

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

IN RE:)	Chapter 11
)	
OAKWOOD HOMES CORPORATION,)	Case No. 02-13396 (PJW)
<u>et al.</u> ,)	
Debtors.)	Jointly Administered
)	
)	Hearing Date: March 27, 2003 @ 2:00 p.m.
)	Obj. Deadline: March 20, 2003 @ 4:00 p.m.

**APPLICATION OF DEBTORS TO RETAIN AND EMPLOY
DON HOBBS REALTY AS REAL ESTATE CONSULTANT,
NUNC PRO TUNC TO DECEMBER 26, 2002**

Oakwood Homes Corporation, et al., debtors and debtors in possession (the “Debtors”) in the above-referenced Chapter 11 cases, hereby files their application to retain and employ Don Hobbs Realty (“Hobbs”) as Real Estate Consultant (the “Application”) pursuant to section 327(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), *nunc pro tunc* to December 26, 2002. In support of this Application, the Debtors respectfully represent as follows:

JURISDICTION

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2). Venue of these proceedings and this Application is proper pursuant to 28 U.S.C. §§1408 and 1409.

2. The statutory basis for the relief requested herein are sections 327, 328 and 331 of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016.

BACKGROUND

3. On November 15, 2002 (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are operating their businesses as debtors in possession.

4. On December 2, 2002, the United States Trustee appointed an Official Committee of Unsecured Creditors (the "Committee"). No trustee or examiner has been appointed in these cases.

5. The Debtors, along with their non-debtor affiliates and subsidiaries, are in the business of designing, manufacturing, marketing and financing manufactured and modular homes. For over three years, the Debtors have undertaken specific, proactive efforts designed to counter deteriorating financial performance. The Debtors developed a strategy to reduce overhead and create and improve their cash flow. The principal element of these efforts was a contraction of operations from a peak of over 425 sales centers and 34 plants to the currently planned 119 sales centers and 14 plants. Additionally, the Debtors aggressively cut costs, tightened underwriting standards, deferred capital spending wherever practicable and embarked on a significant inventory reduction program.

6. Outside of bankruptcy, the Debtors have been unable to accomplish all the restructuring needed due to its current high debt load, poor operating performance in certain geographic markets, high credit losses coupled with subordination of the loan servicing revenue. The Debtors have been negotiating for an extended period of time with their principal lenders and largest bondholder to develop a consensual, negotiated bankruptcy process designed to allow the Debtors to emerge as a leaner, profitable enterprise.

7. In connection with the Debtors' restructuring and consolidation efforts set forth above, the Debtors have significant real estate assets which they plan to sell or otherwise dispose of for the benefit of their estates and creditors.

RELIEF REQUESTED

8. By this Application, the Debtors seek authority to employ and retain Hobbs as Real Estate Consultant for the Debtors *nunc pro tunc* to December 26, 2002.

9. Hobbs is a real estate consulting firm located in Gainesville, Texas. The Debtors have selected Hobbs as Real Estate Consultant because of (i) its knowledge of the Debtors' property in and around Gainesville, Texas and the potential pool of investors who may be interested in purchasing that property, and (ii) its experience and knowledge in assisting debtors, creditors and other parties-in-interest in Chapter 11 proceedings deal with all facets of real estate matters, including sale of real estate holdings (including fee and leasehold interests) and re-negotiation of leases to facilitate debtor's efforts to become profitable, ongoing concerns. In these respects, the Hobbs consultants who will work with the Debtors have the specialized knowledge necessary to maximize the value of the Debtors' assets for the benefit of their estates and their creditors; and have assisted numerous companies in turning around their businesses, including companies involved in Chapter 11 cases such as these cases. Thus, Hobbs is well qualified to assist the Debtors as they evaluate their assets, restructure their businesses and formulate a plan of reorganization.

10. Hobbs will be retained and compensated in accordance with the Commercial Real Estate Listing Agreement (the "Agreement") entered into by the parties and dated August 28, 2002, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

11. The Debtors believe the services of Hobbs are necessary to enable them to

faithfully execute their duties as Chapter 11 debtors in possession. Subject to further order of this Court, Hobbs will render, among others, the following professional services to the Debtors:

- (a) to market and sell the leased building listed on the Agreement.

The Debtors and Hobbs agree that upon their mutual consent, additional sites may be added to the Agreement.

12. Hobbs has indicated a willingness to represent the Debtors on the terms and conditions set forth in this Application.

13. Hobbs has been paid a retainer in the amount of \$0 for its representation of the Debtors during the course of these Chapter 11 cases.

14. To the best of the Debtors' knowledge, Hobbs is not a pre-petition creditor of the Debtors. To the best of the Debtors' knowledge, Hobbs has not received any payment within the year preceding the Petition Date. Accordingly, it is the Debtors' belief that Hobbs holds no interest materially adverse to the interest of the Debtors' estates or any class of creditors or equity security holders, by reason of any direct or indirect relationship to, or connection with, or interest in, the Debtors, or their investment bankers, or for any other reason.

15. To the best of the Debtors' knowledge, Hobbs, its partners, shareholders, associates and/or employees, as applicable do not have any connection with the Debtors, their estates, creditors, or their respective attorneys *except* as set forth in the Affidavit of Don Hobbs, the President of Hobbs (the "Hobbs Affidavit"), attached hereto as Exhibit B and incorporated herein by reference.

(REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY)

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit C (i) authorizing the Debtors to retain and employ Hobbs, pursuant to the terms and conditions set forth herein, to represent the Debtors as Real Estate Consultant in connection with the Debtors' Chapter 11 cases, and (ii) granting the Debtors such other and further relief as this Court may deem just and proper.

Dated: Wilmington, Delaware
February 25, 2003

MORRIS, NICHOLS, ARSHT & TUNNELL

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