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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.

**NOTICE OF MOTION FOR AN ORDER  
(A) AUTHORIZING THE DEBTORS TO  
CONTINUE USING THEIR EXISTING  
CASH MANAGEMENT SYSTEM, BANK  
ACCOUNTS AND BUSINESS FORMS;  
(B) AUTHORIZING CONTINUED  
INTERCOMPANY ARRANGEMENTS  
AND HISTORICAL PRACTICES; AND  
(C) WAIVING THE DEBTORS'  
COMPLIANCE WITH INVESTMENT  
GUIDELINES UNDER 11 U.S.C. § 345(b)**

**HEARING DATE AND TIME:**  
January \_\_, 2009, at \_\_: \_\_ .m.

**ORAL ARGUMENT REQUESTED**

TO: All Parties-in-Interest

PLEASE TAKE NOTICE that pursuant to an Order Regarding Application For Expedited Consideration of First Day Matters served herewith, on the \_\_\_ day of January, 2009, at \_\_\_ .m., or as soon thereafter as counsel may be heard, the undersigned, proposed attorneys for Tarragon Corporation, *et al.*, the within debtors and debtors-in-possession



(collectively, the “Debtors”)<sup>1</sup>, shall move before the assigned United States Bankruptcy Judge, at the United States Bankruptcy Court, Martin Luther King, Jr. Federal Building, 50 Walnut Street, Third Floor, Newark, New Jersey, 07102, for entry of an Order (a) authorizing the Debtors to continue using their existing cash management system, bank accounts and business forms; (b) authorizing continued intercompany arrangements and historical practices; and (c) waiving the Debtors’ compliance with investment guidelines under 11 U.S.C. § 345(b) (the “Motion”).

PLEASE TAKE FURTHER NOTICE that in support of the Motion, the undersigned shall rely on the Affidavit of William S. Friedman in support of “First Day Motions,” and the accompanying Verified Application, which collectively set forth the relevant factual and legal bases upon which the relief requested should be granted. A proposed Order granting the relief requested in the Motion is also being submitted.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the relief requested in the Motion shall be presented in accordance with the Order Regarding Application for Expedited Consideration of First Day Matters.

PLEASE TAKE FURTHER NOTICE that unless objections are timely presented, the Motion shall be deemed uncontested in accordance with D.N.J. LBR 9013-1(a) and the relief requested may be granted without a hearing.

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<sup>1</sup> The Debtors are Tarragon Corporation, Tarragon Development Corporation, Tarragon South Development Corp., Tarragon Development Company LLC, Tarragon Management, Inc., Bermuda Island Tarragon LLC, Orion Towers Tarragon, LLP, Orlando Central Park Tarragon 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.

PLEASE TAKE FURTHER NOTICE that the undersigned requests oral argument on the return date of the Motion.

COLE, SCHOTZ, MEISEL,  
FORMAN & LEONARD, P.A.  
Proposed Attorneys for Tarragon Corporation, *et al.*,  
Debtors-in-Possession

By:     /s/ Michael D. Sirota      
Michael D. Sirota  
Warren A. Usatine

DATED: January 12, 2009

**COLE, SCHOTZ, MEISEL,  
FORMAN & LEONARD, P.A.**  
A Professional Corporation  
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Debtors-in-Possession

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

In re:

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

Chapter 11  
(Joint Administration Pending)

**VERIFIED APPLICATION IN SUPPORT  
OF THE DEBTORS' MOTION FOR AN  
ORDER: (A) AUTHORIZING THE  
DEBTORS TO CONTINUE USING  
THEIR EXISTING CASH  
MANAGEMENT SYSTEM, BANK  
ACCOUNTS AND BUSINESS FORMS;  
(B) AUTHORIZING CONTINUED  
INTERCOMPANY ARRANGEMENTS  
AND HISTORICAL PRACTICES; AND  
(C) WAIVING THE DEBTORS'  
COMPLIANCE WITH INVESTMENT  
GUIDELINES UNDER 11 U.S.C. § 345(b)**

**HEARING DATE AND TIME:**

January \_\_, 2009, at \_\_:\_\_ \_\_.m.

**ORAL ARGUMENT REQUESTED**

TO: Honorable Judge of the  
United States Bankruptcy Court

The Verified Application of Tarragon Corporation, *et al.*, the within debtors and debtors-in-possession (collectively, the “Debtors”)<sup>1</sup>, by and through their proposed counsel, Cole, Schotz, Meisel, Forman & Leonard, P.A., respectfully states as follows:

**I. INTRODUCTION AND JURISDICTION**

1. This Verified Application is submitted in support of the Debtors’ motion for an Order: (a) authorizing the Debtors to continue using their existing cash management system, bank accounts and business forms; (b) authorizing continued intercompany arrangements and historical practices; and (c) waiving compliance with investment guidelines under 11 U.S.C. § 345(b) (the “Motion”). As set forth below, granting the Debtors the relief requested in the Motion is crucial to the Debtors’ ability to operate their businesses during these Chapter 11 proceedings without interruption.

2. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 1334 and 157(b). This is a “core” proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (O).

3. Venue is proper in this Court pursuant to 28 U.S.C. § 1409(a).

**II. BACKGROUND**

4. On January 12, 2009 (the “Filing Date”), each of the Debtors filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). Since the Filing Date, the Debtors have remained in possession of their assets and

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<sup>1</sup> The Debtors are Tarragon Corporation (“Tarragon Corp.”), Tarragon Development Corporation, Tarragon South Development Corp., Tarragon Development Company LLC, Tarragon Management, Inc., Bermuda Island Tarragon LLC, Orion Towers Tarragon, LLP, Orlando Central Park Tarragon 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.

continued management of their businesses as debtors-in-possession pursuant to Section 1107 and 1108 of the Bankruptcy Code.

