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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION
www.flsb.uscourts.gov**

In re:) Chapter 11 Cases
) Case No. 08-10928-JKO
TOUSA, INC., *et al.*,) Jointly Administered
)
Debtors.)

JOINT PLAN OF LIQUIDATION OF TOUSA, INC. AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

July 16, 2010 VERSION OF PROPOSED PLAN

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Dated: July 16, 2010

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JOINT PLAN OF LIQUIDATION OF TOUSA, INC. AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

The Official Committee of Unsecured Creditors of TOUSA, Inc., *et al.*, hereby respectfully proposes the following joint plan under chapter 11 of the Bankruptcy Code:

ARTICLE I.

RULES OF INTERPRETATION, COMPUTATION OF TIME, GOVERNING LAW AND DEFINED TERMS

A. Rules of Interpretation, Computation of Time and Governing Law

1. For purposes of this document: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, lease, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document or exhibit having been filed or to be filed shall mean that document or exhibit, as it may thereafter be amended, modified or supplemented; (d) unless otherwise specified, all references herein to “Articles” are references to Articles hereof or hereto; (e) unless otherwise stated, the words “herein,” “hereof” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, lease, instrument, release, indenture or other agreement or document entered into expressly in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the state of New York, without giving effect to the principles of conflict of laws thereof.

B. Defined Terms

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. “*2007 Federal Tax Refund*” means the Debtors’ federal tax refund of approximately \$207 million attributable to the carryback of net operating losses from the tax year 2007, which is encumbered only by the Liens of the First Lien Revolver Claims at TOUSA.

2. “*2008 Federal Tax Refund*” means the Debtors’ federal tax refund of approximately \$97.1 million attributable to the carryback of net operating losses from the tax year 2008, which is an unencumbered asset of TOUSA.

3. “*510 Claims*” means Claims against each of the Plan Debtors that are subordinated pursuant to section 510(b) or 510(c) of the Bankruptcy Code.

4. “*Accrued Professional Compensation*” means, at any given moment, all accrued, contingent and/or unpaid fees and expenses (including, without limitation, success fees) for legal, financial advisory, accounting and other services and reimbursement of expenses that are awardable and allowable under sections 328, 330(a) or 331 of the Bankruptcy Code and were rendered before the Effective Date by any Retained Professional in the Chapter 11 Cases, or that are awardable and allowable under section 503 of the Bankruptcy Code, that has not been denied by a Final Order, all to the extent that any such fees and expenses have not been previously paid (regardless of whether a fee application has been filed for any such amount). To the extent that the Bankruptcy Court or any higher court denies or reduces by a Final Order any amount of a Retained Professional’s fees or expenses, then those reduced or denied amounts shall no longer constitute Accrued Professional Compensation.

5. “*Administrative Claim*” means any Claim against a Plan Debtor for costs and expenses of administration of the Estates under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary costs and expenses, incurred after the applicable Petition Date, of preserving the respective Estates and operating the businesses of the Plan Debtors; (b) Allowed Professional Compensation; (c) all U.S. Trustee Fees; (d) Allowed reimbursable expenses of Committee Members; (e) Postpetition Intercompany Claims; and (f) Allowed Claims under section 503(b)(9) of the Bankruptcy Code.

6. “*Administrative Claims Bar Date*” means the Initial Administrative Claims Bar Date and the Final Administrative Claims Bar Date, as applicable and as defined in Article II.A.2 hereof.

7. “*Allowed*” means, with reference to any Claim against a Plan Debtor, (a) any Claim that has been listed by the Plan Debtors in their Schedules, as such Schedules may be amended from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not Disputed or contingent and for which no contrary Proof of Claim, objection, or request for estimation has been filed on or before any applicable objection deadline, if any, set by the Bankruptcy Court or the expiration of such other applicable period fixed by the Bankruptcy Court, (b) any Claim that is not Disputed, (c) any Claim that is compromised, settled, or otherwise resolved pursuant to the authority granted to the Plan Debtors, the Committee or the Liquidation Trust, as the case may be, pursuant to a Final Order of the Bankruptcy Court, or (d) any Claim that has been allowed hereunder or by Final Order; provided, however, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed Claims” hereunder.

8. “*Allowed Professional Compensation*” means all Accrued Professional Compensation Allowed or awarded from time to time by an order of the Bankruptcy Court or any other court of competent jurisdiction.

9. “*Ballots*” means the ballots accompanying the Disclosure Statement upon which holders of impaired Claims entitled to vote shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the procedures governing the solicitation process.

10. “*Bankruptcy Code*” means title 11 of the United States Code.

11. “*Bankruptcy Court*” means the United States Bankruptcy Court for the Southern District of Florida, Fort Lauderdale Division, having jurisdiction over the Chapter 11 Cases and, to the extent of any withdrawal of the reference under section 157 of title 28 of the United States Code, the District Court.

12. “*Bankruptcy Rules*” means the Federal Rules of Bankruptcy Procedure promulgated under 28 U.S.C. § 2075 and the local rules of the Bankruptcy Court.

13. “*Beacon Hill*” means Beacon Hill at Mountain’s Edge, LLC.

14. “*Beacon Hill Bar Date*” means October 22, 2008.

15. “*Beacon Hill Governmental Bar Date*” means January 26, 2009.

16. “*Business Day*” means any day other than a Saturday, Sunday or “legal holiday” (as defined in Bankruptcy Rule 9006(a)).

17. “*Cash*” means the legal tender of the United States of America or the equivalent thereof, including, without limitation, bank deposits, checks and cash equivalents.

18. “*Cash Collateral Order*” means the *Stipulated Final Order (I) Authorizing Limited Use of Cash Collateral Pursuant to Sections 105, 361 and 363 of the Bankruptcy Code, and (II) Granting Replacement Liens, Adequate Protection and Super Priority Administrative Expense Priority to Secured Lenders*, dated June 20, 2008 [D.E. # 1226], as extended and modified by subsequent orders of the Bankruptcy Court [D.E. # 2402, 2726, 3207, 3480, 5580].

19. “*Causes of Action*” means all actions, causes of action, Claims, liabilities, obligations, rights, suits, debts, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other Claims, Disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect/derivative, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event.

20. “*Chapter 11 Cases*” means (a) when used with reference to a particular Debtor, the case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court and (b) when used with reference to all Debtors, the chapter 11 cases pending for the Debtors in the Bankruptcy Court, which are being jointly administered under case number 08-10928-JKO. Where the context requires, the term Chapter 11 Cases refers to the chapter 11 cases pending for the Debtors or the Plan Debtors, as applicable.

21. “*Chinese Drywall Claims*” means prepetition Claims against the Plan Debtors related to alleged damages from defective drywall manufactured in China.

22. “*Claim*” has the meaning set forth in section 101(5) of the Bankruptcy Code.

23. “*Claims Bar Date*” means, as applicable, (a) May 19, 2008, (b) the Governmental Bar Date, (c) the Beacon Hill Bar Date, (d) the Beacon Hill Governmental Bar Date, (e) the Initial Administrative Claims Bar Date, (f) the Lien Claims Bar Date, (g) the Customer Claims Bar Date, or (h) such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court for the filing of certain Claims.

24. “*Claims Objection Deadline*” means, for each Claim, 180 days after the Effective Date or such later date as may be otherwise ordered by the Bankruptcy Court.

25. “*Citicorp*” means Citicorp North America, Inc.

26. “*Claims Register*” means the official register of Claims maintained by the Voting and Claims Agent.

27. “*Class*” means a category of holders of Claims or Equity Interests, as set forth in Article III hereof, pursuant to section 1122(a) of the Bankruptcy Code.

28. “*Committee*” means the statutory committee of unsecured creditors of the Debtors appointed by the U.S. Trustee in the Chapter 11 Cases on February 13, 2008, pursuant to section 1102 of the Bankruptcy Code, as such may be amended by the U.S. Trustee from time to time.

29. “*Committee Action*” means the adversary proceeding [Adv. Case No. 08-01435] commenced by the Committee against the Prepetition Secured Lenders, the Transeastern Lenders and certain other parties, as such complaint and the parties thereto may be amended from time to time, and any other avoidance or equitable subordination or recovery actions under sections 105, 502(d), 510, 542 through 551, and 553 of the Bankruptcy Code or otherwise challenging the validity of transfers related to or the obligations arising from or relating to the Loan Documents and the Transeastern Settlement, including Claims and Causes of Action in connection with such adversary proceeding and any appeals relating thereto.

30. “*Committee Members*” means the members of the Committee appointed by the U.S. Trustee or by order of the Bankruptcy Court, as such appointment may be in effect or modified from time to time.

31. “*Confirmation*” means the entry of the Confirmation Order on the docket of the Plan Debtors’ Chapter 11 Cases.

32. “*Confirmation Date*” means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Plan Debtors’ Chapter 11 Cases.

33. “*Confirmation Hearing*” means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

34. “*Confirmation Order*” means the order of the Bankruptcy Court entered in the Plan Debtors’ Chapter 11 Cases confirming the Plan pursuant to section 1129 of the Bankruptcy Code, as such order may be amended from time to time.

35. “*Conveying Subsidiaries*” means the Plan Debtors other than TOUSA and Beacon Hill.

36. “*Cure Claim*” means a Claim against a Plan Debtor based upon a monetary default by any Plan Debtor under an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Plan Debtors pursuant to section 365 of the Bankruptcy Code.

37. “*Customer Claims Bar Date*” means May 14, 2010.

38. “*D&O Liability Insurance Policies*” means all insurance policies for directors and officers’ liability maintained by the Debtors as of the applicable Petition Date.

39. “*Debtor*” means one of the Debtors, in its individual capacity as a debtor in the Chapter 11 Cases.

40. “*Debtors*” means TOUSA, Beacon Hill and each of TOUSA’s subsidiaries that filed for chapter 11 protection on January 29, 2008 and whose cases are currently jointly administered in the Bankruptcy Court.

41. “*Decision*” means the October 13, 2009 judgment in the Committee Action in favor of the Committee [D.E. # 659] that was amended and replaced on October 30, 2009 [D.E. # 721].

42. “*Deficiency Claims*” means the Claims against the Plan Debtors of all secured lenders, other than the First Lien Term Loan Lenders and Second Lien Term Loan Lenders, for the portion of such lenders’ Claims that exceeds the value of such lenders’ interest in the Estates’ property securing such Claims.

43. “*Disclosure Statement*” means the *Disclosure Statement for the Joint Plan of Liquidation of TOUSA, Inc. and Its Affiliated Debtors and Debtors in Possession Under Chapter 11 of the Bankruptcy Code* dated July 16, 2010 [D.E. # _____], as amended, supplemented or modified from time to time, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, Bankruptcy Rules and any other applicable law.

44. “*Disputed*” means, with reference to any Claim against a Plan Debtor, including any portion thereof, (a) any Claim that is listed on the Schedules as unliquidated, disputed, or contingent, (b) any Claim as to which the Plan Debtors or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules or that is otherwise disputed by any Plan Debtor, the Committee or the Liquidation Trustee in accordance with applicable law, which objection, request for estimation, or dispute has not been determined by a Final Order, or (c) any Claim with respect to which a Proof of Claim was required to be filed by order of the Bankruptcy Court but as to which such Proof of Claim was not timely or properly filed.

45. “*Distribution Agent*” means any entity or entities chosen by the Committee or the Liquidation Trustee, in consultation with the Liquidation Trust Committee, which entities may include, without limitation, the Liquidation Trustee and the Indenture Trustees, to make or to facilitate distributions required by the Plan.

46. “*Distribution Date*” means any of the Initial Distribution Date or the Periodic Distribution Dates.

47. “*Distribution Record Date*” means the date for determining which holders of Allowed Claims, except holders of publicly traded instruments, are eligible to receive distributions pursuant to the Plan, which shall be the Confirmation Date or such other date as designated in the Plan or a Bankruptcy Court order.

48. “*District Court*” means the United States District Court for the Southern District of Florida.

49. “*Effective Date*” means the first Business Day following the Confirmation Date selected by the Committee on which (a) the conditions to effectiveness of the Plan set forth in Article VII of the Plan have been satisfied or otherwise waived in accordance with Article VII.C of the Plan and (b) no stay of the Confirmation Order is in effect.

50. “*Encumbered Assets*” means any of an applicable Plan Debtor’s assets encumbered by the Liens securing the First Lien Revolver Claims, the First Lien Term Loan Claims and the Second Lien Term Loan Claims, as applicable.

51. “*Equity Interest*” means any share of common stock, preferred stock or other instrument evidencing an ownership interest in any of the Plan Debtors, whether or not transferable, issued or outstanding, and any option, warrant or right, contractual or otherwise, to acquire any such interest in a Plan Debtor.

52. “*Estate*” means, as to each Debtor, the estate created for that Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

53. “*Exculpated Claim*” means any claim related to any act or omission arising from and after the Petition Date in connection with, relating to or arising out of the Plan Debtors’ postpetition restructuring efforts, the Plan Debtors’ Chapter 11 Cases, the formulation, preparation, dissemination, negotiation or filing of the Disclosure Statement or the Plan or any contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Plan Debtors’ Chapter 11 Cases, the pursuit of Confirmation, the administration and implementation of the Plan, including the issuance of Liquidation Trust Interests, or the distribution of property under the Plan or any other related agreement; *provided, however*, that Exculpated Claims shall not include any act or omission that is determined in a Final Order to have constituted gross negligence, willful misconduct or fraud. For the avoidance of doubt, no Cause of Action, obligation or liability expressly set forth in or preserved by the Plan or the Plan Supplement constitutes an Exculpated Claim.

54. “*Exculpated Parties*” means, collectively: (a) the current and former Committee Members and the advisors and attorneys for the Committee, in each case, in their capacity as such; (b) the Indenture Trustees and the advisors and attorneys for the Indenture Trustees, in each case, in their capacity as such; and (c) the Debtors’ advisors and attorneys employed as of the Petition Date or retained or employed during the Chapter 11 Cases, in each case in their capacity as such. For the avoidance of doubt, the foregoing shall not apply to the Debtors’ current and former directors and officers with respect to any litigation pending against them on the Effective Date or expressly preserved in the Plan or Liquidation Trust Agreement or any party that has entered into a tolling agreement with the Debtors.

55. “*Exculpation*” shall have the meaning set forth in Article VIII.C hereof.

56. “*Executory Contract*” means a contract to which one or more of the Plan Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

57. “*Falcone Action*” means the adversary proceeding [Adv. Case No. 10-02125] commenced by the Committee on behalf of the Debtors’ Estates against certain parties to the Transeastern Settlement, as such complaint and the parties thereto may be amended from time to time.

58. “*Fiduciary Duty Action*” means the adversary proceeding [Adv. Case No. 09-01616] commenced by the Committee on behalf of the Conveying Subsidiaries’ Estates against certain current and former directors and officers of the Debtors and other parties, as such complaint and the parties thereto may be amended from time to time.

59. “*Final Administrative Claims Bar Date*” means the date that is 45 days after the Effective Date.

