



**IT IS HEREBY ADJUDGED and DECREED that the below described is SO ORDERED.**

**Dated: June 25, 2009**

*Craig A. Gargotta*

**CRAIG A. GARGOTTA  
UNITED STATES BANKRUPTCY JUDGE**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

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<b>In re</b>	:	<b>Chapter 11</b>
	:	
<b>CRESCENT RESOURCES, LLC, et. al.,</b>	:	<b>Case No. 09-11507-CAG</b>
	:	
<b>Debtors.</b>	:	<b>Jointly Administered</b>
	:	
	:	
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**ORDER AUTHORIZING THE DEBTORS TO (I) ASSUME CERTAIN PREPETITION CONTRACTS AND TO CONTINUE TO ENTER INTO CONTRACTS TO SELL HOME LOTS, CONDOMINIUMS, OUTPARCELS, AND CERTAIN PARCELS OF LAND FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS IN THE ORDINARY COURSE OF BUSINESS, (II) PAY SALES AGENTS AND CERTAIN DEVELOPERS THEIR COMMISSIONS AND FEES, AND (III) ESTABLISHING PROCEDURES FOR THE RESOLUTION AND PAYMENT OF LIEN CLAIMS**

Upon the motion (the “Motion”) of the above-captioned debtors (collectively, the “Debtors”)<sup>1</sup> for entry of an Order pursuant to sections 105(a), 363(b), (c) and (f), 365, 506(b), 541, 546(b), 1107, and 1108 of title 11 of the Bankruptcy Code<sup>2</sup> and Bankruptcy Rule 6004(g), (a) authorizing, but not directing, the Debtors to assume Prepetition Sales Contracts and to conduct, in the ordinary course of the Debtors’ business, Ordinary Course Sales of Parcels free and clear of all liens, claims, encumbrances, and other interests, including, without limitation, valid tax, judgment, construction, materialmans’, mechanics’, or any other similar claims that have given or could give rise to liens against the Debtors’ property (the “Mechanics’ Liens”) and liens arising under the Debtors’ prepetition secured financing facilities (the “Lender Liens”), (b) establishing procedures (the “Lien Procedures”) for the resolution and payment of prepetition claims (the “Mechanics’ Lien Claims”) of certain third parties (the “Mechanics’ Lien Claimants”) who may be entitled under applicable state law to assert and perfect Mechanics’ Liens against the property being transferred pursuant to this Order to secure payment of some or all of their claims against the Debtors, and (c) authorizing, but not directing, the Debtors to continue to extend seller financing under the Legacy Land Seller Financing Program in compliance with the DIP Credit Agreement and to pay Commissions and Developer Fees to Sales Agents and Secured Developers; and upon the Declaration of Kevin H. Lambert in the Debtors’ Chapter 11 Petitions and First Day Motions; it appearing that the relief requested is in the best interests of the

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<sup>1</sup> A list of the Debtors in these chapter 11 cases, along with the last four digits of each Debtors’ federal tax identification number, is attached hereto as Exhibit A.

<sup>2</sup> Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Motion.

Debtors' estates, their creditors, and other parties in interest; it appearing that failure to grant the relief requested in the Motion immediately will cause immediate and irreparable harm to the Debtors; the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; due and proper notice of the Motion having been provided, and it appearing that no other or further notice need be provided except as required herein; and upon the record of the hearing to consider the Motion; after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY FOUND, DETERMINED AND CONCLUDED THAT:

- A. The Debtors have advanced sufficient business justifications, and it is a reasonable exercise of their respective business judgment, to assume the Prepetition Sales Contracts in accordance with section 365 of the Bankruptcy Code.