5. A detailed description of the Debtors' businesses and facts precipitating the filing of the Debtors' Chapter 11 proceedings is set forth in the Affidavit of William S. Friedman (the "Friedman Affidavit") submitted in support of the Debtors' various "First Day Motions." Those facts are incorporated herein by reference.

6. As set forth in the Friedman Affidavit, Tarragon Corp. and its direct and indirect, debtor and non-debtor affiliates (collectively, "Tarragon") are 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 master-planned communities. The Investment Division owns and operates a portfolio of stabilized rental apartment communities.

7. Tarragon uses an integrated, centralized cash management system in its ordinary course of business. Generally, under this system (the "Cash Management System"), funds collected by project entities are wired directly or transferred daily to a master concentration account maintained by Tarragon Corp. and disbursed through controlled disbursement accounts in the name of the project entities to pay operating expenses. The centralized Cash Management System enables Tarragon to (a) better forecast and report its cash position, (b) monitor collection and disbursement of funds and (c) maintain control over the administration of various bank accounts, all of which facilitates effective collection, disbursement and movement of cash.

8. To control Tarragon's treasury effectively, the Cash Management System is reviewed and monitored by, among others, Tarragon's internal accounting and cash management staff as well as an outside auditing firm.

**A. The Debtors' Existing Bank Accounts**

9. As of the Filing Date, Tarragon maintains over 100 active bank accounts (the "Bank Accounts"). A schedule of the Bank Accounts is attached as **Exhibit A.**<sup>2</sup>

10. Tarragon maintains the following types of accounts:

Master Account: The Cash Management System primarily revolves around the Master Account, into which substantially all the funds received by Tarragon are either directly deposited or automatically swept from various zero-balance accounts. The Master Account is a corporate account used to concentrate all available funds that are not otherwise required to be segregated. Each night balances remain in the Master Account and gain earnings credit.

Depository Accounts: The Depository Accounts are individual property accounts that are used for rental deposits only. There are no disbursements made from those accounts. Funds in the Depository Accounts are automatically swept into the Master Account.

Operating Accounts: The Operating Accounts are segregated bank accounts used for rental deposits and checks. Segregated Operating Accounts generally are only used when specifically required by a lender, joint venture or partner.

Disbursement Accounts: Tarragon has approximately 50 Disbursement Accounts. The Disbursement Accounts are used to pay expenses for all non-segregated properties that have funds swept to the Master Account and for homebuilding projects. Funds are automatically transferred into the Disbursement Accounts on an as-needed basis in amounts large enough to cover anticipated disbursements from those accounts.

Security Deposit Accounts: The Security Deposit Accounts are used for tenant security deposits that are required by a lender or state to be segregated from other funds. Checks are not written from those Security Deposit Accounts to refund a tenant's security deposit. Rather, when a resident is refunded a security deposit, a

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<sup>2</sup> The Debtors believe that the list of Bank Accounts in Exhibit A includes a complete list of all of Tarragon's bank accounts. However, in the event that one or more bank accounts may have been inadvertently omitted from Exhibit A, such accounts are included in the definition of Bank Accounts.

check is issued from the respective properties' Disbursement Account or Operating Account (whichever is applicable). Thereafter, on a monthly basis, the respective Disbursement Account or Operating Account is reimbursed from the Security Deposit Accounts for the amount of the security deposit refunded.

Letter of Credit/CD/Money Market Accounts: Letters of credit are assigned only as necessary and are secured with a Certificate of Deposits Account or Money Market Account equal to the amount of the letter of credit.

Lender Accounts: The Lender Accounts are used for rental deposits for properties that are subject to a lender's cash management agreement. Funds from the Lender Accounts transfer to an Operating Account that is for a specific project rather than to the Master Account.

**B. Flow of Funds in the Debtors' Cash Management System**

11. The transfer of funds through the Cash Management System is described in detail herein and is illustrated in the flow chart attached as **Exhibit B**.

12. Deposits. In the ordinary course of business, Tarragon routinely receives cash, via check or wire transfer, upon the closings of sales of properties or units. Those sale proceeds are deposited into the Master Account. Tarragon also receives rental income derived from the properties in the Investment Division. Rental income from all properties, with the exception of those properties required to be segregated by a joint venture, partner or lender, such as General Electric Capital Corporation ("GECC"), are deposited into Depository Accounts. The Depository Accounts are swept daily into the Master Account. Additionally, for projects that have construction loans, monthly loan draws are wired from the lender to the Master Account. Other miscellaneous funds are deposited into a stand-alone account of Tarragon Corp. and transferred to the Master Account.

13. Disbursements. In the ordinary course of business, Tarragon uses its Disbursement Accounts to make payments with respect to rental properties' or homebuilding properties' operating and overhead expenses, as well as corporate expenses and costs. The



Disbursement Accounts are zero-balance accounts that are automatically funded with the amounts necessary to clear checks from the Master Account.

14. Payroll. Payroll is funded by wire transfer from the Master Account to Automatic Data Processing, Inc.'s bank account maintained at Deutsche Bank in New York (the "ADP Bank Account") two (2) days before payroll is issued. Additionally, by separate wire, related payroll obligations including payroll taxes are also transferred to the ADP Bank Account two (2) days before payroll is issued.

15. Intercompany Transactions. In the ordinary course of their respective businesses, the Tarragon entities engage in intercompany financial transactions (collectively, the "Intercompany Transactions"). Transfers of cash to and from Bank Accounts are routinely made on account of the Intercompany Transactions, which typically include payments for the funding, if necessary, of the Debtors' and their affiliates' working capital requirements including, but not limited to, debt service on certain non-income producing properties. All of those transfers are made in the ordinary course of business as part of the consolidated Cash Management System. If the Intercompany Transactions were to be discontinued, the Cash Management System and related administrative controls would be disrupted to the detriment of the Debtors and their estates.

