

**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 AMENDED APPLICATION OF THE DEBTORS FOR AN
ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT OF
BALLARD SPAHR LLP AS COUNSEL TO THE DEBTORS AND DEBTORS IN
POSSESSION PURSUANT TO 11 U.S.C. §§ 327(a) AND 328(a), FED. R. BANKR. P.
2014(a) AND DEL. BANKR. L. R. 2014-1 NUNC PRO TUNC TO THE PETITION DATE**

PLEASE TAKE NOTICE that on March 1, 2010, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the **Amended Application of the Debtors for an Order Authorizing the Retention and Employment of Ballard Spahr LLP As Counsel to the Debtors and Debtors in Possession Pursuant to 11 U.S.C. §§ 327(a) and 328(a), Fed. R. Bankr. P. 2014(a) and Del. Bankr. L.R. 2014-1 Nunc Pro Tunc to the Petition Date** (the “Application”) 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,

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,

3rd Floor, Wilmington, Delaware 19801, and served upon the undersigned proposed counsel for the 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 Bankruptcy Court, 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: March 1, 2010
Wilmington, Delaware

BALLARD SPAHR LLP

By: /s/ Christopher S. Chow
Tobey M. Daluz, Esquire (No. 3939)
Sean J. Bellew, Esquire (No. 4072)
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- and -

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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, <u>et al.</u> , ¹)	Case No. 10-10528 (BLS)
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Debtors.)	(Jointly Administered)
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)	Objection Deadline: March 11, 2010 at 4:00 p.m.
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**AMENDED APPLICATION OF THE DEBTORS FOR AN ORDER AUTHORIZING
THE RETENTION AND EMPLOYMENT OF BALLARD SPAHR LLP
AS COUNSEL TO THE DEBTORS AND DEBTORS IN POSSESSION
PURSUANT TO 11 U.S.C. §§ 327(a) and 328(a), FED. R. BANKR. P. 2014(a)
AND DEL. BANKR. L.R. 2014-1 NUNC PRO TUNC TO THE PETITION DATE**

RC Sooner Holdings, LLC (“RC Sooner” or the “Company”) and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) file this application (the “Application”) pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the “Bankruptcy Code”), Fed. R. Bankr. P. 2014(a) and Del. Bankr. L.R. 2014-1 to employ Ballard Spahr LLP (“Ballard Spahr”) as attorneys for the Debtors and Debtors in Possession *Nunc Pro Tunc* to the Petition Date, and state as follows:

Jurisdiction and Venue

1. This Court has jurisdiction over this application pursuant to 28 U.S.C. §§ 157 and 1334. Venue of these chapter 11 cases and this Application is proper in this District

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.

pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

2. The statutory predicates for the relief sought herein are sections 327(a) and 328(a) of the Bankruptcy Code.

Factual Background

3. On or about February 22, 2010 (the "Petition Date"), each of the Debtors filed their respective voluntary petitions for relief under 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.

4. On February 24, 2010, the Court entered an order directing joint administration of these cases.

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

2 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.

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
(continued...)

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”).

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 had been scheduled for February 23, 2010.

(...continued)

Apartments, LLC, whose loan is not held by the Federal National Mortgage Association.

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 (the "Gordon Affidavit"), and is incorporated herein by reference.

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

Relief Requested

12. By this Application, the Debtors seek to employ and retain Ballard Spahr as counsel in these chapter 11 cases, *nunc pro tunc* to the Petition Date. Accordingly, the Debtors respectfully request the entry of an order pursuant to sections 327(a) and 328(a) of the Bankruptcy Code authorizing them to employ and retain Ballard Spahr as their counsel to perform the legal services that will be necessary during these cases.

13. The Debtors seek to retain Ballard Spahr as counsel because of the firm's extensive experience and knowledge in the field of debtors' and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code. In preparing for these chapter 11 cases, Ballard Spahr has become familiar with the Debtors' business and affairs and the potential legal issues that may arise. Accordingly, the Debtors believe that Ballard Spahr is well qualified

and uniquely able to represent them in an efficient and timely manner, and such retention will be cost effective for the Debtors' estates.

