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Debtors-in-Possession

	:	UNITED STATES BANKRUPTCY COURT
In re:	:	FOR THE DISTRICT OF NEW JERSEY
TARRAGON CORPORATION, <i>et al.</i> ,	:	CASE NOS. 09-
Debtors-in-Possession.	:	Chapter 11
	:	(Joint Administration Pending)
	:	DEBTORS' APPLICATION FOR ORDERS
	:	APPROVING THEIR RETENTION OF
	:	BDO SEIDMAN LLP AS FINANCIAL
	:	ADVISORS ON INTERIM AND FINAL
	:	BASES PURSUANT TO 11 U.S.C. § 327(a)
	:	AND FED. R. BANKR. P. 6003(a)

TO: Honorable Judge of the
United States Bankruptcy Court

The Application of Tarragon Corporation *et al.*, the within debtors and debtors-in-
possession (the "Debtors"),¹ in support of their retention of BDO Seidman LLP ("BDO") as their

¹ The Debtors are Tarragon Corporation, Tarragon Development Company, LLC, Tarragon Development Corporation, Tarragon South Development Corp., Tarragon Management, Inc., Bermuda Island Tarragon LLC, Orion Towers Tarragon, LLP, Orlando Central Park, L.L.C., Fenwick Plantation Tarragon, LLC, One Las Olas, Ltd., The Park Development West LLC, 800 Madison Street Urban Renewal, LLC, 900 Monroe Development LLC, Block 88 Development, LLC, Central Square Tarragon LLC, Charleston Tarragon (continued...)



financial advisors on interim and final bases pursuant to 11 U.S.C. § 327(a) and Rule 6003(a) of the Federal Rules of Bankruptcy Procedure (the“Bankruptcy Rules”), respectfully states as follows:

BACKGROUND

1. On January 12, 2009 (the“Filing Date”), the Debtors filed voluntary petitions for relief pursuant to Chapter 11 of Title 11, United States Code (the“Bankruptcy Code”). Since the Filing Date, the Debtors have remained in possession of their assets and continued in the management of their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

2. A detailed description of the Debtors’ businesses and the facts precipitating the filing of the Debtors’ Chapter 11 proceedings is delineated in the Affidavit of William S. Friedman in support of the Debtors’ various“First Day Motions”(the“Friedman Affidavit”).² Those facts are incorporated herein by reference.

3. As set forth in the Friedman Affidavit, Tarragon Corp., a publicly traded company, together with its direct and indirect debtor and non-debtor affiliates (collectively, “Tarragon”), are leading real estate developers, owners and managers. Tarragon operates two (2) business divisions, a real estate development division (the“Development Division”) and an investment division (the“Investment Division”). The Development Division focuses on developing, renovating, building and marketing homes in high-density, urban locations and in

(...continued)

Manager, LLC, Omni Equities Corporation, Tarragon Edgewater Associates, LLC, The Park Development East LLC, and Vista Lakes Tarragon, LLC.

² Unless otherwise noted, capitalized terms used but not defined herein shall have the meanings ascribed to them in the Friedman Affidavit.

master-planned communities. The Investment Division owns and operates a portfolio of stabilized rental apartment communities.

The Debtors Should Be Authorized to Retain BDO Pursuant to Section 327(a) of the Bankruptcy Code

4. As set forth in Section 327(a) of the Bankruptcy Code, a debtor-in-possession, with the court's approval, "may employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee [debtor-in-possession] in carrying out the trustee's [debtor-in-possession's] duties under this title." 11 U.S.C. § 327(a). Moreover, Section 1107(b) provides that "a person is not disqualified for employment under section 327 of this title by a debtor in possession solely because of such person's employment by or representation of the debtor before the commencement of the case." 11 U.S.C. § 1107(b).

5. The Debtors wish to retain BDO as their financial advisors in these proceedings to perform the following services:

(a) develop, in conjunction with the Debtors' financial department, a 13-week cash flow forecast and assisting in the monitoring of a weekly budget to actual comparison;

(b) develop a revised business plan reflecting changed business and operating conditions, if any, resulting from a Chapter 11 filing, including asset sales, occupancy statistics, rental rates, etc. on a project-by-project basis;

(c) assist the Debtors with all operational, strategic, financial and other issues during the Chapter 11 proceedings including, but not limited to, the preparation of schedules, statements of financial affairs and monthly operating reports, and assist in the development of a plan of reorganization, including, if required, negotiation with other parties, testimony and preparation of a comprehensive liquidation analysis;

- (d) evaluate the potential sales of assets and/or lines of business;
- (e) assist the Debtors in addressing issues with their lenders, creditors and other stakeholders for the purpose of maintaining their support and developing a plan of reorganization;
- (f) analyze and reconcile creditors' claims;
- (g) provide valuation services if requested;
- (h) evaluate the tax implications of possible plans of reorganization, related debt modifications and other tax issues that might arise during these cases; and
- (i) provide such other services as may be requested by the Debtors in the administration of their bankruptcy cases and fulfillment of their duties as debtors-in-possession.

6. The Debtors have selected BDO because of the firm's considerable experience in the areas of financial advisory and business reorganizations and other areas in which BDO might be asked to assist in these Chapter 11 proceedings. The Debtors believe BDO is duly qualified to provide them with financial advisory services throughout these proceedings, and that the services of BDO are necessary and essential to the Debtors' performance of their duties as debtors-in-possession.

7. The accompanying Certification of William K. Lenhart (the "Lenhart Certification") describes the relationships, if any, that BDO has with creditors of the Debtors and other interested parties. As set forth in the Lenhart Certification, BDO does not believe that any of those relationships would foreclose the Debtors' retention of BDO under Sections 327(a) and 101(14) of the Bankruptcy Code in that BDO does not hold or represent any interest adverse to the Debtors, their creditors or estates and is a disinterested person. The Debtors have been informed that BDO will continue conducting a review of its files when additional material parties

are identified to ensure that no disqualifying circumstances arise and, if any new relevant facts or relationships are discovered, BDO will supplement its disclosure to the Court.

8. Further, due to the nature of the Debtors' operations and cash management system, as more fully described in the Debtors' "First Day Motion" to approve its existing cash management system, the Debtors hold significant inter-company claims. BDO will not represent any of the Debtors with regard to claims or causes of actions against any other of the Debtors

9. During the ninety (90)-day period before the Filing Date, BDO received the approximate sum of \$409,243.30 from the Debtors for contemporaneous services rendered and disbursements and other charges incurred, all in accordance with the terms and conditions of the Debtors' pre-petition engagement letter with BDO. As a result of those payments, BDO does not hold any claim against the Debtors for pre-petition services rendered.

10. Before the Filing Date, the Debtors provided BDO with a retainer of \$135,513.00 (the "Bankruptcy Retainer"). It is the Debtors' understanding that BDO will be submitting detailed statements to the Court setting forth the services rendered and seeking compensation and reimbursement of expenses (including, when appropriate, authority to apply the Bankruptcy Retainer). The Debtors also understand that BDO will be applying to the Court for authority to be paid its fees and expenses pursuant to its obligation under the Bankruptcy Code or any administrative fee procedure that may be established, to which the Debtors consent.

BDO Should Be Retained On an Interim Basis

11. Pursuant to the recently revised Rule 6003(a) of the Federal Rules of Bankruptcy Procedure, an application to retain a professional cannot be granted within the first twenty (20) days of the filing of a petition except to the extent necessary to avoid "immediate and irreparable harm." According to the Advisory Committee note to Bankruptcy Rule 6003, the standard employed in that Rule is analogous to Bankruptcy Rule 4001(b)(2) and (c)(2), and decisions

under those provisions should provide guidance for application of Bankruptcy Rule 6003 to a particular set of circumstances. Bankruptcy Rules 4001(b)(2) and (c)(2) govern motions for the use of cash collateral and debtor-in-possession financing, respectively, and authorize emergency hearings on such requests to avoid “immediate and irreparable harm.” Thereafter, once all parties-in-interest are accorded the opportunity to consider and object to the requested relief, the court will grant the balance of the relief requested as a final order where appropriate.