NOW, THEREFORE, BASED UPON ALL OF THE FOREGOING, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

ORDERED that the Motion is granted as set forth herein; and it is further

ORDERED that, within ten (10) business days of the date of entry of this Order, the Debtors will serve a copy of this Order, along with a lien questionnaire, upon all known Mechanics' Lien Claimants; and it is further

ORDERED that the Debtors shall file a list of all Parcels sold pursuant to the terms of this Order (the "Parcel Sales List") every 90 days following the entry hereof,

which Parcel Sales List shall include the property description or the property address and the date of the closing of such sale; and it is further

ORDERED that, without the necessity of further Court order, the Debtors are authorized, but not directed, in the exercise of their business judgment with respect to Prepetition Sales Contracts (i) to assume Prepetition Sales Contracts, (ii) to continue to close on the sale of Parcels pursuant to Prepetition Sales Contracts, (iii) to perform all obligations under the Prepetition Sales Contracts, (iv) to take any other reasonable actions that may be necessary to effectuate closings under the Prepetition Sales Contracts, including modification of Prepetition Sales Contracts at or before closing to address market conditions or other negotiation changes, (v) to extend seller financing under the Legacy Land Seller Financing Program, and (vi) pay Secured Developers their Developer Fees and Sales Agents their Commissions, each as is consistent with the Debtors' business judgment and past practice and in compliance with the DIP Credit Agreement (if applicable to the subject Debtors) and the Cash Collateral/DIP Order; and it is further

ORDERED that, the Debtors are authorized to, and hereby assume the July 1 Contracts between Crescent Resources and Eola, and in conjunction therewith, the Debtors are authorized to execute and deliver all instruments and documents, and take such actions as may be necessary or appropriate, to implement and effectuate the closings on the July 1 Contracts; and it is further

ORDERED that, notwithstanding any other provision contained herein, with respect to each sale of a Parcel which is part of the Palmetto Bluff Development in the Town of Bluffton, Beaufort County, South Carolina, and on which a Secured Developer, WalCam Land Group, L.L.C. ("WalCam"), holds a recorded prepetition lien

or security interest, from the proceeds of such Parcel sale, the Debtors shall pay to WalCam at closing the amount due it arising out of such sale under the Restated Real Estate Agreement, as amended, dated as of July 31, 2000, by and between WalCam and Palmetto Bluff Development, LLC (f/k/a Palmetto Bluff, LLC), and that, upon receipt of such amount, WalCam is hereby directed to deliver to the Debtors partial releases evidencing the release of each such Parcel from WalCam's lien; and it is further

ORDERED that, the Debtors are authorized, but not directed, (i) to enter into contracts to develop or sell Parcels, which are part of Ordinary Course Sales, at a maximum price of \$2.5 million per Parcel, (ii) extend seller financing under the Legacy Land Seller Financing Program and in accordance with the DIP Credit Agreement, (iii) pay Secured Developers their Developer Fees, and (iv) pay Sales Agents their Commissions in the ordinary course of business; and it is further

ORDERED that, the Debtors and any intermediary financial institution participating in any Parcel closings or July 1 Contract closings are authorized to transfer title, deed property, and take any other actions as may be necessary to transfer ownership to the Debtors' buyers; and it is further

ORDERED that, pursuant to section 363(f) of the Bankruptcy Code, all sales of Parcels and the property to be sold under the July 1 Contracts by the Debtors shall be free and clear of any and all liens, claims, interests, and encumbrances, including, without limitation, all Mechanics' Liens and Lender Liens (in compliance with the Cash Collateral/DIP Order and DIP Credit Agreement), whether asserted or unasserted, known or unknown, with all such liens to attach to the proceeds of each Parcel sale (and in an amount not to exceed the proceeds of such sale), as applicable, in

the same force, effect and priority as such liens had immediately prior to the sale, subject to the rights and defenses of the Debtors and any party in interest with respect to any such asserted liens. For the avoidance of doubt, notwithstanding any other provision in this Order, Mechanics' Liens and Lender Liens, whether asserted or unasserted, known or unknown, will transfer to the proceeds of any Parcel sold or July 1 Contract property sold pursuant to this Order and will no longer attach to the Parcels sold or July 1 Contract property once the sale closes, and ad valorem and non ad valorem tax claims owed with respect to the Parcel sold or July 1 Contract sold will be satisfied directly from the proceeds of the closing; and it is further