16. This Cash Management System is similar to those commonly employed by corporate enterprises comparable to Tarragon in economic scope and geographic reach. Large, multi-entity businesses use similar cash management systems because of the numerous benefits provided, including, the ability to (a) quickly create status reports on the location and amount of funds, allowing management to track and control corporate funds, (b) ensure cash availability and (c) reduce administrative expenses by facilitating the movement of funds.

**C. The Debtors' Existing Business Forms and Checks**

17. In the ordinary course of business, the Debtors use numerous varieties of checks and other business forms. To minimize expenses to their estates and to avoid confusion and unnecessary distraction on the part of employees, the Debtors believe it is appropriate for them to continue to use all correspondence and business forms including, but not limited to, letterhead, invoices, purchase orders, customer communications, checks and envelopes (collectively, the "Business Forms") as such forms were in existence immediately prior to the Filing Date – without reference to the Debtors' status as debtors-in-possession – rather than requiring the Debtors to incur the expense, delay and distraction of ordering entirely new business forms and integrating them into daily use.

**III. RELIEF REQUESTED AND BASIS THEREFOR**

**A. Continued Use of the Cash Management System and Existing Bank Accounts is Essential to the Debtors' Ongoing Operations and Restructuring Efforts**

18. Upon filing their Chapter 11 proceedings, the Debtors became bound by the Operating Guidelines and Reporting Requirements for Chapter 11 Cases (the "Operating Guidelines") established by the Office of the United States Trustee for the District of New Jersey (the "UST"). Pursuant to the Operating Guidelines, the Debtors' "failure to comply with the operating and/or reporting requirements . . . may result in the dismissal or conversion of these case to cases under Chapter 7 of the Bankruptcy Code." The Operating Guidelines state that, upon filing their Chapter 11 petitions, the Debtors:

must immediately close all of [their] existing bank accounts and open new bank accounts which must be (i) designated as debtor in possession accounts ("DIP Accounts") and (ii) maintained subject to the following conditions:

a. All money of the bankruptcy estate[s] must be deposited in the DIP Accounts . . .

Operating Guidelines, p. 1, ¶ 2.

19. If the Debtors were required to open all new bank accounts and alter their existing Cash Management System, there likely would be a disruption in the Debtors' ability to collect and disburse funds in the ordinary course of their operations. Such a disruption would negatively impact the Debtors' ability to make a smooth transition into Chapter 11. In contrast, maintaining the Cash Management System, including the Intercompany Transactions, will greatly facilitate the Debtors' transition into Chapter 11 by, among other things, minimizing delay in paying post-petition debts and eliminating administrative inefficiencies.<sup>3</sup> Accordingly, the Debtors respectfully request that the Court enter an Order authorizing their continued use of the Cash Management System and Bank Accounts, rather than opening new debtor-in-possession accounts.<sup>4</sup>

**B. It is Appropriate for the Debtors to Continue Use of Existing Checks and Business Forms**

20. As set forth above, in the ordinary course of business, the Debtors use a wide variety of checks and other business forms. To minimize expense to their estates and distraction to employees, the Debtors request authority to continue to use the Business Forms, substantially in the forms existing immediately before the Filing Date, without reference to their status as

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<sup>3</sup> Because the Debtors engage in Intercompany Transactions on a regular basis and such transactions are common among enterprises similar to Tarragon, the Debtors believe the Intercompany Transactions are ordinary course transactions within the meaning of Section 363(c)(1) of the Bankruptcy Code and, thus, do not require the Court's approval. Nonetheless, out of an abundance of caution, the Debtors are seeking express authority to engage in such transactions on a post-petition basis, including the payment of invoices for non-debtor entities relating to the pre-Filing Date period. All Intercompany Transactions involving Debtor entities will be reported on the Debtors' monthly operating reports. The continued performance of the ordinary course Intercompany Transaction is critical to insuring the Debtors' ability to operate their businesses as debtors-in-possession without interruption.

<sup>4</sup> The Debtors propose to maintain the Bank Accounts on an interim basis for the next sixty (60) days. If the UST does not file a written objection thereto before expiration of the sixty (60) day period, the accompanying Order provides that the Debtors shall be authorized to maintain and utilize the Bank Accounts post-petition on a permanent basis.

debtors-in-possession. Because of the complex nature of the Debtors' business operations, use of new business forms would greatly increase the Debtors' costs and add significantly to the administrative burdens of transitioning to operations in Chapter 11.

21. Parties doing business with the Debtors undoubtedly will be aware of the Debtors' status as debtors-in-possession as a result of the size of these Chapter 11 cases, the number of creditors involved and the likely publicity attendant to the bankruptcy filings. In addition, all known creditors will be sent notices of the commencement of these cases and there will be a press release announcing the filing. In light of the comprehensive formal and informal notice that creditors will receive regarding the Debtors' Chapter 11 filing, the Debtors submit that changing business forms is unnecessary and unduly burdensome.

**C. Cause Exists for a Waiver of the Debtors' Compliance with Investment Guidelines of Section 345 of the Bankruptcy Code**

22. Section 345 of the Bankruptcy Code governs a debtor's deposits and investments of cash during a Chapter 11 case and authorizes deposits or investments of money "such as will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." 11 U.S.C. § 345(a). For deposits or investments that are not "insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States," Section 345(b) of the Bankruptcy Code requires that the estate secure from the entity with which the money is deposited or invested a bond in favor of the United States secured by the undertaking of an adequate corporate surety, unless the Court orders otherwise. In the alternative, the estate may

require that the entity deposit governmental securities pursuant to 31 U.S.C. § 9303.<sup>5</sup> 11 U.S.C. § 345(b).

23. Section 345(b) also expressly provides that a court may modify these requirements for cause. The Debtors submit that, under the existing circumstances, cause exists to authorize the Debtors to continue to deposit and invest cash in substantially the same manner as the Debtors have invested such funds prior to the Filing Date.

