

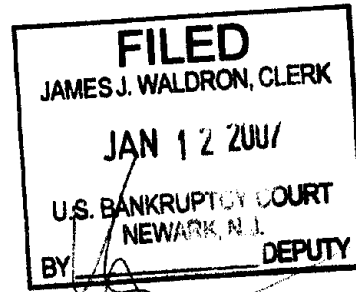
UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

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

In re:

TARRAGON CORPORATION, *et al.*,

Debtors-in-Possession.



Case Nos. 09- 10555

Judge: DHS


Chapter 11

Hearing Date: January __, 2009

ORDER GRANTING THE DEBTORS RELIEF FROM AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362(d)(1), TO THE EXTENT APPLICABLE, TO ALLOW THE DEBTORS AND THIRD PARTIES TO CONTINUE PENDING ARBITRATION AND STATE COURT PROCEEDINGS

The relief set forth on the following pages, numbered two (2) and three (3), is hereby **ORDERED**.

Jan. 12, 2009


USBJ



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Debtor: TARRAGON CORPORATION, *et al.*,
Case No. 09-
Caption of Order: ORDER GRANTING THE DEBTORS RELIEF FROM AUTOMATIC
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TO CONTINUE PENDING ARBITRATION AND STATE COURT
PROCEEDINGS

THIS MATTER having been opened to the Court by Tarragon Development Corporation, LLC and Central Square Tarragon LLC, two (2) of the within debtors and debtors-in-possession (collectively, the “Debtors”), by and through their proposed attorneys, Cole, Schotz, Meisel, Forman & Leonard, P.A., upon motion for entry of an Order granting the Debtors relief from the automatic stay to pursuant to 11 U.S.C. § 362(d)(1), to the extent applicable, to allow the Debtors and third parties to continue pending arbitration and state court proceedings (the “Motion”);¹ and good and sufficient notice of the hearing on 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 the Motion, the opposition thereto, if any, and the arguments of counsel; and good cause appearing for the entry of this Order,

IT IS ORDERED as follows:

1. Pursuant to 11 U.S.C. § 362(d)(1), the automatic stay, to the extent applicable, is vacated to allow the Litigations to continue.

¹ All capitalized terms shall have the meanings ascribed to them in the Verified Application submitted in support of the Motion.

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2. Notwithstanding the relief in paragraph 1 of this Order, SDC shall be entitled to proceed with the Alta Mar Arbitration Demand up to entry of a judgment against Tarragon Dev. Corp. with any further relief subject to further order of this Court.

3. The Debtors' proposed counsel shall serve a copy of this Order on all parties-in-interest within seven (7) days.