

**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: March 11, 2010 at 4:00 p.m. (ET)
)	Hearing Date March 18, 2010 at 10:30 a.m. (ET)

**NOTICE OF APPLICATION OF DEBTORS FOR ENTRY OF AN ORDER
AUTHORIZING THE EMPLOYMENT AND RETENTION OF PALMETTO, MOLLO,
MOLINARO, & SCIACCA, LLC AS ACCOUNTANTS FOR THE
DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

PLEASE TAKE NOTICE that on February 22, 2010, each of the above-captioned Debtors and Debtors in Possession (collectively, the “Debtors”) filed the Application for Entry of an Order Authorizing the Employment and Retention of Palmetto, Mollo, Molinaro, & Sciacca, LLC as Accountants for the Debtors, *Nunc Pro Tunc*, to the Petition Date (the “Application”) [Docket No. 10] with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). A copy of the Application is attached hereto as Exhibit A.

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Application must be in writing, filed with the Clerk of the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, and served upon the undersigned proposed counsel for the

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.

Debtors and Debtors in Possession on or before **March 11, 2010 at 4:00 p.m. (Eastern Standard Time)**.

PLEASE TAKE FURTHER NOTICE that if an objection is timely filed, served and received and such objection is not otherwise timely resolved, a hearing to consider such objection and the Application will be held before The Honorable Brendan L. Shannon at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 6th Floor, Courtroom No. 1, Wilmington, DE 19801 on **March 18, 2010 at 10:30 a.m. (Eastern Standard Time)**.

IF NO OBJECTIONS TO THE APPLICATION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

Dated: February 25, 2010
Wilmington, Delaware

Respectfully Submitted,

BALLARD SPAHR LLP

By: /s/ Christopher S. Chow
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Proposed Counsel for the Debtors and Debtors in
Possession

EXHIBIT A

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

In re:) Chapter 11
RC SOONER HOLDINGS, LLC, et al.,¹) Case No. 10-10518()
Debtors.) (Jointly Administered)

**APPLICATION OF DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING
THE EMPLOYMENT AND RETENTION OF PALMETTO, MOLLO,
MOLINARO, & SCIACCA, LLC AS ACCOUNTANTS FOR THE
DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

RC Sooner Holdings, LLC (“RC Sooner” or the “Company”), and its debtor affiliates and subsidiaries listed in footnote 1 (collectively, the “Debtors”), by their undersigned attorneys, hereby submit this Application for Entry of an Order Authorizing the Employment and Retention of Palmetto, Mollo, Molinaro, & Sciacca, LLC (“Palmetto Mollo”) as Accountants for the Debtors, *Nunc Pro Tunc*, to the Petition Date (the “Application”), pursuant to sections 327(a), 328, and 330 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2014 and 5002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and respectfully state as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334.

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.

(continued...)

2. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.
3. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

BACKGROUND

4. On or about February 22, 2010 (the "Petition Date"), each of the Debtors filed their respective voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors thereafter have continued to manage their business and properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. The Debtors own, operate and maintain 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"², 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 liability companies that own the Apartments (collectively, the "Apartment LLCs"³). 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").

(...continued)

² The RC LLCs consist of the following co-debtor subsidiaries of RC Sooner: 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 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.

³ 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.

6. Unbeknownst to the Purchasers, however, the sellers of the Apartment LLCs and their brokers had engaged in a pattern of intentional misconduct and fraudulent misrepresentation from the very outset of negotiations for the sale of the Apartments and the Apartment LLCs, which misrepresentations included the failure to inform the Purchasers that the Loans and Mortgages had been in default since approximately September 2, 2009, and remained in default as of the closing on or about October 29, 2009.

7. Fannie Mae was not informed of the Purchasers' purchase of the Apartment LLCs until late January, 2010, and the Company was not made aware of the existence of the defaults under the Loans and Mortgages until that same time, the sellers having actively concealed such facts from both Fannie Mae and the Company as recently as the final week of January, 2010.

8. Upon learning of the purchase of the Apartment LLCs, Fannie Mae declared a non-monetary default on account of the transfer of the Loans and Mortgages to the Company without Fannie Mae's consent. Fannie Mae subsequently initiated state court actions in Oklahoma against the Apartment LLCs and certain of the sellers petitioning for foreclosure and the appointment of a receiver against all the Apartments. Hearings for the appointment of a receiver with respect to the Apartment LLCs have been scheduled for February 23, 2010.