ORDERED that, the holders of any mortgage or lien under the Debtors' prepetition secured financing facilities are directed to deliver partial releases and other instruments reasonably requested by the Debtors evidencing releases of the Lender Liens upon the request and at the expense of the Debtors as required under the terms of the applicable prepetition financing agreements to the extent such a request is in accordance with the Cash Collateral/DIP Order and the DIP Credit Agreement; and it is further

ORDERED that, the Debtors' title insurance agents and underwriters are authorized to provide title insurance without exception, notwithstanding any statutory, regulatory or underwriting requirements for the delivery of owner's affidavits, a "gap affidavit" or other documentation ordinarily required by title insurance companies to provide such coverage; and it is further

ORDERED that, title agents and title insurance underwriters may rely upon the filing of a copy of this Order in each county where the Debtors are selling Parcels, selling property pursuant to the July 1 Contracts, or are selling property or

subject to the Order to issue their title policies on properties located within each such county without exception to the Mechanics' Liens and Lender Liens, whether asserted or unasserted, known or unknown; and it is further

ORDERED that, the Debtors are authorized to hold and use the proceeds of Parcel sales or July 1 Contract sales in accordance with the DIP Credit Agreement and the Cash Collateral/DIP Order, subject to the terms set forth herein, and any intermediary financial institution or transfer agency participating in the closing of a sale of a Parcel or a July 1 Contract sale pursuant to this Order is authorized to transfer such proceeds to the Debtors to be held by them; and it is further

ORDERED that, Mechanics' Lien Claims secured by valid and enforceable Mechanics' Liens shall be deemed secured claims against the Debtors to the extent of, and shall attach to, the sale proceeds from the related Parcel sale or the July 1 Contract sales, as applicable, with the same priority in such sale proceeds as such Mechanics' Lien Claims had against the applicable Parcel or asset transferred under the July 1 Contract sale; and it is further;

ORDERED that, no Mechanics' Lien Claimant shall have any claim against the Debtors' title insurance agents or underwriters or any purchaser of a Parcel or the property subject to the July 1 Contracts with respect to any asserted Mechanics' Lien or other claim or interest relating to any property sold pursuant to this Order; and it is further

ORDERED that, with respect to each Parcel sale closed, the Debtors will satisfy Mechanics' Lien Claims to the extent of the corresponding Mechanics' Lien within ten (10) business days after determining that such Mechanics' Lien Claims: (i) are

reflected in the Debtors' books and records; and (ii) the Debtors determine are either valid or would be more costly to dispute; *provided that* ad valorem and non ad valorem tax claims owed with respect to the property sold will be satisfied directly from the proceeds of the closing as is customary in the ordinary course of the Debtors' business; and it is further

ORDERED that, any Mechanics' Lien Claimant which believes it has a valid Mechanics' Lien against a particular property owned or sold by the Debtors and whose asserted lien has not been paid or addressed by the Debtors under the procedures set forth above (an "Incipient Mechanics' Lien Claim") may send a written demand for payment (a) setting forth the location(s) of the property sold, (b) stating the amount of its asserted claim(s), (c) describing, with particularity, the reason(s) the Mechanics' Lien Claimant believes it has a valid Mechanics' Lien against the individual property being sold, and (d) attaching documentation (i.e., invoices or purchase orders) or other information sufficient to demonstrate that a valid Mechanics' Lien Claim exists with respect to such property or existed as of the Closing Date with respect to such property (a "Demand"). If an Mechanics' Lien Claimant exercises its rights under this paragraph and sends a Demand as provided in the paragraphs below, the Mechanics' Lien Claimant is no longer required to take any steps that may be required under applicable non-bankruptcy law to obtain, record or perfect a lien and the lien will not be determined to be invalid solely as a failure to take such steps; and it is further