12. In In re First NLC Financial Services, LLC, 382 B.R. 547 (Bankr. S.D. Fla. 2008), the court noted Collier’s suggestion that professionals likely would go unharmed “so long as” courts permit full compensation retroactively and reasonable compensation to professionals who ultimately are unexpectedly not retained, but ultimately rejected this reasoning as contradictory. First NLC Financial, 382 B.R. at 550 (referring to 10 COLLIER ON BANKRUPTCY ¶ 6003.02[2] (15th ed. rev. 2007)). The court remained concerned that counsel may not be paid if counsel’s employment was not first approved by the court, as opposed to seeking retroactive approval stating:

[w]hat Collier seemingly overlooks is that counsel may not be paid if its employment is not first approved by the court. So, to accomplish Collier’s goal of compensating a professional who labors during the first 20 days of a case only to learn at the final hearing that its employment is not approved, the court would have to first enter an order approving the professional’s employment back to the petition date, then allow the compensation for the work performed, and then deny approval of further employment. This is a most unwieldy and peculiar procedural two-step, which is ill advised and is unnecessary as this Court reads the Rule.

First NLC Financial, 382 B.R. at 550. To ensure payment of professionals and avoid such inefficient use of judicial resources, the court authorized interim approval of professionals on the first day of the case. Id. Other courts considering this type of relief have granted it. See, e.g., In

re Lehman Brothers Holdings, Inc., Case No. 08-13555-JMP (Bankr. S.D.N.Y. 2008); In re Touse, Inc., Case No. 08-10928-JKO (Bankr. S.D. Fla. 2008).

13. Respectfully, interim relief is amply justified here to avoid immediate and irreparable harm. As described in the Friedman Affidavit, before the Filing Date, the Debtors were engaged in intensive negotiations with Arko regarding Arko's funding of a plan of reorganization, which discussions the Debtors anticipate to continue immediately following the Filing Date. The Debtors discussed their restructuring efforts and alternatives with other parties before the Filing Date, albeit to a less rigorous extent, which the Debtors also hope will continue after the Filing Date. Additionally, the Debtors anticipate examining other strategic alternatives that may be available, including a possible sale or other recapitalization or restructuring, during the early stages of these cases. BDO assisted the Debtors in their pre-petition restructuring efforts and assessment of various financial issues and, therefore, the need to secure BDO's unequivocal participation from the outset of this case is critical. If BDO's expertise in the area of financial restructurings and assistance in preparing Schedules and Statement of Financial Affairs and interfacing with the U.S. Trustee and stakeholders is not ensured from the outset, the Debtors' ability to effectuate their fiduciary duties and properly evaluate their reorganization options will be hampered.

14. Accordingly, the Debtors submit that they have satisfied the requirements of Bankruptcy Rule 6003 to support immediate entry of an interim order, substantially in the form submitted herewith, authorizing them to retain and employ BDO on an interim basis and to compensate BDO for any services rendered during that interim period in accordance with the Bankruptcy Code and the interim compensation procedures that may be established in these cases. This interim form of relief ensures the availability of BDO's full resources to the Debtors

during a critical period in these cases, while preserving the ability of all parties in interest, including the United States Trustee, to object to this Application on a final basis. Accordingly, no party is prejudiced by the interim relief sought by this Application.

Notice

15. The Debtors have served notice of this Application to: (a) the Office of the United States Trustee for the District of New Jersey; (b) their secured creditors or their known counsel; (c) the consolidated list of 30 largest unsecured creditors; and (d) all other known parties in interest as reflected in the accompanying Certificate of Compliance with D.N.J. LBR 2014-1(a). In light of the nature of the relief requested, the Debtors respectfully submit that such service constitutes good and sufficient notice under the circumstances and that no further notice is necessary.

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WHEREFORE, the Debtors respectfully request that the Court enter Orders approving their retention of BDO as their financial advisors on interim and final bases and granting such other relief as the Court deems just and appropriate under the circumstances.

TARRAGON CORPORATION

By: /s/ William S. Friedman
William S. Friedman,
Chief Executive Officer

DATED: January 12, 2009

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Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY
CASE NOS. 09-

Chapter 11
(Joint Administration Pending)

In re:

TARRAGON CORPORATION, *et al.*,
Debtors-in-Possession.

**CERTIFICATION OF WILLIAM K.
LENHART PURSUANT TO SECTIONS
327 AND 504 OF THE BANKRUPTCY
CODE AND DISCLOSURE PURSUANT
TO FEDERAL RULE OF BANKRUPTCY
PROCEDURE 2014(a)**

WILLIAM K. LENHART, of full age, pursuant to 28 U.S.C. § 1746, hereby certifies
under penalty of perjury as follows:

1. I am a partner in the firm of BDO Seidman, LLP ('BDO'), with offices located at
135 W. 50th Street, New York, New York 10020 and other locations throughout the United
States. I submit this Certification pursuant to Sections 327 and 504 of the Bankruptcy Code and
Federal Rule of Bankruptcy Procedure 2014 in support of the Application of Tarragon

Corporation, *et al.*, the within debtors and debtors-in-possession (collectively, the“Debtors”),¹ to retain BDO as their financial advisors in these Chapter 11 proceedings. I have actual knowledge of the facts set forth herein and am authorized to make this Certification on BDO’s behalf.

QUALIFICATION OF PROFESSIONALS

2. BDO is a financial consulting firm having expertise in the areas of financial advisory, business restructurings and workouts. As a result, BDO is duly qualified to provide the Debtors with financial advisory services throughout these proceedings, and the services of BDO are necessary and essential to the Debtors’ performance of their duties as debtors-in-possession.

DISINTERESTEDNESS OF PROFESSIONALS

3. Insofar as I have been able to ascertain through diligent inquiry, except as set forth below, neither I, BDO, nor any principal or professional employee of BDO have any connection with the Debtors, their creditors, any other party-in-interest, their current respective attorneys or professionals, the United States Trustee or any person employed in the office of the United States Trustee, nor do we hold or represent any entity having an adverse interest in the Debtors’ Chapter 11 cases, although BDO has in the past worked with, continues to work with and has mutual clients with certain law firms who may represent parties-in-interest in these cases. Neither I, BDO, nor any professional employee of BDO is related professionally to the

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Debtors, their creditors or any other party-in-interest herein or their respective attorneys in the matter for which BDO is proposed to be retained.

4. BDO has undertaken a detailed search of its client database to determine, and to disclose, whether it has or in the past had any relationships with the following entities (collectively, the "Interested Parties"): (a) the Debtors and their affiliates; (b) the Debtors' secured creditors; (c) the Debtors' consolidated thirty (30) largest unsecured creditors; (d) the Debtors' officers and directors; and (e) all other parties listed on the attached **Exhibit A**.

5. This search has revealed that BDO has performed and presently may be performing accounting, tax or consulting services for the following creditors, insurance companies, professionals, plaintiffs in lawsuits and parties in interest in matters unrelated to these proceedings: LaSalle Bank, Federal National Mortgage Association, National City Bank, General Electric Credit Corp., Wachovia Bank, Wachovia Corporation, Wachovia Capital Financial Corp. and Wachovia Capital Markets, Bank of America N.A., Commerce Bancorp Inc., The Provident Bank, PNC Bank N.A. (which is also a lender to BDO), Wells Fargo Foothill, Wells Fargo Equipment Finance, Wells Fargo Bank N.A., Regions Bank, Barclays Bank, JP Morgan Chase, Merrill Lynch International, Lowenstein Sandler PC, Latham & Watkins, Mahoney Cohen & Company CPA PC, Sills Cummis & Gross PC, Otterbourg, Steindler, Houston & Rosen, P.C., Jones Day, Grant Thornton LLP, Lazard Frères & Co. LLC, ConExis, AIG Domestic Claims, Inc., Cushman & Wakefield of New Jersey, Inc., National Union Fire Insurance Company of Pittsburgh, HSBC Bank, Whirlpool Corporation, and Soares Da Costa Construction Services, LLC Fees for these engagements represent less than ½ of 1% of BDO's annual revenue. In addition, United Healthcare Insurance Co. is BDO's employee health benefits provider.

6. BDO's search also revealed that Jason Clare, a manager in BDO's New York, New York office, is a member of the 1300 Graham Street Owners Association, which may have a claim against Tarragon Corporation. Mr. Clare is not working on these cases and will not have access to any confidential materials. In addition, the current Chief Financial Officer of Tarragon Corporation, Erin Pickens, was employed by BDO more than 10 years ago.

7. Lastly, it should be noted that BDO served as accountants and auditors to National Realty Income Trust, a predecessor company to Tarragon Corporation, more than 10 years ago.

