

**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)
)	
)	Objection Deadline: June 17, 2010 at 4:00 p.m. (ET)
)	Hearing Date: To be determined only if objections
)	are filed

**SECOND MONTHLY FEE APPLICATION OF BALLARD SPAHR
LLP, COUNSEL TO THE DEBTORS, FOR COMPENSATION AND REIMBURSEMENT
OF EXPENSES FOR THE PERIOD APRIL 1, 2010 THROUGH APRIL 30, 2010**

Name of Applicant:	BALLARD SPAHR LLP
Authorized to Provide Professional Services to:	RC SOONER HOLDINGS, LLC, <i>et al.</i>
Date of Retention:	MARCH 22, 2010, <i>NUNC PRO TUNC</i> TO FEBRUARY 22, 2010
Period for which compensation and reimbursement is sought:	APRIL 1, 2010 THROUGH APRIL 30, 2010
Amount of Compensation sought as actual, reasonable and necessary:	\$118,761.50
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	\$1,614.93
This is a:	MONTHLY FEE APPLICATION

The total time expended for fee application preparation is approximately 13.4 hours and the corresponding compensation requested is approximately \$7,107.00.

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.

Prior Application:

		Requested		Approved	
Date Filed	Period Covered	Fees	Expenses	Fees	Expenses
May 27, 2010 (Docket No. 187)	February 22, 2010 through March 31, 2010	\$248,430.00	\$32,538.95	Objection Deadline has not yet passed	Objection Deadline has not yet passed

**BALLARD SPAHR'S SUMMARY OF PROFESSIONALS AND PARAPROFESSIONALS
RENDERING SERVICES FROM APRIL 1, 2010 THROUGH APRIL 30, 2010**

Name of Professional Person	Position of the Applicant, Number of Years in that Position, Year of Obtaining License to Practice	Hourly Billing Rate (including changes)	Total Billed Hours	Total Compensation
Tobey M. Daluz	Joined firm as Partner in 2002. Member DE bar since 2000. Member PA bar since 1990.	\$600.00	47.70	\$28,620.00
Sean J. Bellew	Joined firm as Of Counsel in 2008. Member of PA and NJ bars since 1997. Member of DE bar since 2001.	\$565.00	29.0	\$16,385.00
Christopher S. Chow	Joined firm as Of Counsel in 2010. Member of NY and MA bars since 2001. Member of DE bar since 2002.	\$525.00	61.90	\$32,497.50
Matthew G. Summers	Joined firm as Associate in 2005. Member of MD bar since 2001.	\$450.00	28.20	\$12,690.00
David A. Felice	Joined firm as Associate in 2008. Member of DE bar since 2001. Member of AL bar since 2002. Member of PA bar since 2005.	\$420.00	12.40	\$5,208.00
Leslie C. Heilman	Joined firm as Associate in 2005. Member of DE, NJ and PA bars since 2005.	\$340.00	10.80	\$3,672.00
Joshua E. Zugeran	Joined firm as Associate in 2007. Member of PA bar since 2007. Member of DE bar since 2009.	\$300.00	47.30	\$14,190.00
David T. May	Joined the firm as Associate in 2008. Member of PA bar since 2008. Member of DE bar since 2009.	\$270.00	10.80	\$2,916.00
Kelly G. Iffland	Joined firm as paralegal in 2002. Paralegal for ten years.	\$205.00	12.60	\$2,583.00
Grand Total:			260.70	\$118,761.50
Blended Rate: \$455.55				
Blended Rate (excluding paralegal and paraprofessional time): \$468.27				

Dated: May 28, 2010

COMPENSATION BY PROJECT CATEGORY

Project Category (Examples)	Total Hours	Total Fees
Case Administration - B110	18.90	\$8,431.00
Asset Analysis and Recovery - B120	21.80	\$9,555.00
Relief from Stay/ Adequate Protection Proceedings –B140	99.90	\$46,249.00
Fee/Employment Applications - B160	1.80	\$505.00
Other Contested Matters – B190	69.30	\$32,373.00
Business Operations – B210	2.60	\$1,335.00
Financing/Cash Collateral – B230	26.10	\$12,060.00
Litigation / Hearings – B430	5.30	\$2,947.00
Schedules and Statements – B440	15.00	\$5,306.50
Total:	260.70	\$118,761.50