ORDERED that, the Demand must be mailed to (i) the Debtors at the following addresses: (a) Crescent Resources, LLC, 400 South Tryon Street, Charlotte, North Carolina 28285, Attn: Kevin H. Lambert; (b) Weil, Gotshal & Manges LLP, 200

Crescent Court, Suite 300, Dallas, Texas 75201, Attn: Martin A. Sosland, Esq. and Michelle V. Larson, Esq.; and (c) Hohmann, Taube & Summers, LLP, 100 Congress Avenue, Suite 1800, Austin, Texas, 78701, Attn: Eric Taube, Esq.; and (ii) the advisors to Prepetition Administrative Agent, Moore and Van Allen PLLC, 100 North Tryon Street, Suite 4700, Charlotte, NC 28202, Attn: Alan W. Pope, Esq.; and it is further

ORDERED that, unless the parties mutually agree otherwise, all Demands must be submitted within thirty (30) days from the date on which the Debtors file the Parcel Sales List, reflecting the sale of a Parcel on which an Incipient Mechanics' Lien is asserted. The Debtors must respond to each Demand within fifteen (15) business days after receipt of a Demand with a copy to all parties set forth in the paragraph above. If the Debtors determine that a Demand is valid or that disputing the Demand will be more costly than honoring the Demand, the Debtors may pay the Incipient Mechanics' Lien Claim reflected in the Demand after consultation with the BOA, without further order of the Court; and it is further,

ORDERED that, if the Debtors dispute the validity or extent of the Incipient Mechanics' Lien Claim asserted in the Demand, the parties shall negotiate in good faith to resolve the dispute. If the Debtors resolve the dispute at a lower value than the amount reflected in the Demand, the Debtors may pay such amount without further order of the Court. If the dispute is not resolved within thirty (30) days after receipt of the Demand (the "Demand Resolution Period"), either party may seek a determination from the Court (a "Demand Resolution Proceeding") as to the validity and extent of the underlying Lien. Any Demand Resolution Proceeding shall be heard at the Court's next regularly scheduled omnibus hearing date (in accordance with any case management

procedures, including notice requirements, then in effect), or as agreed by the Debtors and the holder of the Incipient Mechanics' Lien Claim; provided that if the Debtors determine during the Demand Resolution Period that the Demand is not likely to be resolved, the Debtors may commence a Demand Resolution Proceeding at any time before the expiration of the Demand Resolution Period and may seek an expedited hearing with respect thereto; and it is further

ORDERED that, upon entry of a final non-appealable Order that the Debtors are required to satisfy an Incipient Mechanics' Lien Claim asserted in a Demand, the Debtor shall pay such Incipient Mechanics' Lien Claims, to the extent of the proceeds of the sale of the underlying Parcel, within ten (10) business days of the date of entry of such final, non-appealable Order resolving the Demand Resolution Proceeding; and it is further

ORDERED that, subject to the Cash Collateral/DIP Order, the Debtors shall not be required to escrow any sale proceeds due to unresolved Demands; *provided that*, the Debtors maintain cash proceeds in an aggregate amount sufficient to satisfy all Demands against sold properties that have been received but that remain unresolved; *provided further*, that (a) in no event shall the Debtors be required to maintain cash on hand for unresolved Demands in an amount greater than the purchase price for a particular property, and (b) with respect to any Demand that asserts an Incipient Mechanics' Lien applicable to more than one property, the Debtors shall be required to reserve only for the portion of the Mechanics' Lien Claim allocable to the particular property or properties sold pursuant to this Order; and it is further

ORDERED that, the Debtors are authorized to satisfy any Mechanics' Liens from the proceeds of the Parcel sales according to the Lien Procedures set forth in this Order; and it is further

ORDERED that, all Mechanics' Lien Claimants paid pursuant to the terms of this Order are directed, upon receipt of payment and at the request of the Debtors, to provide documentation evidencing the release of their Mechanics' Lien Claims; and it is further

