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ATTORNEYS FOR THE DEBTORS

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	§	
	§	
VARTEC TELECOM, INC., *et al.,*	§	**CASE NO. 04-81694-SAF-11**
	§	
DEBTORS.	§	**(Chapter 11)**
	§	**(Jointly Administered)**

EXPEDITED MOTION OF THE DEBTORS TO (A) SET SALE APPROVAL HEARING, (B) ESTABLISH BID PROCEDURES, (C) SET OBJECTION DEADLINE , AND (D) ESTABLISH NOTICE PROCEDURES FOR THE COMMITTEES PURSUANT TO BANKRUPTCY RULE 2002(i), RELATED TO THE DESOTO, TEXAS REAL PROPERTY SALE

TO THE HONORABLE STEVEN A. FELSENTHAL, CHIEF BANKRUPTCY JUDGE:

VARTEC TELECOM, INC., *et al*., the above-captioned debtors and debtors in possession (the "Debtors"), file this Expedited Motion to (A) Set Sale Approval Hearing, (B) Establish Bid Procedures, (C) Set Objection Deadline, and (D) Establish Notice Procedures for the Committees Pursuant to Bankruptcy Rule 2002(i), Related to the DeSoto, Texas Real Property Sale (the "Motion"), and respectfully show as follows:

1. In the Motion for Approval of the Sale of Real Property in DeSoto, Texas, Free and Clear of Liens, Interests, Encumbrances, and Taxes, and Waiving the

Automatic Stay Imposed Under Federal Rule of Bankruptcy Procedures 6004(g) (the "Sale Motion") filed by the Debtors contemporaneously herewith, the Debtors request that the Court approve the sale of certain real property, a undeveloped tract of land owned by the Debtors and located at 1006 East Pleasant Run Road in DeSoto, Texas (the "Property"), to Regional Management, Inc. ("Regional"), pursuant to the Contract of Sale and the First Amendment to the Contract of Sale (together, the "Agreement") between the parties. Alternatively, in the event that a higher and better offer is received for purchase of the Property, Debtors have requested in the Sale Motion that the Court approve the sale of the Property to such higher and better bidder.

A. FINAL SALE HEARING

2. As detailed in the Sale Motion, in the months prior to the Debtors' petition date of November 1, 2004, the Debtors retained a real estate consultant and marketed the Property. Regional's offer of $455,000.00 is currently the highest and best offer with respect to the Property. No other parties have made offers related to the Property. Because the Agreement provides that Regional will have a 120-day inspection period from the date of the Agreement, both parties seek to expeditiously close the proposed sale transaction. Setting a February 23, 2005 hearing is in the best interests of the parties and will maximize value for Debtors at this vacant, but owned tract of land, as it will permit sufficient time for Regional to inspect the property and address zoning concerns while also allowing the Debtors to close this proposed sale as soon as possible, or with a higher and better bidder.

3. For the foregoing reasons, the Debtors respectfully request that the Court enter an Order setting the hearing on the final approval of the Sale Motion for **February 23, 2005 at 1:30 p.m.**

B. BID REQUIREMENTS

4. Consistent with the Debtors' duty to maximize value for their estates, the sale of the Property pursuant to the Agreement is subject to higher and better offers. So that there is clarity for parties interested in submitting an offer for the Property and to aid in administration of the estates, Debtors request that the Court provide for the following bid procedures with respect to any bids:

5. Bids shall be submitted on or before **5:00 p.m., Central Time, on February 18, 2005** (the "Bid Deadline"). Bids should be submitted to Michael G. Hoffman, VarTec Telecom, Inc., 2440 Marsh Lane, Carrollton, Texas, 75006; with a copy to:

a. Debtors' counsel, William L. Wallander, Vinson & Elkins L.L.P., Trammell Crow Center, 2001 Ross Avenue, Suite 3700, Dallas, Texas, 75201-2975;

b. Counsel for the Debtors' debtor in possession financing lender (the "RTFC"), Toby L. Gerber, Fulbright & Jaworski, L.L.P., 2200 Ross Avenue, Suite 2800, Dallas, Texas, 75201-2784;

c. Counsel for the Official Committee of Unsecured Creditors, Stephen A. Goodwin, Carrington Coleman Sloman & Blumenthal, L.L.P., 200 Crescent Court, Suite 1500, Dallas, Texas, 75201; and

d. Counsel for the Official Committee of Excel Independent Representatives, Craig H. Averch, White & Case, L.L.P., 633 West Fifth Street, Suite 1900, Los Angeles, California, 90071.