EXPENSE SUMMARY

Expense Category (Examples)	Service Provider (if applicable)	Total Expenses
Duplicating Services (\$0.10/page)		\$366.50
Long Distance Telephone		\$12.35
Delivery Services	Parcels, Inc.; FedEx	\$73.00
Westlaw Research	Westlaw	\$394.58
Lexis Research	Lexis Nexis	\$370.25

Transcription Fees	Veritext Reporting Company	\$398.25
Total		\$1,614.93

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**SECOND MONTHLY FEE APPLICATION OF BALLARD SPAHR
LLP, COUNSEL FOR THE DEBTORS, FOR COMPENSATION
AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
APRIL 1, 2010 THROUGH APRIL 30, 2010**

Ballard Spahr LLP ("Ballard"), counsel to RC Sooner Holdings, LLC *et al.*, (collectively, the "Debtors"), hereby submits this Second Monthly Fee Application for Allowance of Compensation and Reimbursement of Expenses for the Period April 1, 2010 through April 30, 2010 (the "Second Monthly Application") pursuant to 11 U.S.C. §§ 330 and 331, Federal Rule of Bankruptcy Procedure 2016, Local Bankruptcy Rule 2016-2, this Court's Order Under 11 U.S.C. §§105(a) and 331 Establishing Procedures For Interim Compensation And Reimbursement Of Expenses For Professionals (the "Interim Compensation Order"), and the Guidelines for reviewing Applications for Compensation and Reimbursement of Expenses promulgated by the Executive Office of the United States Trustee pursuant to 28 U.S.C. § 586(a)(3)(A). By this

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.

Second Monthly Application, Ballard, as counsel to the Debtors in these cases, seeks a monthly interim allowance of compensation for legal services performed and expenses incurred during the period commencing April 1, 2010 through and including April 30, 2010 the ("Compensation Period"), and payment according to the procedures set forth in the Interim Compensation Order.

In support hereof, Ballard respectfully represents the following:

FACTUAL BACKGROUND

1. On February 22, 2010 (the "Petition Date"), the Debtors filed their respective voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors have thereafter continued in possession of their property and have continued to manage their business and properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On February 24, 2010, the Court entered an order directing joint administration of these cases. No trustee or examiner has been appointed in any of the Debtors' chapter 11 cases.

2. As of the Petition Date, the Debtors owned, operated and maintained a portfolio of 796 multi-family residential units divided among eight (8) separate apartment complexes (collectively, the "Apartments") for lease in Tulsa, Oklahoma. RC Sooner is the direct parent of eight (8) Oklahoma limited liability companies (collectively, the "RC LLCs"³), and together with RC Sooner, the "Purchasers") that were formed in October 2009 for the purpose of acquiring 100% of the membership interests of eight (8) existing Oklahoma limited

³ The RC LLCs consist of the following co-debtor subsidiaries of RC Sooner: 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 and RC Southern Hills Owner, LLC. RC Sooner is also the direct parent of non-filing entity RC Old South Owner, LLC, whose real estate assets are not subject to loans held by the Federal National Mortgage Association.

liability companies that own the Apartments (collectively, the “Apartment LLCs”⁴). The purchase price of the acquisition included the assumption of approximately \$27 million in outstanding loans and mortgages (the “Loans and Mortgages”) currently held by the Federal National Mortgage Association (“Fannie Mae”).

3. On March 22, 2010, this Court approved (i) the retention application of Ballard as counsel to the Debtors, *nunc pro tunc* to the Petition Date (the “Retention Order”) (Docket No. 76) and (ii) the Interim Compensation Order (Docket No. 80). True and correct copies of the Retention Order and the Interim Retention Order are attached hereto as **Exhibit A** and **Exhibit B**, respectively.

4. The Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334. Venue is proper under 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b)(2).

5. The statutory predicates for the relief requested herein are Bankruptcy Code sections 330 and 331, Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 2016-2 of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

⁴ The Apartment LLCs consist of the following co-debtor indirect subsidiaries of RC Sooner: 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. RC Sooner is also the ultimate parent of non-filing entity Old South Apartments, LLC, whose loan is not held by the Federal National Mortgage Association.

