Debtors, including any claims arising under Sections 326, 330, 331, 503(b), 506(c), or 507(b) of the Bankruptcy Code, in and upon

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 Fannie Mae Collateral (collectively, the "Collateral"). Lender shall have all rights and remedies with respect to Debtors, collection of any debt incurred by the Debtors hereunder, and the Collateral as are set forth in the Financing Agreement and this Final Financing Order. For all of the

Indebtedness now existing or hereafter arising pursuant to the Financing Agreement or otherwise, Lender is granted an allowed super-priority secured claim pursuant to valid and perfected security interests and liens in and upon 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.

4. Automatic Perfection. With respect to the debt incurred by Debtors under the Financing Agreement, this Final Financing Order shall be sufficient and conclusive evidence of the senior priority, perfection and validity of all of the security interests in and liens upon the property of the estates of Debtors granted to Lender as set forth herein, without the necessity of filing, recording or serving any financing statements, or other documents which may otherwise be required under federal or state law in any jurisdiction or the taking of any other action to validate or perfect the security interests and liens granted to Lender in this Final Financing Order and the Financing Agreement. Such security interests and liens granted to Lender shall be prior and senior to all security interests, liens, claims, and encumbrances of all other creditors in and to such property except for duly perfected purchase money security interests as of the Petition Date, as shown by the holders of such claims (in which case the Lender's lien shall attach, but subject to the purchase money security interests that are shown by holders of such claims). If Lender shall, in its discretion, elect for any reason to file any such financing statements or other documents with respect to such security interests and liens, Debtors are authorized and directed to execute, or cause to be executed, all such financing statements or other documents upon Lender's reasonable request and the filing, recording or service thereof (as the case may be) of such financing statements or similar documents

shall be deemed to have been made at the time of and on the Petition Date. Lender may, in its discretion, file a certified copy of this Final Financing Order in any filing or recording office in any county or other jurisdiction in which any of the Debtors have real or personal property and, in such event, the subject filing or recording officer is authorized and directed to file or record such certified copy of this Final Financing Order.

5. Preservation of Fannie Mae's Liens. Notwithstanding anything to the contrary contained herein, Fannie Mae's liens and security interests in and against the Fannie Mae Collateral shall continue in full force and effect to the extent existing on the date of the entry of this Final Financing Order and shall be and are unaffected by the Financing Agreement and this Final Financing Order. Lender is not granted any liens in or against any of the Fannie Mae Collateral.

6. Further Acts by Debtors. Debtors are hereby authorized and directed to perform all acts, and execute and comply with the terms of such other documents, instruments, and agreements in addition to the above Financing Agreement as Lender may reasonably require and as evidence of and for the protection of the Indebtedness and the Collateral or which may be otherwise deemed necessary by Lender to effectuate the terms and conditions of this Final Financing Order and the Financing Agreement.

7. No Control of the Debtors. In determining to make any extensions of credit under the Financing Agreement, and in negotiating and consummating the transactions authorized by this Final Financing Order, the Lender shall not be deemed to have been in control of the operation of any of the Debtors.

8. Limited Modification of Automatic Stay. The automatic stay provisions of Section 362 of the Bankruptcy Code are vacated and modified solely to the extent necessary to permit

Lender and Debtors to implement the financing of the Debtors and the provisions of this Final Financing Order and of the Financing Agreement.

9. Termination of Financing Agreement by Lender. The Financing Agreement shall be subject to (a) termination, suspension, or limitation, in Lender's sole and complete discretion, exercised from time to time, as to any future loans, advances and other credit accommodations to be made or provided by Lender to Debtors immediately upon the occurrence of, or at any time during the continuation of, any Event of Default (as hereinafter defined) and (b) termination, in Lender's sole and complete discretion, exercised from time to time, upon the expiration of Debtors' authorization to borrow from Lender pursuant to this Final Financing Order or any other order authorizing the granting of credit by Lender to Debtors pursuant to Section 364 of the Bankruptcy Code as may hereafter be entered by this Court.

10. 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 this Final Financing Order, (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 Final Financing Order, (d) conversion of the Chapter 11 case of the Debtors to a case 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 Cases except for dismissal of any or all of the Apartment Debtors' Chapter 11 cases, (g) the entry of any order modifying, reversing, revoking, staying, rescinding, vacating or amending this Final 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 indebtedness owed by the Debtors to AllStar upon confirmation, (i) the filing by any Committee of an objection to or complaint challenging the validity, priority, and/or

extent of Lender's liens or the amount of indebtedness, or an assertion of a claim of any kind against Lender, (the foregoing being referred to in this Final Financing Order, individually, as an "Event of Default" and collectively, "Events of Default"); then (unless such Event of Default is specifically waived in writing by Lender), 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 Indebtedness shall become immediately due and payable and the Lender shall have no obligation to fund and may, in its sole and absolute discretion, terminate financing.

11. Survival of Provisions. The provisions of this Final Financing Order and any actions taken pursuant hereto shall survive entry of any order which may be entered dismissing the Cases, converting Debtors' Chapter 11 cases to Chapter 7 cases, or any order which may be entered confirming or consummating any Chapter 11 plan, and the terms and provisions of this Final Financing Order as well as the priorities in payment, liens, and security interests granted pursuant to this Final Financing Order and the Financing Agreement shall continue in this or any superseding case under the Bankruptcy Code, and such priorities in payment, liens and security interests shall maintain their priority as provided by this Final Financing Order until all Indebtedness is indefeasibly satisfied and discharged; provided, that, all obligations and duties of Lender hereunder, under the Financing Agreement or otherwise with respect to any future loans and advances or otherwise shall terminate immediately upon the earlier of the date of any Event of Default or the date that a plan of the Debtors becomes effective unless Lender has given its express prior written consent thereto, no such consent being implied from any other action, inaction or acquiescence by Lender.

12. Resolution of Any Conflicting Terms. To the extent the terms and conditions of the Financing Agreement are in conflict with the terms and conditions of this Final Financing Order, the terms and conditions of this Final Financing Order shall control.

13. Order Binding on Successors. The provisions of this Final Financing Order shall be binding upon and inure to the benefit of the Lender, the Debtors, and their respective successors and assigns (including any trustee or other estate representative appointed as a representative of the Debtors' estates or of any estate in any successor case). Except as otherwise explicitly set forth in this Final Financing Order, no third parties are intended to be or shall be deemed to be third party beneficiaries of this Final Financing Order or the Financing Agreement.

14. Objections Overruled. All objections to the entry of this Final Financing Order are hereby overruled.

15. Order Effective. This Final Financing Order shall be effective as of the date of signature by the Court. This Court has and will retain jurisdiction to enforce this Final Financing Order according to its terms.

IT IS SO ORDERED.

Dated: May 26, 2010



United States Bankruptcy Judge