9. Due to the imminent threat of Fannie Mae's state court actions, the Debtors commenced these cases on the Petition Date in order to provide sufficient time for them to, among other things, pursue claims against the sellers and their brokers and negotiate a resolution of the Loan and Mortgage defaults with Fannie Mae, all of which efforts will enable the Debtors to preserve and maximize the value of their business for the benefit of their creditors and other interested parties.

10. Additional factual background regarding the Debtors, including their current and historical business operations and the events precipitating these chapter 11 filings, is set forth in detail in the Affidavit of Daniel Gordon in Support of Chapter 11 Petitions and First Day Pleadings, and is incorporated herein by reference.

11. No trustee, examiner, or committee has been appointed in any of the Debtors' cases.

RELIEF REQUESTED AND BASIS THEREFOR

12. By this Application, the Debtors request the entry of an order authorizing the retention of Palmetto Mollo as accountants to the Debtors. The statutory predicates for the relief requested herein are sections 327(a), 328, and 330 of the Bankruptcy Code and Rules 2014 and 5002 of the Bankruptcy Rules.

A. Retention of Palmetto Mollo as Accountants

13. The Debtors desire to employ Palmetto Mollo for the purpose of providing accounting and related services to the Debtors. The Debtors have selected Palmetto Mollo because of its considerable experience in providing accounting, consulting, tax, and financial advisory services in both bankruptcy and non-bankruptcy matters. The Debtors believe Palmetto Mollo is well qualified to serve as the Debtors' accountants and that the retention of Palmetto Mollo as their accountants is essential to the Debtors' ability to comply with the requirements imposed upon debtors in possession under chapter 11 of the Bankruptcy Code and to reorganize successfully.

14. Prior to the Petition Date, certain of the Debtors' basic accounting functions were performed by a non-debtor affiliate, RC Realty Management, Inc. ("RC Realty"), which manages the Debtors' operation of the apartment complexes. However, RC Realty provides management services to numerous non-debtor entities and is not equipped or staffed to assume responsibility

for all of the additional accounting functions that must be performed as a result of the Debtors' bankruptcy cases. As a result, it is necessary for the Debtors to employ accountants to render the professional services listed below.

15. Subject to approval by the Court, Palmetto Mollo will be engaged to provide professional services to the Debtors, including, without limitation, the following:

- (a) General accounting and tax advisory services to the Debtors;
- (b) Assisting the Debtors in preparing their Schedules and Statements of Financial Affairs for filing in this case;
- (c) Assisting the Debtors in preparing monthly operating reports and complying with any reporting obligations under any cash collateral or debtor-in-possession financing orders;
- (d) Review of and assistance with the preparation and filing of tax returns, assistance regarding any existing or future IRS examinations, and any and all other tax assistance that may be required from time to time;
- (e) Interpretation and analysis of financial materials, including accounting, tax, statistical, financial, and economic data regarding the Debtors and other relevant parties-in-interest;
- (f) Analysis and advice regarding additional accounting, financial, valuation, and related issues that may arise during the course of the Debtors' bankruptcy cases;
- (g) Assisting the Debtors and their attorneys in the preparation and evaluation of potential litigation;
- (h) Providing testimony on various matters in the Debtors' bankruptcy cases;
- (i) Assisting the Debtor in preparing and/or analyzing cash flow forecasts and capital expenditure requirements and assessing various strategic alternatives available to the Debtors;
- (j) Assisting the Debtors, as may be appropriate, in connection with the development, preparation, and analysis of a plan of reorganization, disclosure statement, and related documents; and
- (j) All other accounting services required by the Debtors which are appropriate and/or necessary in connection with the Debtors' bankruptcy case.

16. Palmetto Mollo has indicated its willingness to act on behalf of the Debtors and subject itself to the jurisdiction and supervision of this Court. The Debtors have been advised by Palmetto Mollo that it will coordinate with the other retained professionals in these chapter 11 cases and RC Realty to eliminate or avoid unnecessary duplication or overlap of work.