8. Despite the efforts described above to identify and disclose BDO's connections with the Interested Parties, because the Debtors have numerous creditors and other relationships, BDO is unable to state with certainty that every client representation or other connection has been disclosed. If BDO discovers additional information that requires disclosure, BDO will file supplemental disclosures with the Court as promptly as possible.

9. To the best of my knowledge, BDO has not been retained to assist any entity or person other than the Debtors on matters relating to, or in connection with these cases. If this Court approves the proposed employment of BDO as financial advisor to the Debtors, BDO will not accept any engagement or perform any services in these cases for any entity or person other than the Debtors. BDO may, however, continue to provide professional services to, and engage in commercial or professional relationships with, entities or persons that may be creditors of the Debtors or parties-in-interest in these cases; provided, however, that such services do not and will not relate to, or have any direct connection with, these cases.

10. During the 90-day period before the commencement of these cases, the Debtors paid BDO the approximate sum of \$409,243.30 for contemporaneous services rendered to and

costs incurred on behalf of the Debtors, all in accordance with the pre-petition engagement agreement between the Debtors and BDO. As a result of these payments, BDO does not hold any claim against the Debtors for pre-petition services rendered.

11. Further, due to the nature of the Debtors' operations and cash management system, as more fully described in the Debtors' "First Day Motion" to approve its existing cash management system, the Debtors hold significant inter-company claims. BDO will not represent any of the Debtors with regard to claims or causes of actions against any other of the Debtors.

12. Based on the foregoing, BDO has no interest adverse to the Debtors or their estates, and is a "disinterested" person within the meaning of Sections 327(a) and 101(14) of the Bankruptcy Code.

SERVICES TO BE PROVIDED

13. The Debtors have advised BDO that they desire to retain BDO to provide such professional services as BDO and the Debtors find mutually agreeable, including, but not limited to:

(a) develop, in conjunction with the Debtors' financial department, a 13-week cash flow forecast and assist in the monitoring of a weekly budget to actual comparison;

(b) develop a revised business plan reflecting changed business and operating conditions, if any, resulting from a Chapter 11 filing, including asset sales, occupancy statistics, rental rates, etc. on a project-by-project basis;

(c) assist the Debtors with all operational, strategic, financial and other issues during the Chapter 11 proceedings including but not limited to, the preparation of schedules, statements of financial affairs and monthly operating reports, and assist in the development of a plan of reorganization, including, if required, negotiation with other parties, testimony and preparation of a comprehensive liquidation analysis;

- (d) evaluate the potential sales of assets and/or lines of business;
 - (e) assist the Debtors in addressing issues with their lenders, creditors and other stakeholders for the purpose of maintaining their support and developing a plan of reorganization;
 - (f) analyze and reconcile creditors' claims;
 - (g) provide valuation service if requested;
 - (h) evaluate the tax implications of possible plans of reorganization, related debt modifications and other tax issues that might arise during these cases;
 - (i) provide analysis of potential fraudulent conveyance and preference issues;
- and
- (j) provide such other services as may be requested by the Debtors or their counsel in the administration of their bankruptcy cases and fulfillment of their duties as debtors-in-possession.

COMPENSATION OF PROFESSIONALS

14. In connection with this matter, BDO has received a Chapter 11 retainer of \$135,513.00 (the "Bankruptcy Retainer"). Pursuant to the Debtors' letter agreement with BDO dated as of July 31, 2008 (the "Engagement Agreement," a true copy of which is attached as **Exhibit B**), BDO intends to bill for its services in accordance with its usual and customary rates. BDO's hourly billing rates are as follows:

Partners/Managing Directors	\$500-800
Directors/Senior Managers	\$300-600
Managers	\$250-375
Seniors	\$175-275
Staff	\$125-200

15. In addition, BDO will seek reimbursement for out-of-pocket expenses incurred in connection with its services in these cases.

16. BDO will maintain detailed records of any actual and necessary costs and expenses incurred in connection with the aforementioned services and will file all appropriate applications for allowances of compensation and expenses with this Court in accordance with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, Local Rules and orders of the Court.

17. In accordance with Section 504 of the Bankruptcy Code, BDO has not shared or agreed to share any of its compensation with any other person, other than a principal, professional or employee of BDO. The proposed engagement of BDO is not prohibited by Bankruptcy Rule 5002.

18. BDO requests that its retention be effective as of the date of the commencement of these cases.

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I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

/s/ William K. Lehnart
William K. Lehnart

Dated: January 12, 2009

EXHIBIT A

INTERESTED PARTIES LIST

LIST OF ENTITIES/AFFILIATES

1200 Grand Street Urban Renewal, LLC
1300 Grand Street Urban Renewal, LLC
5600 GP, Inc.
800 Madison Street Urban Renewal, LLC
900 Monroe Development LLC
900 Monroe Street Urban Renewal, LLC
999 Madison Street Urban Renewal, LLC
Acadian Place Apartments, L.L.C.
Acadian Place Holdings, L.L.C.
Adams Street Development, L.L.C.
Alexandria Pointe, LC
Alta Marina, LLC
AltaMar Development, LLC
Ansonia Acquisitions I, L.L.C.
Ansonia Apartments, LP.
Ansonia Liberty, LLC
Ansonia MezzCo, LLC
Arlington Tarragon, LLC
Autumn Ridge Apartments, LLC
Aventura Tarragon GP, LLC
Aventura Tarragon LP, LLC
Ballantrae Manager, Inc.
Balsam Acquisitions, L.L.C.
Bayfront National Associates, L.P.
Bermuda Island Tarragon LLC
Black Pearl Tarragon, LLC
Block 102 Development LLC
Block 110 Development, LLC
Block 112 Development, LLC
Block 114 Development, LLC (Casket H)
Block 144 Development LLC
Block 150 Development, LLC
Block 88 Development, L.L.C.
Bradenton Tarragon, LLC
Calistoga Ranch Owners, L.L.C.
Capitol Ave. Tarragon, LLC
Carlyle Tower National Associates
CAVEO, L.L.C.
Celebration Tarragon LLC
Central Square Tarragon LLC
Charleston Tarragon Manager, LLC
Choice Home Financing, LLC
Cliffside Tarragon, LLC
Collegewood Property, Inc.
Consolidated Capital Properties II
Cordoba Manager, LLC
Cordoba Tarragon, LLC
CR Tarragon Palm Springs, L.L.C.
Creekwood Apartment Owners, LLC
Danforth Apartment Owners, L.L.C.
Delaney Square Tarragon, LLC
Delaney Square, LLC
Dogwood Hills Apartments, L.L.C.
East Hanover Tarragon LLC
East Las Olas, Ltd.
English Village Partners
Exchange Tarragon, LLC
Fenwick Plantation Tarragon, LLC
Floresta Tarragon, LLC
Forest Park Tarragon, LLC
Forest Ridge Partners, LC
Freesia Acquisitions, LLC
French Villa Apartments, L.L.C.
French Villa National Associates Limited
Guardian Alexandria Pointe Holdings
Guardian Forest Ridge Partners Holdings
Guardian Rock Springs Road Holdings
Guardian Southridge Pointe Holdings
Guardian Venetian Bay Holdings, LLC
Guardian Victoria Hills Holdings, LLC
Guardian Wekiva Crest Holdings, LLC
Guardian Woods at Southridge Holding
Guardian-Jupiter Partners LLC
Gull Harbor Apts, L. L. C.
Gull Harbor MGR, Inc.
Hamden Centre Apartments, L.L.C.
Heather Limited Partnership
Heron Cove National, Inc.
Hoboken Cinema, LLC
Houston Highway South, L.P.
Jardin de Belle Development, LLC
Keane Stud LLC
Keane Stud Management LLC
Kennesaw Tarragon LLC