ORDERED that, no payment made pursuant to the terms of this Order is intended or should be construed as an admission to the validity or extent of any Mechanics' Lien Claim against the Debtors or a waiver of any rights of the Debtors or other party in interest to dispute the validity or extent of any Mechanics' Lien Claim as provided in this Order; and it is further

ORDERED that, all financial institutions are directed to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the relief granted in this Order; and it is further

ORDERED that, the authority granted in this Order and the terms and conditions hereof shall be effective as of the Commencement Date; and it is further

ORDERED that, the relief granted herein shall be binding upon any chapter 11 trustee appointed in these chapter 11 cases and upon any chapter 7 trustee appointed in the event of a subsequent conversion of these chapter 11 cases to cases under chapter 7; and it is further

ORDERED that, the requirements set forth in Rule 6003(b) of the Bankruptcy Rules are satisfied by the contents of the Motion or otherwise deemed waived; and it is further

ORDERED that, notwithstanding the possible applicability of Bankruptcy Rule 6004(g), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that, all time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a); and it is further

ORDERED that, the Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

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**EXHIBIT A**

**List of Debtors**

<b>No.</b>	<b>Name of Debtor:</b>	<b>Last 4 Digits of Taxpayer Id. No.</b>
1.	Crescent 210 Barton Springs, LLC	4379
2.	Cornerstone Plaza, LLC	No EIN applicable
3.	Crescent Holdings, LLC	3626
4.	Crescent Resources, LLC	3582
5.	1780, LLC	2277
6.	223 Developers, LLC	4927
7.	Ballantyne Properties, LLC	1507
8.	Bartram Crescent Development, LLC	4449
9.	Black Forest on Lake James, LLC	1855
10.	Bridgewater Lakeland Developers, LLC	0831
11.	Brooksville East Developers, LLC	No EIN applicable
12.	Camp Lake James, LLC	2407
13.	Carolina Centers, LLC (N.C. entity)	3470
14.	Carolina Centers, LLC (Del. entity)	4729
15.	Chaparral Pines Investors, L.L.C.	1077
16.	Chaparral Pines Management, L.L.C.	6788
17.	Chapel Cove at Glengate, LLC	7243
18.	Citall Development, LLC	3633
19.	Clean Water of NC, LLC	3582
20.	CLT Development, LLC	3851
21.	Club Capital, LLC	7989
22.	Club Enterprises, LLC	3831
23.	Club Villas Developers, LLC	5087
24.	Colbert Lane Commercial, LLC	2983
25.	Crescent Communities N.C., LLC	0306
26.	Crescent Communities Realty, LLC	2410
27.	Crescent Communities SC, LLC	0305
28.	Crescent Lakeway, LLC	3926
29.	Crescent Lakeway Management, LLC	4072
30.	Crescent Land & Timber, LLC	9013
31.	Crescent Multifamily Construction, LLC	42507
32.	Crescent Potomac Greens, LLC	No EIN applicable
33.	Crescent Potomac Plaza, LLC	No EIN applicable
34.	Crescent Potomac Properties, LLC	No EIN applicable
35.	Crescent Potomac Yard Development, LLC	No EIN applicable
36.	Crescent Potomac Yard, LLC	No EIN applicable
37.	Crescent Realty Advisors, LLC	No EIN applicable
38.	Crescent Realty, LLC	4004
39.	Crescent River, LLC	6365
40.	Crescent Rough Hollow, LLC	4882
41.	Crescent Seminole, LLC	8302