II. COMPENSATION AND REIMBURSEMENT OF EXPENSES

6. Ballard submits this Second Monthly Application seeking a monthly interim allowance of reasonable compensation for actual and necessary professional services provided to the Debtors as their counsel in these chapter 11 cases, as well as for reimbursement for actual and necessary out-of-pocket expenses incurred during the Compensation Period, and payment according to the procedures set forth in the Interim Compensation Order. All included services and costs for which Ballard seeks compensation were performed for, or on behalf of, the Debtors during the Compensation Period.

7. Prior to the Petition Date, Ballard received \$100,000.00 in fees incurred prior to the Petition Date from the Debtors. The instant application is the Second Monthly Application filed with the Bankruptcy Court.

8. By this Second Monthly Application, Ballard thus seeks: (a) monthly interim allowance of compensation in the amount of \$118,761.50 for legal services rendered during the Compensation Period, and allowance of reimbursement in the amount of \$1,614.93 for expenses incurred and disbursed during the Compensation Period, and (b) payment of compensation in the amount of \$95,009.20 (80% of the compensation requested), and reimbursement of expenses incurred by Ballard during the Compensation Period in the amount of \$1,614.93 (100% of the expenses requested).

9. For the Bankruptcy Court's review, a summary containing the names of each Ballard professional and paraprofessional rendering services to the Debtors during the Compensation Period, their customary billing rates, the time expended by each professional and

paraprofessional, and the total value of time incurred by each professional and paraprofessional is attached hereto as **Exhibit C**.

10. In addition, **Exhibit C** contains computer-printouts reflecting the time recorded for services rendered on a daily basis during the Compensation Period and descriptions of the services provided, identified by project task categories.

11. **Exhibit D** contains a breakdown of expenses incurred and disbursed by Ballard during the Compensation Period. Ballard has incurred out-of-pocket expenses during the Compensation Period in the amount of \$1,614.93. This sum is broken down into categories of charges, including, *inter alia*, duplicating fees, special or hand delivery charges, long distance telephone charges and electronic research charges. Ballard has not charged or sought reimbursement for incoming or outgoing facsimile transmissions.

III. ANALYSIS AND NARRATIVE DESCRIPTION OF SERVICES RENDERED AND TIME EXPENDED

12. Section 330(a) of the Bankruptcy Code provides, in pertinent part, that bankruptcy courts may award "reasonable compensation for actual, necessary services rendered by the trustee, examiner, ombudsman, professional person, or attorney and by any paraprofessional person employed by any such person." 11 U.S.C. § 330(a)(1)(A). The attorneys requesting compensation from the bankruptcy estate bear the burden of demonstrating to the bankruptcy court that the services performed and fees incurred were reasonable.

13. In determining the amount of reasonable compensation to be awarded, the bankruptcy court shall consider, pursuant to 11 U.S.C. § 330(a)(3), the nature, extent, and the value of such services, taking into account all relevant factors, including: (a) the time expended

on such services, (b) the billing rates charged for such services, (c) whether such services were beneficial or necessary to the administration of the estate, (d) the complexity of the case or the nature of the task handled by the professional, and (e) the costs of comparable professional services. See 11 U.S.C. § 330(a)(3)(A)-(F).

14. With respect to the time and labor expended by Ballard in these cases, as set forth in **Exhibit C**, during the Compensation Period, Ballard rendered professional services in the amount of \$118,761.50. Ballard believes that it is appropriate for it to be compensated for the time spent in connection with these matters, and to that end, has set forth below a brief narrative description of the services rendered for or on behalf of the Debtors and the time expended, organized by project task categories. Ballard has attempted to place the services provided in the category that best relates to such services. Because certain services may relate to one or more categories, however, services pertaining to one category may be properly included in another category.