Lake Lotta Apartments, L.L.C.
Lake Sherwood Partners, LLC
Larchmont Development Venture, LLC
Larchmont Tarragon, LLC
Las Olas River House Corp.
Lopo Tarragon GP, Inc.
Lopo Tarragon LP, Inc.
Lopo, LP
M8CP, Inc.
Madison Tarragon Manager, Inc.
Manchester Tarragon, LLC
Manchester Tolland Development LLC
Marina Park National Partners
Mariner's Point Tarragon, LLC
Meadow Brook Apartments, L.L.C.
Merritt 8 Acquisitions, L.L.C.
Merritt Stratford, L.L.C.
Middletown Tarragon LLC
Midway Mills Partners, L.P.
Mohegan Hill Development, LLC
Mohegan Hill Development/Wilson, LLC
Mohegan Hill Tarragon, LLC
Monterra Tarragon, Inc.
Montreux at Deerwood Lake, LLC
Morningside National, Inc.
Mountain View National, Inc.
MSCP, Inc.
Murfreesboro Gateway Properties, LLC
Mustang Creek National, L.P.
Mustang National, Inc.
National Income Realty Investors, Inc.
National Omni Associates, L.P.
Newbury Village Development, LLC
North Property Tarragon, Ltd.
North Village Tarragon, LLC
North Water Street Tarragon, LLC
Ocala Tarragon, LLC
Ocean Beach Apartments, LLC
Omni Equities Corporation
Omni Equities North Corporation
Omni-Tivoli, LLC
One Las Olas, Ltd.
Orchid Grove, LLC
Orion Tarragon GP, Inc.
Orion Tarragon LP, Inc.
Orion Towers Tarragon, LLP

Orlando Central Park Tarragon, L.L.C.
Palisades Park East Tarragon LLC
Palisades Park West Tarragon LLC
Park Avenue at Metrowest, Ltd.
Park Avenue GP, LLC
Park Avenue Metrowest LLC
Park Avenue Tarragon, LLC
Park Development East, LLC
Park Development West, LLC
Parkdale Gardens National Corp.
Pinecrest Village Condominium, Inc.
Plantation Bay Apartments, L.L.C.
Rancho Sorrento Leasing Corp.
Reflection Lakes Manager, Inc.
Regency Green National Corp.
Regent Circle, L.L.C.
RI Panama City LLC
RI Windsor, Ltd.
River House Tarragon, LLC
Rock Springs Road, LC
Rutherford LL Tarragon, LLC
Rutherford Tarragon Development I, LLC
Rutherford Tarragon Development II, LLC
Rutherford Tarragon Development III, LLC
Sage Residential Connecticut, LLC
Sage Residential Florida, Inc.
Sage Residential New Jersey LLC
Sage Residential Rhode Island, LLC
Sage Residential Services, Inc.
Sage Residential Texas, Inc.
Shefaor/Tarragon, LLLP
Silver Creek Apartments, Ltd.
SO. Elms National Associates Limited
Partnership
Southampton Pointe Tarragon LLC
Southampton Tarragon Manager LLC
Southridge Pointe, LC
Stamford Tarragon I LLC
Stewart Square National, Inc.
Stonington Tarragon, LLC
Summit / Tarragon Murfreesboro, L.L.C.
Summit on the Lake Associates, Ltd.
Tampa Palms Tarragon, L.L.C.
Tarragon 820, L.P.
Tarragon Brooks, L.P.
Tarragon Calistoga, L.L.C.

Tarragon Corporation
Tarragon Cypress Grove, LLC
Tarragon Development Company LLC
Tarragon Development Corporation
Tarragon Edgewater Associates, LLC
Tarragon Huntsville Apartments, L.L.C.
Tarragon Kissimmee, LLC
Tarragon Limited, Inc.
Tarragon Management, Inc.
Tarragon Mariner Plaza, Inc.
Tarragon Merritt 8, Inc.
Tarragon Midway Mills, Inc.
Tarragon Mortgage Capital, LLC
Tarragon Mortgage LLC
Tarragon Ocala Development Corp
Tarragon Savannah I, L.L.C.
Tarragon Savannah II, L.L.C.
Tarragon South Development Corp.
Tarragon Stonecrest LLC
Tarragon Stoneybrook Apartments, L.L.C.
Tarragon Stratford, Inc.
Tarragon Turtle, Inc.
Tarragon University I, L.P.
Tarragon University, Inc.
Tarragon Venetian Bay, Inc.
Tarragon/URSA Redevelopment Partners
Tarragon/Voloshin I LLC
Tarragon/Voloshin Stonington, LLC
TDC Hanover Holdings LLC
TDC/Ursa Hoboken Sales Center, LLC
Texas National Construction, Inc.
Thirteenth Street Development, L.L.C.
Tradition Tarragon LLC
TRI Woodcreek, Inc.
Tuscany Tarragon, LLC
UGMC Holdings, LLC
Upper Grand Realty, LLC
Uptown Village Tarragon A, LLC
Uptown Village Tarragon B, LLC
Uptown Village Tarragon C, LLC
Venetian Bay Village, LLC
Victoria Hills, LC
Vineyard at Eagle Harbor, L.L.C.
Vinland Aspentree, Inc.
Vinland Holly House, Inc.
Vinland Oakbrook, Inc.

Vinland Park 20, Inc.
Vinland Property Investors, Inc.
Vintage Legacy Lakes National, L.P.
Vintage National, Inc.
Vista Lakes Tarragon, LLC
Vistas at Lake Worth Limited Partnership
Warwick Grove Company, LLC
Wekiva Crest, LC
West Dale National Associates, L.P.
Woodcreek Garden Apartments
Woodcreek National, L.C.
Woods at Southridge, LC
Yacht Club Tarragon, LLC
Yacht Club Tarragon, LLC

LIST OF OFFICERS AND DIRECTORS

Brainard, Newt
Bridenbaugh, Terrilea
Burrige, Bob
Clinton, Chris
Cobbs, James C.
English, Michael
Fagerli, Bud
Ferranti, Al
Fletcher, David R.
Frery, Richard
Friedman, William S.
Ginsburg, Alan
Greene, Eileen
Hagner, Garth
Helman, Jamie (James?)
Hendrix, Scott
Hsu, Joseph G.
Huggins, David G.
Huggins, Garland
Johnson, Michael
Kammerman, Marcy H.
Keltz, Mike
Liebman, Lance
Mansfield, Kathryn
Marshall, Joyce B.
Miller, Nancy
Minor, Todd C.
Muse, Wendy
Petty, Deborah
Pickens, Erin D.

Raia, Frank
Reinert, Kristie
Rosato, William
Rothenberg, Robert P.
Rubenstein, Charles
Saunier, Mark
Schafer, Candace
Schaffer, Richard
Schafran, Lawrence G.
Schrag, Raymond V.J.
Sciarra, Michael J.
Shassian, Lou
Stark, Martha E.
Stern, Richard W.
Surratt, Jane
Swenson, Eileen
Thomas, Hilary A.
Thompson, William
Tomlin, Andy
Travis, Jeffrey
Weisbrod, Carl B.

PARTNERS/MEMBERS

1118 Adams Parking, Inc.
5600 GP, Inc.
900 Monroe Development, LLC
999 Madison Street Urban Renewal
Acadian Place Apartment, LLC
Acadian Place Holdings, L.L.C.
Adams Street Development, L.L.C.
Alta Marina, LLC
AltaMar Development, LLC
Ansonia Apartments, L.P.
Ansonia LLC
Ansonia MezzCo., LLC
Arlington Tarragon, LLC
Asbury Place Development, Ltd.
Avanti Tarragon, LLC
Aventura Tarragon GP, LLC
Aventura Tarragon LP, LLC
Balsam Acquisitions, LLC
Bermuda Island Tarragon, LLC
Black Pearl Tarragon, LLC
Block 102 Development LLC
Block 106 Development, LLC
Block 110 Development, LLC

Block 112 Development, LLC
Block 114 Development, LLC
Block 144 Development LLC
Block 150 Development, LLC
Block 88 Development, LLC
Bradenton Tarragon, LLC
Capitol Avenue Tarragon, LLC
Carlyle Tower National Associates
Celebration Tarragon, LLC
Central Square Tarragon LLC
Charleston Tarragon Manager, LLC
Cliffside Tarragon, LLC
Collegewood Property, Inc.
Consolidated Capital Properties II
Cordoba Manager, LLC
Cordoba Tarragon, LLC
Coscan Cypress Plaza, LLC
CR Napa, L.L.C.
CR Palm Springs, LLC
Delaney Development L.L.C
Delaney Square Tarragon, LLC
Depot Hill Road LLC
Emerson Center Property
English Village Apartments, Inc.
English Village Partners
EV Partners
Exchange Tarragon, LLC
Fenwick Plantation Tarragon, LLC
French Village Apartments, L.L.C.
Golden Florida Management, Inc.
Guardian Alexandria Point
Guardian Forest Ridge
Guardian Rock Springs
Guardian Southridge Pointe Holdings, LLC
Guardian Venetian Bay Holdings, LLC
Guardian Victoria Hills
Guardian Wekiva
Guardian Woods at Southridge Holdings,
LLC
Guardian-Jupiter Partners LLC
Heron Cove National, Inc.
Hoboken Cinema, LLC
Jardin de Belle Development, LLC
Keane Stud LLC
Keane Stud Management, LLC
Kensington Resort Partners, LLC