14. Subject to Court approval, and in accordance with section 330(a) of the Bankruptcy Code, compensation will be payable to Ballard Spahr on an hourly basis, plus reimbursement of actual, necessary expenses incurred by the firm. The attorneys and paralegals presently designated to represent the Debtors and their current hourly rates are set forth in the unsworn declaration of Tobey M. Daluz, Esquire, a partner in Ballard Spahr, pursuant to Fed. R. Bankr. P. 2014(a) (the "Declaration"), which is attached as Exhibit A hereto. The hourly rates set forth in the Declaration are the rates that Ballard Spahr charges to bankruptcy and non-bankruptcy clients. These rates are set at a level designed to compensate fairly Ballard Spahr for the work of its attorneys and paralegals to cover fixed routine overhead expenses. It is Ballard Spahr's policy to charge its clients in all areas of practice for all other expenses incurred in connection with each client's case. The expenses charged to clients include, without limitation, long-distance telephone charges, telecopier and other charges, mass mailing 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. Ballard Spahr will charge the Debtors' estates for these expenses in a manner and at rates consistent with charges made generally to Ballard Spahr's bankruptcy and non-bankruptcy clients.

15. The professional services that Ballard Spahr will render include, but are not limited to:

(a) Providing legal advice with respect to the Debtors' powers and duties as debtors in possession in the continued operation of their business and management of their property, including negotiations with creditors and parties in interest;

(b) Advising the Debtors concerning, and assisting in the negotiation and preparation of, all necessary applications, motions, answers, orders, reports, plan documents, and other legal papers;

(c) Appearing in Court to protect the interests of the Debtors and their estates, including, when necessary, representing the Debtors in litigation, contested matters and adversary proceedings;

(d) Advising on local practices and procedures and determinative case law within the jurisdiction; and

(e) Performing all other legal services for the Debtors that may be necessary or appropriate in the administration of these cases.

Ballard Spahr is Disinterested and Does Not Hold or Represent An Interest Adverse to the Debtors' Estates

16. Section 101(14) of the Bankruptcy Code defines a "disinterested person" as a person that:

- (A) is not a creditor, an equity security holder, or an insider;
- (B) is not and was not, within 2 years before the date of filing of the petition, a director, officer, or employee of the debtor; and
- (C) 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 debtor, or for any other reason.

11 U.S.C. § 101(14).

17. To the best of the knowledge of the Debtors, and except as disclosed in the Declaration attached hereto, Ballard Spahr has not represented the Debtors, their creditors, equity security holders, or any other parties in interest, or their respective attorneys, in any matters relating to the Debtors or their estates.

18. Prior to the Petition Date, on February 19, 2010, Ballard Spahr received a payment in the amount of \$100,000.00 from the Debtors in connection with its prepetition representation of the Debtors, which amount was applied in its entirety toward the payment of prepetition fees, charges and disbursements then outstanding. All remaining amounts due and owing on account of prepetition services rendered or charges and disbursements incurred were written off by Ballard Spahr, and payment of such amounts will not subsequently be sought by Ballard Spahr.

Approval of a Postpetition Retainer Is Authorized Under Bankruptcy Code Section 328(a) and Justified by the Facts and Circumstances of These Cases

19. By this Application, the Debtors also seek Court approval of the payment of \$100,000.00 to Ballard Spahr to be held as a postpetition retainer (the "Retainer") for professional services rendered and charges and disbursements incurred postpetition. Such Retainer shall not be an "evergreen" retainer subject to replenishment, but rather a retainer to be held and applied over time to such postpetition fees and expenses as are approved for payment by the Bankruptcy Court until the Retainer is exhausted.

20. Bankruptcy Code section 328(a) specifically provides that the compensation of professionals whose employment is approved under Bankruptcy Code section 327 may include payment of a retainer if approved by the court: "[t]he trustee . . . with the court's approval, may employ or authorize the employment of a professional person under section

327 . . . of this title . . . on any reasonable terms and conditions of employment, *including on a retainer*, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. § 328(a) (emphasis added).