A. CASE ADMINISTRATION (B110)

15. During the Compensation Period, Ballard, *inter alia*, as counsel to the Debtors, continued to perform numerous miscellaneous administrative tasks necessary to the continued maintenance of the Debtors' cases. Much of Ballard's time and effort in this regard was spent in communicating with the Debtors' management and other parties in interest in these cases with respect to the hearings and telephonic conferences held or scheduled in these cases. Throughout the Compensation Period, Ballard also continued to attend to general case management issues; reviewed pleadings, the docket and entries of appearance; prepared service lists and case calendars; promptly obtained pleadings and other materials and information for the Debtors; and worked closely with the Debtors' claims and noticing agent to maintain and

circulate such information upon request and as required by the Bankruptcy Code, Bankruptcy Rules and Local Rules. Ballard accordingly seeks compensation for 18.90 hours of reasonable and necessary legal expenses incurred for Case Administration matters during the Compensation Period in the total amount of \$8,431.00.

B. ASSET ANALYSIS AND RECOVERY (B120)

16. Ballard professionals spent a significant amount of time during the Compensation Period addressing issues related to the Debtors' motion for discovery pursuant to Bankruptcy Rule 2004, including extensive negotiation and communications with opposing counsel in connection with such discovery and preparing for hearings with respect to the same. Ballard accordingly seeks compensation for 21.80 hours of reasonable and necessary legal expenses incurred for Asset Analysis and Recovery matters during the Compensation Period in the total amount of \$9,555.00.

C. RELIEF FROM STAY/ADEQUATE PROTECTION PROCEEDINGS (B140)

17. During the Compensation Period, Ballard, *inter alia*, assisted the Debtors in reviewing and responding to Fannie Mae's motion to lift the automatic stay. To this end, Ballard professionals spent considerable time researching and analyzing the various options faced by the Debtors with respect to the motion and advising Debtors' management concerning the same. Ballard professionals also spent significant time negotiating with and responding to Fannie Mae's representatives and professionals with respect to the terms and conditions of a consensual agreement to lift the automatic stay, and spent substantial additional time drafting and revising a stipulated order in this regard. Ballard accordingly seeks compensation for 99.90 hours of reasonable and necessary legal expenses incurred for Relief from Stay/Adequate Protection Proceedings during the Compensation Period in the total amount of \$46,249.00.

D. FEE/EMPLOYMENT APPLICATIONS (B160)

18. During the Compensation Period, Ballard, *inter alia*, spent time drafting Ballard's first monthly fee application and reviewing the affidavit of an ordinary course professional to be retained by the Debtors pursuant to the Ordinary Course Professionals Order entered in these cases. Ballard accordingly seeks compensation for 1.80 hours of reasonable and necessary legal expenses incurred for Fee/Employment Applications during the Compensation Period in the total amount of \$505.00.

E. OTHER CONTESTED MATTERS (B190)

19. Ballard, *inter alia*, spent considerable time during the Compensation Period addressing issues in connection with the Debtors' two adversary proceedings (Adv. Proc. Nos. 10-50719 and 10-50723) (together, the "Adversary Proceedings") pursuant to which the Debtors have asserted numerous causes of action against the sellers and other third parties in light of significant alleged misconduct and other improper acts engaged in by such defendants in connection with the sale and operation of the Apartments. During the Compensation Period, Ballard professionals devoted significant efforts to communicating with representatives of the defendants in each of the Adversary Proceedings, drafting a motion for default judgment, and negotiating and drafting various agreements and stipulations with respect to the scheduling of discovery and briefing in each respective Adversary Proceeding. Ballard professionals also spent substantial time during the Compensation Period researching, analyzing and drafting discovery-related requests in each of the Adversary Proceedings. Ballard accordingly seeks 69.30 hours of reasonable and necessary legal expenses incurred with respect to Other Contested Matters in the total amount of \$32,373.00.

F. BUSINESS OPERATIONS (B210)

20. During the Compensation Period, Ballard, *inter alia*, spent time communicating and negotiating with certain of the Debtors' utility providers concerning such providers' continued service to the Debtors, and also spent time communicating with the Debtors' management concerning operational issues with respect to the Apartments. Ballard accordingly seeks compensation for 2.60 hours of reasonable and necessary expenses incurred for Business Operations matters during the Compensation Period in the total amount of \$1,335.00.