6. Bids shall be at least 5% higher than the $455,000.00 purchase price under the Agreement (*i.e.,* at least $477,750.00).

7. Bids should be irrevocable until the later of the closing with the bidder or the closing with any other higher or better bidder. If not the highest and best bid, bids shall remain outstanding as a backup bid.

8. Bidders shall submit sufficient financial information with their bid to establish bidder's ability to close (with such sufficiency to be determined by the Debtors).

9. In connection with any bid, the bidder shall submit an executed version of the Agreement, marked to show changes for that bidder's offer. There shall be no contingencies (financial or otherwise) in connection with the bid unless agreed to by the Debtors.

10. All bids shall be accompanied by a cash deposit in an amount equal to ten percent (10%) of the total amount of the bid. Deposit checks shall be made payable to "VarTec Telecom, Inc." or funds shall be wired to the Debtors pursuant to wiring instructions to be provided by the Debtors.

11. The Debtors shall have the right, in their sole and absolute discretion, to reject any bid for any reason, until such bid is approved by the Bankruptcy Court. In the event the Debtors reject any bid, the Debtors' only obligation shall be to return the deposit of such bidder.

12. In the event that a bid, higher and better than Regional's offer (in Debtors discretion), is received, an auction shall take place at the offices of Vinson & Elkins L.L.P., 2001 Ross Avenue, 3700 Trammell Crow Center, Dallas, Texas, 75201-2975, on **February 22, 2005 at 9:00 a.m.**, and the highest and best bid resulting from the auction shall be presented to the Court for approval. At the auction, all parties should

appear in person to bid, although the Debtors (in their discretion) may allow bidding by telephone. Unless the Court orders otherwise, a party shall not be entitled to participate in the auction unless it submitted a bid on or before the Bid Deadline which was higher and better, in Debtors' sole discretion, than Regional's proposal.

C. OBJECTION DEADLINE

13. To further aid in the administration of Debtors' cases, and to provide further clarity to the parties, Debtors also request that the Court establish an objection deadline with respect to the Sale Motion of **4:00 p.m., Central Time, on February 18**, **2005.** Any such objections shall be filed and served so as to be received by this date and time by the Debtors' counsel, counsel to the RTFC, counsel to the Official Committee of Unsecured Creditors, and counsel to the Official Committee of Excel Independent Representatives, at the addresses set out above. Additionally, any such objections shall specify, in detail, the factual and legal basis for such objection, including why approval of the sale to Regional is not appropriate or, in the event that a higher and better offer is received for the sale of the Property, why such sale is not appropriate under 11 U.S.C. § 363.

14. No break-up fee is requested or provided for as part of this proposed sale.

D. NOTICE TO COMMITTEES

15. The Debtors request that the Court authorize that copies of all notices related to the proposed disposition of the Property be mailed or electronically served only to the counsel for the official committees in the Cases pursuant to Bankruptcy Rule

2002(i), in addition to being transmitted to the U.S. Trustee and mailed or electronically served to counsel for the RTFC and those parties listed on the Master Service List.

WHEREFORE, the Debtors request that the Court (A) set a final sale hearing, (B) establish bid requirements, (C) set an objection deadline, and (D) establish notice procedures for the official committees, as set out above. The Debtors also request such other and further relief to which they may be justly entitled.

Dated this 4th day of February, 2005.

Respectfully submitted,

VINSON & ELKINS L.L.P.
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By: *_ /s/ Abigail B. Willie_____*
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