

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

-----X		
In re	:	Chapter 11
	:	
CRESCENT RESOURCES, LLC, et. al.,	:	Case No. 09-11507-CAG
	:	
Debtors.	:	Joint Administration
	:	Requested
	:	
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**DEBTORS’ MOTION PURSUANT TO SECTIONS 105(a), 363(b),
507(a)(8), AND 541 OF THE BANKRUPTCY CODE FOR
AUTHORIZATION TO (I) PAY PREPETITION TAXES AND
GOVERNMENTAL ASSESSMENTS AND (II) AUTHORIZING AND
DIRECTING FINANCIAL INSTITUTIONS TO HONOR AND
PROCESS RELATED ELECTRONIC TRANSFERS AND CHECKS**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Crescent Resources, LLC (“Crescent Resources”), its parent Crescent Holdings, LLC (“Crescent Holdings”) and their affiliated debtors as debtors and debtors in possession (collectively, “Crescent” or the “Debtors”),¹ respectfully represent:

Background

1. On the date hereof (the “Commencement Date”), each of the Debtors filed a voluntary case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors are authorized to continue operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. A motion seeking joint administration of the Debtors’ chapter 11 cases pursuant to Rule 1015(b) of

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

the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) is currently pending before this Court.

Jurisdiction and Venue

2. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Crescent’s Business

3. Crescent, which is headquartered in Charlotte, North Carolina, is a leading real estate development company that focuses on master-planned communities and commercial, industrial, and residential real estate primarily in the southeast, but also in other regions of the United States. In particular, Crescent has properties located in Arizona, Florida, Georgia, North Carolina, South Carolina, Tennessee, Texas, and Virginia. Although Crescent Resources and its predecessors-in-interest have been in existence since 1969, Crescent Holdings was created in 2006. Crescent Holdings’ equity interests are held 50% by Duke Energy Corporation (“Duke Energy”) and 50% by certain private equity limited partnerships known as Morgan Stanley Real Estate Fund V U.S. and/or its affiliates (“Morgan Stanley”). Throughout its history, Crescent and its predecessors have developed and sold over 20 million square feet of commercial and industrial projects, between 50 and 60 residential communities with a variety of features and amenities, and numerous other master-planned communities.

4. Currently, Crescent Resources has four real estate divisions: residential, commercial, multifamily, and land management. The residential division (the “Residential Division”) is Crescent Resources’ largest division, comprising 54% of the Debtors’ total assets. The Residential Division includes 41 master-planned communities and 4 condominium projects totaling 53,404 acres of developed land. The commercial property division (the “Commercial

Division”) accounts for 19% of Crescent Resources’ total assets. The Commercial Division has 9 active projects, including office, industrial, and retail projects currently under development, as well as 1,822 acres of commercially-zoned undeveloped land. The multifamily division (the “Multifamily Division”) accounts for 6% of Crescent Resources’ total assets. The Multifamily Division includes 4 projects in various stages of development totaling 1,308 units and an additional 195 acres of entitled, but undeveloped land.

5. In the 1960s, Duke Energy acquired approximately 300,000 acres of land in rural areas of North and South Carolina (the “Legacy Land”). Beginning in 1969, Duke Energy contributed the Legacy Land to Crescent Resources’ predecessor-in-interest. Since 2006, the Legacy Land has been managed by Crescent Resources (the “Land Management Division”). As the value of the Legacy Land has increased over time, the Legacy Land has been sold in accordance with a long-term, structured disposition plan, whereby the proceeds from the sales of Legacy Land are invested in commercial property projects in urban areas (the “Legacy Land Sales Plan”). The combined proceeds from the Legacy Land Sales Plan and the Debtors’ other real estate ventures have enabled Crescent to fund and operate its various real estate divisions. The Land Management Division, which manages the Legacy Land, accounts for 21% of Crescent Resources’ total assets.

6. Crescent and its non-debtor affiliates are comprised of various joint ventures and wholly-owned subsidiaries that serve as holding companies, management companies, and project-level operating companies. Crescent Resources operates its business on an integrated basis with centralized administration, leasing, and management functions that enable it to achieve operating efficiencies and revenue enhancements that benefit the overall enterprise. In 2007, Crescent Resources acquired 100% control of LandMar Group, LLC (“LandMar Group”)

and its subsidiaries. The LandMar Group represents a significant part of the Residential Division described above and maintains assets throughout Florida.

Prepetition Debt

7. As of the Commencement Date, certain of the Debtors were parties to the First Amended and Restated Credit Agreement, dated as of June 17, 2008 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Prepetition Credit Agreement”), by and among Crescent Resources, as borrower, Crescent Holdings, the other guarantors identified therein, the lenders party thereto (the “Lenders”), and Bank of America, N.A. (“BOA”), as administrative agent and collateral agent.

8. The Prepetition Credit Agreement provides for (i) a term loan facility (the “Term Loan Facility”) in the principal amount of \$1,225,000,000, (ii) a revolving credit facility (the “Revolving Credit Facility”) in the principal amount of \$300,000,000, which reduces to the principal amount of \$275,000,000 after December 30, 2009, (iii) a swing line facility in the principal amount of \$50,000,000 (which reduces borrowings available under the revolving credit facility), and (iv) a letter of credit facility (the “Letter of Credit Facility”) in the principal amount of \$150,000,000 (which reduces borrowings available under the revolving credit commitment). Obligations arising under the Prepetition Credit Agreement are direct obligations of Crescent Resources. These direct obligations are guaranteed (the “Guaranty”) by (i) Crescent Holdings and (ii) most of the additional Debtors, pursuant to the terms of (A) the Prepetition Credit Agreement, (B) that certain Amended and Restated Joinder Agreement, dated as of June 17, 2008, by and between the entities party thereto and BOA, and (C) that certain Joinder Agreement, dated as of July 25, 2008, by and between the entities party thereto and BOA (the Joinder Agreements in (B) through (C), collectively, the “Joinder Agreements”).

9. Certain of the Debtors (the “Pledgors”) also entered into a pledge agreement, dated as of September 7, 2006 (the “Pledge Agreement”), by and between the Pledgors and BOA pursuant to which they pledged 100% of the capital stock of substantially all their domestic subsidiaries with certain exceptions.² In addition, certain of the Debtors granted mortgages or deeds of trust on their real properties, except for (x) real property constituting qualified Legacy Land to the extent that the value of such real property is less than or equal to \$500,000, or (y) any real property that, as of the closing date, was encumbered with non-recourse, project-level debt or security interests that prohibited the execution, delivery and recording of such mortgage instruments. Crescent Resources also entered into that certain Account, Security, Pledge, Assignment, and Control Agreement, dated as of August 24, 2007, pursuant to which Crescent Resources granted to BOA control over and a security interest in all deposit accounts opened by Crescent Resources with BOA.

10. The aggregate principal amount of indebtedness owing under the Prepetition Credit Agreement as of the Commencement Date is approximately \$1,487,890,752.

Property-Level Debt

11. Approximately 10 of the Debtors also have secured property-level debt in the form of construction loans, mortgage loans, and seller-financed loans. As of the Commencement Date, there is \$89,110,601 in outstanding property-level debt.

² The Pledgors, include: Crescent Resources; Crescent Holdings; CLT Development, LLC; Crescent Potomac Yard, LLC; Crescent Twin Creeks, LLC; Crescent/Arizona, LLC; Palmetto Bluff Development, LLC; Palmetto Bluff Investments, LLC; Twin Creeks Management, LLC; Twin Creeks Property, Ltd.; LandMar Group, LLC; Hawk’s Haven Joint Development, LLC; and Hawk’s Haven Sponsor, LLC.

Financials

12. As of the Commencement Date, Crescent Resources, as a whole, reported approximately \$2.2 billion³ in total assets and approximately \$1.9 billion in total liabilities, including \$297,244,484 outstanding under the Revolving Credit Facility (including outstanding letters of credit) and \$1,197,000,000 outstanding under the Term Loan Facility. For 2008, Crescent Resources reported consolidated revenue of approximately \$373 million. Crescent Resources employs 247 people. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to these chapter 11 cases is contained in the declaration of Kevin H. Lambert, Chief Financial Officer of Crescent Resources filed concurrently herewith (collectively, the "Declaration").