60. “*Final Order*” means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, as entered on the docket in any Plan Debtor’s Chapter 11 Case or the docket of any court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal, or seek certiorari or move for a new trial, reargument or rehearing, has expired and no appeal or petition for certiorari or other proceeding for a new

trial, reargument or rehearing has been timely made, or as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Committee or, on and after the Effective Date, the Liquidation Trustee, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought, or the new trial, reargument or rehearing shall have been denied, resulted in no modification of such order or otherwise shall have been dismissed with prejudice.

61. “*First Lien Agents*” means the First Lien Revolver Agent and the First Lien Term Loan Agent.

62. “*First Lien Revolver Agent*” means Citicorp, in its capacity as administrative agent, or any successor agent under the First Lien Revolving Credit Agreement.

63. “*First Lien Revolver Claims*” means the secured portion of any Claims against the Plan Debtors derived from or based upon the First Lien Revolving Credit Agreement.

64. “*First Lien Revolver Lenders*” means holders of secured Claims arising from the First Lien Revolving Credit Agreement.

65. “*First Lien Revolving Credit Agreement*” means that certain Second Amended and Restated Revolving Credit Agreement, dated July 31, 2007, among TOUSA and certain of its subsidiaries, as borrowers and as guarantors, Citicorp, as administrative agent, and the banks, financial institutions and other lenders party thereto that provided for revolving extensions of credit of up to an aggregate principal amount of \$700 million and the other credit documents referenced therein.

66. “*First Lien Term Loan Agent*” means Citicorp, in its capacity as administrative agent, or any successor agent under the First Lien Term Loan Credit Agreement.

67. “*First Lien Term Loan Claims*” means the secured portion of all Claims against TOUSA derived from or based upon the First Lien Term Loan Credit Agreement.

68. “*First Lien Term Loan Credit Agreement*” means that certain Credit Agreement, dated July 31, 2007, among TOUSA and certain of its subsidiaries, as borrowers and as guarantors, Citicorp, as administrative agent, and the banks, financial institutions and other lenders party thereto pursuant to which first lien term loans in an aggregate principal amount of \$200 million were made and the other credit documents referenced therein.

69. “*First Lien Term Loan Lenders*” means holders of Claims arising from the First Lien Term Loan Credit Agreement.

70. “*General Unsecured Claim*” means any Unsecured Claim against any of the Plan Debtors that is not a Priority Tax Claim, Administrative Claim, Accrued Professional Compensation Claim, Senior Note Claim, Subordinated Note Claim, PIK Note Claim, Other Priority Claim, Prepetition Intercompany Claim or Lender Deficiency Claim. General Unsecured Claims include, but are not limited to, (i) any Claims derived from documented, prepetition Intercompany Notes; (ii) Chinese Drywall Claims, to the extent not covered by an insurance policy; (iii) Homeowner Claims, to the extent not covered by an insurance policy; (iv) Tort Claims, to the extent not covered by an insurance policy; and (v) Deficiency Claims.

71. “*Governmental Bar Date*” means July 28, 2008.

72. “*Homeowner Claims*” means any prepetition Claims against the Plan Debtors asserted by customers, except the Chinese Drywall Claims.

73. “*Implementation Term*” means the period following the Effective Date in which the Liquidation Trustee will substantially liquidate the Liquidation Trust Assets, except for any Liquidation Trust Causes of Action, which may be litigated after the Implementation Term at the discretion of the Liquidation Trustee and the Liquidation Trust Committee.

74. “*Indenture Trustees*” means, collectively, the Indenture Trustees for each of the series of Senior Notes, Subordinated Notes and PIK Notes.

75. “*Initial Administrative Claims Bar Date*” means May 14, 2010, the date specifically fixed by order of the Bankruptcy Court [D.E. # 5125] for the filing of Administrative Claims arising between January 29, 2008 and September 1, 2009, other than Claims for compensation of Retained Professionals.

76. “*Initial Claims Bar Date*” means May 19, 2008, the deadline specifically fixed by the Initial Claims Bar Date Order for the filing of proofs of claim against the Debtors (excluding Beacon Hill).

77. “*Initial Claims Bar Date Order*” means the *Order (A) Setting Bar Dates for Filing Proofs of Claim, (B) Approving the Form and Manner for Filing Proofs of Claim and (C) Approving Notice Thereof*, entered by the Bankruptcy Court on March 17, 2008 [D.E. # 614].

78. “*Initial Distribution Date*” means the date occurring as soon as reasonably practicable after the Effective Date when distributions under the Plan shall commence.

79. “*Initial Trust Termination Date*” means the earlier of (i) the date that is three years from the Effective Date or (ii) the date a final decree is entered in the last of the Plan Debtors’ Chapter 11 Cases.

80. “*Insurance Coverage Action*” means the adversary proceeding [Adv. Case No. 09-02281] commenced by the Debtors against certain of the Debtors’ insurance carriers whose policies may cover the claims made in the Fiduciary Duty Action, as such complaint and the parties thereto may be amended from time to time.

81. “*Intercompany Notes*” means, subject to validation based on a review of the Debtors’ books and records, the documented, prepetition intercompany notes among the Debtors.

82. “*Intercreditor Agreement*” means that certain intercreditor agreement among the First Lien Agents and the Second Lien Term Loan Agent, dated as of July 31, 2007.

83. “*Lender Deficiency Claims*” means Claims of the First Lien Term Loan Lenders and Second Lien Term Loan Lenders against TOUSA for the portion of such lenders’ Claims that exceeds the value of such lenders’ interest in the Estates’ property securing such Claims.

84. “*Lien*” has the meaning set forth in section 101(37) of the Bankruptcy Code; provided, however, that any lien avoided in accordance with sections 544, 545, 547, 548 or 549 of the Bankruptcy Code shall not constitute a Lien.

85. “*Lien Claims Bar Date*” means May 14, 2010.

86. “*Liquidation Trust*” means the trust that will, according to the terms of the Plan, hold, liquidate and monetize the Plan Debtors’ existing assets and make distributions to holders of Allowed Claims in accordance with the treatment provided under the Plan.

87. “*Liquidation Trust Account*” means approximately \$20 million, which shall be segregated from the assets transferred to the Liquidation Trust and shall be used solely for the administration of the Liquidation Trust.

88. “*Liquidation Trust Agreement*” means the agreement that sets forth the terms and provisions governing the Liquidation Trust. The Liquidation Trust Agreement will be acceptable to the Committee in its sole discretion.

89. “*Liquidation Trust Assets*” means all assets of the Plan Debtors, including Liquidation Trust Causes of Action, and the proceeds thereof, which shall be transferred to the Liquidation Trust on the Effective Date. For the avoidance of doubt, the portion of the Transeastern Reimbursement in excess of the amounts owed to the Conveying Subsidiaries shall not constitute a Liquidation Trust Asset.

90. “*Liquidation Trust Beneficiaries*” mean holders of Liquidation Trust Interests.

91. “*Liquidation Trust Causes of Action*” means all Causes of Action transferred to the Liquidation Trust, including but not limited to the Committee Action, the Fiduciary Duty Action, the Falcone Action and any chapter 5 Causes of Action.

92. “*Liquidation Trust Committee*” means a three-member board appointed by the Committee to oversee certain actions of the Liquidation Trustee as described in Article V.C.6 hereof. The members of the Liquidation Trust Committee shall be identified at or prior to the Confirmation Hearing.

93. “*Liquidation Trust Interests*” means interests in the Liquidation Trust, a series of which shall be created for each Plan Debtor (other than Beacon Hill), and distributions of which will be made to the holders of Allowed Unsecured Claims in accordance with Article III hereof.

94. “*Liquidation Trustee*” means the person or firm appointed by the Committee to manage the Liquidation Trust in accordance with the terms of the Plan and Liquidation Trust Agreement.

95. “*Loan Documents*” means, collectively, the First Lien Revolving Credit Agreement, the First Lien Term Loan Credit Agreement, the Second Lien Term Loan Credit Agreement, and any other agreements related thereto.

96. “*Net Proceeds*” means the proceeds derived from the sale of the Liquidation Trust Assets and prosecution of the Liquidation Trust Causes of Action less any costs related to such sale or litigation, whether such costs are subtracted from such proceeds at the time of or after the closing of such sale.

97. “*Ordinary Course Professionals Order*” means the *Order Authorizing the Debtors’ Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business*, entered by the Bankruptcy Court on February 4, 2008 [D.E. # 148], as amended from time to time.

98. “*Other Priority Claim*” means any Claim against a Plan Debtor accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim.

99. “*Other Secured Claim*” means the secured portion of any Claim against a Plan Debtor, other than a First Lien Revolver Claim, First Lien Term Loan Claim or Second Lien Term Loan Claim.

100. “*Periodic Distribution Date*” means, unless otherwise ordered by the Bankruptcy Court, the first Business Day that is 120 days after the Initial Distribution Date, and thereafter, the first Business Day that is 120 days after the immediately preceding Periodic Distribution Date until liquidation of the Liquidation Trust Assets is complete.

101. “*Petition Date*” means the date on which each of the Debtors commenced its Chapter 11 Case.

102. “*PIK Note Claim*” means any Claim against TOUSA other than a Claim subordinated pursuant to section 510(b) of the Bankruptcy Code derived from or based upon the PIK Notes.

103. “*PIK Note Indenture*” means the indenture for the PIK Notes.

104. “*PIK Notes*” means the \$20 million 14.75% Senior Subordinated PIK Notes due July 1, 2015, issued by TOUSA and guaranteed by certain subsidiaries of TOUSA, pursuant to the indenture dated July 31, 2007.

105. “*PIK Notes Stipulation*” means the settlement among the Committee and certain holders of the PIK Notes, as approved by the order dated February 5, 2010 [Adv. Case No. 08-01435, D.E. # 897].

106. “*Plan*” means this *Joint Plan of Liquidation of TOUSA, Inc. and Its Affiliated Debtors and Debtors In Possession Under Chapter 11 of the Bankruptcy Code* dated July 16, 2010 [D.E. # ___], as it may be amended, supplemented or modified from time to time, including, without limitation, by the Plan Supplement, which is incorporated herein by reference.

107. “*Plan Debtors*” means the Debtors other than TOUSA Homes, L.P.

108. “*Plan Releasees*” shall have the meaning set forth in Article VIII.B hereof.

109. “*Plan Supplement*” means the compilation of documents and forms of documents, schedules and exhibits, each in form and substance acceptable to the Committee, to be filed no later than fourteen days before the Voting Deadline, as such compilation may be amended, supplemented or modified from time to time in accordance with the terms hereof and the Bankruptcy Code and the Bankruptcy Rules. The Plan Supplement shall include, without limitation, the following documents: (a) the list of Executory Contracts and Unexpired Leases to be assumed and the applicable proposed cure amount, (b) a draft Liquidation Trust Agreement, and (c) a list of Liquidation Trust Causes of Action. The Committee will file the Plan Supplement, but shall not be required to serve the Plan Supplement, except that any exhibit relating to Cure Claims or another equivalent document detailing Cure Claim information will be served (at least in relevant part) on the applicable non-Plan Debtor counterparties to contracts or leases to be assumed.

110. “*Postpetition Intercompany Claim*” means a Claim arising from and after the Petition Date of one Plan Debtor against another Plan Debtor for assets or Cash transferred to or for the benefit of such Plan Debtor after the Petition Date.

111. “*Prepetition Intercompany Claim*” means any prepetition Claim of a Plan Debtor against another Plan Debtor that is not an Intercompany Note.

112. “*Prepetition Secured Lenders*” means, collectively, the First Lien Revolver Lenders, First Lien Term Loan Lenders and Second Lien Term Loan Lenders.

113. “*Priority Tax Claim*” means any Claim against a Plan Debtor of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

114. “*Pro Rata*” means the proportion by amount that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion by amount that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan.

115. “*Professionals Fee Accounts*” means the professional fee escrow accounts established pursuant to paragraph 14 of the Cash Collateral Order.

116. “*Proof of Claim*” means a proof of claim filed against any of the Plan Debtors in the Chapter 11 Cases.

117. “*Retained Professional*” means any entity: (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327, 363 and/or 1103 of the Bankruptcy Code and to be compensated for services rendered before the Effective Date, pursuant to sections 327, 328, 329, 330, 331 and/or 363 of the Bankruptcy Code; or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

118. “*RVA*” means the remaining value analysis performed by the Debtors, as ordered in the Decision.

119. “*Schedules*” means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases and statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as such schedules may have been amended, modified or supplemented from time to time.

120. “*SEC*” means the United States Securities and Exchange Commission.

121. “*Second Lien Term Loan Agent*” means Wells Fargo Bank, N.A., as successor to Citicorp, in its capacity as administrative agent under the Second Lien Term Loan Credit Agreement, and any of its successors or assigns.

122. “*Second Lien Term Loan Claims*” means the secured portion of all Claims against TOUSA derived from or based upon the Second Lien Term Loan Credit Agreement.

123. “*Second Lien Term Loan Credit Agreement*” means that certain Second Lien Term Loan Credit Agreement, dated July 31, 2007, among TOUSA and certain of its subsidiaries as borrowers and guarantors, Citicorp as administrative agent, and the banks, financial institutions and other lenders party thereto pursuant to which second lien term loans in an aggregate principal amount of \$300 million were made.

124. “*Second Lien Term Loan Lenders*” means holders of Claims arising from the Second Lien Term Loan Credit Agreement.

125. “*Senior Debt*” shall have the meaning given to such term under the Subordinated Note Indentures and the PIK Note Indenture, as the case may be.

126. “*Senior Note Claim*” means any Claim against the Plan Debtors other than a Claim subordinated pursuant to section 510(b) of the Bankruptcy Code derived from or based upon the Senior Notes.

127. “*Senior Note Indentures*” means, collectively, the indentures for each of the series of Senior Notes.

128. “*Senior Notes*” means (a) the \$200 million 9.0% Senior Notes due July 1, 2010, (b) the \$100 million 9.0% Senior Notes due July 1, 2010 and (c) the \$250 million 8.25% Senior Notes due April 1, 2011, both issued by TOUSA and guaranteed by certain subsidiaries of TOUSA pursuant to the indentures (as supplemented) dated June 25, 2002, February 3, 2003, and April 12, 2006, respectively.

129. “*Subordinated Note Claim*” means any Claim against the Plan Debtors other than a Claim subordinated pursuant to section 510(b) of the Bankruptcy Code derived from or based upon the Subordinated Notes.

130. “*Subordinated Note Indentures*” means, collectively, the indentures for each of the series of Subordinated Notes.

131. “*Subordinated Notes*” means (a) the \$125 million 7.5% Senior Subordinated Notes due March 15, 2011, (b) the \$200 million 7.5% Senior Subordinated Notes due March 15, 2015, and (c) the \$185 million 10.375% Senior Subordinated Notes due July 1, 2012, all issued by TOUSA and guaranteed by certain subsidiaries of TOUSA pursuant to the indentures (as supplemented) dated March 17, 2004, December 21, 2004, and June 25, 2002, respectively.

132. “*Tax Authority*” means a federal, state, local or foreign government or agency, instrumentality or employee thereof, or a court or other body charged with the administration of any law relating to Taxes.

133. “*Tax Code*” means the Internal Revenue Code of 1986, as amended.

134. “*Taxes*” means all (i) federal, state, local or foreign taxes, including, without limitation, all net income, alternative minimum, net worth or gross receipts, capital, value added, franchise, profits and estimated taxes and (ii) interest, penalties, fines, additions to tax or additional amounts imposed by any Tax Authority or paid in connection with any item described in clause (i) hereof.

