

WBT LLC

October 8, 2015

Re: *In re: Tarragon Corporation*, Case No. 09-10555 (MBK)
In re: Tarragon Development Corporation, Case No. 09-10553 (MBK)
In re: Tarragon South Development Corp., Case No. 09-10578 (MBK)
In re: Tarragon Development Company LLC, Case No. 09-10575 (MBK)

To: Holders of allowed unsecured non-priority claims against Tarragon Corporation, Tarragon Development Corporation, Tarragon South Development Corp., and Tarragon Development Company LLC (collectively, the “Parent Debtors”):

WBT LLC is the Liquidating Trustee (the “Trustee”) of the Tarragon Creditor Entity (the “TCE”), which was formed pursuant to the Second Amended and Restated Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated May 11, 2010 (the “Plan”) for Tarragon Corporation and its affiliated debtors and debtors in possession (the “Debtors”). Copies of the Plan and other important documents are available at the Debtors' informational website: <http://www.kccllc.net/tarragon>.

Distribution Information

You are receiving this Distribution Notice because the records of the TCE reflect that you hold an allowed unsecured non-priority claim against one of the Parent Debtors – a claim in Class 2B(ii), 3B(ii), 4B(ii), or 5B(ii) of the Plan – and the Trustee is preparing to make a second interim distribution on account of such claims.¹ By Order dated October 21, 2010, the United States Bankruptcy Court for the District of New Jersey entered an order (the “Protocol Order”) approving the implementation of a distribution protocol (the “Distribution Protocol”) in furtherance of the Plan. A copy of the Distribution Protocol is enclosed with this Distribution Notice.²

Among other things, the Distribution Protocol requires the Trustee to deliver this Distribution Notice to you advising you of a Proposed Distribution. Except for any creditor that has agreed to different treatment, the second interim distribution is expected to equal **6.5%** of your allowed unsecured non-priority claim against the Parent Debtors. This distribution is intended to serve as an interim distribution. At this time, the Trustee anticipates making another distribution on account of allowed unsecured non-priority claims against the Parent Debtors. However, the amount and timing of any subsequent distribution or distributions is unknown at this time.

¹ The first interim distribution was made in December 2013.

² Capitalized terms used herein and not defined have the meanings given to them in the Distribution Protocol.



If you dispute this Proposed Distribution, you must file a Distribution Objection in accordance with the procedures set forth in the Distribution Protocol or you will be forever barred and estopped from challenging the amount of this distribution.

Taxpayer Identification

The Trustee has previously collected required taxpayer information from holders of allowed unsecured non-priority claims against the Parent Debtors. Accordingly, unless you are contacted by the Trustee after receiving this Distribution Notice, you do not need to provide any additional documentation to the Trustee at this time.

If you have any questions regarding the Proposed Distribution, please contact Brian P. Guiney (bguiney@pbwt.com; 212-336-2305).

Thank you for your cooperation.

With kind regards,

WBT LLC, fbo Tarragon Creditor Entity

TCE LIQUIDATING TRUSTEE DISTRIBUTION PROTOCOL:

Distribution Information

- At least 15 but not more than 45 days prior to making a distribution to holders of Allowed Claims, other than Administrative Expense Claims, against a particular Debtor (a “Proposed Distribution”), the Trustee shall cause a notice to be mailed to each such holder (a “Distribution Notice”).
- The Distribution Notice shall contain the following information: (a) the percentage distribution to holders of Allowed Claims that the Trustee intends to make pursuant to the current distribution (including the percentage distribution to be paid to holders of priority claims, if any) (the “Distribution Dividend”), (b) whether the current distribution is expected to be an interim or a final distribution (if known), (c) if the current distribution is intended to be an interim distribution, when the Trustee expects to make the next distribution to holders of Allowed Claims against this particular Debtor (if known), (d) a copy of this Distribution Protocol, and (e) such other information as the Trustee deems appropriate.
- The Distribution Notice may also include a statement that the distributions owing to certain holders of Allowed Claims are being held back by the Trustee pursuant to section 502(d) of the Bankruptcy Code.
- Any holder of an Allowed Claim that objects to the Distribution Dividend must file an objection (a “Distribution Objection”) with the Bankruptcy Court within 10 days of the date of the Distribution Notice. The scope of a Distribution Objection shall be limited to the amount and timing of the Proposed Distribution. No party may re-litigate the amount, priority or validity of its Claim in connection with a Distribution Objection.
- Each Distribution Objection shall conform with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules of the United States Bankruptcy Court for the District of New Jersey (the “Local Rules”), shall be filed with the Clerk of the Bankruptcy Court, P.O. Box 1352, Newark, New Jersey 07101 and, pursuant to Local Rule 9013-1(d), shall be served upon the undersigned so as to be received **not later than 4:00 p.m. (prevailing New York time)** on the date that is 10 days after the date of the Distribution Notice.
- If the Trustee receives a Distribution Objection, then it shall consult with the objecting party in an effort to promptly resolve such objection. If the parties are unable to resolve the Distribution Objection, the Trustee shall schedule a hearing with the Bankruptcy Court. The Trustee may, in his sole discretion, withhold the Proposed Distribution until the Distribution Objection is either withdrawn or resolved by an order of the Bankruptcy Court.
- If the Trustee does not receive any Distribution Objections within 10 days of the date of a Distribution Notice, then the Trustee shall be entitled to make the Proposed Distribution, and all recipients of the Distribution Notice shall be forever barred and estopped from challenging the amount of the distribution.