Relief Requested

13. The Debtors request, pursuant to sections 105(a), 363(b), 507(a)(8), and 541 of the Bankruptcy Code, authorization to pay certain prepetition sales, use, franchise, fuel and property taxes, license and permit fees, and governmental assessments for community development district bonds (each as defined below, including amounts subsequently identified through audit or review, and collectively, the "Taxes and Assessments")⁴ to various state and local authorities (collectively, the "Taxing Authorities"), including those obligations subsequently determined upon audit to be owed for periods prior to the Commencement Date and those amounts paid by check prior to the Commencement Date which have not yet cleared. A list of the Taxing Authorities is annexed hereto as Exhibit B.⁵ Although the Debtors believe

³ Based on the Debtors unaudited financial statements as of December 31, 2008.

⁴ The Debtors seek the authority to pay only the Taxes and Assessments for the properties and businesses that the Debtors intend to operate and maintain in bankruptcy.

⁵ The Debtors also remit taxes to taxing authorities in respect of federal, state, and local income taxes, social security, and Medicare that the Debtors withhold from employees' wages. Remittance of these taxes to the

the list of Taxing Authorities set forth on Exhibit B is substantially complete, the relief requested herein is to be applicable with respect to all Taxing Authorities and is not limited to those Taxing Authorities listed on Exhibit B. Additionally, as part of their cash management system, the Debtors maintain bank accounts at various banks and other financial institutions (collectively, the “Banks”), and the Debtors draw upon funds in their accounts at the Banks to satisfy obligations relating to the Taxes and Assessments.

14. The Debtors request entry of a final order substantially in the form attached hereto as Exhibit C, (a) authorizing the Debtors, in their discretion, to pay the Taxes and Assessments, and (b) subject to request by the Debtors, authorization for the Debtors’ Banks to honor any electronic transfers initiated or checks issued prepetition to the extent such payments have not cleared as of the Commencement Date or, alternatively, for the Debtors to issue replacement checks or electronic transfers.

Basis for Relief Requested

A. Sales and Use Taxes

15. Although the Debtors are not required to collect sales taxes with respect to sales of the Debtors’ real estate, at times and in the normal course of business, the Debtors sell products and services directly to consumers for which they are required to collect sales taxes. For example, the Debtors sell food, beverages, and retail items at their golf clubs located in Georgia, South Carolina, and Arizona (the “Golf Club Taxes”). The Debtors also collect admissions taxes on green fees, golf membership dues, club membership dues, and boat trips operated out of various marinas owned by the Debtors (collectively, the “Admissions Taxes”).

applicable taxing authorities is addressed in the Debtors’ Motion Pursuant to Sections 105(a), 363(b) and 507(a)(4) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 for Authorization (i) To Pay Wages, Benefits and other Employee Obligations, (ii) To Pay Certain Limited Non-Employee Obligations, and (iii) For Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations, filed concurrently herewith.

Additionally, the Debtors own a hotel in South Carolina, and the Debtors collect taxes on hotel rooms (the “Accommodations Taxes,” together with the Golf Club Taxes and the Admissions Taxes, the “Sales Taxes”).

16. Typically, Sales Taxes accrue as tangible goods and services are sold to customers and are calculated based on a statutory percentage of the sale price invoiced to the customer. The Debtors collect the Sales Taxes from their customers on behalf of the applicable Taxing Authorities. The Debtors then remit the Sales Taxes to the relevant Taxing Authorities according to the requirements of that Taxing Authority either on the basis of estimated Sales Tax collections for the coming period or on the basis of Sales Taxes actually collected from customers during the prior period. With respect to those jurisdictions that require the Debtors to remit estimated Sales Taxes, the applicable Taxing Authority subsequently reconciles payments to determine any payment deficiency or surplus for the period and the applicable refund or payment is then made. Similarly, states differ with regard to the frequency of payments. The vast majority of Sales Taxes are paid on a monthly basis; however, certain Sales Taxes are paid on an annual or semi-annual basis.

17. The Debtors also incur and collect use taxes (the “Use Taxes,” and together with the Sales Taxes, “Sales and Use Taxes”). The Debtors incur Use Taxes in connection with the purchase of furniture and equipment for the opening of a golf club or an amenities center at a developed community where the vendor of such furniture or equipment was not obligated to charge or remit Sales Taxes for sales to parties outside the state of the vendor’s operations. In these situations, the Debtors are obligated to self-assess and pay Use Taxes, when applicable, to the states in which the purchasing Debtor operates. Debtors remit the Use Taxes to the applicable Taxing Authorities on the same basis as they remit Sales Taxes.

B. Franchise Taxes

18. The Debtors are required to pay franchise fees on their respective entities in certain states, which are generally taxes assessed by state and local Taxing Authorities for the privilege of doing business within a particular jurisdiction (the “Franchise Taxes”). The Franchise Taxes for which the Debtors are liable are usually collected either as a tax on capital stock of the Debtors or as a fee and a percentage of gross receipts. In addition, some of the jurisdictions that collect Franchise Taxes, based in whole or in part on a percentage of gross receipts, also require quarterly estimated payments with respect to such gross receipt percentages. With respect to jurisdictions that require the Debtors to remit estimated Franchise Taxes, the applicable Taxing Authority subsequently reconciles payments to determine any payment deficiency or surplus for the period and the applicable refund or payment is then made.

C. Property Taxes

19. The Debtors own a substantial amount of real property in various locations throughout the United States that is subject to state and local property taxes (the “Property Taxes”). The Property Taxes normally accrue on an annualized basis. Depending on the state where the property is located, Property Taxes are either paid annually, semi-annually, or quarterly. There is often a significant lag between the period when such taxes accrue and the payment due date. Hence, Property Taxes accruing in 2008 may not be due until several months into 2009. Property Taxes almost always create a lien or security interest in the taxed property.

D. Fuel Taxes

20. The Debtors incur certain Fuel Taxes (the “Fuel Taxes”) in connection with the consumption of fuel related to the operation of trucks on interstate highways in North and South Carolina that are used by the Debtors’ Land Management division. Each jurisdiction assigns its own tax rates to each fuel type and defines what constitutes taxable activity. To simplify

matters, most jurisdictions have adopted the International Fuel Tax Agreement (“IFTA”).⁶ Under IFTA, at the end of each quarter of the calendar year, the Debtors are required to file quarterly Fuel Tax reports with their “base jurisdiction,” which issues the Debtor’s IFTA licenses, showing all miles traveled and all fuel consumed during the quarter by qualified vehicles, including miles traveled and fuel consumed in each IFTA jurisdiction. Any additional Fuel Tax due is remitted to the “base jurisdiction,” which is North Carolina or, in the alternative, a credit or refund may be issued. The “base jurisdiction” is then responsible for distributing the appropriate amount of Fuel Taxes to the other member jurisdictions in which the Debtors operate trucks. Failure to comply with IFTA can result in the suspension of the Debtors’ IFTA licenses, which would interrupt the Debtors’ business operations.

E. License and Permit Fees

21. Local governments sometimes require the Debtors to obtain a business license and pay fees associated with the obtaining and renewal of such license (the “License and Permit Fees”). The way in which licenses are computed varies according to the tax law of the applicable jurisdiction. In particular, the Debtors are required to obtain and maintain licenses from state and local authorities that allow them to build real estate developments and operate their business, including, *inter alia*: (i) general contractor licenses that permit the Debtors to act as a general contractor on certain projects; (ii) business organization licenses that permit the Debtors to conduct business in a certain state or county; (iii) license and permit bonds for general contractors to operate in a particular state; (iv) business license certifying that the general contractor is a qualifying agent; and (v) general contractor certificate of competency license.

⁶ IFTA is an accord among all states, except for Alaska and Hawaii, to simplify reporting and collection of fuel use taxes from operators of motor vehicles traveling in more than one state. Under IFTA, an operator of vehicles traveling in numerous states selects one state through which it travels as its “base state.” *See* IFTA, at <http://www.iftach.org/index.php>. The “base state” issues a fuel license for each vehicle that is valid in all member jurisdictions. *See id.*

License and Permit Fees are paid on an as needed basis, and although the Debtors do not foresee significant License and Permit Fees related to new business, the Debtors believe that the expiration and renewal of various licenses and permits either in the recent past or in the near future has resulted or will result in a small tax liability to the Debtors for certain prepetition License and Permit Fees.