135. “*Tort Claim*” means any Claim against a Plan Debtor that has not been settled, compromised or otherwise resolved that: (a) arises out of allegations of personal injury, wrongful death, property damage, products liability or similar legal theories of recovery; or (b) arises under any federal, state or local statute, rule, regulation or ordinance governing, regulating or relating to protection of human health, safety or the environment.

136. “*TOUSA*” means TOUSA, Inc.

137. “*Transeastern JV*” means the entity formed by TOUSA Homes, L.P. and certain entities related to Falcone/Ritchie LLC to acquire substantially all of the homebuilding assets of Transeastern Properties, Inc.

138. “*Transeastern Lenders*” means the senior lenders to the Transeastern JV that received in excess of \$420 million in connection with the Transeastern Settlement.

139. “*Transeastern Reimbursement*” means amounts to be disgorged by the Transeastern Lenders as described in the Decision.

140. “*Transeastern Settlement*” means the July 31, 2007 global settlement of litigation and other claims relating to the Transeastern JV.

141. “*Treasury Regulations*” means the regulations promulgated by the Treasury Department under the Tax Code.

142. “*Unexpired Lease*” means a lease to which one or more of the Plan Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

143. “*Unsecured Claims*” means (i) Senior Note Claims, (ii) General Unsecured Claims, (iii) Subordinated Note Claims, (iv) Lender Deficiency Claims, and (v) PIK Note Claims, as applicable to each Plan Debtor.

144. “*U.S. Trustee*” means the United States Trustee for the Southern District of Florida.

145. “*U.S. Trustee Fees*” means the fees due to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6).

146. “*Voting and Claims Agent*” means Kurtzman Carson Consultants LLC, in its capacity as notice, claims and balloting agent pursuant to the *Order Authorizing the Employment and Retention of Kurtzman Carson Consultants LLC as Notice, Claims and Balloting Agent for the Debtors*, which was entered by the Bankruptcy Court on January 31, 2008 [D.E. # 102].

147. “*Voting Classes*” means, collectively, TOUSA Classes 1B, 2, 5A 5B and 5C; Conveying Subsidiaries Classes 4A and 4B; and Beacon Hill Class 3.

148. “*Voting Deadline*” means [], 2010, the date by which all Ballots must be received by the Voting and Claims Agent in accordance with the Bankruptcy Court’s order approving the Disclosure Statement.

149. “*Voting Record Date*” means [], 2010, the date established as the voting record date in the order approving the Disclosure Statement.

ARTICLE II.

ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

A. *Administrative Claims*

1. Payment of Administrative Claims

Except to the extent that any entity entitled to a payment of any Allowed Administrative Claim otherwise agrees with the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable, each Allowed Administrative Claim shall be paid in full, in Cash, (i) on the later of (a) the Distribution Date, (b) the date on which the Bankruptcy Court enters an order allowing such Administrative Claim, or (c) the date on which the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable, and the holder of such Allowed Administrative Claim otherwise agree; and (ii) in such amounts as (a) are incurred in the ordinary course of business by the Plan Debtors,

(b) are allowed by the Bankruptcy Court, (c) may be agreed upon between the holder of such Allowed Administrative Claim and the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable, or (d) may otherwise be required under applicable law.

Because there has been no diminution in value of the collateral of the First Lien Term Loan Lenders and the Second Lien Term Loan Lenders, there shall be no Claims in favor of the First Lien Term Loan Lenders and Second Lien Term Loan Lenders against any of the Plan Debtors pursuant to section 507(b) of the Bankruptcy Code.

2. Bar Date for Administrative Claims

Except as otherwise provided in this Article II.A, unless previously filed pursuant to the Initial Administrative Claims Bar Date, requests for payment of Administrative Claims (other than Postpetition Intercompany Claims) must be filed and served on the Liquidation Trustee pursuant to the procedures specified in the Confirmation Order by the Final Administrative Claims Bar Date. Holders of Administrative Claims that are required to, but do not, file and serve a request for payment of such Administrative Claims by the applicable Administrative Claims Bar Date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Plan Debtors or their property and such Administrative Claims shall be deemed satisfied in full as of the Effective Date. Objections to such requests, if any, must be filed and served on the Liquidation Trustee and the requesting party no later than 90 days after the Effective Date. No requests for payment of Postpetition Intercompany Claims shall be required.

3. Professional Compensation

Retained Professionals or other entities asserting a Claim for Accrued Professional Compensation must file and serve on the Liquidation Trustee, and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court, an application for final allowance of such Claim no later than 45 days after the Effective Date; *provided* that the Liquidation Trustee shall pay Retained Professionals or other entities in the ordinary course of business for any work performed after the Effective Date in furtherance of the Plan or as authorized hereunder; and *provided further*, that any professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date pursuant to the Ordinary Course Professionals Order and without further Bankruptcy Court order, unless otherwise ordered by the Bankruptcy Court. Objections to any Claim for Accrued Professional Compensation must be filed and served on the Liquidation Trustee and the requesting party no later than 90 days after the Effective Date. To the extent necessary, the Confirmation Order shall amend and supersede any previously entered order of the Bankruptcy Court regarding the payment of Claims for Accrued Professional Compensation. Each holder of a Claim for Allowed Professional Compensation shall be paid by the Liquidation Trustee in Cash from the Professionals Fee Accounts and, following the depletion of the Professionals Fee Accounts, from the Liquidation Trust Assets.

B. *Priority Tax Claims*

Each holder of an Allowed Priority Tax Claim shall receive, on the Distribution Date or such later date as such Allowed Priority Tax Claim becomes due and payable, at the option of the Liquidation Trustee, one of the following treatments on account of such Claim: (i) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; (ii) Cash in an aggregate amount equal to such Allowed Priority Tax Claim payable in installment payments over a period of not more than five years after the applicable Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code; or (iii) such other

treatment as may be agreed to by such holder and the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable, or otherwise determined by an order of the Bankruptcy Court.

C. Statutory Fees

On the Distribution Date, the Liquidation Trustee shall pay, in full and in Cash, any U.S. Trustee Fees due as of the Effective Date. On and after the Effective Date, the Liquidation Trustee shall pay the applicable U.S. Trustee Fees until the entry of a final decree in each Plan Debtor's Chapter 11 Case.

D. Cure Claims

Requests for payment of Cure Claims must be filed and served, and will be treated, in accordance with the provisions of Article VI.C hereof.

ARTICLE III.

CLASSIFICATION OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE PLAN DEBTORS

A. Classification of Claims and Equity Interests

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims against and Equity Interests in each of the Plan Debtors. A Claim or Equity Interest is placed in a particular Class for the purposes of voting on the Plan, to the extent applicable, and receiving distributions pursuant to the Plan, to the extent applicable, only to the extent that such Claim or Equity Interest is an Allowed Claim, or Allowed Equity Interest in that Class and such Claim or Equity Interest has not been paid, released, withdrawn, or otherwise settled before the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Priority Tax Claims and U.S. Trustee Fees have not been classified.

B. Summary

The Plan includes separate plans of reorganization for each of the Plan Debtors. The Plan does not seek to effect a substantive consolidation or other combination of the separate Estate of each Plan Debtor, but instead provides that creditors of each Plan Debtor will be permitted to assert their Claims only against the Plan Debtor(s) against which they hold Claims and will receive a recovery based on the value of the related Estate(s). A summary of the classification and treatment of Claims and Equity Interests for each of the Plan Debtors is attached hereto as Exhibit A.

1. Application of Intercreditor Agreement

The Plan contemplates satisfaction of the First Lien Revolver Claims in full from (i) payments previously made to the First Lien Revolver Lenders, (ii) payments previously made to the First Lien Term Loan Lenders and Second Lien Term Loan Lenders that are required to be disgorged pursuant to the Decision and (iii) additional Cash distributions from the Plan Debtors' Estates. The distributions outlined in Article III hereof enforce the following provisions of the Intercreditor Agreement and the Loan Documents, among others:

Pursuant to Section 4.1 of the Intercreditor Agreement, distributions must be made in accordance with the First Lien Revolving Credit Agreement and the First Lien Term Loan Credit Agreement.

Section 4.1 of the Intercreditor Agreement requires all proceeds of Collateral (as defined in the Loan Documents) received by any of the parties to the Intercreditor Agreement to be distributed: (i) first, to the costs and expenses of the First Lien Agents and the Second Lien Term Loan Agent in connection with an Enforcement Action (as defined in the Intercreditor Agreement), on a *Pro Rata* basis; (ii) second, to the First Lien Revolver Lenders and the First Lien Term Loan Lenders, on a *Pro Rata* basis; (iii) third, to the Second Lien Term Loan Lenders; and (iv) fourth, to the Debtors or any other party lawfully entitled to such proceeds.

Section 2.6(d) of the Intercreditor Agreement requires any proceeds received in violation of the foregoing waterfall to be turned over to the First Lien Revolver Agent or the First Lien Term Loan Agent.

Sections 2.2 and 8.1 of the Intercreditor Agreement require enforcement of the foregoing waterfall, even if the obligations of any of the Debtors are avoided.

Pursuant to Section 10.23 of the First Lien Revolving Credit Agreement, Section 10.22 of the First Lien Term Loan Credit Agreement and Section 10.22 of the Second Lien Term Loan Credit Agreement, the Prepetition Secured Lenders and the First Lien Agents and Second Lien Term Loan Agent each agree not to take any action that is “inconsistent with the terms of the Intercreditor Agreement.” A failure to apply the proceeds of Collateral in accordance with Section 4.1 of the Intercreditor Agreement would be inconsistent with the Intercreditor Agreement.

Therefore, under the Plan, amounts paid to the Prepetition Secured Lenders as of the Effective Date and under the Plan, whether as principal, interest, fees, adequate protection or otherwise (the “Secured Lender Payments”), must be allocated in accordance with the Intercreditor Agreement.

Based on, among other things, the Cash Collateral Order and the terms of the Loan Documents, the Secured Lender Payments made during the Chapter 11 Cases were made from two sources: (i) the 2007 Federal Tax Refund and (ii) operating cash held at TOUSA for the benefit of the Conveying Subsidiaries. Pursuant to the Decision, the Liens of the First Lien Term Loan Lenders and the Second Lien Term Loan Lenders on the 2007 Federal Tax Refund were avoided. Under the Decision and the amended final judgment in the Committee Action [D.E. # 729], the Bankruptcy Court ordered, among other things, the First Lien Term Loan Lenders and the Second Lien Term Loan Lenders to return to the Debtors’ Estates all prepetition and postpetition payments made by the Debtors in connection therewith, plus prejudgment interest. The Plan provides that, in lieu of disgorgement, the Secured Lender Payments that would otherwise be disgorged will be deemed to have been paid to the First Lien Revolver Lenders (and, therefore, credited against the First Lien Revolver Claims) and then subject to reallocation in accordance with the waterfall provisions and pay-over provisions of the Intercreditor Agreement and the Loan Documents. The waterfall provisions of the Intercreditor Agreement allow the First Lien Term Loan Agent and the Second Lien Term Loan Agent to retain their agent fees in their full amounts before any payments are made to the Prepetition Secured Lenders. The waterfall further requires that the First Lien Revolver Lenders and the First Lien Term Loan Lenders share *Pro Rata* in any distributions, including any distributions under the Plan. Accordingly, after payment of the fees incurred by the First Lien Term Loan Agent and the Second Lien Term Loan Agent, the First Lien Term Loan Lenders may retain up to approximately 37.6% of the amounts paid in respect of the First Lien Revolver Claims from the Petition Date through the Distribution Date (including amounts paid on account of First Lien Revolver Claims under the Plan).

From the Petition Date through and including an assumed Distribution Date of October 31, 2010, the Plan Debtors will have paid, be deemed to have been paid through application of the amounts required to be disgorged by the First Lien Term Loan Lenders and Second Lien Term Lenders under the Decision, or are projected to have paid in respect of the First Lien Revolver Claims under the Plan, approximately

\$294.7 million in principal and approximately \$49.7 million in interest, for a total of approximately \$344.4 million (exclusive of fees and expenses of the First Lien Revolver Agent, the “First Lien Revolver Payments”).

In order to determine how much of the First Lien Revolver Payments would need to be shared with the First Lien Term Loan Lenders under the Intercreditor Agreement, the following formula applies:

$$(x-y-z)*a$$

where:

x = First Lien Revolver Payments;

y = fees and expenses of the First Lien Term Loan Agent required to be disgorged under the Decision;

z = fees and expenses of the Second Lien Term Loan Agent required to be disgorged under the Decision; and

a = the percentage resulting from the total amount of First Lien Term Loan Claims (exclusive of prepetition fees and expenses incurred by the First Lien Term Loan Agent) (\$207.3 million) divided by the sum of First Lien Term Loan Claims (exclusive of prepetition fees and expenses incurred by the First Lien Term Loan Agent) and the First Lien Revolver Payments (\$551.7 million), or 37.6%.

Based on the foregoing, x = \$344.4 million; y = \$25.2 million; z = \$22.8 million; and a = 37.6%.

As a result of application of the foregoing, the First Lien Term Loan Lenders would be entitled to receive approximately \$111.4 million of amounts paid in respect of the First Lien Revolver Claims pursuant to the Intercreditor Agreement. The First Lien Term Loan Lenders, however, have received, to date, approximately \$129.1 million on account of the First Lien Term Loan Claims. In order to give effect to the terms of the Intercreditor Agreement, the First Lien Term Loan Lenders would be required to pay over to the First Lien Revolver Lenders approximately \$17.7 million. In order to effectuate the applicable terms of the Intercreditor Agreement, the distributions to be made to the First Lien Term Loan Lenders under the Plan in respect of First Lien Term Loan Claims (which distributions are estimated to aggregate approximately \$5.8 million) and Lender Deficiency Claims (which distributions are estimated to aggregate approximately \$10.4 million) will be reallocated to the holders of First Lien Revolver Claims. The remaining approximately \$1.5 million due to the First Lien Revolver Lenders from the First Lien Term Loan Lenders shall either be paid pursuant to the allocation additional distributions, if any, on account of the First Lien Term Loan Claims, the Lender Deficiency Claims or the Transeastern Reimbursement, as described in Article V.A.2 hereof or through the First Lien Revolver Lenders pursuing a claim against the First Lien Term Loan Lenders. The effect of the implementation of the Intercreditor Agreement is that the First Lien Revolver Lenders will have a right to receive their *Pro Rata* share in any amounts received by the First Lien Term Loan Lenders from the Transeastern Reimbursement.

2. Application of Disgorgement Amounts to the First Lien Revolver Claims

As of the Effective Date, it is expected that, not taking into account Secured Lender Payments made on account of the First Lien Term Loan Claims and the Second Lien Term Loan Claims, the outstanding principal amount due on the First Lien Revolver Claims would be approximately \$194 million. Once the Secured Lender Payments made on account of the First Lien Term Loan Claims (including all principal, interest and fees) and Second Lien Term Loan Claims (including all professional

fees) are taken into account and applied to the First Lien Revolver Claims in accordance with the terms of the Intercreditor Agreement, the remaining Allowed amount of First Lien Revolver Claims assertable against the applicable Plan Debtors' Estates is approximately \$46.0 million. The \$46.0 million will be satisfied through the Encumbered Assets at TOUSA (including amounts remaining in TOUSA's Estate in respect of the 2007 Federal Tax Refund) and Encumbered Assets of the Conveying Subsidiaries.