Larchmont Tarragon, LLC
Leyland Warwick Associates, LLC
Liberty Building Mgr., Inc.
Lopo Tarragon GP, Inc.
Lopo Tarragon LP, Inc.
Louis and Leslie Shassian and Shassian Family, L.P
Manchester Tolland Development LLC
Marina Park National Partners
Mariner's Point Tarragon, LLC
Metrowest Development, L.L.C.
Mia Macri Living Irrevocable Trust (Frank Leanza)
Michael J. Sciarrino Revocable Trust
Middletown Tarragon LLC
Mohegan Hill Development, LLC
Mohegan Hill Tarragon, LLC
Montreaux at Deerwood lake, LLC
Montville Property Holdings I, LLC
Morningside National, Inc
Mountain View National, Inc.
MSCP, Inc
Mustang Creek National, LP
Mustang National, Inc.
National Income Realty Investors, Inc
National Omni Associates LP
Newbury Village Development, LLC
North Property Tarragon, Ltd. Ave
North Village Tarragon, LLC
North Water Street Tarragon LLC
Omni Equities Corporation
Omni-Tivoli, LLC
Orion Tarragon GP, Inc.
Orion Tarragon LP, Inc.
Orlando Central Park Tarragon, LLC
Palisades Park East Tarragon LLC
Palisades Park West Tarragon LLC
Palm Court Apartment Owners, Inc.
Paramus Tarragon, LLC
Park Avenue GP, LLC
Park Avenue Metrowest LLC
Park Avenue Tarragon, LLC
Pinnacle GP
Pinnacle LP
Regency Green National Corp.
Regent Circle, LLC

River House Tarragon, LLC
Rutherford Tarragon Development I, LLC
Rutherford Tarragon Development II, LLC
Rutherford Tarragon Development III, LLC
Shefaor GP
Shefaor LP
So. Elms National Associates, Ltd.
Southampton Tarragon Manager, LLC
Southampton Pointe Tarragon LLC
Stamford Tarragon I LLC
Stewart Square National, Inc.
Stonington Tarragon, LLC
Summit on the Lake Associates, Ltd.
Sunvest Lofts, LLC
Tampa Palms Tarragon, LLC
Tarragon Calistoga, L.L.C.
Tarragon Corporation
Tarragon Cypress Grove, LLC
Tarragon Cypress Plaza, LLC
Tarragon Development Company, L.L.C
Tarragon Development Company, LLC
Tarragon Development Corporation
Tarragon Edgewater Associates, LLC
Tarragon Limited, Inc.
Tarragon Mariner Plaza, Inc.
Tarragon Merrit 8, Inc.
Tarragon Midway Mills, Inc.
Tarragon Mortgage Capital, LLC
Tarragon South Development Corp.
Tarragon Stratford, Inc.
Tarragon Time Square, Inc.
Tarragon Turtle, Inc.
Tarragon University, Inc.
Tarragon Venetian Bay, Inc.
Tarragon/URSA Redevelopment Partners
Tarragon Kissimmee, LLC
TDC Hanover Holdings LLC
TDC/Ursa Hoboken Sales Center, LLC
Texas National Construction, Inc.
The Shassian Family Limited Partnership
Thirteenth Street Development, L.L.C.
Tradition Tarragon LLC
TRI Woodcreek, Inc.
Tuscany Tarragon, LLC
UGMC Holdings, LLC
Upper Grand Realty, LLC

TRI Woodcreek, Inc.
Tuscany Tarragon, LLC
UGMC Holdings, LLC
Upper Grand Realty, LLC
Uptown Village Tarragon A, LLC
Uptown Village Tarragon B, LLC
URSA Development Group, LLC
Vinland Holly House, Inc.
Vinland Oakbrook, Inc.
Vinland Park 20, Inc.
Vinland Property Investors, Inc.
Vintage Legacy Lakes National, LP
Vintage National, Inc.
Vista Lakes Tarragon, LLC
Vista Lakes Tarragon, LLC
Voloshin Capital Stonington, LLC
Wachovia Affordable Housing
Warwick Grove Company, LLC
Wells Fargo Ventures, LLC
Woodcreek Garden Apartments
Woodcreek National, LC
Wyckoff Tarragon Development, LLC
Yacht Club Tarragon, LLC
Yoo LLP

THIRTY LARGEST UNSECURED CREDITORS

AJD Construction Company, LLC
Assurant Employee Benefits
Bank Atlantic
Bank of America
Christina Stiles Interiors
ComCast
Devon Design, LLC
Direct Cabinet Sales
EC Enterprise Consultants, LLC
ESCC
iStar FM Loans, LLC
K. Langford Lawn Care Inc.
Kirst Kosmoski, Inc.
Lapatka Associates, Inc.
Las Olas River House Condo. Assn.
Mahoney Cohen & Company CPA PC
Mechanical Services of Central FL

NANC Construction Services
Omni Boys North Ltd.
Posner Advertising
Progress Energy Florida, Inc.

Refinish Plus Corporation
Regions Bank
Sovor Associates (290 Veterans)
Steelways Inc.
Taberna Capital Management LLC
The Crossings at Fleming Island CDD
Tricony CFC, LLC
United Healthcare Insurance Co.
Winter Management Corp.

SECURED DEBT

La Salle Bank National Association
Bank of America
Bank Atlantic
Regions Bank
iStar FM Loans/iStar Financial, Inc.
CNL Bank

GUARANTY OBLIGATIONS OF TARRAGON CORPORATION

ARCS Commercial Mortgage Co., L.P.
Bank of Atlantic
Bank of America, N.A.
Barclays Bank
CNL Bank
Commerce Bank
Fannie Mae
FNMA/PNC
FNMA/Wachovia
FNMA/Wells Fargo
General Electric Capitol Corporation
iStar FM Loans
JP Morgan Chase
LaSalle/Bank of America, N.A.
National City
North Water LLC
Paradigm Credit Corp.
Provident Bank
Regions Bank
Wachovia

PROFESSIONALS RETAINED PRE-PETITION BY LENDER

Sills Cummis & Gross PC (Bank of America)
Lowenstein Sandler PC (Paradigm)
Latham & Watkins (GECC)
Otterbourg, Steindler, Houston & Rosen, P.C.
(Regions)

LIST OF INSURANCE COMPANY'S

United of Omaha Life Insurance Company
United Healthcare Insurance Company
Liberty Mutual Insurance Company
Liberty Insurance Underwriters
Hartford Life and Accident
Transamerica Life Insurance Company
Transamerica Retirement Services
ConExis
American Home Assurance Company
Landmark Insurance Company (Landmark
American Insurance Company)
Lexington Insurance Company
National Union Fire Insurance Company of
Pittsburgh
Chubb Insurance
Federal Insurance Company

OTHER PROFESSIONALS RETAINED

Lazard Freres & Co., LLC
Jones Day
Cole, Schotz, Meisel, Forman & Leonard, PA
BDO Seidman LLP
Travis Wolff & Company, LLP
Cushman & Wakefield of New Jersey, Inc.

LIST OF PLAINTIFFS INVOLVED IN LAWSUITS WITH ANY ENTITY

31-W Insulation Company, Inc.
Abramson, Cheryl
Adrulonis, Paul
Agudo-Abarco, Amilda
AIG Domestic Claims, Inc.
Allens Steel Products, Inc.