21. Courts have found that the authorization of a postpetition retainer under Bankruptcy Code section 328(a) is within the discretion of the court which may consider a number of factors in order to determine if such retainer is appropriate, including:

- the retainer’s economic impact on the debtor’s ongoing business operation and the debtor’s ability to reorganize;
- the amount and reasonableness of the retainer;
- the reputation of the debtor’s counsel; and
- the ability of the debtor’s counsel to disgorge any unjustified portion of a retainer paid.

3 Collier on Bankruptcy ¶ 328.02[3][b][iv] (Alan N. Resnick & Henry J. Sommer eds., 15th ed. Rev.); see also In re Troung, 259 B.R. 264, 268 (Bankr. D.N.J. 2001) (approving payment of postpetition retainer to debtor’s counsel following analysis of foregoing factors).

22. The Debtors submit that the payment of the Retainer to Ballard Spahr is justified by the facts and circumstances of these cases. Due to the nature of the Debtors’ business, the Debtors generally receive the majority of their income at or near the end of the month, when the majority of their tenants pay rent. However, the timing of the state court foreclosure and receivership proceedings necessitated the filing of these cases during a time when the Debtors’ cash flow was reduced due to the regular fluctuations in the tenant payment cycle. Because the Debtors lacked sufficient funds on hand immediately prior to the filing to make prepetition retainer arrangements, the Debtors requested additional funding from RC Sooner’s equity holders, who agreed to make a capital call for such purpose but were unable to

obtain the funds prior to the Petition Date, thereby necessitating that any retainer be sought on a postpetition basis.

23. Here, the proposed Retainer has minimal to no impact on the Debtors' ongoing business operations and ability to reorganize, because the Retainer is not being funded by the Debtors' operational income, but rather by the Debtors' ultimate equity holders. Furthermore, any payments of postpetition fees and expenses from the Retainer shall remain subject to the interim compensation and reimbursement procedures being sought concurrently with this Application, which procedures include the requirement that interim fees and expenses be paid only upon court approval after the submission of monthly and quarterly fee applications to the Bankruptcy Court. Moreover, the proposed order with respect to the approval of such interim compensation and reimbursement procedures specifically provides that all fees and expenses to be paid pursuant to such procedures remain subject to disgorgement until final allowance by the Court. Finally, the Debtors submit that the amount of the Retainer is reasonable and justified by Ballard Spahr's extensive experience in chapter 11 representations and by the nature and complexity of the specific representation required in these cases, which contemplates, among other things, substantial litigation with respect to the turnover of property of the Debtors' estates and negotiation and resolution of numerous ongoing issues with respect to a wide variety of creditor constituencies.

24. Accordingly, the Debtors submit that the authorization of the Retainer is reasonable and justified under the facts and circumstances of these cases and should be approved under Bankruptcy Code section 328(a).

WHEREFORE, the Debtors respectfully request that the Court enter an order, in the form submitted by the Debtors, authorizing the Debtors to employ Ballard Spahr as their counsel, *nunc pro tunc* to the Petition Date, on an hourly-rate basis, plus properly reimbursable expenses, as an expense of administration, subject to approval by this Court, to represent the Debtors in these chapter 11 bankruptcy cases.

Dated: March 1, 2010
Wilmington, Delaware

Respectfully Submitted,
BALLARD SPAHR LLP

By: /s/ Christopher S. Chow
Tobey M. Daluz, Esquire (No. 3939)
Sean J. Bellew, Esquire (No. 4072)
Christopher S. Chow, Esquire (No. 4172)
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- and -

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Proposed Counsel for the Debtors and Debtors in Possession

4 Admitted *pro hac vice*.

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 (BLS)
)
Debtors.) (Jointly Administered)

**UNSWORN DECLARATION PURSUANT TO
28 U.S.C. § 1746(2) AND FED. R. BANKR. P. 2014(a) OF
TOBEY M. DALUZ, ESQUIRE, A PARTNER IN BALLARD SPAHR LLP**

I, TOBEY M. DALUZ, ESQUIRE, declare as follows:

1. I am a partner in the law firm of Ballard Spahr LLP ("Ballard Spahr"). As such, I am duly authorized to execute this Declaration on behalf of Ballard Spahr.
2. I am an attorney at law, duly admitted to practice law in the State of Delaware, the State of Pennsylvania, the United States District Court for the District of Delaware, and the United States District Court for the Eastern District of Pennsylvania.
3. I submit this Declaration in support of the Amended Application of the Debtors for an Order Authorizing the Retention and Employment of Ballard Spahr as Counsel to the Debtors and Debtors in Possession Pursuant to 11 U.S.C. §§ 327(a) and 328(a), Fed. R. Bankr. P. 2014(a) and Del. Bankr. L.R. 2014-1 *Nunc Pro Tunc* to the Petition Date (the "Application").