B. Professional Compensation

17. As set forth in the Verified Statement of Dean Mollo (the "Verified Statement"), attached hereto as Exhibit A and incorporated herein by reference, the Debtors propose to pay Palmetto Mollo its customary hourly rates for services rendered to other clients of Palmetto Mollo in bankruptcy and non-bankruptcy matters that are in effect from time to time and to reimburse Palmetto Mollo according to Palmetto Mollo's customary reimbursement policies. As of the Petition Date, Palmetto Mollo's customary hourly rates are as follows:

In house bookkeeping services	\$125 per hour
Staff accountant	\$175 per hour
Manager	\$235 per hour
Partner	\$305 per hour

18. Palmetto Mollo intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules for all services performed and expenses incurred after the Petition Date.

C. Palmetto Mollo's Disinterestedness

19. As is disclosed in the Verified Statement: (a) Palmetto Mollo is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code; and (b) Palmetto Mollo does not represent or hold any interest adverse (and has no connection, other than the engagement proposed herein) to the Debtors, the

Debtors' estates, the Debtors' creditors, their respective attorneys or accountants, the United States Trustee, or any person employed in the Office of the United States Trustee.

20. Palmetto Mollo did not render services to the Debtors prior to the Petition Date and, thus, received no payments from the Debtors during the 90 day period preceding the Petition Date and, as of the Petition Date, is not owed any amounts by the Debtors.

21. To the extent that any new relevant facts or relationships bearing on the matters described herein during the period of Palmetto Mollo's retention are discovered or arise, Palmetto Mollo will use reasonable efforts to file promptly a supplemental verified statement, as required by the Bankruptcy Rules.

WHEREFORE, the Debtors respectfully request that the Court enter an order substantially in the form attached hereto: (a) authorizing the retention and employment of Palmetto, Mollo, Molinaro, & Sciacca, LLC as accountants *nunc pro tunc* to the Petition Date and (b) granting the Debtors such other relief as the Court deems just and proper.

Dated: February 22, 2010
Wilmington, Delaware

Respectfully Submitted,

BALLARD SPAHR LLP

By: /s/ Christopher S. Chow

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Proposed Counsel for the Debtors and Debtors in
Possession

⁴ Admitted in Maryland. Admission to Delaware pending. A motion seeking *pro hac vice* admission in this case will be filed.

EXHIBIT A

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

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

**VERIFIED STATEMENT OF DISINTERESTEDNESS
PURSUANT TO BANKRUPTCY RULE 2014**

I, Dean Mollo, state as follows:

1. I am over eighteen years of age, am competent to testify, and have personal knowledge of the facts stated herein.
2. I submit this Verified Statement in connection with the Application by RC Sooner Holdings, LLC, and its debtor affiliates and subsidiaries listed in footnote 1, for Entry of An Order Authorizing the Employment and Retention of Palmetto, Mollo, Molinaro, & Sciacca, LLC ("Palmetto Mollo") as Accountants for the Debtors (the "Application").
3. I am a member of Palmetto Mollo. Neither I, Palmetto Mollo, nor any of its other members, insofar as I have been able to ascertain:
 - (i) is a creditor of any of the Debtors, equity security holder or insider of any of the Debtors;
 - (ii) is or has been a director, officer, or an employee of any of the Debtors;
 - (iii) presently represents a creditor or security holder of the Debtors, or a person otherwise adverse or potentially adverse to the Debtors or their

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estates, on any matter that is related to the Debtors or their estates or that is unrelated to the Debtors or their estates;

- (iv) previously represented a creditor or equity security holder of the Debtors, or person who is otherwise adverse or potentially adverse to the Debtors or the Debtors' estates, on any matter substantially related to the Debtors' bankruptcy cases;
- (v) has any other connection with the Debtors, creditors of the Debtors, the Office of the United States Trustee or any employee of that office, or any other parties in interest; or
- (vi) has any other interest, direct or indirect, which may affect or be affected by the proposed representation.

4. As set forth below, neither I, Palmetto Mollo, nor any member thereof, insofar as I have been able to ascertain, holds or represents any interest adverse to the Debtors' estates in the matters upon which Palmetto Mollo is to be engaged.

5. Except as set forth below, neither Palmetto Mollo nor I have any "connections," as contemplated within Fed. R. Bankr. P. 2014(a), with any of the Debtors, their creditors, or any other party in interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee.

6. To check and clear potential conflicts of interest in this case, Palmetto Mollo researched its client database to determine whether Palmetto Mollo had any relationships with the following entities: (i) the Debtors, (ii) Fannie Mae, (iii) the unsecured creditors holding the twenty largest unsecured claims against the Debtors, (iv) non-debtor parties to pending litigation matters to which one or more of the Debtors is a party, and (v) non-debtor parties to executory contracts and unexpired leases to which one or more of the Debtors is a party.

