

Debtors' Motion for an Order Pursuant to Sections 363(b) of the Bankruptcy Code Authorizing TOUSA Homes, Inc. and Centex Real Estate Corporation to Enter into an Agreement to Sell Membership Interests in Centex/TOUSA at Wellington, LLC (the "Centex Motion").

By the Centex Motion, the Debtors seek entry of an order authorizing TOUSA Homes, Inc. ("TOUSA Homes") to enter into an agreement (the "Sale Agreement") with Centex Real Estate Corporation ("CREC") for, among other things, the sale of TOUSA Homes' membership interests and certain residential lots in Centex/TOUSA at Wellington, LLC, a joint venture (the "JV") between Centex Homes ("Centex") and TOUSA Homes.

On November 14, 2005, TOUSA Homes and Centex entered into a joint venture agreement (the "LLC Agreement") for the purpose of acquiring and developing real estate, primarily in Florida. The JV is funded by a loan in the principal amount of \$50,400,000 (the "Loan") from PNC Bank, National Association ("PNC"). The current amount outstanding under the Loan is in excess of \$35,250,000, but the Debtors estimate that the value of the JV's assets is substantially less than the amount due under the Loan. In connection with the Loan, TOUSA, Inc. ("TOUSA") entered into the following agreements (the "Guarantees") in favor of PNC: (i) a completion guarantee; (ii) a repayment guarantee; and (iii) an environmental indemnity. As a result of these Guarantees, PNC filed proofs of claim asserting unliquidated general unsecured claims against TOUSA Homes and TOUSA (the "PNC Claims").

In connection with the Debtors' revised business plan, TOUSA Homes has agreed to sell its membership interests in the JV (the "Membership Interests") and 44 residential lots in the Wellington development (the "TOUSA Lots") to CERC in accordance with the Sale Agreement. The key provisions of the Sale Agreement provide as follows:

- CREC will pay TOUSA Homes \$1,100,000 in exchange for all of TOUSA Homes' Membership Interests in the JV and its right, title and interest in the TOUSA Lots, free and clear of all claims, liens, pledges, restrictions, encumbrances and interests.
- CREC will deliver to TOUSA Homes the documents reasonably necessary to withdraw the PNC Claims, and a written release of TOUSA from any liability under the Guarantees (the "Release").
- CREC shall deliver to TOUSA Homes such documents as are reasonably necessary to withdraw proofs of claim #1804 and #1861 filed by Centex in the Debtors' chapter 11 cases.
- CREC and TOUSA Homes shall enter into mutual releases from their respective liabilities under the Credit Agreement and the Loan and any other liability under the LLC Agreement with respect to the JV.

The Debtors believe that, given their business plan, entry into the Sale Agreement is the best way to maximize value for the estates.

A hearing on the Centex Motion has been scheduled for May 28, 2009, with a corresponding objection deadline of May 22, 2009.