F. Special Assessments

22. Some of the Debtors' properties located in Florida are subject to governmental assessments (the "Special Assessments") pursuant to financing agreements with local community development districts (the "CDD"). The Debtors have entered into various CDD agreements (the "CDD Agreements") with municipalities in Florida, and pursuant to these CDD Agreements, the CDD issues capital improvement bonds (the "CDD Bonds"). The Debtors are responsible for their pro-rata portion of the debt under the CDD Bonds for each property, and accordingly, the Debtors are subject to Special Assessments for which they are billed on their yearly ad-valorem tax bill. As the Debtors sell properties, their pro-rata share of the Special Assessments is transferred to the purchaser of the properties. The CDD Bonds are collateralized by all the property within the applicable CDD and are to be repaid over terms of 20 to 30 years. The Special Assessments are not considered property taxes; however, under Florida Statute section 190.021(9), if unpaid, the Special Assessments will constitute a lien on the property that is coequal to a state, county, or municipal lien. *See* Fla. Stat. § 190.021(9) (2009).

G. Tax and Assessments Amounts

23. As of the Commencement Date, the Debtors estimate that approximately \$159,000 in Franchise Taxes, \$4,986,896 in Property Taxes, and \$765,069 in Special Assessments relating to the prepetition period will become due and owing to the Taxing Authorities after the Commencement Date. Currently, there are no amounts due and owing with

respect to Sales and Use Taxes or Fuel Taxes. The Debtors also estimate that they usually incur approximately \$48,500 of License and Permit Fees annually, of which a small portion may be a prepetition liability. The Debtors request authority under the Order to pay, in their discretion, the Taxes and Assessments that are due and owing as of the Commencement Date as well as the appropriate share of the Taxes and Assessments that will be due and owing in the first few weeks of these chapter 11 cases.

24. The estimated amount of Taxes and Assessments set forth above reflects the Debtors' good faith estimate, based on their books and records, and remains subject to potential audits and other adjustments. Consequently, the Debtors seek authorization to pay all such Taxes, including any amounts due and owing following audit and review.

25. In addition, in an abundance of caution, the Debtors, for the reasons set forth below, request that the Court authorize the Debtors to pay any post-petition Taxes and Assessments due and payable in the ordinary course of business.

**Cause Exists to Authorize the Debtors'
Payment of Prepetition Taxes and Assessments**

26. Ample cause exists to authorize the payment of the prepetition Taxes and Assessments. There are various bases for granting the relief requested in this Motion, including: (i) interest and penalties may accrue on certain unpaid Property Taxes even after the Commencement Date; (ii) the terms of most of the Debtors' postpetition credit agreement (the "DIP Credit Agreement") include payment of Taxes and Assessments; (iii) the Debtors' Sales and Use Taxes and Fuel Taxes are not property of the estate; (iv) governmental entities may sue the Debtors' directors and officers for unpaid Taxes and Assessments, thereby distracting them from the Debtors' reorganization efforts; (v) the Debtors meet the standard specified under 363(b) of the Bankruptcy Code; (vi) certain of the Taxes and Assessments may be entitled to

priority status pursuant to section 507(a)(8) of the Bankruptcy Code; and (vii) section 105 of the Bankruptcy Code and the Court's general equitable powers permit the Court to grant the relief sought.

27. Section 506(b) of the Bankruptcy Code states:

To the extent that an allowed secured claim is secured by property the value of which, after any recovery under subsection (c) of this section, is greater than the amount of such claim, there shall be allowed to the holder of such claim, interest on such claim, and any reasonable fees, costs, or charges provided for under the agreement or State statute under which such claim arose.

11 U.S.C § 506(b). Thus, with respect to the Debtors' Property Taxes, interest as well as any penalties assessed on Property Taxes due under state law will continue to accrue even after the Commencement Date. *See United States v. Ron Pair Enters., Inc.*, 489 U.S. 235, 238-49 (1989) (holding that section 506(b) entitles a creditor to receive post-petition interest on a nonconsensual oversecured claim allowed in a bankruptcy proceeding).

28. Further, in compliance with the DIP Credit Agreement and the motion related thereto and filed contemporaneously herewith the terms of the Debtors' DIP Credit Agreement include payment of Taxes and Assessments, which includes Property Taxes. Also, the Special Assessments mandated by Florida state law, if unpaid, will allow state and local taxing authorities to place liens on the real property and will disrupt the Debtors' business operations. Here, paying prepetition Property Taxes and Special Assessments will avoid the imposition of liens and accrual of interest charges on such claims and will not prejudice the rights of any other creditors or parties in interest.

29. Certain of the Debtors' Sales and Use Taxes and Fuel Taxes constitute "trust fund" taxes, in which the Debtors hold only legal title and not an equitable interest. Section 541(d) of the Bankruptcy Code provides as follows:

Property in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest . . . becomes property of the estate . . . only to the extent of the debtor's legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold.

11 U.S.C § 541(d). With respect to such Sales and Use Taxes and Fuel Taxes, funds on account thereof must be held in trust by the Debtors for the benefit of the appropriate Taxing Authorities and thus do not constitute property of the Debtors' estates. *See, e.g., Begier v. IRS*, 496 U.S. 53, 59-61 (1990) (withholding taxes are property held by debtors in trust for another and, as such, are not property of debtors' estates); *Al Copeland Enters., Inc. v. Texas*, 991 F.2d 233, 235 (5th Cir. 1993) (debtors' prepetition collection of sales taxes and interest thereon were held subject to trust and were not property of estate); *Shank v. Wash. State Dep't of Revenue (In re Shank)*, 792 F.2d 829, 830 (9th Cir. 1986) (sales taxes required by state law to be collected by sellers from their customers are "trust fund" taxes); *DeChiaro v. N.Y. State Tax Comm'n*, 760 F.2d 432, 433 (2d Cir. 1985) (sales taxes are "trust fund" taxes); *see generally In re Columbia Gas Sys. Inc.*, 997 F.2d 1039, 1060 (3d Cir. 1993) (indicating that even if a statute does not establish an express trust, a constructive trust may be found).

30. Moreover, with respect to these so-called "trust fund" taxes, many federal, state, and local statutes impose personal liability on the officers and directors of collecting entities for any taxes owed by such entities. Thus, to the extent that the relevant Sales and Use Taxes and Fuel Taxes remain unpaid by the Debtors, the Debtors' directors, officers, and executives may be subject to lawsuits or criminal prosecution during the pendency of these chapter 11 cases.⁷ Any such lawsuit or criminal prosecution (and the ensuing potential liability) would distract the Debtors and their officers, directors, and executives from devoting their full attention to the

⁷ Because they are not debtors in these proceedings, the officers and directors of the Debtors are not protected by the automatic stay. See 11 U.S.C. § 362(a).

Debtors' business and the orderly administration of these chapter 11 cases. The Debtors believe that this would materially and adversely affect their ability to operate in the ordinary course of business and to administer these chapter 11 cases, with resulting detriment to all parties in interest.

31. The payment of prepetition Franchise Taxes and License and Permit Fees is critical to the Debtors' continued and uninterrupted operations. Nonpayment of these obligations may cause Taxing Authorities to take precipitous action, including, but not limited to, preventing the Debtors from conducting business in the applicable jurisdictions, imposing fines and penalties upon the Debtors, or seeking to lift the automatic stay,⁸ any of which would disrupt the Debtors' day-to-day operations and could potentially impose significant costs on the Debtors' business. The amount of prepetition Franchise Taxes and License and Permit Fees is small in comparison with the other taxes at issue in this motion, and as such the Debtors request authority to pay these Franchise Taxes in order to maintain their good standing and ability to do business in the jurisdictions in which they conduct their business operations. As stated previously in paragraph 23, the Debtors estimate that the total amount of License and Permit Fees will be about \$48,500 per year, and only a portion of this amount will relate to the prepetition period. The Debtors therefore seek authority to pay the prepetition portion of the License and Permit Fees as they come due in the ordinary course of business. In light of the small dollar amount of the License and Permit Fees and the potential negative impact on the Debtors' business from not paying the same, the Debtors, in an abundance of caution, also seek authority to continue to pay post-petition License and Permit Fees as they come due in the ordinary course of business. With respect to the Franchise Taxes, the Debtors similarly seek authority to pay the approximately

⁸ Section 362(b)(4) of the Bankruptcy Code provides regulatory exemptions from the automatic stay in certain situations.

\$159,000 of pre-petition Franchise Taxes. In light of the small amounts of expected post-petition Franchise Taxes, and the potential negative impact on the Debtors' business from not paying the same, the Debtors, in an abundance of caution, similarly seek authority to continue to pay post-petition Franchise Taxes as they come due in the ordinary course of business.