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.

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

5. Neither I, Ballard Spahr, nor any of its partners, counsel or associates, 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) except as set forth below, presently represents a creditor or security holder of the Debtors, or a person otherwise adverse or potentially adverse to the Debtors or their estates, on any matter that is related to the Debtors or their estates or that is unrelated to the Debtors or their estates;
- (iv) except as set forth below, 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) except as described in this Declaration, 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.

6. Except as set forth below, neither Ballard Spahr 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.

7. To check and clear potential conflicts of interest in this case, Ballard Spahr researched its client database to determine whether Ballard Spahr had any relationships with the following entities: (i) the Debtors, (ii) the Debtors' secured lenders, (iii) the unsecured creditors

holding the twenty (20) 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.

8. Through the foregoing research, Ballard Spahr has determined that it currently represents or has represented, in matters unrelated to the Debtors or these cases, the following four (4) entities (or their subsidiaries or affiliates) among the holders of the Debtors' twenty largest unsecured claims: Admiral Insurance Company, AT&T, Oklahoma Natural Gas and Lloyds of London. Ballard Spahr has also represented: Allstar Capital, Inc., the sole member of RC Sooner Holdings, LLC, and Bank of the West in matters unrelated to the Debtors or these cases. Ballard Spahr has not and will not represent any of the aforementioned entities, or any of their respective subsidiaries or affiliates, in relation to the Debtors or their chapter 11 cases. None of the aforementioned entities represents more than 1% of Ballard Spahr's annual revenues.

9. Ballard Spahr and certain of its partners, counsel and associates may have in the past represented, may currently represent, and likely 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, Ballard Spahr is unaware of such representations. Ballard Spahr will make further disclosures to identify with specificity any such persons or entities when Ballard Spahr's relationship with all of the Debtors' approximately 700 creditors has been researched.

10. If an actual conflict arises between the Debtors and an existing client of Ballard Spahr with respect to a particular matter in these cases, Ballard Spahr will not represent

or render legal advice or services to the Debtors in connection with such matter, and the Debtors will engage conflicts counsel for the purpose of handling such matter.

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

12. No agreement or understanding exists between Ballard Spahr or any other person for any division or sharing of compensation which is prohibited by statute.

13. In accordance with its billing practices in both bankruptcy and non-bankruptcy matters, Ballard Spahr will bill at its normal hourly rates, plus office services, advances, and expenses, subject to the approval of the Court. Ballard Spahr periodically raises its hourly rates, usually in January. The current rates for Ballard Spahr's paralegals and attorneys is as follows: \$160.00 to \$345.00 for paralegals; \$230.00 to \$575.00 for associates, and \$435.00 to \$1050.00 for partners. The current hourly rates for the paralegals and attorneys that will be primarily responsible for Ballard Spahr's representation of the Debtors are as follows:

Paralegals: Kelly G. Iffland - \$205.00

Associates: David A. Felice - \$420.00
David T. May - \$270.00
Matthew G. Summers - \$450.00
Joshua Zugeran - \$300.00

Of Counsel: Sean J. Bellew - \$565.00
Christopher S. Chow - \$525.00

Partners: Tobey M. Daluz - \$600.00

14. The hourly rates set forth above are Ballard Spahr'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 Ballard Spahr for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. In addition to the

hourly rates, it is Ballard Spahr's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case, including, among other things, long-distance telephone charges, telecopier and other charges, mass mailing 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.

15. Ballard Spahr is not a creditor of the Debtors. On February 19, 2010, the Debtors paid to Ballard Spahr the sum of \$100,000.00 for professional services rendered and charges and disbursements incurred, which amount was applied in its entirety toward the payment of prepetition fees, charges and disbursements. All remaining amounts due and owing on account of prepetition services rendered or charges and disbursements incurred were written off by Ballard Spahr, and payment of such amounts will not subsequently be sought by Ballard Spahr.