<b>No.</b>	<b>Name of Debtor:</b>	<b>Last 4 Digits of Taxpayer Id. No.</b>
42.	Crescent Southeast Club, LLC	5725
43.	Crescent Twin Creeks, LLC	0190
44.	Crescent Yacht Club, LLC	0942
45.	Crescent/Arizona, LLC	3582
46.	Crescent/Florida, LLC	No EIN applicable
47.	Crescent/Georgia, LLC	No EIN applicable
48.	Crescent/RGI Capital, LLC	6151
49.	Falls Cove Development, LLC	22241
50.	FP Real Estate One, L.L.C.	6646
51.	Grand Haven Developers, LLC	1286
52.	Grand Woods Developers, LLC	5005
53.	Green Fields Investments, LLC	3582
54.	Gulf Shores Waterway Development, LLC	6844
55.	Hammock Bay Crescent, LLC	No EIN applicable
56.	Hampton Lakes, LLC	3538
57.	Hampton Ridge Developers, LLC	2235
58.	Hawk's Haven Developers, LLC	1192
59.	Hawk's Haven Golf Course Community Developers, LLC	3562
60.	Hawk's Haven Joint Development, LLC	0337
61.	Hawk's Haven Sponsor, LLC	0376
62.	Headwaters Development Limited Partnership	9149
63.	Hidden Lake Crescent, LLC	4587
64.	Joint Facilities Management, LLC	7638
65.	Lake George Developers, LLC	4965
66.	LandMar Group, LLC	3538
67.	LandMar Management, LLC	3540
68.	Lighthouse Harbor Developers, LLC	1128
69.	May River Forest, LLC	9262
70.	May River Golf Club, LLC	0952
71.	McNinch-Hill Investments, LLC	3378
72.	Milford Estates, LLC	3582
73.	New Riverside, LLC	1349
74.	Nine Corporate Centre Holding Company, LLC	No EIN applicable
75.	North Bank Developers, LLC	7731
76.	North Hampton, LLC	3544
77.	North River, LLC	7701
78.	Old Wildlife Club, LLC	2072
79.	Oldfield, LLC	1481
80.	Osprey Development, LLC	9515
81.	Palmetto Bluff Club, LLC	4599
82.	Palmetto Bluff Development, LLC	1383

<b>No.</b>	<b>Name of Debtor:</b>	<b>Last 4 Digits of Taxpayer Id. No.</b>
83.	Palmetto Bluff Investments, LLC	No EIN applicable
84.	Palmetto Bluff Lodge, LLC	0969
85.	Palmetto Bluff Real Estate Company, LLC	4124
86.	Palmetto Bluff Uplands, LLC	No EIN applicable
87.	Panama City Development, LLC	2207
88.	Park/Marsh, LLC	3331
89.	Parkside Development, LLC	4819
90.	Piedmont Row Development, LLC	0566
91.	Portland Group, LLC	1461
92.	Rim Golf Investors, L.L.C.	4027
93.	River Paradise, LLC	0831
94.	Roberts Road, LLC	8601
95.	Sailview Properties, LLC	3836
96.	Seddon Place Development, LLC	1566
97.	Springfield Crescent, LLC	6970
98.	StoneWater Bay Properties, LLC	3379
99.	Stratford on Howard Development, LLC	7491
100.	Sugarloaf Country Club, LLC	1688
101.	Sugarloaf Properties, LLC	2808
102.	Sugarloaf Realty, LLC	8817
103.	The Farms, LLC	4921
104.	The Oldfield Realty Company, LLC	1481
105.	The Parks at Meadowview, LLC	5366
106.	The Parks of Berkeley, LLC	1670
107.	The Point on Norman, LLC	3958
108.	The Ranch at the Rim, LLC	3378
109.	The Reserve, LLC	2753
110.	The Retreat on Haw River, LLC	4124
111.	The River Club Realty, LLC	5750
112.	The River Country Club, LLC	5742
113.	The Sanctuary at Lake Wylie, LLC	3582
114.	Trout Creek Developers, LLC	0536
115.	Tussahaw Development, LLC	0184
116.	Twin Creeks Holdings, Ltd.	7903
117.	Twin Creeks Management, LLC	0188
118.	Twin Creeks Operating Co., L.P.	2789
119.	Twin Creeks Property, Ltd.	2531
120.	Two Lake Pony Farm, LLC	4680
121.	Winding River, LLC	0280