7. Palmetto Mollo and certain of its members may have in the past represented, may currently represent, and may in the future will represent creditors of the Debtors in connection with matters unrelated to the Debtors and the Debtors' pending chapter 11

cases. At this time, Palmetto Mollo is unaware of such representations. Palmetto Mollo will make further disclosures to identify with specificity any such persons or entities if it becomes aware of such representations.

8. Based on the foregoing, to the best of my knowledge, Palmetto Mollo is a "disinterested person" as that term is defined in 11 U.S.C. § 101(14).

9. No agreement or understanding exists between Palmetto Mollo or any other person for any division or sharing of compensation which is prohibited by statute.

10. In accordance with its billing practices in both bankruptcy and non-bankruptcy matters, Palmetto Mollo will bill at its normal hourly rates, plus office services, advances, and expenses, subject to the approval of the Court. Palmetto Mollo periodically raises its hourly rates, usually in January. The current rates for Palmetto Mollo's accountants and paraprofessionals is as follows:

In house bookkeeping services	\$125 per hour
Staff accountant	\$175 per hour
Manager	\$235 per hour
Partner	\$305 per hour

11. The hourly rates set forth above are Palmetto Mollo's current hourly rates billed to and paid by existing bankruptcy and non-bankruptcy clients for work of this nature. These rates are set at a level designed to compensate fairly Palmetto Mollo for the work of its accountants and paraprofessionals and to cover fixed and routine overhead expenses. In addition to the hourly rates, it is Palmetto Mollo's policy is to charge its clients in all areas for all other expenses incurred in connection with the client's case, including, among other things, long-distance telephone charges, telecopier and other charges, postage, messenger and express mail charges, special or hand delivery charges, document processing, photocopying charges, filing fees, travel expenses, expenses for "working meals," the catering of meetings and business

meetings, computerized research, transcription costs, as well as non-ordinary overhead expenses such as secretarial and other overtime and late night transportation, where necessary to meet deadlines or client expectations.

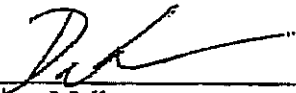
12. Palmetto Mollo is not a creditor of the Debtors. Palmetto Mollo did not receive any payments from the Debtors within the 90 day period preceding the commencement of the Debtors' bankruptcy cases. Palmetto Mollo is not holding a security retainer for postpetition services.

13. By reason of the foregoing, I believe that Palmetto Mollo is eligible for employment and retention by the Debtors pursuant to 11 U.S.C. § 327 and Fed. R. Bankr. P. 2014(a).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: February 22, 2010

FOR PALMETTO, MOLLO, MOLINARO, & SCIACCA,
LLC



Dean Mollo

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

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

**ORDER GRANTING APPLICATION OF DEBTORS FOR ENTRY OF AN
ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF PALMETTO,
MOLLO, MOLINARO, & SCIACCA, LLC AS ACCOUNTANTS FOR THE
DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

UPON CONSIDERATION of the Application of Debtors for Entry of an Order Authorizing the Employment and Retention of Palmetto, Mollo, Molinaro, & Sciacca, LLC (“Palmetto Mollo”) as Accountants to the Debtors *Nunc Pro Tunc* to the Petition Date (the “Application”) and any response or objection thereto; it appearing that Palmetto Mollo is disinterested as that term is defined in Section 101(14) of title 11 of the United States Code (the “Bankruptcy Code”), that Palmetto Mollo has no interest adverse to the Debtors or their estates, and that the employment of Palmetto Mollo is necessary and in the best interests of the Debtors’ bankruptcy estates; and it appearing that other good and sufficient cause exists to grant the Application; it is by the United States Bankruptcy Court for the District of Delaware, hereby

ORDERED, that the Application is GRANTED, *nunc pro tunc* to the Petition Date; and it is further

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.

ORDERED, that, in accordance with section 327(a) of the Bankruptcy Code, the Debtors are authorized to retain and employ Palmetto Mollo as accountants to the Debtors on the terms set forth in the Application, with allowance of fees and reimbursement of expenses remaining subject to further order of this Court upon the filing of interim and final fee applications.

Dated: February __, 2010

UNITED STATES BANKRUPTCY JUDGE