Alta Mar Condominium Association, Inc.
Amerisure Mutual Insurance Company
Andrew General Contractors, Inc.
Asbury Place Development, Ltd.
Atkinson, Richard
Azel, Jose and Lily
Bailey, Christin
Bang, Sungmi
Beckner Painting Southeast, Inc.
Bluewater Builders, Inc.
Brushingham, Lee and Ana
Builders Technical Services, Inc.
C+N Stucco & Plastering, Inc.
Cam(p)bell, Scott
Cape House Properties, Ltd.
Case, James L. & John
CDC Drywall, Inc.
Celebration Residential Owners Association,
Inc.
Cesar, Frank
Czajkowski, Jr., Thomas J.
Da Pau Enterprises II, Inc.
Da Pau Enterprises, Inc.
Davis, Magdalena
Day, J. Robert
DeLeon, Isabel
Development Compliance and Inspections,
Inc.
Diaz, Kenneth and Carmen
Dilodivido, William
Douglas Partners Construction, LLC
Duncan, Douglas
Durso, Mike
Einheuser, Peter
Ellsworth, Gary
Epi-Park Avenue Equity, LLC
Epoch Construction, Inc.
Farris Gypsum Floors of Florida, Inc.
Federal Insurance Company
Fenwick Hall Property Owners Association,
Inc.
Fenwick Tarragon Apartments, LLC
Figueroa, Arminda
Fitch, Glenn
Flynn, Kevin
Fox Windows & Glass, LLC

Fox, Alan d/b/a Alan Fox Windows
Fraeter, Florian & Antje
Francis Engineering, Inc.
Frank Casserino Construction, Inc.
Frank Casserino Construction, Inc.
Franzon, Neri
Fugleberg Koch Architects, Inc.
Furgueron, John
Georgetown at Celebration Condominium
Association, Inc.
Gleeson, Kiernan
Goldsmith, Linda
Goshorn Plumbing Inc.
Goss, Kenneth M.
Graybar Electric Company, Inc.
Great Divide Insurance Company
Greene, Joel
GWL, Inc.
H.H. Joshi & Associates, Inc.
Hammond, Geoffrey
Hampson, Raymond K.
Hannula Landscaping, Inc.
Herbst, Douglas C.
Heritage Realty Advisors
Hong, Mai Y.
HSBC Bank
Iannone, Mark A.
Insurance Company of the State of
Pennsylvania
International Realty
iStar FM Loans
Johnson, Douglas J.
Kantrowitz, William
Kim, Chae Young and Min Hyung
Koenig, Robert
Kurzwell, Howard E.
Lanahan Lumber Co., Inc.
LaPlante, John
LaPlante, Michel
Las Olas River House Condominium
Association, Inc.
Leyland Warwick Associates, LLC
Leyva, Roddy
Lion Gables Realty Limited Partnership f/k/a
Gables Realty Limited Partnership
Littlejohn Engineering Associates Inc.

Maas, Phillip
Mariner Club, Ltd.
McLarand, Vasquez and Partners, Inc.
Metro West Center, LLC
MetroWest Boulevard Ltd. Partnership
Metrowest II Limited Partnership
MetroWest Partners, Inc.
Mills, Ralph
Montecito Enclave
Montreux at Deerwood Lake Condominium
Association, Inc.
Montville Property Holdings V LLC
Mullins, Gerry D.
Nesci, Vincent
Newland Communities, LLC
Nichols Soffit & Siding, Inc.
North Water LLC
Northland Fund II Partners, LLC
Northland Portfolio LP
NRT LLC
Nunenkamp, Val
O'Neill, Molly M.
Old Castle Glass, Inc. d/b/a JHS Building
Products, Inc.
Pernell, John C.
Perry, Brian and Cathy, individually and as
parents and legal guardians of Ryan Perry and
Amanda Perry
Pine Crest Village at Victoria Park HOA
Pine Crest Village at Victoria Park
Homeowners Association, Inc.
Pine Crest Village I Condominium
Association, Inc.
Pine Crest Village II Condominium
Association, Inc.
Platte River Insurance Company
Premier Sales Group, Inc./100 East Las Olas,
Ltd.
Professional Plastering & Stucco, Inc.
Prudential Real Estate Investors
Prudential-Park Avenue LLC
Regency Realty Services, Inc.
Regions Bank
Reif, Gary
Reinen, Mourao & Aida
Renna, Joseph M.

Rice Insulation and Glass, Inc.
Riley, Rebecca
Rodriguez, Lymarie
Roilnick, Audie & Eileen
Ryan, Christian and Eric Schake
Safeco Insurance Company of America
Schechter, Jerome & Roberta
Schiller, Donald Eileen
SCI Holdings Corporation f/k/a Skotty
Aluminum Products Co.
Sgarlatto, Anthony
Silvercore, Inc. d/b/a Criteria
Skolnick, Martin & Susan
Soares Da Costa Construction Services, LLC
Song, Kyong R.
Spiers, David G.
Stadler Management Corp.
Steidle Bros. Construction, Inc.
Steidle Bros. Construction, LLC
Summit Construction, Inc.
Summit Contractors Group, Inc.
Summit Contractors, Inc.
SunTech Electrical Contractors, Inc.
SunVest Communities USA, LLC
T.C.T. Corp. d/b/a Tamiami Carpet Interiors
TCR Construction II, Inc.
TCR Metro II, Inc.
TCR Metrowest II Limited Partnership
TDK Construction Company, Inc.
Terrabrook Vista Lakes GP, LLC
Terrabrook Vista Lakes, LP
Teseniar, Mark F. and Nan M.
The Bordeaux Condominium Association,
Inc.
The Celebration Company
The Condo Store, Inc., NRT The Condo
Store, LLC
The Hamptons at Metrowest Condominium
Association, Inc.
The Prudential Ins. Co. of America
The Realty Associates Fund VIII, L.P.
The Villas at Seven Dwarfs Condominium
Association, Inc.
The Walt Disney Company
The Yacht Club on the Intracoastal
Condominium Association, Inc.

Tri-City Electrical Contractors, Inc.
Troll, Oliver
Twelve Oaks at Fenwick Plantation
Horizontal Property Regime
Twelve Oaks at Fenwick Plantation Property
Owners Association, Inc.
Tyler, Jamie
Underwriters at Lloyd's London
Universal Building Supply, Inc.
Vorcheimer, Estate of Leonard
Voso, Dominick
Waterstreet at Celebration Condominium
Association, Inc.
Westerra Management, LLC
Whirlpool Corporation
Wolfson, Stephen
Yancy, James
ZOM Kensington, Ltd.

LANDLORDS

West 55th Street Building LLC
3100 Monticello Investors, L.P.

DIP LENDER

Arko Holdings Corp.

UNSECURED NOTE HOLDERS

Robert Rothenberg
Beachwold Partners, L.P.
Taberna Capital Management, LLC
Taberna Preferred Funding II, Ltd.
Taberna Preferred Funding III, Ltd.
Taberna Preferred Funding IV, Ltd.
Taberna Preferred Funding V, Ltd.
Taberna Preferred Funding VI, Ltd.
Merrill Lynch International
JPMorgan Chase Bank, N.A.

AUDITORS OF BOOKS AND RECORDS OF DEBTORS

Grant Thornton LLP
Travis Wolff & Company

PURCHASER OF ASSETS

MWHF Palisades Park, LLC
Represented by Wolff & Samson, PC

EXHIBIT B



BDO Consulting
A division of BDO Seidman, LLP

135 West 50th Street
New York, New York 10020
Telephone: (212) 885-8000
Fax: (212) 515-2599

VIA MESSENGER

August 20, 2008

Mr. Robert Rothenberg
President
Tarragon Corporation
423 West 55th Street
New York, NY 10019

Re: Tarragon Corporation

Dear Mr. Rothenberg:

Enclosed are two originals of the above-mentioned matter. Please return one signed original to my attention.

If you have any questions or comments, please do not hesitate to call me.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Lenhart'.

William K. Lenhart

Enclosures



BDO Consulting
A division of BDO Seidman, LLP

135 West 50th Street, 20th Floor
New York, New York 10020
Telephone: 212 885-8000
Fax: 212-515-2599

PERSONAL & CONFIDENTIAL

July 31, 2008

Mr. Robert Rothenberg
President
Tarragon Corporation
423 West 55th Street
New York, NY 10019

Dear Mr. Rothenberg:

BDO Seidman, LLP (“BDO,” “We”) is pleased to have the opportunity to provide financial advisory consulting services to Tarragon Corporation (“Tarragon” or the “Company”). This letter agreement (the “Agreement”) serves to confirm our understanding of the services to be provided, and the terms and conditions of the proposed engagement.