32. Section 363(b) of the Bankruptcy Code, which provides that "the trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate," 11 U.S.C. § 363(b)(1), also provides a statutory basis for the relief sought herein. Under this section, a court may authorize a debtor to pay certain prepetition claims. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). To approve the use of a debtor's assets outside the ordinary course of business pursuant to section 363(b), a court must find that a sound business justification existed for the use of such assets. *See, e.g., In re Enron Corp.*, 335 B.R. 22, 27-28 (S.D.N.Y. 2005). It has been stated that "[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct." *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Courts in other districts have declined to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence, and have upheld a board's decisions as long as such decisions are attributable to any "rational business purpose." *In re Integrated Res. Inc.*, 147 B.R. at 656.

33. The relief requested by the Debtors to pay the prepetition Taxes and Assessments, post-petition Franchise Taxes, and applicable License and Permit Fees coming due in the ordinary course of business satisfies this business judgment standard and is critical to the Debtors' continued and uninterrupted operations. Nonpayment of these obligations may cause the Taxing Authorities to take precipitous action, including but not limited to, preventing the

Debtors from conducting business in the applicable jurisdictions, seeking to lift the automatic stay, and perhaps attempting to file liens, all of which would disrupt the Debtors' day-to-day operations. Failing to pay such amounts could also trigger unwarranted governmental action in the form of increased audits, which would also be disruptive of the Debtors' operations and detrimental to all parties in interest. Indeed, the Debtors submit that payment of such amounts may actually reduce the amounts ultimately paid to the Taxing Authorities because penalties and interest will be avoided by prompt payment. Lastly, with respect to so called "trust fund taxes," the payment of such taxes would allow the officers, directors, and executives of the Debtors to more readily focus on the orderly administration of these chapter 11 cases.

34. Further, certain of the Debtors' prepetition Taxes and Assessments and certain post-petition Franchise Taxes and applicable License and Permit Fees coming due in the ordinary course of business are afforded priority status under section 507(a)(8) of the Bankruptcy Code. These include unsecured claims of governmental units for a tax on or measured by income or gross receipts for a taxable year ending on or before the Commencement Date (§ 507(a)(8)(A)), a property tax incurred before the Commencement Date and last payable without penalty after one year before the Commencement Date (§ 507(a)(8)(B)), a tax required to be collected or withheld and for which the debtor is liable in whatever capacity (§ 507(a)(8)(C)), and, under certain circumstances, an employment tax on wages, salaries, or commissions (§ 507(a)(8)(D)). *See generally* 11 U.S.C. § 507(a)(8). Accordingly, as administrative and priority claims, most if not all of such prepetition Taxes and Assessments and post-petition Franchise Taxes and applicable License and Permit Fees coming due in the ordinary course of business must be paid in full before any general unsecured obligations of any of the Debtors may be satisfied.

35. Finally, pursuant to section 105(a) of the Bankruptcy Code, the “court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105. The Debtors submit that the relief requested herein is necessary and appropriate to carry out the provisions of the Bankruptcy Code. Indeed, there is ample precedent from courts in this jurisdiction for the relief requested herein. In numerous chapter 11 cases, Bankruptcy Courts in this district, as well as other districts, have authorized debtors to pay prepetition tax obligations. *See, e.g., In re Spectrum Jungle Labs Corp.*, 09-50455 (Bankr. W.D. Tex. Feb. 5, 2009) (so ordering under sections 105 and 507, *inter alia*, in a Rule 6003 context); *In re Am. Plumbing & Mech. Inc.*, Case No. 03-55789 (Bankr. W.D. Tex. Oct. 14, 2003) (so ordering under section 507); *In re Renaissance Hosp. – Grand Prairie, Inc.*, Ch. 11 Case No. 08-43775-11 (DML) (Bankr. N.D. Tex. Sept. 4, 2008); *In re Home Interiors & Gifts, Inc.*, Ch. 11 Case No. 08-31961 (BJH) (Bankr. N.D. Tex. May 12, 2008); *In re Sharper Image Corp.*, Ch. 11 Case No. 08-10322 (KG) (Bankr. D. Del. Feb. 20, 2008); *In re Buffets Holdings, Inc.*, Ch. 11 Case No. 08-10141 (MFW) (Bankr. D. Del. Jan. 23, 2008).⁹ The Debtors submit that similar relief is warranted in these chapter 11 cases.

**Request for Authority for Banks to Honor
and Pay Checks Issued and Electronic Funds
Transferred to Pay Taxes and Assessments**

36. The Debtors further request that this Court authorize and direct all Banks to receive, process, honor and pay any and all checks drawn or electronic funds transferred to pay the Taxes and Assessments, whether such checks were presented prior to or after the Commencement Date; *provided however*, that such checks or electronic transfers are identified by the Debtors as relating directly to the authorized payment of the Taxes and Assessments. The

⁹ Because of the voluminous nature of the unreported orders cited herein and in the Debtors’ other motions filed on or about the Commencement Date, the orders are not attached to this Motion.

Debtors also seek authority to issue new postpetition checks, or effect new electronic fund transfers, on account of such claims to replace any prepetition checks or electronic fund transfer requests that may be dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases.

Reservation of Rights

37. Nothing in this Motion should be construed as impairing the Debtors' rights to contest the amount of any Taxes and Assessments that may be owed to any Taxing Authority, and the Debtors expressly reserve all of their rights with respect thereto.

38. Nothing contained herein is intended or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy or lease under section 365 of the Bankruptcy Code. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

The Debtors Satisfy Bankruptcy Rule 6003

39. The Debtors submit that the facts cited herein and in the Declaration of Kevin H. Lambert in Support of the Debtors' Chapter 11 Petitions and First Day Motions, filed contemporaneously herewith, illustrate that the relief requested is necessary to avoid immediate and irreparable harm to the Debtors and their estates. Based on the foregoing, Bankruptcy Rule 6003 has been satisfied.

Waiver of Bankruptcy Rules 6004(a) and (h)

40. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the ten-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

Notice

No trustee, examiner or statutory creditors' committee has been appointed in these chapter 11 cases. Notice of this Motion has been provided to: (i) the United States Trustee for the Western District of Texas; (ii) the Debtors' thirty (30) largest creditors (on a consolidated basis); (iii) counsel to BOA, as agent to the Debtors' Lenders; (iv) counsel to the Debtors' proposed postpetition lenders; (v) the internal revenue service; (vi) the Banks in the Debtors' cash management system; and (vii) the Taxing Authorities listed on Exhibit B (collectively, the "Notice Parties"). The Debtors submit that no other or further notice need be provided.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

Dated: June 10, 2009
Austin, Texas

/s/ Eric J. Taube
Eric J. Taube (19679350)
HOHMANN, TAUBE & SUMMERS, L.L.P.
100 Congress Avenue, Suite 1800
Austin, Texas 78701
Telephone: (512) 472-5997
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-and-

Martin A. Sosland (18855645)
Lydia T. Protopapas (00797267)
WEIL, GOTSHAL & MANGES LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201
Telephone: (214) 746-7700
Facsimile: (214) 746-7777

-and-

Marcia L. Goldstein (*pro hac vice* pending)
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

PROPOSED ATTORNEYS FOR
DEBTORS AND DEBTORS IN
POSSESSION

Exhibit A

No.	Name of Debtor:	Taxpayer Id. No.
1.	Crescent 210 Barton Springs, LLC	20-4614379
2.	Cornerstone Plaza, LLC	No EIN applicable
3.	Crescent Holdings, LLC	20-5543626
4.	Crescent Resources, LLC	57-0443582
5.	1780, LLC	20-4402277
6.	223 Developers, LLC	20-5924927
7.	Ballantyne Properties, LLC	56-1921507
8.	Bartram Crescent Development, LLC	20-8954449
9.	Black Forest on Lake James, LLC	20-0151855
10.	Bridgewater Lakeland Developers, LLC	20-2250831
11.	Brooksville East Developers, LLC	No EIN applicable
12.	Camp Lake James, LLC	20-4402407
13.	Carolina Centers, LLC (N.C. entity)	56-1853470
14.	Carolina Centers, LLC (Del. entity)	56-1124729
15.	Chaparral Pines Investors, L.L.C.	86-0781077
16.	Chaparral Pines Management, L.L.C.	86-1026788
17.	Chapel Cove at Glengate, LLC	26-0837243
18.	Citall Development, LLC	20-4153633
19.	Clean Water of NC, LLC	57-0443582
20.	CLT Development, LLC	56-1393851
21.	Club Capital, LLC	56-2107989
22.	Club Enterprises, LLC	56-1943831
23.	Club Villas Developers, LLC	26-2905087
24.	Colbert Lane Commercial, LLC	72-1552983
25.	Crescent Communities N.C., LLC	56-2030306
26.	Crescent Communities Realty, LLC	02-0532410
27.	Crescent Communities SC, LLC	56-2030305
28.	Crescent Lakeway, LLC	20-4613926
29.	Crescent Lakeway Management, LLC	20-4614072
30.	Crescent Land & Timber, LLC	56-1799013
31.	Crescent Multifamily Construction, LLC	26-1242507
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	26-0034004
39.	Crescent River, LLC	56-2226365
40.	Crescent Rough Hollow, LLC	20-4614882
41.	Crescent Seminole, LLC	58-2558302
42.	Crescent Southeast Club, LLC	56-2255725
43.	Crescent Twin Creeks, LLC	56-2230190