G. FINANCING/CASH COLLATERAL (B230)

21. During the Compensation Period, Ballard, *inter alia*, spent significant time negotiating and communicating with Fannie Mae, its representatives and professionals with respect to the terms and conditions of the continued use of cash collateral in connection with the parties' concurrent negotiations for entry of a stipulated order consenting to lift stay relief. In connection with the foregoing communications and negotiations, Ballard professionals drafted, revised and amended an order providing for use of cash collateral on a final basis. Furthermore, Ballard professionals devoted a substantial amount of effort to debtor-in-possession financing issues required to be addressed in the wake of the stipulated lift stay order, which also required the drafting and submission of a debtor-in-possession financing motion and proposed order. Ballard accordingly seeks compensation for 26.10 hours of reasonable and necessary legal expenses incurred for Financing/Cash Collateral matters during the Compensation Period, in the total amount of \$12,060.00.

H. LITIGATION/HEARINGS (B430)

22. During the Compensation Period, Ballard, *inter alia*, spent time preparing for and attending an omnibus hearing held with respect to various issues, including discovery issues in connection with the 2004 discovery sought by the Debtors and entry of the negotiated lift stay order. Ballard accordingly seeks compensation for 5.30 hours of reasonable and necessary legal expenses incurred in connection with Litigation/Hearings held during the Compensation Period in the total amount of \$2,947.00.

I. SCHEDULES AND STATEMENTS (B440)

23. During the Compensation Period, Ballard continued to advise the Debtors concerning their schedules and statements and monthly operating reports, and participated in reviewing, revising and filing the same. Ballard accordingly seeks compensation for 15.00 hours of reasonable and necessary legal expenses incurred for Schedules and Statements in the total amount of \$5,306.50.

24. Ballard charged and now requests those fees that are reasonable and customary and charged by most counsel in this marketplace for similar chapter 11 cases. The billing rates set forth in Ballard's Summary of Professionals and Paraprofessionals Rendering Services From April 1, 2010 Through April 30, 2010 represent customary rates that are routinely billed to the firm's many clients. (See **Exhibit C**). Moreover, Ballard stated in its Retention Application and accompanying Affidavit that it would be compensated on an hourly basis, plus reimbursement of actual, reasonable and necessary out-of-pocket expenses incurred by the firm. Here, the compensation requested does not exceed the reasonable value of the services rendered. Ballard's standard hourly rates for work of this nature are set at a level designed to fairly

compensate Ballard for the work of its attorneys and paraprofessionals and to cover fixed and routine overhead expenses.

25. Further, the Debtors sought to retain Ballard as their counsel due to its extensive experience and knowledge in the field of debtors' and creditors' rights, and because of its expertise, experience and knowledge practicing before the Bankruptcy Court in matters that were likely to arise in these cases before this Court.

26. This Second Monthly Application covers the period from April 1, 2010 through and including April 30, 2010. Further, although every effort was made to include all fees and expenses from the Compensation Period in this Second Monthly Application, some fees and/or expenses from the Compensation Period might not be included in this Second Monthly Application due to delays in processing time and receipt of invoices for expenses and/or for preparation of the instant Second Monthly Application subsequent to the Compensation Period. Accordingly, Ballard reserves the right make application to the Bankruptcy Court for allowance of fees and expenses not included herein.

27. Ballard believes that the instant application and the description of services set forth herein of work performed are in compliance with the requirements of Delaware Local Rule 2016-2, the Interim Compensation Order, and the applicable guidelines and requirements of the Bankruptcy Code, Federal Rules of Bankruptcy Procedure, and the Executive Office for the United States Trustee. A true and correct copy of the Verification of Tobey M. Daluz is attached hereto as **Exhibit E**.

WHEREFORE, Ballard respectfully requests that it be awarded the monthly interim allowance of (a) compensation for professional services rendered in the amount of \$118,761.50 and for (b) reimbursement of expenses incurred in the amount of \$1,614.93, for the period commencing April 1, 2010 through April 30, 2010, and payment according to the procedures set forth in the Interim Compensation Order.

Dated: May 28, 2010
Wilmington, Delaware

Respectfully Submitted,

BALLARD SPAHR LLP

By: /s/ Christopher S. Chow

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Counsel for the Debtors and Debtors in
Possession

⁵ Admitted *pro hac vice*.