1. SERVICES.

BDO shall provide the following services (collectively, the “Services”):

- (i) Develop, in conjunction with the Company’s financial department, a 13 week cash flow forecast incorporating the financial implications of a bankruptcy filing including assisting in the monitoring of weekly budget to actual;
- (ii) Assist the Company in developing a revised business plan reflecting changed business and operating conditions, if any, resulting from a Chapter 11 filing including asset sales, occupancy statistics, rental rates, etc. on a project by project basis;
- (iii) Assist the Company and its counsel and other professionals in evaluating, preparing for, and filing a Chapter 11 petition including analysis of cross defaults, guarantees, contractual obligations and other commitments at the subsidiary and joint venture levels;
- (iv) Assist the Company with all operational, strategic, financial and other issues during Chapter 11 including but not limited to the preparation of schedules, statement of financial affairs and monthly operating reports and to assist in the development of a Plan of Reorganization including if required, negotiation with other parties and testimony;



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- (v) Assist the Company in the evaluation and, if undertaken, the sale of assets and lines of business;
- (vi) Assist the Company in meeting with its lenders, creditors and other stakeholders for the purpose of maintaining their support and developing a workout or reorganization plan;
- (vii) Assist the Company with typical Chapter 11 activities such as creditor claim analysis and reconciliation and, if necessary, prepare comprehensive liquidation analysis; and,
- (viii) Assist the Company in evaluating the tax implications of possible reorganization plans and related debt modifications.

We also understand that Tarragon may expand the scope of this engagement by advising us in writing of additional tasks that we are requested to complete. If in our sole discretion we undertake such services they will be performed subject to the terms of this agreement.

We have no responsibility to update our findings or conclusions for events and circumstances occurring after our procedures and analyses are completed.

2. TIMING

We are prepared to begin work immediately. The successful completion of our assignment is dependent upon receiving immediate access to the virtual data room established by the Company which we understand contains all relevant financial statements, loan and joint venture and construction agreements, detailed inventory of property for sale and/or available for lease, rent utilization percentages and rates, project cost and percentage of completion information, and, of course, the cooperation and availability of Tarragon's management. We will notify you promptly should conditions arise which alters the defined scope of the project or the nature of our anticipated involvement.

3. STAFFING AND FEES

Our charges for service will be on an hourly basis for the services performed. If the scope of our work is expanded we will discuss with you any increase in our work scope. BDO will be paid by the Company for the services of its personnel at the following hourly rates:



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<u>Title</u>	<u>Rates per Hour</u>
Partners/Managing Directors	\$500 to \$800
Directors/Senior Managers	\$300 to \$600
Managers	\$250 to \$375
Seniors	\$175 to \$275
Staff	\$125 to \$200

In addition, BDO shall be reimbursed by the Company for its reasonable out-of-pocket expenses in connection with this assignment, such as travel, lodging, duplication, computer research, and telephone charges.

We will require an initial retainer of \$150,000 before we begin our work which will be held until the completion of our engagement.

Invoices will be rendered weekly for all services and out-of-pocket expenses. Payment is due within 7 days of presentment. Upon notice to you, BDO reserves the right to resign from an engagement if our: a) fees and out-of-pocket expenses are not paid within 7 days of presentment or our retainer is depleted in its entirety.

Should the Company file a Chapter 11 petition, the Company will seek the immediate approval of BDO as its financial advisors pursuant to applicable provisions of the Bankruptcy Code. BDO recognizes that the retention documents approved by the Court will control the manner in which it can be paid post-petition.

4. DISPUTE RESOLUTION PROCEDURE.

Any dispute, controversy, or claim arising in connection with the performance or breach of this Agreement arising while the Company is a debtor in bankruptcy will be subject to the jurisdiction of the court hearing the Company's bankruptcy case (the "Bankruptcy Court"). However, to the extent allowed by the Bankruptcy Court, you agree to the following procedures which will be in effect prior to the Company's entrance into bankruptcy and after the Company's emergence from bankruptcy.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement (including disputes regarding the validity or enforceability of this agreement), either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.



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Each party may disclose any facts to the other party or to the facilitator, which it, in good faith, considers necessary to resolve the dispute. However, all such disclosures will be deemed in furtherance of settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the facilitator shall keep confidential all information disclosed during negotiations. The facilitator shall not act as a witness for either party in any subsequent arbitration between the parties.

Such facilitated negotiations shall conclude within sixty days from receipt of the written notice unless extended by mutual consent. The parties may also agree at any time to terminate or waive facilitated negotiations. The costs incurred by each party in such negotiations will be borne by it; the fees and expenses of the facilitator, if any, shall be borne equally by the parties.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement (including disputes regarding the validity or enforceability of this agreement) and cannot be resolved by facilitated negotiations (or the parties agree to waive that process) then such dispute, controversy or claim shall be settled by arbitration. The arbitration proceeding shall take place in Dallas, Texas, unless the parties agree to a different locale. The proceeding shall be governed by the provisions of the Federal Arbitration Act ("FAA") or, if a court of competent jurisdiction determines the FAA inapplicable, by the laws of the state of Texas. In any arbitration instituted hereunder, the proceedings shall proceed in accordance with the then current Arbitration Rules for Professional Accounting and Related Disputes of the American Arbitration Association, except that no pre-hearing discovery shall be permitted unless specifically authorized by the arbitration panel.

Such arbitration shall be conducted before a panel of three persons, one chosen by each party and the third selected by the two party-selected arbitrators. The arbitration panel shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages. The confidentiality provisions applicable to facilitated negotiation shall also apply to arbitration.

The award issued by the arbitration panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. Each party shall incur their own costs.

5. E-MAIL COMMUNICATION

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by a third party, or may not be delivered to each of the parties to whom they are directed and only such parties, we cannot guarantee or warrant that e-mails from us and



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other personnel will be properly delivered and read only by the addressee; provided, however, that we will take reasonable efforts to see that e-mail transmissions are directed to the intended party. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement provided that we have taken reasonable efforts to see that e-mail transmissions are directed to the intended party. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

6. INDEMNIFICATION

Your exclusive remedy, and BDO's sole liability to you, for any cause whatsoever will be limited to the fees paid to BDO under this Agreement. The foregoing limitation will apply regardless of the form of action, whether contract or tort, including without limitation, negligence, except that such limitation shall not apply in the event that liability is finally adjudicated to have arisen solely from BDO's grossly negligent, reckless or willful acts. In no event will BDO be liable for any loss of profit, revenue, data, use or other commercial injury, or any special, incidental, indirect or consequential damages, suffered by Tarragon, its subsidiaries and affiliates, its shareholders or members, the shareholders of creditors of Tarragon, or any third party, whether or not BDO has been advised or the possibility of such loss, injury, damages or third party claim, under any cause of action arising out of or relating to this Agreement.

Tarragon is responsible for the payment of all fees, expenses, indemnification or other amounts due under or in connection with this engagement. Tarragon shall indemnify, defend, hold harmless and release BDO and its partners, employees, agents or affiliated entities from and against any and all claims, lawsuits, judgments, proceedings, damages, costs and expenses (including court cost and reasonable attorneys fee) in any manner relating to, arising out of or associated with this engagement or any other services provided by BDO, except to the extent such liability is finally adjudicated to have arisen from BDO's grossly negligent, reckless or willful acts; in the event of such final adjudication of BDO's gross negligence, recklessness or willfulness BDO shall promptly reimburse Tarragon for all fees and expenses previously paid by Tarragon to or on behalf of BDO pursuant to this paragraph plus interest applied at the statutory rate

We believe the foregoing correctly sets forth our understanding, but if you have any questions please let us know. If you find the arrangements acceptable, please acknowledge



BDO Consulting
A division of BDO Seidman, LLP

your agreement to the understanding by having a duly authorized representative sign and date the enclosed originals where indicated below and return one fully executed original to my attention. Also, please confirm once the retainer of \$150,000 has been wired to the following account:

Receiving Bank: PNC Bank, N.A.
Location: Pittsburg, PA
ABA#: 031207607
Account #: 8013580178
Account Name: BDO Seidman, LLP

We appreciate this opportunity to work with you on this engagement. If you have any questions, please feel free to contact me at 212.885.8340.

Very truly yours,

BDO Seidman, LLP

By: 

Name: William K. Lenhart
Title: Partner

Acknowledged and agreed as of the 20th day of August, 2008:

Tarragon Corporation

By: 

Name: ROBERT P ROMANO

Title: President

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)

COLE, SCHOTZ, MEISEL,
FORMAN & LEONARD, P.A.
A Professional Corporation
25 Main Street
P. O. Box 800
Hackensack, NJ 07602-0800
(201) 489-3000
(201) 489-1536 Facsimile
Michael D. Sirota, Esq.
Warren A. Usatine, Esq.
Proposed Attorneys for Tarragon Corporation, *et al.*, Debtors-in-Possession

In re:

TARRAGON CORPORATION, *et al.*,

Debtors-in-Possession.