C. *Classes with Respect to TOUSA*

1. TOUSA – Class 1 – First Lien Claims

(a) TOUSA – Class 1A – First Lien Revolver Claims

- (i) *Classification:* Class 1A for TOUSA shall consist of the First Lien Revolver Claims against TOUSA.
- (ii) *Allowance:* The TOUSA First Lien Revolver Claims shall be Allowed in the aggregate amount of \$46.0 million, plus unpaid interest at the non-default contract rate, plus reasonable and documented out-of-pocket fees and expenses of the First Lien Revolver Agent through and including the Effective Date. As described in more detail in Article III.B.1, pursuant to the Intercreditor Agreement and the related Loan Documents, the total amount of the Allowed TOUSA Class 1A Claims shall be determined as follows: the First Lien Revolver Claims outstanding on the Petition Date, plus any applicable unpaid postpetition interest at the non-default contract rate, minus all principal, interest, fees, adequate protection and other payments previously paid to the Prepetition Secured Lenders or their agents, as applicable, including any amounts required to be disgorged by the First Lien Term Loan Lenders or Second Lien Term Loan Lenders or their agents, as applicable, pursuant to the Decision.
- (iii) *Treatment:* On the Distribution Date, each holder of an Allowed TOUSA Class 1A Claim shall receive, in full and final satisfaction of such Claim, payment in Cash of all amounts outstanding on such Claim from (i) the 2007 Federal Tax Refund, and (ii) its *Pro Rata* share of the proceeds of the Encumbered Assets of TOUSA. The foregoing distributions, plus Cash from the assets of the Conveying Subsidiaries, to the extent applicable and as set forth in Article III.D.1(c) below, will result in the First Lien Revolver Claims being paid in full and rendered unimpaired under the Plan. The amount of First Lien Revolver Claims satisfied from TOUSA is expected to aggregate approximately \$46.0 million.
- (iv) *Voting:* Class 1A for TOUSA is unimpaired, and holders of Claims in Class 1A for TOUSA are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

(b) TOUSA – Class 1B – First Lien Term Loan Claims

- (i) *Classification:* Class 1B for TOUSA shall consist of the First Lien Term Loan Claims against TOUSA.

- (ii) *Allowance:* The TOUSA First Lien Term Loan Claims shall be Allowed in the aggregate amount of \$207.8 million.
- (iii) *Treatment:* On the Distribution Date, in full and final satisfaction of such Claim, subject to the turnover obligations in the Intercreditor Agreement as described in Article III.B.1, each holder of an Allowed Class 1B Claim against TOUSA will receive (i) its *Pro Rata* share of the proceeds of the Encumbered Assets of TOUSA (other than the 2007 Federal Tax Refund) and (ii) its share of the Transeastern Reimbursement, if any, in accordance with the Decision.
- (iv) *Voting:* Class 1B for TOUSA is impaired. Holders of TOUSA Class 1B Claims are entitled to vote to accept or reject the Plan.

2. TOUSA – Class 2 – Second Lien Term Loan Claims

- (a) *Classification:* Class 2 for TOUSA shall consist of the Second Lien Term Loan Claims against TOUSA.
- (b) *Allowance:* The TOUSA Second Lien Term Loan Claims shall be Allowed in the aggregate amount of \$318.9 million.
- (c) *Treatment:* On the Distribution Date, each holder of an Allowed TOUSA Class 2 Claim shall receive, in full and final satisfaction of such Claim, its share of the Transeastern Reimbursement, if any, in accordance with the Decision.
- (d) *Voting:* Class 2 for TOUSA is impaired, and holders of TOUSA Class 2 Claims are entitled to vote to accept or reject the Plan.

3. TOUSA – Class 3 – Other Secured Claims

- (a) *Classification:* Class 3 for TOUSA consists of the Other Secured Claims against TOUSA.
- (b) *Treatment:* On or as soon as reasonably practicable after such Claim becomes Allowed, each holder of an Allowed Other Secured Claim against TOUSA secured by valid Liens on the property of TOUSA shall receive, in full and final satisfaction of such Allowed Other Secured Claim, to the extent not previously paid pursuant to an order of the Bankruptcy Court authorizing payment of Lien Claims during the Chapter 11 Cases, one of the following treatments on account of the value of the Liens securing such Claim, determined at the option of the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable: (i) payment, on the later of the Distribution Date or as soon as practicable after a particular Claim becomes Allowed, in full in Cash; (ii) delivery of the collateral securing such Allowed Other Secured Claim to the holder of such Claim; or (iii) such other treatment as may be agreed to by the holder of such Claim and the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable.
- (c) *Voting:* Class 3 for TOUSA is unimpaired, and holders of TOUSA Class 3 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

4. TOUSA – Class 4 – Other Priority Claims

(a) *Classification:* Class 4 for TOUSA shall consist of Other Priority Claims against TOUSA.

(b) *Treatment:* On the later of the Distribution Date or as soon as practicable after such Claim becomes Allowed, each holder of an Allowed Other Priority Claim against TOUSA shall receive, in full and final satisfaction of such Claim, payment of such Allowed Claim in full in Cash.

(c) *Voting:* Class 4 for TOUSA is unimpaired, and the holders of TOUSA Class 4 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

5. TOUSA – Class 5 – Unsecured Claims

(a) TOUSA – Class 5A – Senior Note Claims

(i) *Classification:* Class 5A for TOUSA shall consist of the Senior Note Claims against TOUSA.

(ii) *Allowance:* The Senior Note Claims shall be Allowed in the aggregate amount of \$573,518,194.50. For the avoidance of doubt, the Allowed Senior Note Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination (equitable or contractual or otherwise), counter-claim, defense, disallowance, impairment, objection or any challenges under applicable law or regulation.

(iii) *Treatment:* On the Distribution Date, each holder of an Allowed Senior Note Claim against TOUSA shall receive (i) its *Pro Rata* share (calculated with reference to all Allowed Unsecured Claims against TOUSA) of the series of Liquidation Trust Interests allocable to TOUSA and (ii) pursuant to the subordination provisions of Articles 11 and 12 of the Subordinated Note Indentures and Articles 11 and 12 of the PIK Note Indenture, its *Pro Rata* share (calculated with reference to all Allowed Senior Note Claims and all Allowed Lender Deficiency Claims) of Liquidation Trust Interests for TOUSA that would otherwise be allocable to the holders of Subordinated Note Claims and the PIK Note Claims.

(iv) *Voting:* Class 5A for TOUSA is impaired. Holders of TOUSA Class 5A Claims are entitled to vote to accept or reject the Plan.

(b) TOUSA – Class 5B – Lender Deficiency Claims

(i) *Classification:* Class 5B for TOUSA shall consist of the Lender Deficiency Claims against TOUSA.

(ii) *Allowance:* The Lender Deficiency Claims of the First Lien Term Loan Lenders shall be Allowed in the aggregate amount of \$202 million, and the Lender Deficiency Claims of the Second Lien Term Loan Lenders shall be Allowed in the amount of \$318.9 million, in each case, subject to

a dollar-for-dollar reduction for any amounts paid to the First Lien Term Loan Lenders and Second Lien Term Loan Lenders, respectively, of any amounts received on account of the Transeastern Reimbursement.

- (iii) *Treatment:* On the Distribution Date, each holder of an Allowed Lender Deficiency Claim against TOUSA shall receive, in full and final satisfaction of such Claim, (i) its *Pro Rata* share (calculated with reference to all Allowed Unsecured Claims against TOUSA) of the series of Liquidation Trust Interests allocable to TOUSA and (ii) pursuant to the subordination provisions of Articles 11 and 12 of the Subordinated Note Indentures and Articles 11 and 12 of the PIK Note Indenture, its *Pro Rata* share (calculated with reference to all Allowed Senior Note Claims and all Allowed Lender Deficiency Claims) of Liquidation Trust Interests for TOUSA that would otherwise be allocable to the holders of Subordinated Note Claims and the PIK Note Claims; *provided, however*, that distributions to the First Lien Term Loan Lenders on account of the Lender Deficiency Claims shall be subject to turnover to the First Lien Revolver Lenders as described in Article III.B.1.
 - (iv) *Voting:* Class 5B for TOUSA is impaired. Holders of TOUSA Class 5B Claims are entitled to vote to accept or reject the Plan.
- (c) TOUSA – Class 5C – General Unsecured Claims
- (i) *Classification:* Class 5C for TOUSA shall consist of General Unsecured Claims, including any Intercompany Notes, against TOUSA.
 - (ii) *Treatment:* On the Distribution Date, each holder of an Allowed General Unsecured Claim against TOUSA shall receive, in full and final satisfaction of such Claim, its *Pro Rata* share (calculated with reference to all Allowed Unsecured Claims against TOUSA) of the series of Liquidation Trust Interests allocable to TOUSA.
 - (iii) *Voting:* Class 5C for TOUSA is impaired. Holders of TOUSA Class 5C Claims are entitled to vote to accept or reject the Plan.
- (d) TOUSA – Class 5D – Subordinated Note Claims
- (i) *Classification:* Class 5D for TOUSA shall consist of the Subordinated Note Claims against TOUSA.
 - (ii) *Allowance:* The Subordinated Note Claims shall be Allowed in the aggregate amount of \$532,772,336.24. For the avoidance of doubt, the Allowed Subordinated Note Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination (equitable or contractual or otherwise), counter-claim, defense, disallowance, impairment, objection or any challenges under applicable law or regulation.
 - (iii) *Treatment:* On the Distribution Date, each holder of an Allowed Subordinated Note Claim against TOUSA shall be deemed to receive its

Pro Rata share (calculated with reference to all Allowed Unsecured Claims against TOUSA) of the series of Liquidation Trust Interests allocable to TOUSA. Any distribution in satisfaction of Subordinated Note Claims is subject to Articles 11 and 12 of the Subordinated Note Indentures and, therefore, any distribution in satisfaction of Subordinated Note Claims will be paid to holders of Senior Note Claims (in accordance with the Senior Note Indentures) and Lender Deficiency Claims as set forth in Article V.D.5(d) hereof.

(iv) *Voting:* Class 5D for TOUSA is impaired. Holders of Subordinated Note Claims for TOUSA are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

(e) TOUSA – Class 5E – PIK Note Claims

(i) *Classification:* Class 5E for TOUSA shall consist of the PIK Note Claims against TOUSA.

(ii) *Allowance:* The PIK Note Claims shall be Allowed in the aggregate amount of \$21,598,756.60.

(iii) *Treatment:* On the Distribution Date, each holder of an Allowed PIK Note Claim against TOUSA shall be deemed to receive, in full and final satisfaction of such Claim, its *Pro Rata* share (calculated with reference to all Allowed Unsecured Claims against TOUSA) of the series of Liquidation Trust Interests allocable to TOUSA. Any distribution in satisfaction of PIK Note Claims is subject to Articles 11 and 12 of the PIK Note Indenture and, therefore, any distribution in satisfaction of PIK Note Claims will be paid to holders of Senior Note Claims (in accordance with the Senior Note Indentures) or Lender Deficiency Claims as set forth in Article V.D.5(d) hereof.

(iv) *Voting:* Class 5E for TOUSA is impaired. Holders of PIK Note Claims for TOUSA are conclusively deemed to have rejected the Plan pursuant to 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

6. TOUSA – Class 6 – 510 Claims

(a) *Classification:* Class 6 for TOUSA shall consist of all 510 Claims against TOUSA.

(b) *Treatment:* Holders of 510 Claims against TOUSA will receive no distribution on account of such Claims.

(c) *Voting:* Class 6 for TOUSA is impaired. Holders of TOUSA 510 Claims are conclusively deemed to have rejected the Plan pursuant to 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

7. TOUSA – Class 7 – Equity Interests

- (a) *Classification:* Class 7 for TOUSA shall consist of all Equity Interests in TOUSA.
- (b) *Treatment:* On the Effective Date, all TOUSA Equity Interests shall be deemed cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and there shall be no distribution to the holders of TOUSA Equity Interests.
- (c) *Voting:* Class 7 for TOUSA is impaired. Holders of TOUSA Equity Interests are conclusively deemed to have rejected the Plan pursuant to 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

D. *Classes with Respect to Conveying Subsidiaries*

1. Conveying Subsidiaries – Class 1 – First Lien Revolver Claims

- (a) *Classification:* Class 1 for each of the Conveying Subsidiaries shall consist of the First Lien Revolver Claims against each such Conveying Subsidiary.
- (b) *Allowance:* The Conveying Subsidiaries First Lien Revolver Claims shall be Allowed in the aggregate amount of \$46 million, plus unpaid interest at the non-default contract rate, plus reasonable and documented out-of-pocket fees and expenses of the First Lien Revolver Agent through and including the Effective Date. As described in more detail in Article III.B.1, above, pursuant to the Intercreditor Agreement and the related Loan Documents, the total amount of the Conveying Subsidiaries Class 1A Claims shall be determined as follows: the First Lien Revolver Claims outstanding on the Petition Date, plus any applicable unpaid postpetition interest, minus all principal, interest, fees, adequate protection and other payments previously paid to the Prepetition Secured Lenders or their agents, as applicable, including any amounts required to be disgorged by the First Lien Term Loan Lenders or Second Lien Term Loan Lenders or their agents, as applicable, pursuant to the Decision.
- (c) *Treatment:* All First Lien Revolver Claims at the Conveying Subsidiaries will be satisfied in full from Encumbered Assets at TOUSA and the Conveying Subsidiaries, which will result in the First Lien Revolver Claims being rendered unimpaired under the Plan. The amount of First Lien Revolver Claims satisfied from the Conveying Subsidiaries is expected to aggregate approximately \$0.7 million.
- (d) *Voting:* Class 1 for each of the Conveying Subsidiaries is unimpaired. Holders of Claims in Class 1 for one or more of the Conveying Subsidiaries are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

2. Conveying Subsidiaries – Class 2 – Other Secured Claims

- (a) *Classification:* Class 2 for each of the Conveying Subsidiaries shall consist of the Other Secured Claims against each such Conveying Subsidiary.
- (b) *Treatment:* On the later of the Distribution Date or as soon as reasonably practicable after such Claim becomes Allowed, each holder of an Allowed Other Secured

Claim against one or more of the Conveying Subsidiaries secured by valid Liens on the property of one or more of the Conveying Subsidiaries shall receive, in full and final satisfaction of such Allowed Other Secured Claim, to the extent not previously paid pursuant to an order of the Bankruptcy Court authorizing payment of Lien Claims during the Chapter 11 Cases, one of the following treatments on account of the value of the Liens securing such Claim, determined at the option of the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable: (i) payment, on the later of the Distribution Date or as soon as practicable after a particular Claim becomes Allowed, in full in Cash; (ii) delivery of the collateral securing such Allowed Other Secured Claim to the holder of such Claim; or (iii) such other treatment as may be agreed to by the holder of such Claim and the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable.