No.	Name of Debtor:	Taxpayer Id. No.
44.	Crescent Yacht Club, LLC	30-0100942
45.	Crescent/Arizona, LLC	57-0443582
46.	Crescent/Florida, LLC	No EIN applicable
47.	Crescent/Georgia, LLC	No EIN applicable
48.	Crescent/RGI Capital, LLC	83-0356151
49.	Falls Cove Development, LLC	20-8132241
50.	FP Real Estate One, L.L.C.	86-0846646
51.	Grand Haven Developers, LLC	59-3641286
52.	Grand Woods Developers, LLC	20-4845005
53.	Green Fields Investments, LLC	57-0443582
54.	Gulf Shores Waterway Development, LLC	20-5566844
55.	Hammock Bay Crescent, LLC	No EIN applicable
56.	Hampton Lakes, LLC	56-2153538
57.	Hampton Ridge Developers, LLC	59-3692235
58.	Hawk's Haven Developers, LLC	20-1091192
59.	Hawk's Haven Golf Course Community Developers, LLC	20-1203562
60.	Hawk's Haven Joint Development, LLC	20-2040337
61.	Hawk's Haven Sponsor, LLC	20-2040376
62.	Headwaters Development Limited Partnership	80-0059149
63.	Hidden Lake Crescent, LLC	20-3694587
64.	Joint Facilities Management, LLC	20-4347638
65.	Lake George Developers, LLC	20-4844965
66.	LandMar Group, LLC	56-2153538
67.	LandMar Management, LLC	56-2153540
68.	Lighthouse Harbor Developers, LLC	20-5741128
69.	May River Forest, LLC	57-1159262
70.	May River Golf Club, LLC	04-3750952
71.	McNinch-Hill Investments, LLC	56-2183378
72.	Milford Estates, LLC	57-0443582
73.	New Riverside, LLC	20-2071349
74.	Nine Corporate Centre Holding Company, LLC	No EIN applicable
75.	North Bank Developers, LLC	20-2687731
76.	North Hampton, LLC	56-2153544
77.	North River, LLC	20-3017701
78.	Old Wildlife Club, LLC	20-4402072
79.	Oldfield, LLC	56-2211481
80.	Osprey Development, LLC	59-3759515
81.	Palmetto Bluff Club, LLC	20-1154599
82.	Palmetto Bluff Development, LLC	56-2211383
83.	Palmetto Bluff Investments, LLC	No EIN applicable
84.	Palmetto Bluff Lodge, LLC	13-4250969
85.	Palmetto Bluff Real Estate Company, LLC	22-3864124

No.	Name of Debtor:	Taxpayer Id. No.
86.	Palmetto Bluff Uplands, LLC	No EIN applicable
87.	Panama City Development, LLC	20-2572207
88.	Park/Marsh, LLC	26-2813331
89.	Parkside Development, LLC	20-2854819
90.	Piedmont Row Development, LLC	20-2960566
91.	Portland Group, LLC	02-1251461
92.	Rim Golf Investors, L.L.C.	86-0894027
93.	River Paradise, LLC	20-2890831
94.	Roberts Road, LLC	20-2568601
95.	Sailview Properties, LLC	56-2053836
96.	Seddon Place Development, LLC	20-4771566
97.	Springfield Crescent, LLC	20-2966970
98.	StoneWater Bay Properties, LLC	56-2183379
99.	Stratford on Howard Development, LLC	20-4147491
100.	Sugarloaf Country Club, LLC	58-2221688
101.	Sugarloaf Properties, LLC	58-2202808
102.	Sugarloaf Realty, LLC	58-2208817
103.	The Farms, LLC	20-0354921
104.	The Oldfield Realty Company, LLC	56-2211481
105.	The Parks at Meadowview, LLC	20-3855366
106.	The Parks of Berkeley, LLC	20-2641670
107.	The Point on Norman, LLC	56-2053958
108.	The Ranch at the Rim, LLC	26-2813378
109.	The Reserve, LLC	20-0742753
110.	The Retreat on Haw River, LLC	26-0674124
111.	The River Club Realty, LLC	02-0595750
112.	The River Country Club, LLC	02-0595742
113.	The Sanctuary at Lake Wylie, LLC	57-0443582
114.	Trout Creek Developers, LLC	82-0560536
115.	Tussahaw Development, LLC	20-3330184
116.	Twin Creeks Holdings, Ltd.	74-2967903
117.	Twin Creeks Management, LLC	56-2230188
118.	Twin Creeks Operating Co., L.P.	20-1262789
119.	Twin Creeks Property, Ltd.	04-3592531
120.	Two Lake Pony Farm, LLC	56-2144680
121.	Winding River, LLC	20-2040280