24. It is within the Court's discretion to extend or waive the investment guidelines requirement under Section 345(b) of the Bankruptcy Code "for cause." 11 U.S.C. § 345(b); see also 140 Cong. Rec. H10752-01 (October 4, 1995) (Section 345(b) investment guidelines may be "wise in the case of a smaller debtor with limited funds that cannot afford a risky investment to be lost, [but] can work to needlessly handcuff larger, more sophisticated debtors."). Courts have previously held that, in determining whether "cause" exists for the waiver, the court should consider the sophistication and size of the debtors' business, the bank ratings of the financial institution where the funds are held, the complexity of the debtor's bankruptcy case, and the reasonableness of the debtor's request for relief from Section 345 in light of the overall circumstances. In re Service Merchandise Co., Inc., 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999).

25. Cause exists to grant a waiver of the requirements of Section 345 of the Bankruptcy Code for several reasons. The Debtors do not maintain any investment accounts of significance. In light of the Debtors' sophisticated and complex Cash Management System and their regular deposits and sweeps, it would be unnecessary and wasteful for the Debtors to be

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<sup>5</sup> This statutory provision provides that where a person is required by law to give a surety bond, that person, in lieu of such surety bond, may provide a governmental obligation. 31 U.S.C. § 9303.

forced to incur the expense of obtaining a bond given the safeguards embedded in the Cash Management System. The Debtors submit that their current practices provide sufficient protection for their cash and it would be in the estates' best interests for the Debtors to continue to follow these practices. The Bank Accounts are in financially stable banking institutions and are insured by the Federal Deposit Insurance Corporation ("FDIC") insurance.<sup>6</sup> Thus, requiring adherence to the strictures of Section 345(b) is unnecessary and would needlessly impede the administration of the Debtors' cases.

WHEREFORE, the Debtors respectfully request that the Court enter an Order granting the Motion and such other relief as the Court deems just and appropriate under the circumstances.

COLE, SCHOTZ, MEISEL,  
FORMAN & LEONARD, P.A.  
Proposed Attorneys for Debtors-in-Possession,  
Tarragon Corporation, *et al.*

By: /s/ Michael D. Sirota  
Michael D. Sirota  
Warren A. Usatine

DATED: January 12, 2009

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<sup>6</sup> FDIC insurance covers funds in deposit accounts, including checking and saving accounts, money market deposit accounts and certificates of deposit. The amount of FDIC insurance recently was increased to \$250,000, except for non-interest bearing transaction accounts which currently have unlimited coverage.

**VERIFICATION**

WILLIAM S. FRIEDMAN, of full age, certifies as follows:

1. I am the Chief Executive Officer of Tarragon Corporation, one of the within debtors and debtors-in-possession (the “Debtors”). As such, I have full knowledge of the facts set forth in, and am duly authorized to make this Application on the Debtors’ behalf.
2. I have read the Verified Application and certify that the statements contained therein are true based upon my personal knowledge, information and belief.
3. I am aware that if any of the factual statements contained in the Verified Application are willfully false, I am subject to punishment.