(c) *Voting:* Class 2 for each of the Conveying Subsidiaries is unimpaired. Holders of Claims in Class 2 for any of the Conveying Subsidiaries are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

3. Conveying Subsidiaries – Class 3 – Other Priority Claims

(a) *Classification:* Class 3 for each of the Conveying Subsidiaries shall consist of the Other Priority Claims against each such Conveying Subsidiary.

(b) *Treatment:* On the later of the Distribution Date or as soon as practicable after such Claim becomes Allowed, each holder of an Allowed Other Priority Claim against one or more of the Conveying Subsidiaries shall receive, in full and final satisfaction of such Claim, payment of such Allowed Claim in full in Cash.

(c) *Voting:* Class 3 for each of the Conveying Subsidiaries is unimpaired. Holders of Claims in Class 3 for any of the Conveying Subsidiaries are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

4. Conveying Subsidiaries – Class 4 – Unsecured Claims

(a) Conveying Subsidiaries – Class 4A – Senior Note Claims

(i) *Classification:* Class 4A for each of the Conveying Subsidiaries shall consist of the Senior Note Claims against such Conveying Subsidiary. For the avoidance of doubt, to the extent there is no holder of a Class 4A Claim against a Conveying Subsidiary, there shall be no Class 4A for such Conveying Subsidiary.

(ii) *Allowance:* The Senior Note Claims shall be Allowed in the aggregate amount of \$573,518,194.50. For the avoidance of doubt, the Allowed Senior Note Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination (equitable or contractual or otherwise), counter-claim, defense, disallowance, impairment, objection or any challenges under applicable law or regulation. Each Allowed Senior Note Claim will be asserted against each of the

Conveying Subsidiaries, excluding Engle Sierra Verde P5, LLC and Engle/Gilligan, LLC.

- (iii) *Treatment:* On the Distribution Date, each holder of an Allowed Senior Note Claim against the Conveying Subsidiaries shall receive (i) its *Pro Rata* share (calculated with reference to all Allowed Unsecured Claims against the applicable Plan Debtor) of the series of Liquidation Trust Interests allocable to such Plan Debtor and (ii) pursuant to the subordination provisions of Articles 11 and 12 of the Subordinated Note Indentures, its *Pro Rata* share (calculated with reference to all Allowed Senior Note Claims) of the series of Liquidation Trust Interests allocable to such Plan Debtor that would otherwise be allocable to the holders of Subordinated Note Claims.
- (iv) *Voting:* Class 4A for each of the Conveying Subsidiaries is impaired. Holders of Claims in Class 4A for each of the Conveying Subsidiaries are entitled to vote to accept or reject the Plan.

(b) Conveying Subsidiaries – Class 4B – General Unsecured Claims

- (i) *Classification:* Class 4B for each of the Conveying Subsidiaries shall consist of General Unsecured Claims, including any Intercompany Notes, against each such Conveying Subsidiary.
- (ii) *Treatment:* On the Distribution Date, each holder of an Allowed General Unsecured Claim against one or more of the Conveying Subsidiaries shall receive, in full and final satisfaction of such Claim, its *Pro Rata* share (calculated with reference to all Allowed Unsecured Claims against the applicable Plan Debtor) of the series of Liquidation Trust Interests allocable to such Plan Debtor.
- (iii) *Voting:* Class 4B for each of the Conveying Subsidiaries is impaired. Holders of Claims in Class 4B for each of the Conveying Subsidiaries are entitled to vote to accept or reject the Plan.

(c) Conveying Subsidiaries – Class 4C —Subordinated Note Claims

- (i) *Classification:* Class 4C for each of the Conveying Subsidiaries shall consist of the Subordinated Note Claims against each such Conveying Subsidiary. For the avoidance of doubt, to the extent there is no holder of a Class 4C Claim against a Conveying Subsidiary, there shall be no Class 4C for such Conveying Subsidiary.
- (ii) *Allowance:* The Subordinated Note Claims shall be Allowed in the aggregate amount of \$532,772,336.24. For the avoidance of doubt, the Allowed Subordinated Note Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination (equitable or contractual or otherwise), counter-claim, defense, disallowance, impairment, objection or any challenges under applicable law or regulation. Each Allowed Subordinated Note Claim will be

asserted against each of the Conveying Subsidiaries, excluding Engle Sierra Verde P5, LLC and Engle/Gilligan, LLC.

- (iii) *Treatment:* On the Distribution Date, each holder of a Subordinated Note Claim against the Conveying Subsidiaries shall be deemed to receive its *Pro Rata* share (calculated with reference to all Allowed Unsecured Claims against the applicable Plan Debtor) of the series of Liquidation Trust Interests allocable to such Plan Debtor. Any distribution in satisfaction of Subordinated Note Claims is subject to Articles 11 and 12 of the Subordinated Note Indentures and, therefore, any distribution in satisfaction of Subordinated Note Claims will be paid to holders of Senior Note Claims (in accordance with the Senior Note Indentures) as set forth in Article V.D.5(d) hereof.
- (iv) *Voting:* Class 4C for each of the Conveying Subsidiaries is impaired. Holders of Subordinated Note Claims for each of the Conveying Subsidiaries are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

5. Conveying Subsidiaries – Class 5 – 510 Claims

- (a) *Classification:* Class 5 consists of all 510 Claims against each of the Conveying Subsidiaries.
- (b) *Treatment:* On the Distribution Date, holders of 510 Claims against each of the Conveying Subsidiaries will receive no distribution on account of such Claims.
- (c) *Voting:* Class 5 for each of the Conveying Subsidiaries is impaired. Holders of 510 Claims against any of the Conveying Subsidiaries are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

6. Conveying Subsidiaries – Class 6 – Equity Interests

- (a) *Classification:* Class 6 for each of the Conveying Subsidiaries shall consist of all Equity Interests in each of the Conveying Subsidiaries.
- (b) *Treatment:* On the Effective Date, all Equity Interests in the Conveying Subsidiaries shall be deemed cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and there shall be no distribution to holders of Equity Interests in any of the Conveying Subsidiaries.
- (c) *Voting:* Class 6 for each of the Conveying Subsidiaries is impaired. Holders of Equity Interests in each of the Conveying Subsidiaries are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

E. *Classes with Respect to Beacon Hill*

1. Beacon Hill – Class 1 – Other Secured Claims

(a) *Classification:* Class 1 for Beacon Hill shall consist of the Other Secured Claims against Beacon Hill.

(b) *Treatment:* On the later of the Distribution Date or as soon as reasonably practicable after such Claim becomes Allowed, each holder of an Allowed Other Secured Claim against Beacon Hill secured by valid Liens on the property of Beacon Hill shall receive, in full and final satisfaction of such Claim, to the extent not previously paid pursuant to an order of the Bankruptcy Court authorizing payment of Lien Claims during the Chapter 11 Cases, one of the following treatments on account of the value of the Liens securing such Claim, determined at the option of the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable: (i) payment, on the later of the Distribution Date or as soon as practicable after a particular Claim becomes Allowed, in full in Cash; (ii) delivery of the collateral securing such Allowed Other Secured Claim to the holder of such Claim; or (iii) such other treatment as may be agreed to by the holder of such Claim and the Committee (in consultation with the Plan Debtors) or the Liquidation Trustee, as applicable.

(c) *Voting:* Class 1 for Beacon Hill is unimpaired. Holders of Claims in Class 1 for Beacon Hill are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

2. Beacon Hill – Class 2 – Other Priority Claims

(a) *Classification:* Class 2 for Beacon Hill shall consist of the Other Priority Claims against Beacon Hill.

(b) *Treatment:* On the later of the Distribution Date or as soon as reasonably practicable after such Claim becomes Allowed, each holder of an Allowed Other Priority Claim against Beacon Hill shall receive, in full and final satisfaction of such Claim, payment of such Allowed Claim in full in Cash.

(c) *Voting:* Class 2 for Beacon Hill is unimpaired. Holders of Claims in Class 2 for Beacon Hill are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

3. Beacon Hill – Class 3 – General Unsecured Claims

(a) *Classification:* Class 3 for Beacon Hill shall consist of the General Unsecured Claims, including any Intercompany Notes, against Beacon Hill.

(b) *Treatment:* On the Distribution Date, each holder of an Allowed General Unsecured Claim against Beacon Hill shall receive, in full and final satisfaction of such Claim, payment of such Allowed Claim in full in Cash (without postpetition interest).

(c) *Voting:* Class 3 for Beacon Hill is impaired. Holders of Claims in Class 3 for Beacon Hill are entitled to vote to accept or reject the Plan.

4. Beacon Hill – Class 4 – Equity Interests

(a) *Classification:* Class 4 for Beacon Hill shall consist of all Equity Interests in Beacon Hill.

(b) *Treatment:* On the Effective Date, all Equity Interests in Beacon Hill shall be deemed cancelled and shall be of no further force or effect, whether surrendered for cancellation or otherwise, and there shall be no distribution to the holders of Equity Interests in Beacon Hill.

(c) *Voting:* Class 4 for Beacon Hill is impaired. Holders of Equity Interests in Beacon Hill are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

ARTICLE IV.

ACCEPTANCE OR REJECTION OF EACH PLAN

A. Presumed Acceptance of Each Plan

Classes 1A, 3 and 4 for TOUSA are unimpaired under the applicable Plan and are, therefore, presumed to have accepted the applicable Plan pursuant to section 1126(f) of the Bankruptcy Code. Classes 1, 2 and 3 for each of the Conveying Subsidiaries are unimpaired under each applicable Plan and are, therefore, presumed to have accepted the applicable Plan pursuant to section 1126(f) of the Bankruptcy Code. Classes 1 and 2 for Beacon Hill are unimpaired under the applicable Plan and are, therefore, presumed to have accepted the applicable Plan pursuant to section 1126(f) of the Bankruptcy Code.

B. Voting Classes

Each holder of an Allowed Claim as of the Voting Record Date in each of the Voting Classes shall be entitled to vote to accept or reject the applicable Plan.

C. Acceptance Requirements

Pursuant to section 1126(c) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an impaired Class of Claims has accepted the applicable Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class actually voting have voted to accept the applicable Plan. There are no impaired classes of Equity Interests entitled to vote on the Plan.

D. Presumed Rejection of Plan

Classes 5D, 5E, 6 and 7 for TOUSA are impaired and holders of Claims or Equity Interests in such Classes shall receive no distribution under the applicable Plan on account of their Claims or Equity Interests. Classes 4C, 5 and 6 for the Conveying Subsidiaries are impaired and holders of Claims or Equity Interests in such Classes shall receive no distribution under the applicable Plan on account of their Claims or Equity Interests. Class 4 for Beacon Hill is impaired and holders of Equity Interests in such Class shall receive no distribution under the applicable Plan on account of their Equity Interests. Those Classes are, therefore, presumed to have rejected the applicable Plan pursuant to section 1126(g) of the Bankruptcy Code.

E. Nonconsensual Confirmation

With respect to any impaired Class that does not accept its applicable Plan pursuant to section 1126 of the Bankruptcy Code, the Committee requests confirmation of each Plan under section 1129(b) of the Bankruptcy Code. The Committee reserves the right to modify the Plan or revoke the Plan as to one or more Plan Debtors in accordance with Article XI.D and Article XI.E hereof to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification or the Committee determines that revocation of such Plan is appropriate.

ARTICLE V.

MEANS FOR IMPLEMENTATION OF THE JOINT PLAN

A. Overview of Means for Implementation.

1. Summary of the Plan

The Plan provides that the Plan Debtors' assets will be transferred to the Liquidation Trust, which will liquidate and monetize such assets and make distributions to holders of Allowed Claims in accordance with the treatment provided for under the Plan. The Plan will provide for the orderly monetization of the Plan Debtors' assets over the course of the Implementation Term. The Liquidation Trust, at the direction of the Liquidation Trustee and the Liquidation Trust Committee, will administer the Plan for the benefit of the Plan Debtors' creditors, as described herein.

2. Transeastern Reimbursement

Subject to the entry of a Final Order in the Committee Action, the Transeastern Reimbursement, if any, shall be distributed in accordance with the Decision. As provided in the Decision, the first distributions from the Transeastern Reimbursement will be to the Conveying Subsidiaries for (i) diminution in value; (ii) transaction costs in connection with the Transeastern Settlement; and (iii) legal costs in connection with the Committee Action, which total approximately \$157.1 million.

Amounts remaining from the Transeastern Reimbursement after the payments to the Conveying Subsidiaries will be distributed to the First Lien Term Loan Lenders and the Second Lien Term Loan Lenders in accordance with the terms of the Decision and the Intercreditor Agreement; *provided, however*, that, to the extent that payments from the Transeastern Reimbursement would result in the holders of First Lien Term Loan Claims being paid in full (when not taking into account distributions under the Plan or the First Lien Term Loan Lenders' receipt or deemed receipt of a Pro Rata share of amounts paid to the First Lien Revolver Lenders pursuant to the Intercreditor Agreement), (i) amounts equivalent to those paid to the First Lien Term Loan Lenders on account of the First Lien Term Loan Claims under the Plan (regardless of whether an equivalent of such amounts has been turned over to the First Lien Revolver Lenders pursuant to the terms of the Intercreditor Agreement) will be reallocated from the Transeastern Reimbursement to the holders of Second Lien Term Loan Claims (except for an equivalent amount paid to the First Lien Revolver Lenders from the Conveying Subsidiaries' Estates, which amount shall be reallocated to the Conveying Subsidiaries) and (ii) amounts equivalent to those paid to the First Lien Term Loan Lenders on account of the Lender Deficiency Claims under the Plan (including amounts pursuant to the subordination provisions in the Subordinated Note Indentures and the PIK Note Indenture and regardless of whether an equivalent of such amounts has been turned over to the First Lien Revolver Lenders pursuant to the terms of the Intercreditor Agreement) will be reallocated from the Transeastern Reimbursement to the Liquidation Trust for Pro Rata distributions to holders of Allowed Unsecured Claims at TOUSA and treated in accordance with the provisions of the Plan.

To the extent that the holders of First Lien Term Loan Claims receive less than a full recovery on account of distributions in respect of the Transeastern Reimbursement and/or the holders of Second Lien Term Loan Claims receive a recovery under the Transeastern Reimbursement, such distributions from the Transeastern Reimbursement shall have the effect of reducing the related Lender Deficiency Claims on a dollar-for-dollar basis, and amounts equivalent to distributions received by the First Lien Term Loan Lenders and Second Lien Term Loan Lenders under the Plan, as applicable, in respect of the higher Lender Deficiency Claims (including amounts pursuant to the subordination provisions in the Subordinated Note Indentures and the PIK Note Indenture) will be reallocated from the Transeastern Reimbursement to the Liquidation Trust to be redistributed Pro Rata to holders of Allowed Unsecured Claims at TOUSA and treated in accordance with the provisions of the Plan.

For the avoidance of doubt, the First Lien Revolver Lenders shall be entitled to receive from the First Lien Term Loan Lenders amounts paid from the Transeastern Reimbursement in accordance with the provisions of the Intercreditor Agreement. If the Decision is modified on appeal, the Transeastern Reimbursement will be distributed in accordance with any Final Order entered in the Committee Action.