EXHIBIT B

	Taxing Authority	Address 1	Address 2	City	State	Zipcode	Country
ABBEVILLE COUNTY (SC) TAX COLLECTOR/TREASURER	Abbeville County Courthouse	PO Box 38	ABBEVILLE	SC	29620	UNITED STATES	
AL Dept. of Revenue	500 N Ripley Street	Montgomery	AL	36132	UNITED STATES		
ALABAMA DEPT OF REVENUE-327431	BUSINESS PRIVILEGE TAX SECTION	PO Box 327431	MONTGOMERY	AL	36132-7431	UNITED STATES	
ALEXANDER COUNTY (NC) TAX COLLECTOR	75 1st St. SW Courthouse Annex	SUITE 2	FAYETTESVILLE	NC	28681	UNITED STATES	
ANDERSON COUNTY (SC) TAX COLLECTOR	908 N. MAIN ST.		ANDERSON	SC	29621-5527	UNITED STATES	
ARLINGTON COUNTY (VA) TAX COLLECTOR, TREASURER	PO Box 1754		MERRIFIELD	VA	22116-1754	UNITED STATES	
AZ Dept of Revenue	1600 W. Monroe	Phoenix	AZ	85007	UNITED STATES		
BALDWIN COUNTY (AL) TAX COLLECTOR, REVENUE COMMISSIONER	212 Courthouse Sq		BAY MINETTE	AL	36507-1548	UNITED STATES	
BAY COUNTY (FL) TAX COLLECTOR PEGGY BRANNON	648 Mulberry Avenue	Admin Bldg Rm# 210	PANAMA CITY	FL	32402	UNITED STATES	
BEAUFORT COUNTY (SC) TAX COLLECTOR/TREASURER MS. JOY LOGAN	100 Ribaut Lane		BEAUFORT	SC	29902	UNITED STATES	
BERKELEY COUNTY (SC) TAX COLLECTOR/TREASURER	REVENUE DEPT	PO Box 6122	MONKS CORNER	SC	29641-6122	UNITED STATES	
BRUNSWICK COUNTY	110 North Green Street	PO Box 580335	CHARLOTTE	NC	28258-0335	UNITED STATES	
BURKE COUNTY (NC) TAX COLLECTOR	65 CHURCH ST., SE		MORGANTON	NC	28680	UNITED STATES	
CABARRUS COUNTY (NC) TAX COLLECTOR	PO Box 2200		CONCORD	NC	28026-0707	UNITED STATES	
CALDWELL COUNTY (NC) TAX COLLECTOR	418 OSBORNE STREET		LENOIR	NC	28645-2200	UNITED STATES	
CAMDEN COUNTY (GA) TAX COLLECTOR	100-A South West Blvd		ST. MARYS	GA	31558-8402	UNITED STATES	
CATAMBA COUNTY (NC) TAX COLLECTOR	COLLECTIONS DEPT	4045 BRIDGE VIEW DRIVE	N. CHARLESTON	NC	29405-7464	UNITED STATES	
CHARLESTON CO. REVENUE	100 S. THIRD STREET		FOLKSTON	GA	31537	UNITED STATES	
CHARLTON COUNTY (GA) TAX COMMISSIONER	12 EAST STREET	PO Box 697	PITTSBORO	NC	27312	UNITED STATES	
CHATHAM COUNTY (NC) TAX COLLECTOR, FRANCES L. WILSON	125 E. FLOYD BAKER BLVD	P.O. Box 580	GAFFNEY	SC	29340	UNITED STATES	
CHEROKEE COUNTY TREASURER	1476 J.A. Cochran By-Pass		CHESTER	SC	29706-0588	UNITED STATES	
CHESTER COUNTY (SC) TAX COLLECTOR/TREASURER	155 Wylie Street		CHESTER	SC	29706	UNITED STATES	
CHESTER METROPOLITAN DISTRICT	PO Box 31457		CHARLOTTE	NC	28231	UNITED STATES	
CITY COUNTY TAX COLL	FINANCE DEPT - TAX	PO Box 349	ALPHARETTA	GA	30009-0349	UNITED STATES	
CITY OF ALPHARETTA	306 Cedar Road	1st Floor	CHESAPEAKE	VA	23322	UNITED STATES	
CITY OF CHESAPEAKE	26 Union St., South	PO Box 308	CHARLOTTE	NC	28258-0473	UNITED STATES	
CITY OF CONCORD TAX COLLECTOR	TAX COLLECTOR	214 NORTH HOGAN STREET, ROOM 273	JACKSONVILLE	FL	32202	UNITED STATES	
CITY OF JACKSONVILLE	13000 DEERFIELD PARKWAY	SUITE 107G	MILTON	GA	30004	UNITED STATES	
CITY OF MILTON TAX DEPT (FULTON COUNTY, GA)	131 S MAIN STREET		MOUNT HOLLY	NC	28120	UNITED STATES	
CITY OF MOUNT HOLLY TAX COLLECTOR	Finance Dept. 251 W. Washington St. 9th Floor		PHOENIX	AZ	85003	UNITED STATES	
City of Tampa Business Tax Div	306 East Jackson Street	PO Box 218	TAMPA	FL	33602	UNITED STATES	
CLAY COUNTY (FL) TAX COLLECTOR, JIMMY WEEKS	477 Houston Street		GREEN COVE SPRINGS	FL	32043-0218	UNITED STATES	
COBB COUNTY (GA) TAX COMMISSIONER	100 CHEROKEE STREET	SUITE 250	MARIETTA	GA	30090-7000	UNITED STATES	
CONNELLY SPRINGS TAX COLLECTOR	PO Box 99	Records Building	CONNELLY SPRING	NC	28612	UNITED STATES	
DALLAS COUNTY (TX) TAX COLLECTOR	500 Elm Street		DALLAS	TX	75202	UNITED STATES	
DC Office of Tax and Revenue	941 North Capitol Street NE, 8th Floor		WASHINGTON	DC	20002	UNITED STATES	
DOUGLAS COUNTY (GA) TAX COMMISSIONER	8700 HOSPITAL DRIVE	PO Box 1177	DOUGLASVILLE	GA	30133	UNITED STATES	
DUVAL COUNTY (FL) TAX COLLECTOR	231 E. FORSYTH ST., ROOM 130		JACKSONVILLE	FL	32202-3376	UNITED STATES	
EARL K. WOOD TAX COLLECTOR	2110 WEST COLONIAL DR	PO Box 60	ORLANDO	FL	32804	UNITED STATES	
FAIRFIELD COUNTY (SG) TAX COLLECTOR/TREASURER	101 South Congress Street		WINNSBORO	SC	29180	UNITED STATES	
FL Dept of Revenue	5050 West Tennessee Street	Bldg. 2, Suite 102	Tallahassee	FL	32399-0100	UNITED STATES	
FLAGLER COUNTY (FL) TAX COLLECTOR	1769 E. Moody Blvd.		BUNNELL	FL	32110	UNITED STATES	
FRANCHISE TAX BOARD	PO Box 942857		SACRAMENTO	CA	94257-0631	UNITED STATES	
FRANKLIN COUNTY (NC) TAX COLLECTOR	113 Market Street		LOUISBURG	NC	27548	UNITED STATES	
FULTON COUNTY (GA) TAX COMMISSIONER	141 Pryor Street, Suite 2052		ATLANTA	GA	30303	UNITED STATES	
GA Dept of Revenue	1800 Century Blvd. NE		ATLANTA	GA	30345-3206	UNITED STATES	
GASTON COUNTY (NC) TAX COLLECTOR	400 E. CENTRAL AVENUE	PO Box 406	MOUNT HOLLY	NC	28120	UNITED STATES	
GEORGIA DEPARTMENT OF REVENUE	PROCESSING CENTER	PO Box 740315	ATLANTA	GA	30374-0315	UNITED STATES	
GEORGIA DEPT OF REVENUE	ROME REGIONAL OFFICE	1401 DEAN ST. STE E	ROME	GA	30161-6494	UNITED STATES	
GILA COUNTY (AZ) TAX COLLECTOR, DEBORA SAVAGE	PO Box 1093		GLOBE	AZ	85602	UNITED STATES	
GREAT FALLS (SC) TREASURER	PO Box 177		GREAT FALLS	SC	29055	UNITED STATES	
GREENVILLE COUNTY (SC) TAX COLLECTOR	Tax Collector Suite 700	301 University Ridge	GREENVILLE	SC	29202-3221	UNITED STATES	
GULFORD COUNTY (TX) TAX COLLECTOR	400 WEST MARKET STREET	PO BOX 3138	GREENSBORO	NC	27402-3528	UNITED STATES	
GWYNNETT COUNTY (GA) TAX COMMISSIONER	Gwinnett Justice and Administration Center	75 Langley Drive	LAMARVILLE	GA	30045	UNITED STATES	
HENRY COUNTY (GA) TAX COMMISSIONER	140 HENRY PARKWAY		MCDONOUGH	GA	30253	UNITED STATES	
HERANDO COUNTY (FL) TAX COLLECTOR	20 NORTH MAIN ST., ROOM 112		BROOKSVILLE	FL	34601-2892	UNITED STATES	
HILLSBOROUGH COUNTY (FL) TAX COLLECTOR	601 East Kennedy Blvd, County Center, 14th Floor		TAMPA	FL	33602	UNITED STATES	
HOBBS COUNTY (SC) TAX COLLECTOR/TREASURER	Government & Justice Center	1301 Second Ave	CONWAY	SC	29528	UNITED STATES	
IREDELL COUNTY (NC) TAX COLLECTOR	135 E. Walter St.	Sie 109	STATESVILLE	NC	28671	UNITED STATES	
JACKSON COUNTY (NC) TAX COLLECTOR	401 GRINDSTAFF COVE ROAD		SYLVA	NC	28779-3244	UNITED STATES	
JASPER COUNTY (SC) TAX COLLECTOR/TREASURER	358 Third Avenue	PO Box 837	RIDGELAND	SC	29936-0722	UNITED STATES	