Case Nos. 09-

Hearing Date:

Judge:

**INTERIM ORDER APPROVING THE DEBTORS' RETENTION OF BDO SEIDMAN
LLP AS FINANCIAL ADVISORS PURSUANT TO 11 U.S.C. § 327 AND FEDERAL
RULE OF BANKRUPTCY PROCEDURE 6003(a)**

The relief set forth on the following pages, numbered two (2) through five (5), is hereby
ORDERED.

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Debtor: TARRAGON CORPORATION, *et al.*
Case Nos: 09-
Caption of Order: INTERIM ORDER APPROVING THE DEBTORS' RETENTION OF
BDO SEIDMAN LLP AS FINANCIAL ADVISORS PURSUANT TO 11
U.S.C. § 327 AND FEDERAL RULE OF BANKRUPTCY PROCEDURE
6003(a)

THIS MATTER having been opened to the Court by Tarragon Corporation, *et al.*, the within debtors and debtors-in-possession (collectively, the "Debtors"),¹ upon an Application for entry of an Interim Order approving the Debtors' retention of BDO Seidman LLP ("BDO") as their financial advisors in these proceedings pursuant to 11 U.S.C. § 327(a) and Federal Rule of Bankruptcy Procedure 6003(a) (the "Application"); and the Court having considered the Application and the Certification of William K. Lenhart in support thereof and the Debtors' engagement agreement with BDO attached as **Exhibit B** (the "Engagement Agreement"); and the Court being satisfied that BDO does not hold or represent any interest adverse to the Debtors, their estates or creditors, and is a disinterested person within the meaning of Sections 327 and 101(14) of the Bankruptcy Code, and that said employment would be in the best interest of the estates; and it appearing that the relief requested in the Application is necessary to avoid immediate and irreparable harm to the Debtors and their estates and, therefore, the requirements of Fed. R. Bankr. P. 6003(a) are satisfied; and notice of the proposed retention having been given

¹ The Debtors are Tarragon Corporation, Tarragon Development Company, LLC, Tarragon Development Corporation, Tarragon South Development Corp., Tarragon Management, Inc., Bermuda Island Tarragon LLC, Orion Towers Tarragon, LLP, Orlando Central Park, L.L.C., Fenwick Plantation Tarragon, LLC, One Las Olas, Ltd., The Park Development West LLC, 800 Madison Street Urban Renewal, LLC, 900 Monroe Development LLC, Block 88 Development, LLC, Central Square Tarragon LLC, Charleston Tarragon Manager, LLC, Omni Equities Corporation, Tarragon Edgewater Associates, LLC, The Park Development East LLC, and Vista Lakes Tarragon, LLC.

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6003(a)

in accordance with the requirements of D.N.J. LBR 2014-1(a), as evidenced by the Certificate of Compliance with D.N.J. LBR 2014-1(a); and for other good cause shown,

IT IS ORDERED as follows:

1. The retention of BDO as financial advisors to the Debtors is hereby authorized and approved on an interim basis, effective as of the date of the commencement of these cases, pursuant to 11 U.S.C. § 327(a) and Bankruptcy Rule 2014.

2. The indemnification provision contained in the Engagement Agreement is subject to the following terms and conditions:

if, before the entry of an order closing these Chapter 11 cases, BDO believes that it is entitled to the payment of any amounts from the Debtors' estates on account of the indemnification, contribution and/or reimbursement obligations under the Engagement Agreement including, without limitation, the advancement of defense costs, BDO must file an application therefor in, and with, the Court, and the Debtors may not pay any such amounts to BDO before the entry of an order by the Court approving payment. The United States Trustee, the Debtors, the Official Committee of Unsecured Creditors, and any other creditors or parties-in-interest shall retain the right to object to whether the amount requested is consistent with the indemnity provision in the Engagement Agreement, as modified by any order of the Court, and the amount actually requested is a reasonable amount under the circumstances of the case giving rise to the indemnity claim.

3. Any and all compensation to be paid to BDO for services rendered on the Debtors' behalf shall be fixed by application to this Court in accordance with Sections 330 and 331 of the

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6003(a)

Bankruptcy Code and such Rules of Local and Federal Bankruptcy Procedure as may then be applicable, unless an alternate arrangement for interim compensation is authorized by the Court.

4. Entry of this Interim Order is without prejudice to the rights of any party in interest to interpose an objection to the Application. Any such objections, to be considered timely, must: (i) be in writing; (ii) specify with particularity the basis of the objection; and (iii) be filed with the Clerk of the United States Bankruptcy Court electronically by attorneys who regularly practice before the Bankruptcy Court in accordance with the General Order Regarding Electronic Means for Filing, Signing, and Verification of Documents, dated March 27, 2002 (the "General Order") and the Commentary Supplementing Administrative Procedures, dated as of March 2004 (the "Supplemental Commentary") (the General Order, Supplemental Commentary and the User's Manual for the Electronic Case Filing System can be found at www.njb.uscourts.gov, the official website for the Bankruptcy Court) and, by all other parties-in-interest, on CD-ROM in Portable Document Format (pdf), and shall be served in accordance with the General Order and the Supplemental Commentary so as to be received by the following parties no later than _____, 2009, at _____ .m.: (a) proposed counsel for the Debtors (Cole, Schotz, Meisel, Forman, Leonard, P.A., Court Plaza North, Box 800, 25 Main Street, Hackensack, New Jersey 07602, Attn: Michael D. Sirota, Esq.); (b) BDO Seidman LLP (135 W. 50th Street, New York, New York 10020, Attn: William K. Lenhart); (c) the Office of the United States Trustee for the District of New Jersey; (d) the entities listed on the

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Consolidated List of Creditors Holding the 30 Largest Unsecured Claims or counsel for any official committee of unsecured creditors; and (e) all parties that have filed a Notice of Appearance.

5. The Court shall conduct a final hearing on the Application on _____, 2009, at _____ .m., at the United States Bankruptcy Court, Martin Luther King, Jr. Federal Building and Courthouse, 50 Walnut Street, Third Floor, Newark, New Jersey 07012.

6. A true copy of this Order shall be served on all parties-in-interest within two (2) days hereof.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)

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Michael D. Sirota, Esq.
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**FINAL ORDER APPROVING THE DEBTORS' RETENTION OF BDO SEIDMAN LLP
AS FINANCIAL ADVISORS PURSUANT TO 11 U.S.C. § 327(a)**

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IT IS ORDERED as follows:

¹ The Debtors are Tarragon Corporation, Tarragon Development Company, LLC, Tarragon Development Corporation, Tarragon South Development Corp., Tarragon Management, Inc., Bermuda Island Tarragon LLC, Orion Towers Tarragon, LLP, Orlando Central Park, L.L.C., Fenwick Plantation Tarragon, LLC, One Las Olas, Ltd., The Park Development West LLC, 800 Madison Street Urban Renewal, LLC, 900 Monroe Development LLC, Block 88 Development, LLC, Central Square Tarragon LLC, Charleston Tarragon Manager, LLC, Omni Equities Corporation, Tarragon Edgewater Associates, LLC, The Park Development East LLC, and Vista Lakes Tarragon, LLC.

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U.S.C. § 327(a)

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2. The indemnification provision contained in the Engagement Agreement is subject to the following terms and conditions:

if, before the entry of an order closing these Chapter 11 cases, BDO believes that it is entitled to the payment of any amounts from the Debtors' estates on account of the indemnification, contribution and/or reimbursement obligations under the Engagement Agreement including, without limitation, the advancement of defense costs, BDO must file an application therefor in, and with, the Court, and the Debtors may not pay any such amounts to BDO before the entry of an order by the Court approving payment. The United States Trustee, the Debtors, the Official Committee of Unsecured Creditors, and any other creditors or parties-in-interest shall retain the right to object to whether the amount requested is consistent with the indemnity provision in the Engagement Agreement, as modified by any order of the Court, and the amount actually requested is a reasonable amount under the circumstances of the case giving rise to the indemnity claim.

3. Any and all compensation to be paid to BDO for services rendered on the Debtors' behalf shall be fixed by application to this Court in accordance with Sections 330 and 331 of the Bankruptcy Code and such Rules of Local and Federal Bankruptcy Procedure as may then be applicable, unless an alternate arrangement for interim compensation is authorized by the Court.

4. A true copy of this Order shall be served on all parties-in-interest within seven (7) days hereof.

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