3. Formation of Liquidation Trust

On the Effective Date, the Plan Debtors, on their own behalf and on behalf of holders of Allowed Claims entitled to receive Liquidation Trust Interests pursuant to the Plan, will establish the Liquidation Trust in order to (i) pursue the Liquidation Trust Causes of Action; (ii) complete the claims reconciliation process; and (iii) take all other actions necessary to liquidate the Plan Debtors' remaining assets, wind down the Plan Debtors' Estates and make the distributions provided for herein. On the Effective Date, and in accordance with and pursuant to the terms of the Plan, the Plan Debtors will transfer all Liquidation Trust Assets to the Liquidation Trust. The terms and provisions of the Liquidation Trust are set forth in more detail in Article V.C herein and in the Liquidation Trust Agreement.

4. D&O Liability Insurance Policies

The Debtors' tail coverage under its D&O Liability Insurance Policies shall remain in full force and effect after the Effective Date for the term thereof.

5. Valuation

The value of each Plan Debtor for all purposes associated with the Plan, including distributions under the Plan, shall be determined by the Committee (in consultation with the Plan Debtors), based on, among other things, the RVA, Postpetition Intercompany Claims, Intercompany Notes and the Plan Debtors' books and records.

6. Postpetition Intercompany Claims

The Cash Collateral Order provides:

Notwithstanding anything to the contrary contained in (i) the Interim DIP Order, (ii) this Order, (iii) the Interim Order (A) Authorizing the Debtors to Continue Using Their Existing Cash Management System, Bank Accounts and Business Forms, (B) Granting Administrative Expense Priority to Postpetition Intercompany Claims (C) Authorizing Continued Intercompany Arrangements and Historical Practices and (D) Scheduling a Final Hearing with Respect to the Relief Granted Herein (the "Interim Cash Management Order") or (iv) any final order with respect to the Interim Cash Management Order (collectively, the "Financing Orders"), to the extent it is determined by final, non-

appealable order that all or a portion of the Prepetition Liens or claims held by the Prepetition Secured Parties against any Debtor that has transferred or transfers property (including cash and Cash Collateral) (the “Transferring Debtor”) from and after the Petition Date to or for the benefit of any other Debtor are avoided, no provision of the Financing Orders shall impair or otherwise prejudice the ability of the Court to fashion a legal or equitable remedy to ensure that the position of the Prepetition Secured Parties is neither improperly enhanced nor impaired by such Transferring Debtor's transfer and that neither the Transferring Debtor and its creditors nor the Prepetition Secured Parties are prejudiced by such transfer and, upon either occurrence, this Court shall fashion such a remedy. To the extent it is determined that all or a portion of the 2007 Federal Tax Refund is, whether by operation of any applicable tax allocation agreements among the Debtors (including any predecessor thereof), the Internal Revenue Code, Treasury Regulations, or otherwise, property of the estate of one or more of the Debtors other than, or in addition to, TOUSA, Inc., this Court shall fashion a legal or equitable remedy to ensure that the 2007 Federal Tax Refund is transferred in such a manner that the creditors of one Debtor are not inappropriately advantaged over the creditors of another Debtor of which, all or a portion of the 2007 Federal Tax Refund is property of such Debtor's estate.

All Postpetition Intercompany Claims shall be reconciled and Allowed based on an informal audit performed by the Committee and in consultation with the Plan Debtors. The values for each applicable Plan Debtor shall take into account such Postpetition Intercompany Claims. Unless otherwise agreed to by the Committee, all Postpetition Intercompany Claims will be satisfied in full.

7. Segregated Accounts at TOUSA

Pursuant to the Sixth Final Cash Collateral Order [D.E.# 5580], the Debtors segregated (a) \$32.3 million (corresponding to the approximate amount of funds remaining in the Debtors’ operating accounts from the 2007 Federal Tax Refund) and (b) \$97.1 million corresponding to the approximate amount of the 2008 Federal Tax Refund. Consistent with the Decision, pursuant to the Plan, the 2007 Federal Tax Refund and the 2008 Federal Tax Refund, including any amounts from the Segregated Accounts (as defined in the Sixth Final Cash Collateral Order), will be treated as assets of TOUSA for purposes of the Plan.

8. Prepetition Intercompany Claims

Consistent with the Decision, Prepetition Intercompany Claims are treated as equity investments in the applicable Plan Debtor. Therefore, the Prepetition Intercompany Claims will receive no distributions.

B. Post-Effective Date Means for Implementation of the Plan

1. Corporate Existence

Upon the entry of the Confirmation Order by the Bankruptcy Court, all matters provided for under the Plan involving the corporate structure of the Plan Debtors will be deemed authorized and approved without any requirement of further action by the Plan Debtors, the Plan Debtors’ shareholders or the Plan Debtors’ boards of directors. The Plan Debtors may, with the consent of the Committee, or shall, at the direction of the Committee, for the purpose of effectuating the transfer of the Liquidation Trust Assets to the Liquidation Trust in a manner deemed to be in the best interests of the Plan Debtors’ unsecured creditors, (i) preserve the corporate existence of some or all of the Plan Debtors so as to permit

the transfer of the Liquidation Trust Assets owned by such Plan Debtors by means of direct or indirect transfers of the stock or other Equity Interests of such Plan Debtors to the Liquidation Trust, as applicable, and if deemed desirable in connection therewith to cancel the existing stock or other Equity Interests of such Plan Debtors, issue new stock or Equity Interests of such Plan Debtors, amend the organizational documents of such Plan Debtors and replace the officers and directors of such Plan Debtors (with the appointees designated by the Committee), (ii) create new corporations or other entities and transfer certain of the Liquidation Trust Assets thereto so as to permit the transfer of such assets by means of direct or indirect transfers of the stock or other Equity Interests of such new corporations or other entities to the Liquidation Trust, as applicable, and (iii) effect other transactions determined by the Committee to be appropriate to achieve such purpose. To the extent not used in the transfer of Liquidation Trust Assets and not completed prior to the Effective Date, the Plan Debtors (and their boards of directors) will dissolve or otherwise terminate their existence following the Effective Date and are authorized to dissolve or terminate the existence of wholly owned non-Plan Debtor subsidiaries following the Effective Date as well as any remaining health, welfare, or benefit plans.

2. Closing of the Plan Debtors' Chapter 11 Cases

When (i) all Disputed Claims filed against a Plan Debtor have become Allowed Claims or have been disallowed by Final Order, (ii) the Committee Action has been resolved by Final Order, (iii) except as set forth herein for Unsold Assets, all Liquidation Trust Assets have been liquidated and the proceeds thereof distributed in accordance with the terms of the Plan, and (iv) all other actions required to be taken by the Liquidation Trust under the Plan and the Liquidation Trust Agreement have been taken, the Liquidation Trust shall seek authority from the Bankruptcy Court to close such Plan Debtor's Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

3. Method of Distribution under the Plan

Distributions to holders of Allowed Claims against the Plan Debtors shall be made by the Liquidation Trust in accordance with the terms of the Plan on the first Distribution Date after which funds have become available.

4. Monetization of Assets

The Liquidation Trustee shall, in an expeditious but orderly manner, monetize and convert the Liquidation Trust Assets to Cash and make timely distributions to holders of Allowed Claims in accordance with the Plan. In so doing, the Liquidation Trustee shall exercise its reasonable business judgment to maximize recoveries. The monetization of the Liquidation Trust Assets may be accomplished through the sale of such assets (in whole or in combination) as the Liquidation Trustee may determine is in the best interests of the holders of Claims against the Plan Debtors. The Liquidation Trustee shall have no liability to any party for the outcome of its decisions in this regard.

In connection with the monetization of the Liquidation Trust Assets, the Liquidation Trustee shall maintain individual ledgers for each Plan Debtor, which shall include a record of the purchase price for each sale of such assets and any costs or expenses associated with such sale. The proceeds of post-Effective Date sales shall be distributed in accordance with the Plan.

If, at the end of the Implementation Term, any of the Plan Debtors' assets remain unsold (the "Unsold Assets"), the Liquidation Trustee shall submit a motion to the Bankruptcy Court, on notice to: (a) the U.S. Trustee, (b) counsel to the First Lien Agents, (c) counsel to the Second Lien Term Loan Agent, and (d) the Liquidation Trust Committee (collectively, the "Notice Parties"), which shall set forth

the Liquidation Trustee's proposed treatment of the Unsold Assets. If any of the Notice Parties object, the Bankruptcy Court shall schedule a hearing with respect to such motion.

5. Books and Records

The Debtors' books and records shall be maintained by the Liquidation Trustee. The Liquidation Trustee will maintain separate records for the assets of each Debtor.

6. Reporting Duties

The Liquidation Trustee shall be responsible for filing informational returns on behalf of the Liquidation Trust and paying any tax liability of the Plan Debtors and the Liquidation Trust. Additionally, the Liquidation Trustee shall file (or cause to be filed) any other statements, returns or disclosures relating to the Plan Debtors or the Liquidation Trust that are required by any governmental unit or applicable law.

7. Tax Obligations

The Liquidation Trustee shall have the powers of administration regarding all of the Plan Debtors and Liquidation Trust tax obligations, including filing of returns. The Liquidation Trustee shall (i) endeavor to complete and file, within 120 days after the Effective Date, each Plan Debtor's final federal, state and local tax returns; (ii) request, if necessary, an expedited determination of any unpaid tax liability of the Plan Debtors or their Estates under section 507(b) of the Bankruptcy Code for all taxable periods of the Plan Debtors ending after the applicable Petition Date through the dissolution of the Liquidation Trust as determined under applicable tax laws; and (iii) represent the interests and accounts of the Liquidation Trust or the Plan Debtors' Estates before any Tax Authority in all matters including, without limitation, any action, suit, proceeding or audit. On the Initial Distribution Date, the Liquidation Trustee will place funds sufficient to pay all known tax obligations into a separate account until such obligations are due and payable. To the extent the segregated funds are in excess of the Plan Debtors' or Liquidation Trust's actual tax obligations, the segregated amounts will be distributed to holders of Liquidation Trust Interests in accordance with the Plan.

8. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, the Liquidation Trustee shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Liquidation Trustee and the Distribution Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Liquidation Trust reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and encumbrances.

For tax purposes, distributions in full or partial satisfaction of Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

9. Surrender of Cancelled Instruments or Securities

As a condition precedent to receiving any distribution on account of its Allowed Claim, each record holder of a Senior Note Claim, a Subordinated Note Claim or a PIK Note Claim shall be deemed to have surrendered the certificates or other documentation underlying each such Claim, and all such surrendered certificates and other documentations shall be deemed to be canceled pursuant to this Article V.B.9, except as provided in Article V.B.14 and except to the extent otherwise provided herein. The Indenture Trustees may (but shall not be required to) request that registered holders of the Senior Notes, Subordinated Notes or the PIK Notes surrender their notes for cancellation to the extent such notes are certificated.

10. Resolution of Disputed Claims

(a) Allowance of Claims

After the Effective Date, the Liquidation Trustee shall have and shall retain any and all rights and defenses, including rights of set off, that the Plan Debtors had with respect to any Claim. Except as expressly provided in the Plan or in any order entered in the Plan Debtors' Chapter 11 Cases before the Effective Date (including, without limitation, the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in the Plan Debtors' Chapter 11 Cases allowing such Claim.

(b) No Distributions Pending Allowance

Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or distribution provided hereunder shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim. Holders of Disputed Claims shall not be entitled to interest if such Disputed Claim becomes an Allowed Claim except to the extent such holder is entitled to interest under the Plan as a holder of an Allowed Claim.

(c) Prosecution of Objections to Claims Against the Plan Debtors

After the Confirmation Date but before the Effective Date, the Plan Debtors and the Committee, and after the Effective Date, the Liquidation Trustee, shall have the exclusive authority to file objections to Claims, settle, compromise, withdraw or litigate to judgment objections to any and all Claims. From and after the Effective Date, the Liquidation Trustee may settle or compromise any Disputed Claim without any further notice to or action, order or approval of the Bankruptcy Court. The Liquidation Trustee shall have the sole authority to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval of the Bankruptcy Court.

With respect to all Tort Claims, Chinese Drywall Claims, and Claims of the Transeastern Lenders, an objection is deemed to have been timely filed, thus making each such Claim a Disputed Claim as of the Claims Objection Deadline. Each such Tort Claim, Chinese Drywall Claim, and Claim of the Transeastern Lenders shall remain a Disputed Claim unless and until it becomes an Allowed Claim.

For the avoidance of doubt, pursuant to the Decision, all Claims asserted or assertable by the First Lien Term Loan Lenders and the Second Lien Term Loan Lenders against the Conveying Subsidiaries, including any claims for breach of the solvency representations in the Loan Documents, have been

avoided and disallowed. No further objection to such Claims shall be required and no distributions will be made on account of such Claims.

(d) Claims Estimation

After the Confirmation Date, but before the Effective Date, the Plan Debtors and the Committee, and after the Effective Date, the Liquidation Trustee, may, at any time, request that the Bankruptcy Court estimate (a) any Disputed Claim pursuant to applicable law and (b) any contingent or unliquidated Claim pursuant to applicable law, including, without limitation, section 502(c) of the Bankruptcy Code, regardless of whether the Plan Debtors, the Committee, or the Liquidation Trustee have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any Disputed Claim, contingent Claim or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register but that is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Disputed Claim, contingent Claim or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim for all purposes under the Plan, including for purposes of distributions, and the Liquidation Trustee may elect to pursue additional objections to the ultimate distribution on such Claim. If the estimated amount constitutes a maximum limitation on such Claim, the Plan Debtors, the Committee or the Liquidation Trustee, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate distribution on account of such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such holder has filed a motion requesting the right to seek such reconsideration on or before 20 days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

(e) Expungement or Adjustment to Claims Without Objection

Any Claim that has been paid, satisfied or superseded may be expunged on the Claims Register by the Liquidation Trustee, and any Claim that has been amended may be adjusted thereon by the Liquidation Trustee, in both cases without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court. Beginning at the end of the first full calendar quarter that is at least 90 days after the Effective Date, the Liquidation Trustee shall file each calendar quarter a list of all Claims that have been paid, satisfied, superseded or amended during such prior calendar quarter.

(f) Deadline to File Objections to Claims

Objections to Claims shall be filed no later than the Claims Objection Deadline.

11. Disallowance of Claims

All Claims of any entity from which property is sought by the Plan Debtors' Estates or the Liquidation Trustee, as applicable, under section 542, 543, 550 or 553 of the Bankruptcy Code or that the Plan Debtors, the Committee, or the Liquidation Trustee, as applicable, allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code

shall be disallowed if (a) the entity, on the one hand, and the Plan Debtors (with the consent of the Committee), the Committee, or the Liquidation Trustee, as applicable, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such entity or transferee is liable to turn over any property or monies under any of the aforementioned sections of the Bankruptcy Code and (b) such entity or transferee has failed to turn over such property by the date set forth in such agreement or Final Order. Notwithstanding the foregoing, distributions will be made under the Plan to holders of First Lien Term Loan Claims and Lender Deficiency Claims.

EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A BANKRUPTCY COURT ORDER ON OR BEFORE THE LATER OF (a) THE CONFIRMATION HEARING AND (b) 45 DAYS AFTER THE APPLICABLE BAR DATE.