Taxing Authority	Address 1	Address 2	City	State	Zipcode	Country
KERSHAW COUNTY (SC) TAX COLLECTOR/TREASURER	PO Box 622		CAMDEN	SC	29021-0622	UNITED STATES
LAKE COUNTY (FL) TAX COLLECTOR	317 W. Main Street, 2nd Floor		TAVARES	FL	32778-0927	UNITED STATES
LANCASTER COUNTY (SC) TAX COLLECTOR/TREASURER	101 N. Main St.		LANCASTER	SC	20720	UNITED STATES
LAURENS COUNTY (SC) TAX COLLECTOR/TREASURER	PO Box 1049		LAURENS	SC	29360-1049	UNITED STATES
LEANDER ISD TAX OFFICE (WILLIAMSON COUNTY, TX), DOUGLAS S. PRUETT	PO Box 276		LEANDER	TX	78646-0276	UNITED STATES
LEE COUNTY (FL) TAX COLLECTOR	2480 Thompson Street		FORT MYERS	FL	33901	UNITED STATES
LINCOLN COUNTY (NC) TAX COLLECTOR	100 E. MAIN ST.		LONCOLNTON	NC	28093	UNITED STATES
MARICOPA COUNTY (AZ) TAX COLLECTOR, DAVID SCHWEIKERT	2480 Thompson Street		PHOENIX	AZ	85003	UNITED STATES
MARSHVILLE TAX COLLECTOR	201 N. ELM ST.		MARSHVILLE	NC	28103	UNITED STATES
MARTIN COUNTY (FL) TAX COLLECTOR	3485 SE WILDOUGHBY BLVD.		STUART	FL	34994-5062	UNITED STATES
MCCORMICK COUNTY (SC) TAX COLLECTOR/TREASURER	133 S. MINE ST., COURTHOUSE	ROOM 104	MCCORMICK	SC	29935	UNITED STATES
MCDOWELL CO. TAX ASSESSOR	COUNTY ADMINISTRATION BLDG	60 E COURT ST	MARION	NC	28752	UNITED STATES
MCINTOSH COUNTY (GA) TAX COMMISSIONER	PO Box 571		DARIEN	GA	31305-0571	UNITED STATES
MECKLENBURG CO. TAX COLLECTOR	700 E. Stonewall Street		MORGANTON	NC	28680	UNITED STATES
MORGANTON TAX COLLECTOR	PO Drawer 3448		YULEE	FL	32097	UNITED STATES
NASSAU COUNTY (FL) TAX COLLECTOR	96135 NASSAU PLACE, SUITE 5		PALEIGH	NC	27604	UNITED STATES
NC DEPARTMENT OF REVENUE	4701 Atlantic Avenue, Suite 1118		RALEIGH	NC	27696	UNITED STATES
NC Div of Motor Vehicles	1100 New Bern Avenue		AUSTIN	TX	78751	UNITED STATES
NELDA WELLS SPEARS, TAX COLLECTOR, Travis County	5501 Airport Boulevard		WALHALLA	SC	29691-0429	UNITED STATES
OCONEE COUNTY (SC) TAX COLLECTOR/TREASURER	415 South Pine Street		NICEVILLE	FL	32578	UNITED STATES
OKALOOSA COUNTY (FL) TAX COLLECTOR	506 Highway 85 North		ORLANDO	FL	32801	UNITED STATES
ORANGE COUNTY (FL) TAX COLLECTOR	The SunTrust Center	200 South Orange Avenue, Suite 1600	ORLANDO	FL	32801	UNITED STATES
PICKENS COUNTY (SC) TAX COLLECTOR/TREASURER	CAROLINA FIRST LOOKBOX	PO Box 1210	COLUMBIA	SC	29202	UNITED STATES
POLK COUNTY TAX COLLECTOR, JOE G. TEDDER	430 E. MAIN ST		BARTOW	FL	33831	UNITED STATES
PUNJAM COUNTY (FL) TAX COLLECTOR	PO Box 1339		PALATKA	FL	32178-1339	UNITED STATES
RAY VALDES, TAX COLLECTOR	SEMINOLE CO. SVCS BLDG	1101 E FIRST ST., ROOM 1233	SANFORD	FL	32771	UNITED STATES
RICHLAND COUNTY (SC) TAX COLLECTOR/TREASURER	2020 Hampton Street	PO Box 11947	COLUMBIA	SC	29211	UNITED STATES
RUTHERFORD CO TRUSTEE	County Courthouse, Room 102		MURFREESBORO	TN	37133	UNITED STATES
RUTHERFORD COUNTY (TN) TAX COLLECTOR	5093 MURFREESBORO RD		LAVERGNE	TN	37086	UNITED STATES
SC Dept of Motor Vehicles	301 Garvais Street, PO Box 125		Columbia	SC	29214	UNITED STATES
SEMINOLE COUNTY (FL) TAX COLLECTOR, RAY VALDES	1101 E. First Street		SANFORD	FL	32771	UNITED STATES
ST. JOHNS COUNTY (FL) TAX COLLECTOR, DENNIS HOLLINGSWORTH	4030 Lewis Speedway		ST. AUGUSTINE	FL	32084	UNITED STATES
SURRY COUNTY (NC) TAX COLLECTOR	201 E. Kapp Street	PO Box 588	DOBSON	NC	27017-0578	UNITED STATES
SWAIN COUNTY (NC) TAX COLLECTOR	101 Mitchell Street		FRANKLIN CITY	NC	28713-2822	UNITED STATES
TAX COLLECTOR, FRANKLIN	109 3rd Avenue South, Suite 143		FRANKLIN	TN	37068-1749	UNITED STATES
TENNESSEE DEPT. OF REVENUE	500 DEADRICK STREET		MARSHVILLE	TN	37242	UNITED STATES
TRANSTYLVANIA COUNTY (NC) TAX COLLECTOR	7 E. Main Street		BREYARD	NC	28712	UNITED STATES
TRAVIS COUNTY (TX) TAX COLLECTOR	\$501 Airport Blvd		AUSTIN	TX	78751	UNITED STATES
TREASURER OF ARLINGTON COUNTY	2100 CLARENDON BLVD, Ste 810	2100 CLARENDON BLVD, Ste 810	ARLINGTON	VA	22201	UNITED STATES
TREASURER OF VIRGINIA	1401 E. BROAD STREET	4th FISCAL DIVISION	RICHMOND	VA	23219	UNITED STATES
TX COMPTROLLER OF PUBLIC ACCTS	1711 San Jacinto Blvd., Suite 180		AUSTIN	TX	78701-1418	UNITED STATES
TX Dept of Revenue/Comptroller	PO Box 13528, Capitol Station		Austin	TX	78711-3528	UNITED STATES
UNION COUNTY (NC) TAX COLLECTOR	201 W. MAIN ST.		MARSHVILLE	NC	28103	UNITED STATES
VA Dept of Taxation	Office of Customer Svcs, PO Box 11415		Richmond	VA	23218-1115	UNITED STATES
VALDESE TAX COLLECTOR	121 Fael Street		VALDESE	NC	28690	UNITED STATES
VIRGINIA DEPARTMENT OF REVENUE	3610 West Broad		RICHMOND	VA	23230	UNITED STATES
VOLUNIA COUNTY (FL) TAX COLLECTOR	123 W. INDIANA AVE, ROOM 103		DELAND	FL	32720	UNITED STATES
WAKE COUNTY (NC) TAX COLLECTOR	One Bank of America Plaza	421 Fayetteville St., Ste. 200	CHARLOTTE	NC	28296	UNITED STATES
WALTON COUNTY (FL) TAX COLLECTOR	5711 US Hwy 90 E		CHARLOTTE	FL	32433	UNITED STATES
WILLIAMSON COUNTY (TN) TAX COLLECTOR	1320 West Main Street	Ste 300 & 313	DEFLUNIAK SPRINGS	TN	37068-1749	UNITED STATES
YORK COUNTY (SC) TAX COLLECTOR/TREASURER	2 South Congress St.	PO Box 116	FRANKLIN	SC	29745-0116	UNITED STATES

EXHIBIT C

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

In re

CRESCENT RESOURCES, LLC, *et al.*,

Debtors.

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§
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§
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Chapter 11

Case No. 09-11507 (CAG)

JOINT ADMINISTRATION REQUESTED

**ORDER PURSUANT TO SECTIONS 105(a), 363(b), 507(a)(8),
AND 541 OF THE BANKRUPTCY CODE (I) AUTHORIZING THE
DEBTORS TO PAY PREPETITION TAXES AND GOVERNMENTAL ASSESSMENTS
AND (II) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS TO
HONOR AND PROCESS RELATED ELECTRONIC TRANSFERS AND CHECKS**

Upon the motion (the "Motion") of Crescent Resources, LLC ("Crescent Resources") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in

possession (collectively, the “Debtors”), pursuant to sections 105(a), 363(b), 507(a)(8), and 541 of the Bankruptcy Code¹ seeking authorization to pay prepetition Sales and Use Taxes, Franchise Taxes, Property Taxes, Fuel Taxes, Licensing and Permit Fees, and Special Assessments (collectively, the “Taxes and Assessments”), all as more fully set forth in the Motion; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties, and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the “Hearing”); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the Declaration of Kevin H. Lambert in Support of the Debtors’ Chapter 11 Petitions and First Day Motions, the record of Hearing, and all of the proceedings had before the Court; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that the Debtors are authorized, but not required, to pay, in their sole discretion and to the extent they deem necessary, prepetition Taxes and Assessments due and owing to, including but not limited to, those entities listed on Exhibit A annexed hereto (the