16. Ballard Spahr also seeks approval to be paid \$100,000.00 from the Debtors to be held as a postpetition retainer (the "Retainer") for professional services rendered and charges and disbursements incurred postpetition. Such Retainer shall not be an "evergreen" retainer subject to replenishment, but rather a retainer to be held and applied over time to such postpetition fees and expenses as are approved for payment by the Bankruptcy Court until the Retainer is exhausted. The allowance of any postpetition fees and expenses to be paid to Ballard Spahr from such Retainer shall remain subject to approval of the Bankruptcy Court pursuant to any interim compensation procedures ordered in these cases, and

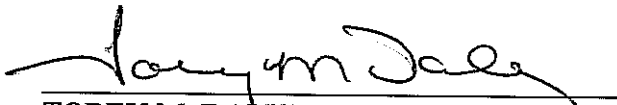
all fees and expenses paid to Ballard Spahr shall remain subject to disgorgement until final allowance by the Court.

17. By reason of the foregoing, I believe that Ballard Spahr is eligible for employment and retention by the Debtors pursuant to 11 U.S.C. §§ 327 and 328 and Fed. R. Bankr. P. 2014(a).

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

Executed on: March 1, 2010

FOR BALLARD SPAHR LLP:



TOBEY M. DALUZ (DE Bar I.D. No. 3939)

**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)
)	(Jointly Administered)
Debtors.)	
)	Related Docket No. ____

**ORDER GRANTING AMENDED APPLICATION OF THE DEBTORS FOR AN
ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT OF
BALLARD SPAHR LLP AS COUNSEL TO THE DEBTORS AND DEBTORS IN
POSSESSION PURSUANT TO 11 U.S.C. §§ 327(a) and 328(a), FED. R. BANKR. P.
2014(a) AND DEL. BANKR. L.R. 2014-1 NUNC PRO TUNC TO THE PETITION DATE**

Upon consideration of the Amended Application of the Debtors for an Order Authorizing the Retention and Employment of Ballard Spahr LLP (“Ballard Spahr”) as Counsel to the Debtors and Debtors in Possession *Nunc Pro Tunc* to the Petition Date (the “Application”), and the Unsworn Declaration of Tobey M. Daluz, Esquire (the “Declaration”), a partner in Ballard Spahr, and upon consideration of the Affidavit of Daniel Gordon In Support Of Chapter 11 Petitions And First Day Pleadings; and the Court being satisfied that Ballard Spahr represents no interest adverse to the Debtors or to their estates in the matters upon which Ballard Spahr is to be engaged, that Ballard Spahr is disinterested within the meaning of Bankruptcy Code² section 101(14) and, that such firm’s employment is necessary and would be in the best interests of the Debtors’ estates, it is hereby

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.

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

ORDERED that, pursuant to 11 U.S.C. § 327(a), Fed. R. Bankr. P. 2014(a) and Del. Bankr. L.R. 2014-1, the Debtors are authorized to employ Ballard Spahr to represent the Debtors and their estates in the above-captioned bankruptcy cases under chapter 11 of the Bankruptcy Code; and it is further

ORDERED that the employment of Ballard Spahr is authorized and approved effective as of the commencement of the cases; and it is further

ORDERED that, pursuant to 11 U.S.C. § 328(a), Ballard Spahr's hourly rates for its paralegals and attorneys set forth in the Declaration are approved as reasonable; and it is further

ORDERED that, pursuant to 11 U.S.C. § 328(a), the payment of the Retainer to Ballard Spahr by the Debtors is hereby approved as justified and reasonable under the circumstances of these cases; *provided, however*, that the allowance of postpetition fees and expenses to be paid from such Retainer to Ballard Spahr remains subject to application to, and approval by, this Court; and it is further

ORDERED that, subject to application to, and approval by, this Court, the fees and expenses of Ballard Spahr shall be allowed as an expense of administration of these cases.

Dated: _____

United States Bankruptcy Judge