DATED: January 12, 2009

  /s/ William S. Friedman    
WILLIAM S. FRIEDMAN

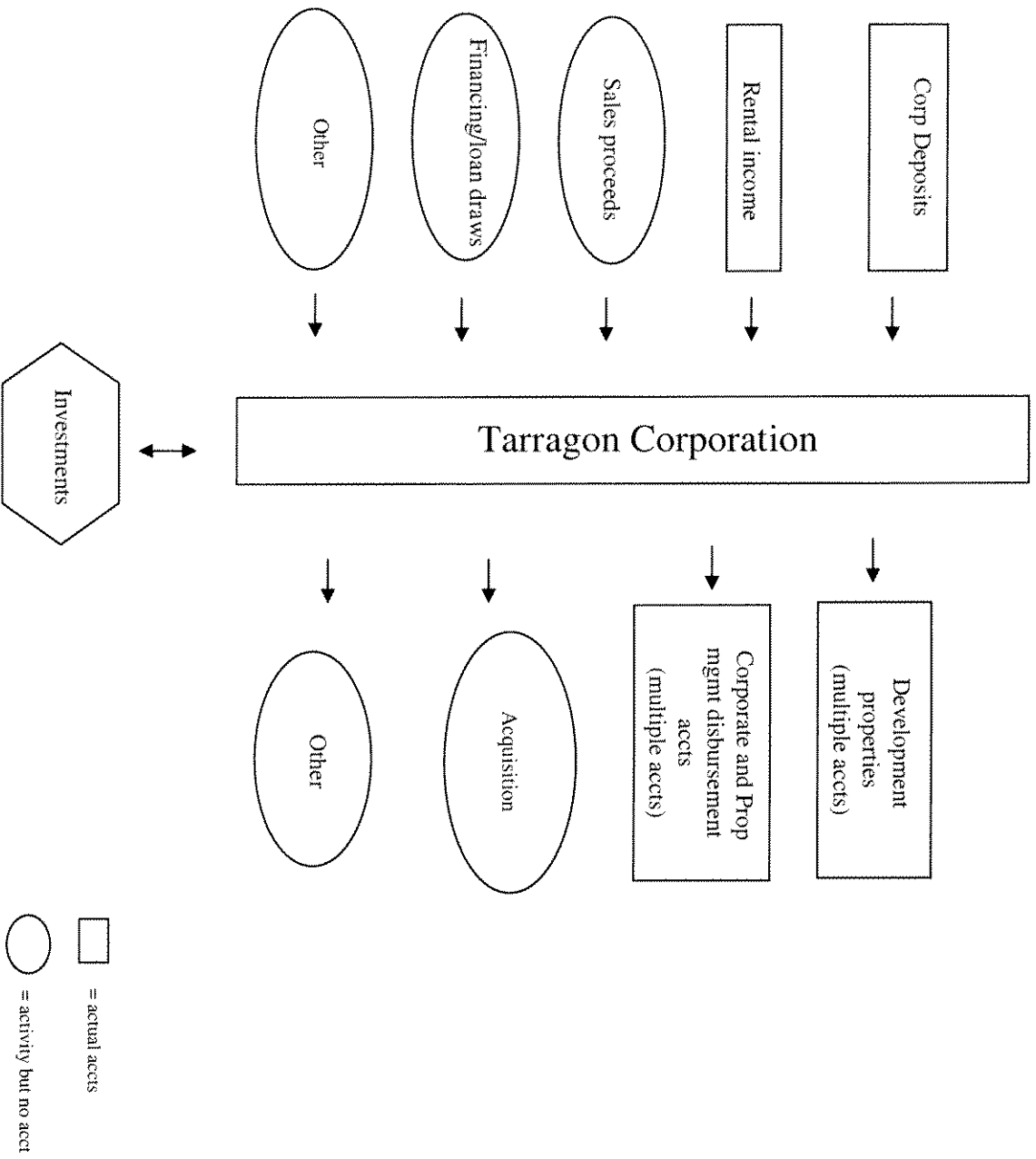
278 Main	Manchester Tarragon LLC	Manchester Tarragon LLC dba 278 Main managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, CT
278 Main St.	GE	Manchester Tarragon, LLC (GE Porfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, NC
800 Madison	800 Madison Urban Renewal LLC	800 Madison Urban Renewal LLC, benefiting 800 Madison Apts. Managed by TMI SDA	934 Silver Lane, East Hartford, CT
800 Madison	800 Madison Urban Renewal LLC	800 Madison Urban Renewal LLC, benefiting 800 Madison Apts. Managed by TMI Operating	303 Central Ave, Jersey City, NJ
800 Madison	800 Madison Urban Renewal LLC	800 Madison Urban Renewal LLC, benefiting 800 Madison Apts. Managed by TMI Operating	500 Ross Street, Pittsburgh, PA
Aldridge	Murfreesboro Gateway Properties LLC.	Murfreesboro Gateway Properties LLC.	123 West Thompson Lane, Murfreesboro, TN
Aldridge	Murfreesboro Gateway Properties LLC.	Murfreesboro Gateway Properties LLC.	123 West Thompson Lane, Murfreesboro, TN
Aldridge at Gateway Village	Tarragon Corporation	Tarragon Corporation / Benefiting Aldridge at Gateway Village/Managed by TMI	261 Madison Ave, New York, NY
Autumn Ridge	GE	General Electric Capital Corporation-Autumn Ridge	101 S. Tryon Street, Charlotte, NC
Autumn Ridge	Autumn Ridge Apartments LLC	Autumn Ridge Apartments LLC dbaAutumn Ridges Apts managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, CT
Autumn Ridge	TMI	TMI aaf Autumn Ridge Parners dba/Autumn Ridge Apartments	1525 West W. T. Harris Blvd, Charlotte, NC
Aventerra Apartments	Pacific West	Pacific West Management Benefiting Aventerra Mgd by Pacific West Mgmt	261 Madison Ave, New York, NY
Ballantrae	Northland		101 S. Tryon Street, Charlotte, NC
Ballantrae	Northland	Ballantrae Tarragon, LLC	101 S. Tryon Street, Charlotte, NC
Bermuda Island	Bermuda Island Tarragon LLC	Bermuda Island Tarragon LLC	135 South Lasalle St, Chicago, IL
Bermuda Island	Bermuda Island Tarragon LLC	Tarragon Management Inc as agent for Bermuda Island Tarragon LLC dba Bermuda Island	261 Madison Ave, New York, NY
Bermuda Island	Bermuda Island Tarragon LLC	Bermuda Island Tarragon LLC	261 Madison Ave, New York, NY
Bermuda Island	Bermuda Island Tarragon LLC	Tarragon Management Inc as agent for Bermuda Island Tarragon LLC dba Bermuda Island	261 Madison Ave, New York, NY
Bermuda Island	Bermuda Island Tarragon LLC	Tarragon Management Inc as agent for Bermuda Island Tarragon LLC dba Bermuda Island	1525 West W. T. Harris Blvd, Charlotte, NC
Bermuda Island	Bermuda Island Tarragon LLC	Tarragon Management Inc as agent for Bermuda Island Tarragon LLC dba Bermuda Island	1525 West W. T. Harris Blvd, Charlotte, NC
Block 103	Block 103 Development LLC	Block 103 Development LLC	1100 Lake St, Ramsey, NJ 07444
Block 106	Block 106 Development, LLC	Block 106 Development, LLC	
Block 114/103/104	Tarragon Corporation	Tarragon Corporation	1100 Lake St, Ramsey, NJ 07444
Block 144	Block 144 Development, LLC	Block 144 Development, LLC	
Block 88 - 800 Madison	800 Madison Urban Renewal LLC	800 Madison Street Urban Renewal, LLC DDA Account Construction Loan Funding	101 S. Tryon Street, Charlotte, NC
Club at Danforth	GE	Danforth Apartment Owners, LLC (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, NC
Cobblestone at Eagle Harbor		Vineyard at Eagle Harbor, LLC	200 West Cypress Creek Rd, Suwanee, GA
Cobblestone at Eagle Harbor	Tarragon Corporation	Tarragon Corporation / Benefiting Vinyard at Eagle Harbor / Mgd by TMI	261 Madison Ave, New York, NY
Dogwood	Dogwood Hills Apartments LLC	Dogwood Hills Apartments LLC dba Dogwood Hills Apts managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, CT