¹ Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

“Taxing Authorities”) consistent with the practices and policies in effect as of the commencement of the Debtors’ chapter 11 cases, including, without limitation, through the issuance of postpetition checks; and it is further

ORDERED that the Banks are authorized, consistent with the terms of any cash management order entered in these cases, when requested by the Debtors in the Debtors’ sole discretion, to receive, process, honor and pay all checks drawn on or direct deposit and funds transfer instructions relating to the Debtors’ accounts and any other transfers that are related to the Taxes and Assessments incurred prior to, or after, the commencement of these chapter 11 cases, to the Taxing Authorities, as well as all post-petition Franchise Taxes and applicable License and Permit Fees becoming due in the ordinary course of business, and the costs and expenses incident thereto; provided that sufficient funds are available in the accounts to make such payments; provided further, that (i) the Banks may rely on the representations of the Debtors regarding which checks that were drawn or instructions that were issued by the Debtors before the Commencement Date should be honored postpetition pursuant to an Order of this Court and (ii) that any such Bank or financial institution shall not have any liability to any party for relying on the representations of the Debtors as provided herein; and it is further

ORDERED that the Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in respect of prepetition obligations relating to the Taxes and Assessments that are dishonored or rejected as of the commencement of these chapter 11 cases; and it is further

ORDERED that nothing in this Order or the Motion waives or releases any rights the Debtors have to contest the amount or basis for any Taxes and Assessments allegedly due to any Taxing Authority; and it is further

ORDERED that Bankruptcy Rule 6003 has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors; and it is further

ORDERED that notice of the Motion, as provided therein, constitutes good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) are hereby waived; and it is further

ORDERED that notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry; and it is further

ORDERED that this Court hereby retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

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EXHIBIT A

Exhibit A

No.	Name of Debtor:	Taxpayer Id. No.
1.	Crescent 210 Barton Springs, LLC	20-4614379
2.	Cornerstone Plaza, LLC	No EIN applicable
3.	Crescent Holdings, LLC	20-5543626
4.	Crescent Resources, LLC	57-0443582
5.	1780, LLC	20-4402277
6.	223 Developers, LLC	20-5924927
7.	Ballantyne Properties, LLC	56-1921507
8.	Bartram Crescent Development, LLC	20-8954449
9.	Black Forest on Lake James, LLC	20-0151855
10.	Bridgewater Lakeland Developers, LLC	20-2250831
11.	Brooksville East Developers, LLC	No EIN applicable
12.	Camp Lake James, LLC	20-4402407
13.	Carolina Centers, LLC (N.C. entity)	56-1853470
14.	Carolina Centers, LLC (Del. entity)	56-1124729
15.	Chaparral Pines Investors, L.L.C.	86-0781077
16.	Chaparral Pines Management, L.L.C.	86-1026788
17.	Chapel Cove at Glengate, LLC	26-0837243
18.	Citall Development, LLC	20-4153633
19.	Clean Water of NC, LLC	57-0443582
20.	CLT Development, LLC	56-1393851
21.	Club Capital, LLC	56-2107989
22.	Club Enterprises, LLC	56-1943831
23.	Club Villas Developers, LLC	26-2905087
24.	Colbert Lane Commercial, LLC	72-1552983
25.	Crescent Communities N.C., LLC	56-2030306
26.	Crescent Communities Realty, LLC	02-0532410
27.	Crescent Communities SC, LLC	56-2030305
28.	Crescent Lakeway, LLC	20-4613926
29.	Crescent Lakeway Management, LLC	20-4614072
30.	Crescent Land & Timber, LLC	56-1799013
31.	Crescent Multifamily Construction, LLC	26-1242507
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	26-0034004
39.	Crescent River, LLC	56-2226365
40.	Crescent Rough Hollow, LLC	20-4614882
41.	Crescent Seminole, LLC	58-2558302
42.	Crescent Southeast Club, LLC	56-2255725
43.	Crescent Twin Creeks, LLC	56-2230190

No.	Name of Debtor:	Taxpayer Id. No.
44.	Crescent Yacht Club, LLC	30-0100942
45.	Crescent/Arizona, LLC	57-0443582
46.	Crescent/Florida, LLC	No EIN applicable
47.	Crescent/Georgia, LLC	No EIN applicable
48.	Crescent/RGI Capital, LLC	83-0356151
49.	Falls Cove Development, LLC	20-8132241
50.	FP Real Estate One, L.L.C.	86-0846646
51.	Grand Haven Developers, LLC	59-3641286
52.	Grand Woods Developers, LLC	20-4845005
53.	Green Fields Investments, LLC	57-0443582
54.	Gulf Shores Waterway Development, LLC	20-5566844
55.	Hammock Bay Crescent, LLC	No EIN applicable
56.	Hampton Lakes, LLC	56-2153538
57.	Hampton Ridge Developers, LLC	59-3692235
58.	Hawk's Haven Developers, LLC	20-1091192
59.	Hawk's Haven Golf Course Community Developers, LLC	20-1203562
60.	Hawk's Haven Joint Development, LLC	20-2040337
61.	Hawk's Haven Sponsor, LLC	20-2040376
62.	Headwaters Development Limited Partnership	80-0059149
63.	Hidden Lake Crescent, LLC	20-3694587
64.	Joint Facilities Management, LLC	20-4347638
65.	Lake George Developers, LLC	20-4844965
66.	LandMar Group, LLC	56-2153538
67.	LandMar Management, LLC	56-2153540
68.	Lighthouse Harbor Developers, LLC	20-5741128
69.	May River Forest, LLC	57-1159262
70.	May River Golf Club, LLC	04-3750952
71.	McNinch-Hill Investments, LLC	56-2183378
72.	Milford Estates, LLC	57-0443582
73.	New Riverside, LLC	20-2071349
74.	Nine Corporate Centre Holding Company, LLC	No EIN applicable
75.	North Bank Developers, LLC	20-2687731
76.	North Hampton, LLC	56-2153544
77.	North River, LLC	20-3017701
78.	Old Wildlife Club, LLC	20-4402072
79.	Oldfield, LLC	56-2211481
80.	Osprey Development, LLC	59-3759515
81.	Palmetto Bluff Club, LLC	20-1154599
82.	Palmetto Bluff Development, LLC	56-2211383
83.	Palmetto Bluff Investments, LLC	No EIN applicable
84.	Palmetto Bluff Lodge, LLC	13-4250969
85.	Palmetto Bluff Real Estate Company, LLC	22-3864124

No.	Name of Debtor:	Taxpayer Id. No.
86.	Palmetto Bluff Uplands, LLC	No EIN applicable
87.	Panama City Development, LLC	20-2572207
88.	Park/Marsh, LLC	26-2813331
89.	Parkside Development, LLC	20-2854819
90.	Piedmont Row Development, LLC	20-2960566
91.	Portland Group, LLC	02-1251461
92.	Rim Golf Investors, L.L.C.	86-0894027
93.	River Paradise, LLC	20-2890831
94.	Roberts Road, LLC	20-2568601
95.	Sailview Properties, LLC	56-2053836
96.	Seddon Place Development, LLC	20-4771566
97.	Springfield Crescent, LLC	20-2966970
98.	StoneWater Bay Properties, LLC	56-2183379
99.	Stratford on Howard Development, LLC	20-4147491
100.	Sugarloaf Country Club, LLC	58-2221688
101.	Sugarloaf Properties, LLC	58-2202808
102.	Sugarloaf Realty, LLC	58-2208817
103.	The Farms, LLC	20-0354921
104.	The Oldfield Realty Company, LLC	56-2211481
105.	The Parks at Meadowview, LLC	20-3855366
106.	The Parks of Berkeley, LLC	20-2641670
107.	The Point on Norman, LLC	56-2053958
108.	The Ranch at the Rim, LLC	26-2813378
109.	The Reserve, LLC	20-0742753
110.	The Retreat on Haw River, LLC	26-0674124
111.	The River Club Realty, LLC	02-0595750
112.	The River Country Club, LLC	02-0595742
113.	The Sanctuary at Lake Wylie, LLC	57-0443582
114.	Trout Creek Developers, LLC	82-0560536
115.	Tussahaw Development, LLC	20-3330184
116.	Twin Creeks Holdings, Ltd.	74-2967903
117.	Twin Creeks Management, LLC	56-2230188
118.	Twin Creeks Operating Co., L.P.	20-1262789
119.	Twin Creeks Property, Ltd.	04-3592531
120.	Two Lake Pony Farm, LLC	56-2144680
121.	Winding River, LLC	20-2040280