12. Professionals Fee Accounts

The Professionals Fee Accounts established pursuant to paragraph 14 of the Cash Collateral Order shall be used to fund the total amount of Accrued Professional Compensation, *provided* that if the Professionals Fee Accounts are not sufficient, the Liquidation Trustee shall fund such account from the Liquidation Trust Assets, in the full amount of the Accrued Professional Compensation.

13. Effectuating Documents; Further Transactions; Exemption from Certain Transfer Taxes

The Plan Debtors (with the consent of or at the request of the Committee), the Committee, or the Liquidation Trustee may take all actions to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan, including, without limitation, the distribution of the Liquidation Trust Interests to be issued pursuant hereto without the need for any approvals, authorizations, actions or consents except for those expressly required pursuant hereto. The secretary and any assistant secretary of each Plan Debtor shall be authorized to certify or attest to any of the foregoing actions.

Before, on or after the Effective Date (as appropriate), all matters provided for pursuant to the Plan that would otherwise require approval of the shareholders, directors or members of the Plan Debtors shall be deemed to have been so approved and shall be in effect before, on or after the Effective Date (as appropriate) pursuant to applicable law and without any requirement of further action by the shareholders, directors, managers or partners of the Plan Debtors, or the need for any approvals, authorizations, actions or consents.

Pursuant to Bankruptcy Code sections 106, 1141 and 1146(a), any post-Confirmation Date transfer from a Plan Debtor to any person pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (a) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Plan Debtors; (b) the creation, modification, consolidation, or recording of any mortgage, deed of trust, or other security interest; (c) the making, assignment, or recording of any lease or sublease; or (d) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or

similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, in each case to the extent permitted by applicable law, and the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to (i) all documents necessary to evidence and implement the provisions of and the distributions to be made under the Plan, including the transfer of the Liquidation Trust Causes of Action to the Liquidation Trust and (ii) any sale or other transfer of the Plan Debtors' assets in connection with the orderly liquidation of such assets, as contemplated by the Plan.

14. Cancellation of Notes and Equity Interests

On the Effective Date, except to the extent otherwise provided herein, all notes, stock, instruments, certificates and other documents evidencing the Senior Notes, the Subordinated Notes, the PIK Notes and Equity Interests in the Plan Debtors shall be cancelled, and the obligations of the Plan Debtors thereunder or in any way related thereto shall be fully released. On the Effective Date, except to the extent otherwise provided herein, any indenture relating to any of the foregoing, including, without limitation, the Senior Note Indentures, the Subordinated Note Indentures and the PIK Note Indenture shall be cancelled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and the obligations of the Plan Debtors thereunder shall be fully released. Notwithstanding the provisions hereof, the Subordinated Note Indentures, the Senior Note Indentures and the PIK Note Indenture shall continue in effect solely for the purposes of: (a) allowing holders of the Senior Note Claims, the Subordinated Note Claims and the PIK Note Claims to receive distributions under the Plan (if any); (b) allowing holders of Senior Debt to enforce the subordination provisions in Articles 11 and 12 of the Subordinated Note Indentures and the PIK Note Indenture; and (c) allowing and preserving the rights of the Indenture Trustees to (i) make distributions in satisfaction of Allowed Senior Note Claims, Allowed Subordinated Note Claims and Allowed PIK Note Claims (if any), (ii) maintain and exercise their respective charging Liens against any such distributions, (iii) seek compensation and reimbursement for any reasonable and documented fees and expenses incurred in making such distributions; (iv) maintain and enforce any right to indemnification under the applicable indentures; (v) exercise their rights and obligations relating to the interests of their holders pursuant to the applicable indentures; and (vi) appear in these Chapter 11 Cases.

15. Satisfaction of Obligations Under the Loan Documents

On the Effective Date, except to the extent otherwise provided herein, the Plan Debtors' obligations under the Loan Documents shall be satisfied and fully released except that the Loan Documents shall continue in full force and effect solely to permit the relevant agents to make distributions of Plan consideration or Transeastern Reimbursement to the Prepetition Secured Lenders.

C. *The Liquidation Trust*

1. Generally

The powers, authority, responsibilities and duties of the Liquidation Trust, the Liquidation Trustee and the Liquidation Trust Committee are set forth in and shall be governed by the Liquidation Trust Agreement. The Committee shall appoint the initial Liquidation Trustee, which appointment will be disclosed at or prior to the Confirmation Hearing. In the event the Liquidation Trustee dies, is terminated or resigns for any reason, the Liquidation Trust Committee shall designate a successor. The salient terms of the Liquidation Trustee's employment, including the Liquidation Trustee's duties and

compensation, to the extent not set forth in the Plan, shall be set forth in the Liquidation Trust Agreement or the Confirmation Order.

2. Purpose of the Liquidation Trust

On the Effective Date, the Liquidation Trust shall be established for the primary purpose of liquidating and distributing the Liquidation Trust Assets, in accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or any other business, except to the extent reasonably necessary to, and consistent with, the purpose of the Liquidation Trust. Upon the transfer by the Plan Debtors of the Liquidation Trust Assets to the Liquidation Trust, the Plan Debtors will have no reversionary or further interest in or with respect to the Liquidation Trust Assets or the Liquidation Trust.

3. Liquidation Trust Implementation

On the Effective Date, the Liquidation Trustee, on behalf of the Plan Debtors, shall execute the Liquidation Trust Agreement and shall take all other steps necessary to establish the Liquidation Trust pursuant to the Liquidation Trust Agreement and consistent with the Plan. On the Effective Date, and in accordance with and pursuant to the terms of the Plan, each of the Plan Debtors shall transfer, assign and deliver to the Liquidation Trust all of their rights, title and interests in all of the Liquidation Trust Assets notwithstanding any prohibition of assignability under non-bankruptcy law, all Liquidation Trust Assets will vest in the Liquidation Trust in accordance with section 1141 of the Bankruptcy Code. In connection with the transfer of such assets, any attorney client privilege, work product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) transferred to the Liquidation Trust shall vest in the Liquidation Trust and its representatives, and the Plan Debtors and the Liquidation Trustee are directed to take all necessary actions to effectuate the transfer of such privileges. The Liquidation Trustee shall agree to accept and hold the Liquidation Trust Assets in the Liquidation Trust for the benefit of the Liquidation Trust Beneficiaries, subject to the terms of the Plan and the Liquidation Trust Agreement.

The Liquidation Trust Agreement will contain provisions customary to trust agreements utilized in comparable circumstances, including, but not limited to, any and all provisions necessary to ensure the continued treatment of the Liquidation Trust as a grantor trust and the holders of Allowed Claims as the grantors and owners thereof for federal income tax purposes. All parties (including the Plan Debtors, the Liquidation Trustee and Liquidation Trust Beneficiaries) will execute any documents or other instruments as necessary to cause title to the Liquidation Trust Assets to be transferred to the Liquidation Trust which documents and instruments shall be subject in form and substance to the prior reasonable approval of the Committee.

4. Duties and Powers of the Liquidation Trustee

(a) Authority

The duties and powers of the Liquidation Trustee shall include all powers necessary to implement the Plan with respect to all Plan Debtors and administer and monetize the assets of the Plan Debtors, including, without limitation, the duties and powers listed herein. The Liquidation Trustee will administer the Liquidation Trust in accordance with the Liquidation Trust Agreement.

(b) Claims and Causes of Action

The Liquidation Trustee may object to, seek to estimate, seek to subordinate, compromise or settle any and all Claims against the Plan Debtors and Causes of Action of the Plan Debtors that have not already been Allowed as of the Effective Date. The Liquidation Trustee will prepare and make available to holders of Liquidation Trust Interests, on a quarterly basis, a written report detailing, among other things, the litigation status of claims or Causes of Action transferred to the Liquidation Trust, any settlements entered into by the Liquidation Trust, the proceeds recovered to date from the Liquidation Trust Assets, and the distributions made by the Liquidation Trust.

(c) Retention of Professionals

The Liquidation Trustee may retain professionals to pursue the Liquidation Trust Causes of Action and otherwise advise the Liquidation Trustee and provide services to the Liquidation Trust without further order of the Bankruptcy Court, *provided, however*, that the Liquidation Trustee shall continue to employ Robbins, Russell, Englert, Orseck, Untereiner & Sauber LLP and Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. to provide such services that the Liquidation Trust may require related to the Committee Action. Berger Singerman P.A. will continue to prosecute all Causes of Action under section 547 of the Bankruptcy Code that it commenced on behalf of the Estates prior to the Effective Date. Unless an alternative fee arrangement has been agreed to, professionals retained by the Liquidation Trustee will be compensated first from the Liquidation Trust Account and then, to the extent necessary, the Liquidation Trust Assets.

(d) Agreements

The Liquidation Trustee may enter into any agreement or execute any document required by or consistent with the Plan and perform all of the Plan Debtors' obligations thereunder.

(e) Employment Agreements

The Liquidation Trustee may enter into employment agreements with certain individuals in the Plan Debtors' employ on or immediately after the Effective Date. The terms of such agreements, if any, will be acceptable to the Liquidation Trust Committee.

(f) Reasonable Fees and Expenses

The Liquidation Trustee may incur any reasonable and necessary expenses in connection with the performance of its duties under the Plan, including in connection with retaining professionals and/or entering into agreements pursuant to subsections (c) and (d), above. The Liquidation Trustee shall be paid first from the Liquidation Trust Account and then, to the extent necessary, from the Liquidation Trust Assets.

(g) Other Actions

The Liquidation Trustee may take all other actions not inconsistent with the provisions of the Plan that the Liquidation Trustee deems reasonably necessary or desirable with respect to administering the Plan.

5. Liquidation Trustee's Tax Power for Plan Debtors

Following the Effective Date, the Liquidation Trustee shall prepare and file (or cause to be prepared and filed), on behalf of the Plan Debtors, all tax returns required to be filed or that the Liquidation Trustee otherwise deems appropriate.

In the event that the Liquidation Trust shall fail or cease to qualify as a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d), the Liquidation Trustee shall take any and all necessary actions as it shall deem appropriate to have the Liquidation Trust classified as a partnership for federal tax purposes under Treasury Regulation section 301.7701-3, including, if necessary, creating or converting the Liquidation Trust into a Delaware limited liability partnership or limited liability company that is so classified.

6. Liquidation Trust Committee

The Liquidation Trust Committee shall have three members. The initial members of the Liquidation Trust Committee shall be appointed by the Committee and will be disclosed at or prior to the Confirmation Hearing. Membership, duties, responsibilities and powers of the Liquidation Trust Committee shall be as set forth in the Liquidation Trust Agreement.

7. Prosecution of Liquidation Trust Causes of Action

Liquidation Trust Causes of Action may only be prosecuted or settled by the Liquidation Trust, under the supervision of the Liquidation Trustee and the Liquidation Trust Committee. The Liquidation Trust Causes of Action will be transferred to the Liquidation Trust on the Effective Date.

8. Distributions; Withholding

As described in Article V.D herein, the Liquidation Trustee shall make distributions, to the Liquidation Trust Beneficiaries in accordance with the terms of the Liquidation Trust Agreement and the Plan. The Liquidation Trust Committee may authorize the Liquidation Trustee to retain proceeds from the Liquidation Trust Assets to fund additional litigation with respect to the Liquidation Trust Causes of Action. The Liquidation Trust may withhold from amounts otherwise distributable to any entity any and all amounts required by the Liquidation Trust Agreement, any law, regulation, rule, ruling, directive, treaty or other governmental requirement. Any party issuing any instrument or making any distribution under the Plan shall comply with all applicable withholding and reporting requirements imposed by any U.S. federal, state or local tax law or Tax Authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim that is to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any Taxes imposed on such holder by any governmental unit, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan has the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such Tax obligations and, if any party issuing any instrument or making any distribution under the Plan fails to withhold with respect to any such holder's distribution, and is later held liable for the amount of such withholding, the holder shall reimburse such party. The Liquidation Trustee or other Distribution Agent, as applicable, may require, as a condition to the receipt of a distribution, that the holder complete the appropriate Form W-8 or Form W-9, as applicable to each holder. If the holder fails to comply with such a request within 180 days, such distribution shall be deemed an unclaimed distribution.

9. Appointment of the Liquidation Trustee

On the Effective Date and in compliance with the provisions of the Plan and the Liquidation Trust Agreement, the person or firm appointed Liquidation Trustee in accordance with the Liquidation Trust Agreement and, thereafter, any successor Liquidation Trustee shall be appointed and serve in accordance with the Liquidation Trust Agreement. The Liquidation Trustee or any successor thereto will administer the Liquidation Trust in accordance with the Liquidation Trust Agreement.

10. Funding Expenses of the Liquidation Trust

All fees, expenses and costs of the Liquidation Trust, including, without limitation, fees and expenses incurred by professionals retained by the Liquidation Trust (in accordance with the terms and conditions set forth in the Liquidation Trust Agreement) shall be paid by the Liquidation Trust. On the Effective Date, \$20 million shall be placed in the Liquidation Trust Account to pay the Liquidation Trust's costs and expenses with any funds remaining after the liquidation of the Liquidation Trust Assets is complete to be distributed to the Liquidation Trust Beneficiaries.

11. Insurance

The Liquidation Trustee will maintain customary insurance coverage for the protection of the Liquidation Trust Committee and the Liquidation Trustee on and after the Effective Date.

12. Exculpation; Indemnification

The Liquidation Trustee, the Liquidation Trust, the Liquidation Trust Committee, the professionals of the Liquidation Trust and their representatives will be exculpated and indemnified pursuant to the terms of the Liquidation Trust Agreement.

13. Transferability of the Liquidation Trust Interests

To the extent practicable, the Liquidation Trust Interests shall be transferable in accordance with the terms of the Liquidation Trust Agreement.

14. Federal Income Tax Treatment of Liquidation Trust

(a) Liquidation Trust Assets Treated as Owned by Creditors

For all U.S. federal income tax purposes, all parties (including, without limitation, the Plan Debtors, the Liquidation Trustee, and the Liquidation Trust Beneficiaries) shall treat the transfer of the Liquidation Trust Assets to the Liquidation Trust as (i) a transfer of the Liquidation Trust Assets (subject to any obligations relating to those assets) directly to the Liquidation Trust Beneficiaries and, to the extent Liquidation Trust Assets are allocable to Disputed Claims, to the Disputed Claims Reserve, followed by (ii) the transfer by the Liquidation Trust Beneficiaries to the Liquidation Trust of the Liquidation Trust Assets (other than the Liquidation Trust Assets allocable to the Disputed Claims Reserve) in exchange for Liquidation Trust Interests. Accordingly, the Liquidation Trust Beneficiaries shall be treated for U.S. federal income tax purposes as the grantors and owners of their respective share of the Liquidation Trust Assets (other than such Liquidation Trust Assets as are allocable to the Disputed Claims Reserve, discussed below). The foregoing treatment shall also apply, to the extent permitted by applicable law, for state and local income tax purposes.

(b) Tax Reporting

The Liquidation Trustee shall file tax returns for the Liquidation Trust treating the Liquidation Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with this Article V.C.14. The Liquidation Trustee also will annually send to each holder of a Liquidation Trust Interest a separate statement regarding the receipts and expenditures of the Liquidation Trust as relevant for U.S. federal income tax purposes and will instruct all such holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such holder's underlying beneficial holders with instructions to utilize such information in preparing their U.S. federal income tax returns. The Liquidation Trustee shall also file (or cause to be filed) any other statement, return or disclosure relating to the Liquidation Trust that is required by any governmental unit.