Dogwood Hills	GE	Dogwood Hills Apartments, LLC (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, NC
Exchange	Exchange Tarragon LLC	Exchange Tarragon LLC	261 Madison Ave, New York, NY
Forest Park	GE	Forest Park Tarragon, LLC (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, NC
Forest Park	Forest Park Tarragon LLC	Forest Park Tarragon LLC dba Forest Park Apts managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, CT
French Villa	Pacific West	Pacific West Management Benefiting French Villa Mgd by Pacific West Mgmt	261 Madison Ave, New York, NY
GE Ansonia Pool - Master	Tarragon Corporation	Tarragon Corporation Managed by TMI GE Ansonia Pool Master Account	101 S. Tryon Street, Charlotte, NC
GE Ansonia Pool - Master	Tarragon Corporation	Tarragon Corporation Managed by TMI GE Ansonia Pool Master Account	500 Ross Street, Pittsburgh, PA
GE Ansonia Pool - Various Properties	Tarragon Corporation	Tarragon Corporation Managed by TMI GE Ansonia Pool Various Properties NEW	500 Ross Street, Pittsburgh, PA
Groton Towers	GE	Ansonia Acquisitions I, LLC (GE Portfolio - Ansonia Mezzco, LLC)	
Groton Towers	Ansonia Acquisitions I LLC	Ansonia Acquisitions I LLC dba Groton Towers managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, CT
Gull Harbor	Tarragon Corporation	Tarragon Corporation / Benefiting Gull Harbor / Mgd by TMI	101 S. Tryon Street, Charlotte, NC
Gull Harbor	Tarragon Corporation	Tarragon Corporation / Benefiting Gull Harbor / Mgd by TMI	261 Madison Ave, New York, NY
Gull Harbor	Gull Harbor Apartments LLC	Gull Harbor Apartments LLC dba Gull Harbor Apts managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, CT
Gull Harbor Condo Association	HOA	Gull Harbor Condo Association	101 S. Tryon Street, Charlotte, NC
Gull Harbor Condo Association - Reserve Account	HOA	Gull Harbor Condo Association Reserve Account	101 S. Tryon Street, Charlotte, NC
Hamden Center	Hamden Center Apartments LLC	Hamden Center Apartments LLC dba hamden Center managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, CT
Hamden Centre	GE	Hamden Centre Apartments, LLC (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, NC
Harbor Green	GE	Tarragon Corporation / Benefiting Harbour Green/ Managed by TMI	101 S. Tryon Street, Charlotte, NC
Harbor Green	RI Panama City, LLC	RI Panama City, LLC - Harbor Green	101 S. Tryon Street, Charlotte, NC
Harbor Green	RI Panama City, LLC	RI Panama City, LLC - Harbor Green	261 Madison Ave, New York, NY
Heather Hills	GE	Heather Limited Partnership (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, NC
Heather Hills	Tarragon Corporation	Tarragon Corporation / Benefiting Heather Hills / Managed by TMI	261 Madison Ave, New York, NY
Heather Hills	Heather Limited Partnership	Heather Limited Partnership (SD CD)	261 Madison Ave, New York, NY
Hoboken Cinema (Block 114)		Hoboken Cinema LLC	8080 North Central Expressway, Charlotte, NC
Hoboken Cinema (Block 114)		Hoboken Cinema LLC	8080 North Central Expressway, Charlotte, NC
Keane Stud	Keane Stud Management, LLC	Keane Stud Management, LLC	PO Box 250, 5094 Routh 22, Amherst, NY
Lakeview Apartments	GE	Ansonia Acquisitions I, LLC (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, NC
Lakeview Apartments	Ansonia Acquisitions I LLC	Ansonia Acquisitions I LLC dba Lakeview Apts. managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, CT
Liberty Building	GE	Ansonia Liberty, LLC (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, NC
Liberty Building	Ansonia Liberty LLC	Ansonia Liberty LLC dba Liberty Bldg managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, CT
Links at Georgetown	GE	Tarragon Savannah I & II, LLC (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, NC



Pacific West Management - CDA	Tarragon Corporation	Tarragon Corporation Managed by Pacific West Management Inc.-CDA	6000 Feldwood Rd, College Park
Pacific West Management - CDA	Tarragon Corporation	Tarragon Corporation Managed by Pacific West Management Inc.-CDA	500 Ross Street, Pittsburgh, PH
Parkview	GE	Tarragon Corporation Benefiting parkview managed by TMI	101 S. Tryon Street, Charlotte, N
Parkview	Ansonial Acquistions I LLC	Ansonia Acquisitions I LLC dba Parkview managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, C
River City Landing	GE	Heron Cove National, Inc (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, N
Sagamore Hills	GE	Ansonia Acquisitions I, LLC (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, N
Sagamore Hills	Ansonial Acquistions I LLC	Ansonia Acquisitions I LLC dba Sagamore Hills managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, C
Southern Elm	Pacific West	Pacific West Management Benefiting Southern Elm Mgd by Pacific West Mgmt	261 Madison Ave, New York, NY
Stonecrest (Manson Pike - TH)	Tarragon Stonecrest LLC	Tarragon Stonecrest LLC	8080 North Central Expressway,
Stonecrest (Manson Pike - TH)	Tarragon Stonecrest LLC	Tarragon Stonecrest LLC (L/C)	8080 North Central Expressway,
Stonecrest (Manson Pike - TH)	Tarragon Corporation	Tarragon Corporation benefiting Stonecrest managed by TMI Depository Account	261 Madison Ave, New York, NY
Summit on the Lake	Pacific West	Pacific West Management Benefiting Summitt on the Lake Mgd by Pacific West Mgmt	261 Madison Ave, New York, NY
Tarragon Corporation - Mutual of Omaha	Tarragon Corporation	Tarragon Corporation	1620 Dodge Street, Stop 2254, C
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation - Securities Stock Repurchase	
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation	2100 West Cypress Creek Rd, F
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation Benefiting Tarragon Corp. Dallas	101 S. Tryon Street, Charlotte, N
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation - HB Master	101 S. Tryon Street, Charlotte, N
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation	200 West Cypress Creek Rd, Su
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation	261 Madison Ave, New York, NY
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation Benefiting Tarragon Corporation Dallas	261 Madison Ave, New York, NY
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation - MM	261 Madison Ave, New York, NY
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation OHP Proceeds	261 Madison Ave, New York, NY
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation - Sweep	261 Madison Ave, New York, NY
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation (master)	934 Silver Lane, East Hartford, C
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation	1525 West W. T. Harris Blvd, Ch
Tarragon Corporation	TMI	Tarragon Corporation	1525 West W. T. Harris Blvd, Ch
Tarragon Corporation	Tarragon Corporation	Tarragon Corporation - Master	261 Madison Ave, New York, NY
Tarragon Corporation - HB Disb	Tarraogn Corporation	Tarragon Corporation HB Disbursement	500 Ross Street, Pittsburgh, PH
Tarragon Corporation - Investment	Tarragon Corporation	Tarragon Corporation - INV Master	101 S. Tryon Street, Charlotte, N
Tarragon Corporation - Payroll	Tarragon Corporation	Tarragon Corporation Benefiting Payroll Direct Deposit Taxes	101 S. Tryon Street, Charlotte, N
Tarragon Corporation - Payroll Disb	Tarragon Corporation	Tarragon Corporation Benefiting TRI Payroll mgd by Tarragon Corp CDA	500 Ross Street, Pittsburgh, PH
Tarragon Corporation - Vinland	Tarragon Corporation	Tarragon Corporation - Vinland	6000 Feldwood Rd, College Park
Tarragon Corporation - Vinland	Tarragon Corporation	Tarragon Corporation - Vinland	500 Ross Street, Pittsburgh, PH
Tarragon Corporation (Fidelity Acct)	Tarragon Corporation	Tarragon Corporation	261 Madison Ave, New York, NY
Tarragon Corporation (for NY)	Tarragon Corporation	Tarragon Corporation	245 Park Avenue, 13th Floor, Ne
Tarragon Corporation (OHP & Trio)	Tarragon Corporation	Tarragon Corporation	261 Madison Ave, New York, NY
Tarragon Corporation/OHP/Trio	Tarragon Corporation	Tarragon Corp - L/C Collateral Account	261 Madison Ave, New York, NY
Tarragon Development - FL Deposit	Tarragon Development Corporation	Tarragon Development Corporation - FL Dep	261 Madison Ave, New York, NY
Tarragon Development Corporation	Tarragon Development Corporation	Tarragon Development Corporation - OHP Proceeds	261 Madison Ave, New York, NY
Tarragon Management Inc	TMI	Tarragon Management Inc	8080 North Central Expressway,
Tarragon Management Inc	TMI	Tarragon Management Inc	8080 North Central Expressway,
Tarragon Management Inc	TMI	Tarragon Management Inc	8080 North Central Expressway,
Tarragon Management Inc	TMI	Tarragon Management Inc	8080 North Central Expressway,
Tarragon Management Inc	Tarragon Management, Inc.	Tarragon Management Inc / (bond - L/C)	8080 North Central Expressway,
Tarragon Management Inc.	Tarragon Corporation	Tarragon Corporation Benefiting TMI mgd by TMI CDA	6000 Feldwood Rd, College Park
Tarragon Management Inc.	Tarragon Corporation	Tarragon Corporation Benefiting TMI mgd by TMI CDA	500 Ross Street, Pittsburgh, PH
Tivoli at Deerwood	Tarragon Corporation	Tarragon Corporation / Benefiting Tivoli at Deerwood/ Mgd by TMI	
Tivoli at Deerwood	Omni Tivoli LLC	Tarragon Management Inc as agent for Omni-Tivoli, LLC dba Tivoli at Deerwood	261 Madison Ave, New York, NY
Tivoli at Deerwood (Mirabella)	Tarragon Corporation	Tarragon Corporation / Benefiting Tivoli at Deerwood/ Mgd by TMI	261 Madison Ave, New York, NY
Tradition at Palm Aire	Tradition Tarragon , LLC	Tradition Tarragon , LLC Tradition at Palm Aire managed by TMI	
Tradition at Palm Aire	Tradition Tarragon , LLC	Tradition Tarragon , LLC Tradition at Palm Aire managed by TMI	261 Madison Ave, New York, NY
Trio (Palisades Park) West	The Park Development West LLC	The Park Development West LLC	2727 East Imperial Hwy, Brea, C
Twelve Oaks at Fenwick	Tarragon Corporation	Tarragon Corporation / BenefitingTwelve Oaks at Fenwick / Mgd by TMI	261 Madison Ave, New York, NY
Twelve Oaks at Fenwick	Tarragon Corporation	Tarragon Corporation	101 S. Tryon Street, Charlotte, N
Via Lugano	Northland	Tarragon Lugano LLC fbo Barclays Capital Real Estate Inc dba Via Lugano	1525 West W. T. Harris Blvd, Ch
Vintage @Legacy	Tarragon Corporation	Tarragon Corporation - managed by TMI GE Ansonia Pool - Vintage at Legacy	6000 Feldwood Rd, College Park
Vintage @Legacy	Tarragon Corporation	Tarragon Corporation - managed by TMI GE Ansonia Pool - Vintage at Legacy	500 Ross Street, Pittsburgh, PH
Vintage at Plantation Bay	GE	Plantation Bay Apartments, LLC (GE Portfolio - Ansonia Mezzco, LLC)	101 S. Tryon Street, Charlotte, N
Vintage at the Grove	Manchester Tolland Development LLC	Manchester Tolland Development LLC/Benefiting Vintage at the Grove/Mgd by TMI	261 Madison Ave, New York, NY
Vintage at the Grove	Manchester Tarragon LLC	Manchester Tarragon LLC dba Vintage At the Grove managed by TMI- SD Escrow Account	934 Silver Lane, East Hartford, C



# Tarragon Corporation Cash Management Structure – Signature Bank



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  
Michael D. Sirota, Esq.  
Warren A. Usatine, Esq.  
(201) 489-3000  
(201) 489-1536 Facsimile  
Proposed Attorneys for Tarragon Corporation, *et al.*,  
Debtors-in-Possession

In re:

TARRAGON CORPORATION, *et al.*,

Debtors-in-Possession.

Case Nos. 09-

Hearing Date: January \_\_\_\_, 2009

Judge:

**ORDER: (A) AUTHORIZING THE DEBTORS TO CONTINUE USING THEIR EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND BUSINESS FORMS; (B) AUTHORIZING CONTINUED INTERCOMPANY ARRANGEMENTS AND HISTORICAL PRACTICES; AND (C) WAIVING COMPLIANCE WITH INVESTMENT GUIDELINES UNDER 11 U.S.C. § 345(b)**

The relief set forth on the following pages, numbered two (2) through four (4), is hereby **ORDERED**.

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Debtors: TARRAGON CORPORATION, *et al.*  
Case Nos: 09-  
Caption of Order: ORDER: (A) AUTHORIZING THE DEBTORS TO CONTINUE USING THEIR EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND BUSINESS FORMS; (B) AUTHORIZING CONTINUED INTERCOMPANY ARRANGEMENTS AND HISTORICAL PRACTICES; AND (C) WAIVING COMPLIANCE WITH INVESTMENT GUIDELINES UNDER 11 U.S.C. § 345(b)

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THIS MATTER having been opened to the Court by Cole, Schotz, Meisel, Forman & Leonard, P.A., proposed attorneys to Tarragon Corporation, *et al.*, the within debtors and debtors-in-possession (collectively, the “Debtors”),<sup>1</sup> upon motion for entry of an Order: (a) authorizing the Debtors to continue using their existing cash management system, bank accounts and business forms; (b) authorizing continued intercompany arrangements and historical practices; (c) waiving compliance with investment guidelines under 11 U.S.C. § 345(b) (the “Motion”); and it appearing that good and sufficient notice of the Motion having been provided in accordance with the Order Regarding Application for Expedited Consideration of First Day Matters previously entered by the Court, as evidenced by the Affidavit of Service filed with the Court; and the Court having considered all the motion papers, the opposition thereto, if any, and the arguments of counsel, if any; and the Court having determined that the relief requested in the

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<sup>1</sup> The Debtors are Tarragon Corporation, Tarragon Development Corporation, Tarragon South Development Corp., Tarragon Development Company LLC, Tarragon Management, Inc., Bermuda Island Tarragon LLC, Orion Towers Tarragon, LLP, Orlando Central Park Tarragon 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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Debtors: TARRAGON CORPORATION, *et al.*  
Case Nos: 09-  
Caption of Order: ORDER: (A) AUTHORIZING THE DEBTORS TO CONTINUE USING THEIR EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND BUSINESS FORMS; (B) AUTHORIZING CONTINUED INTERCOMPANY ARRANGEMENTS AND HISTORICAL PRACTICES; AND (C) WAIVING COMPLIANCE WITH INVESTMENT GUIDELINES UNDER 11 U.S.C. § 345(b)

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Motion is in the best interests of the Debtors, their estates and creditors; and other good cause having been shown,

IT IS ORDERED as follows:

1. The Debtors are hereby authorized, on an interim basis for the next sixty (60) days, to maintain, in their sole discretion, the Cash Management System<sup>2</sup> and the Bank Accounts set forth on Exhibit A to Application, instead of opening debtor-in-possession accounts.

2. The Debtors are hereby authorized to continue performing under and honoring their respective obligations and commitments in Intercompany Transactions in the ordinary course of business, including the payment of invoices of non-debtor affiliated entities relating to the pre-Filing Date period.

3. The Debtors are hereby authorized to refund tenant security deposits in the ordinary course of business.

4. The requirements of 11 U.S.C. § 345(b) are hereby waived, on an interim basis for the next sixty (60) days.

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<sup>2</sup> Capitalized terms not otherwise defined in this Order shall have the meaning ascribed in the Verified Application submitted in support of the Motion (the “Application”).

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Debtors: TARRAGON CORPORATION, *et al.*  
Case Nos: 09-  
Caption of Order: ORDER: (A) AUTHORIZING THE DEBTORS TO CONTINUE USING THEIR EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND BUSINESS FORMS; (B) AUTHORIZING CONTINUED INTERCOMPANY ARRANGEMENTS AND HISTORICAL PRACTICES; AND (C) WAIVING COMPLIANCE WITH INVESTMENT GUIDELINES UNDER 11 U.S.C. § 345(b)

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5. If the Office of the United States Trustee (“UST”) does not file a written objection within sixty (60) days from the date hereof, the Debtors shall be authorized to maintain and utilize the Cash Management System and Bank Accounts on a permanent basis, without compliance with the investment guidelines set forth in 11 U.S.C. § 345(b). If the UST files a written objection within the sixty (60) day period, the Court will schedule the matter for a hearing. In such event, the Debtors shall be authorized to maintain the Cash Management System and Bank Accounts, and shall be excused from opening debtor-in-possession accounts, pending further Order of the Court.

6. If the Debtors open any new bank or other accounts, they shall provide the UST with notice of same within seven (7) days thereof. The UST shall have sixty (60) days to object thereto.

7. The Debtors are authorized to continue using their existing Business Forms without alteration or change.

8. The Debtors’ proposed counsel shall serve a copy of this Order on all parties-in-interest by regular mail within seven (7) days hereof.