Allocations of Liquidation Trust taxable income among the Liquidation Trust Beneficiaries (other than taxable income allocable to the Disputed Claims Reserve) shall be determined by reference to the manner in which an amount of cash representing such taxable income would be distributed (were such cash permitted to be distributed at such time) if, immediately prior to such deemed distribution, the Liquidation Trust had distributed all its assets (valued at their tax book value, and other than assets allocable to the Disputed Claims Reserve) to the holders of the Liquidation Trust Interests, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Liquidation Trust. Similarly, taxable loss of the Liquidation Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a hypothetical liquidating distribution of the remaining Liquidation Trust Assets. The tax book value of the Liquidation Trust Assets for purpose of this paragraph shall equal their fair market value on the Effective Date, adjusted in accordance with tax accounting principles prescribed by the Tax Code, the applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

The Liquidation Trustee shall be responsible for payment, out of the Liquidation Trust Assets, of any Taxes imposed on the Liquidation Trust or the Liquidation Trust Assets, including the Disputed Claims Reserve. In the event, and to the extent, any Cash retained on account of Disputed Claims in the Disputed Claims Reserve is insufficient to pay the portion of any such Taxes attributable to the taxable income arising from the assets allocable to, or retained on account of, Disputed Claims, such Taxes shall be (i) reimbursed from any subsequent Cash amounts retained on account of Disputed Claims, or (ii) to the extent such Disputed Claims have subsequently been resolved, deducted from any amounts otherwise distributable by the Liquidation Trustee as a result of the resolution of such Disputed Claims.

The Liquidation Trustee may request an expedited determination of Taxes of the Liquidation Trust, including the Disputed Claims Reserve, or the Plan Debtors under Bankruptcy Code section 505(b), for all tax returns filed for, or on behalf of, the Liquidation Trust or the Plan Debtors for all taxable periods through the dissolution of the Liquidating Trust.

(c) Tax Withholdings by Liquidating Trustee

The Liquidation Trustee may withhold and pay to the appropriate Tax Authority all amounts required to be withheld pursuant to the Tax Code or any provision of any foreign, state or local tax law with respect to any payment or distribution to the holders of Liquidation Trust Interests. All such amounts withheld and paid to the appropriate Tax Authority shall be treated as amounts distributed to such holders of Liquidation Trust Interests for all purposes of the Liquidation Trust Agreement. The Liquidation Trustee shall be authorized to collect such tax information from the holders of Liquidation Trust Interests (including, without limitation, social security numbers or other tax identification numbers) as in its sole discretion deems necessary to effectuate the Plan, the Confirmation Order, and the Liquidation Trust Agreement. In order to receive distributions under the Plan, all holders of Liquidation

Trust Interests (including, without limitation, holders of Allowed Other Secured Claims and Allowed Unsecured Claims) will need to identify themselves to the Liquidation Trustee and provide tax information and the specifics of their holdings, to the extent the Liquidation Trustee deems appropriate. This identification requirement may, in certain cases, extend to holders who hold their securities in street name. The Liquidation Trustee may refuse to make a distribution to any holder of a Liquidation Trust Interest that fails to furnish such information in a timely fashion, until such information is delivered; *provided, however*, that, upon the delivery of such information by a holder of a Liquidation Trust Interest, the Liquidation Trustee shall make such distribution to which the holder of the Liquidation Trust Interest is entitled, without interest; and, *provided, further*, that, if the Liquidation Trustee fails to withhold in respect of amounts received or distributable with respect to any such holder and the Liquidation Trustee is later held liable for the amount of such withholding, such holder shall reimburse the Liquidation Trustee for such liability.

(d) Foreign Tax Matters

The Liquidation Trustee shall duly comply on a timely basis with all obligations, and satisfy all liabilities, imposed on the Liquidation Trustee or the Liquidation Trust under non-United States law relating to taxes. The Liquidation Trustee, or any other legal representative of the Liquidation Trust shall not distribute the Liquidation Trust Assets or proceeds thereof without having first obtained all certificates required to have been obtained under applicable non-United States law relating to taxes.

(e) Dissolution

The Liquidation Trustee, the Liquidation Trust Committee and the Liquidation Trust shall be dissolved at such time as (i) all of the Liquidation Trust Assets have been distributed pursuant to the Plan and the Liquidation Trust Agreement, (ii) the Liquidation Trustee determines, in consultation with the Liquidation Trust Committee, that the administration of any remaining Liquidation Trust Assets is not likely to yield sufficient additional Liquidation Trust proceeds to justify further pursuit, or (iii) all distributions required to be made by the Liquidation Trustee under the Plan and the Liquidation Trust Agreement have been made; *provided, however*, in no event shall the Liquidation Trust be dissolved later than three years from the Effective Date unless the Bankruptcy Court, upon motion within the six-month period prior to the third anniversary (or within the six-month period prior to the end of an extension period), determines that a fixed period extension (not to exceed two years, including any prior extensions, without a favorable private letter ruling from the Internal Revenue Service or an opinion of counsel satisfactory to the Liquidation Trustee that any further extension would not adversely affect the status of the trust as a liquidating trust for U.S. federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the Liquidation Trust Assets. If at any time the Liquidation Trustee determines, in reliance upon such professionals as the Liquidation Trustee may retain and in consultation with the Liquidation Trust Committee, that the expense of administering the Liquidation Trust so as to make a final distribution to the Liquidation Trust Beneficiaries is likely to exceed the value of the assets remaining in the Liquidation Trust, the Liquidation Trustee may apply to the Bankruptcy Court for authority to (i) reserve any amount necessary to dissolve the Liquidation Trust, (ii) donate any balance to a charitable organization (A) described in section 501(c)(3) of the Tax Code, (B) exempt from U.S. federal income tax under section 501(a) of the Tax Code, (C) not a "private foundation", as defined in section 509(a) of the Tax Code, and (D) that is unrelated to the Plan Debtors, the Liquidation Trust, and any insider of the Liquidation Trustee, and (iii) dissolve the Liquidation Trust.

D. *Distributions*

1. Single Satisfaction of Claims

Holders of Allowed Claims may assert such Claims against each Plan Debtor obligated with respect to such Claims, and, except to the extent set forth in the Plan, such Claims shall be entitled to share in the recovery provided for the applicable Class of Claims against each obligated Plan Debtor based upon the full Allowed amount of each such Claim. Notwithstanding the foregoing, in no case shall the aggregate value of all property received or retained under the Plan (or from third parties, including the Transeastern Reimbursement) by a holder of an Allowed Claim exceed 100% of such holder's underlying Allowed Claim, plus postpetition interest, to the extent applicable.

2. Distributions on Account of Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan, by Final Order or as agreed to by the relevant parties (which, prior to its dissolution, shall include the Committee), the Liquidation Trustee shall make initial distributions under the Plan on account of Claims Allowed before the Effective Date on or as soon as practicable after the Initial Distribution Date. Initial distributions of Cash on account of the Liquidation Trust Interests will be made or as soon as practicable after the Effective Date.

3. Distributions on Account of Claims Allowed After the Effective Date

(a) Payments and Distributions on Disputed Claims

Except as otherwise provided in the Plan, by Final Order, or as agreed to by the relevant parties, distributions under the Plan on account of a Disputed Claim that becomes an Allowed Claim after the Effective Date shall be made on the Periodic Distribution Date that is at least 30 days after the Disputed Claim becomes an Allowed Claim.

(b) Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any other provision herein and except as otherwise agreed to by the relevant parties, no partial payments and no partial distributions shall be made with respect to a Disputed Claim until all disputes in connection with such Disputed Claim have been resolved by settlement or Final Order. In the event that there are Disputed Claims requiring adjudication and resolution, the Liquidation Trustee shall establish appropriate reserves for potential payment of such Claims pursuant to Article V.D.4 hereof. For the avoidance of doubt, the foregoing shall not prohibit the Liquidation Trustee from making distributions to holders of First Lien Revolver Claims, First Lien Term Loan Claims or Lender Deficiency Claims pursuant to the Plan.

(c) Special Rules for Claims Arising Under Section 502(h) of the Bankruptcy Code

Notwithstanding anything contained herein to the contrary, Claims that arise under section 502(h) of the Bankruptcy Code ("502(h) Claims") shall be deemed timely filed despite the filing of such Claims after any otherwise applicable Claims Bar Date, *provided, however*, that such Claims must be filed against the applicable Plan Debtor(s) no later than 30 days after entry of a Final Order for recovery of property under section 550, 552 or 553 of the Bankruptcy Code.

4. Disputed Claims Reserve

(a) Creation of Disputed Claims Reserve

From and after the Effective Date, and until such time as each Disputed Claim has been compromised and settled, estimated by the Bankruptcy Court in an amount constituting the allowed amount, or allowed or disallowed by Final Order, the Liquidation Trustee shall retain, for the benefit of each holder of a Disputed Claim, Cash and Liquidation Trust Interests, and any dividends, gains or income attributable thereto, in an amount equal to the *Pro Rata* Share of distributions that would have been made to the holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the liquidated amount set forth in the filed proof of Claim relating to such Disputed Claim, (ii) the amount in which the Disputed Claim shall be estimated by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code constitutes and represents the maximum amount in which such Claim may ultimately become an Allowed Claim, or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Liquidation Trustee (the “Disputed Claims Reserve”). Any Cash and Liquidation Trust Interests retained and held for the benefit of a holder of a Disputed Claim as part of the Disputed Claims Reserve shall be treated as a payment and reduction on account of such Disputed Claim for purposes of computing any additional amounts to be paid in Cash or distributed in Liquidation Trust Interests in the event the Disputed Claim ultimately becomes an Allowed Claim. Such Cash and any dividends, gains or income paid on account of the Liquidation Trust Interests retained for the benefit of holders of Disputed Claims shall be retained by the Liquidation Trust for the benefit of such holders pending determination of their entitlement thereto under the terms of the Plan.

For the avoidance of doubt, Cash held in the Disputed Claims Reserve will (i) be deposited in an interest-bearing account and held in trust, pending distribution by the Liquidation Trustee, for the benefit of holders of Allowed Claims (other than Allowed 502(h) Claims), (ii) be accounted for separately and (iii) not constitute property of the Liquidation Trust.

(b) Distributions After Allowance of Disputed Claims

At such time as a Disputed Claim becomes an Allowed Claim, the Liquidation Trustee shall distribute to the holder thereof the distributions, if any, to which such holder is then entitled under the Plan, together with any earnings that has accrued on the amount of Cash so retained (net of any expenses, including any taxes, relating thereto), but only to the extent that such earnings are attributable to the amount of the Allowed Claim. Such distribution, if any, shall be made as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim becomes a Final Order. The balance of any Cash and Liquidation Trust Interests previously retained but not distributed to a Disputed Claim holder shall be included in future calculations of Cash and Liquidation Trust Interests, respectively, to holders of Allowed Claims.

Each holder of a Disputed Claim that ultimately becomes an Allowed Claim will have recourse only to the Liquidation Trust Interests, Cash and its proportionate share of the proceeds from the investment of Cash, if any, held in the Disputed Claims Reserve for satisfaction of the distributions to which holders of Allowed Claims are entitled under the Plan, and not to the Liquidation Trust, the Liquidation Trust Account or any assets previously distributed on account of any Allowed Claim.

(c) Tax Treatment of Retained Assets

The Liquidation Trustee shall treat any assets retained pursuant to this Article V.D.4 as part of the Disputed Claims Reserve.

(d) Distributions After Disallowance of Disputed Claims

If a Disputed Claim is disallowed, in whole or in part, the Liquidation Trustee shall cancel the reserve Liquidation Trust Interest, if applicable, and distribute the Cash held in the Disputed Claims Reserve with respect to such Claim to the holders of Allowed Claims against the applicable Plan Debtor in accordance with the terms of Article III hereof on the next Distribution Date that is at least 30 days after the date such Claim is disallowed.

(e) Tax Treatment of Disputed Claims Reserve

Subject to definitive guidance from the Internal Revenue Service or a court of competent jurisdiction to the contrary (including the receipt by the Liquidation Trustee of a private letter ruling if the Liquidation Trustee so requests, or the receipt of an adverse determination by the Internal Revenue Service upon audit if not contested by the Liquidation Trustee), the Liquidation Trustee shall (A) timely elect to treat any Disputed Claims Reserve as a “disputed ownership fund” governed by Treasury Regulation section 1.468B-9, and (B) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. All parties (including the Liquidation Trustee, the Plan Debtors, and the Liquidation Trust Beneficiaries) shall report for U.S. federal, state and local income tax purposes consistently with the foregoing.

5. Delivery of Distributions

(a) Record Date for Distributions

On the Distribution Record Date, the Claims Register shall be closed and the Distribution Agent shall be authorized and entitled to recognize only those holders of Claims listed on the Claims Register as of the close of business on the Distribution Record Date. If a Claim, other than a Claim based on a publicly traded instrument, is transferred 20 or fewer days before the Distribution Record Date, the Distribution Agent shall make distributions to the transferee only to the extent practical and, in any event, only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

(b) Delivery of Distributions in General

Except as otherwise provided herein, the Liquidation Trustee shall make distributions to holders of Allowed Claims at the address for each such holder as indicated on the Plan Debtors’ records as of the applicable Distribution Date; *provided, however*, that the manner of such distributions shall be determined at the discretion of the Liquidation Trustee; and *provided, further*, that the address for each holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim filed by that holder.

(c) Delivery of Distributions to the Holders of First Lien Revolver Claims, First Lien Term Loan Claims, Second Lien Term Loan Claims and Lender Deficiency Claims

All distributions to holders of First Lien Revolver Claims, First Lien Term Loan Claims, Second Lien Term Loan Claims and Lender Deficiency Claims shall be deemed completed when made to the agent under the applicable Loan Documents. Notwithstanding any provisions herein to the contrary, the Loan Documents shall continue in effect to the extent necessary to allow the applicable agents to receive and make distributions pursuant to this Plan.

(d) Delivery of Distributions to the Holders of Unsecured Claims

All distributions to holders of Senior Note Claims, Subordinated Note Claims and PIK Note Claims shall be governed by the Senior Note Indentures, the Subordinated Note Indentures or the PIK Note Indenture, respectively, and shall be deemed completed when made to the applicable Indenture Trustee as set forth in the paragraph below. Notwithstanding any provisions herein to the contrary, the Senior Note Indentures, the Subordinated Note Indentures and the PIK Note Indenture shall continue in effect to the extent necessary to (a) allow the applicable Indenture Trustees to receive and make distributions pursuant to the Plan, (b) maintain and exercise their respective charging liens against any such distributions, (c) seek compensation and reimbursement for any fees and expenses incurred in making such distributions and (d) enforce the subordination provisions of the applicable indentures.

For the avoidance of doubt, the Distribution Agent for each Plan Debtor shall give effect to the provisions of Articles 11 and 12 of the Subordinated Note Indentures such that all distributions made pursuant to the Plan in satisfaction of the Subordinated Note Claims shall be made to the holders of Senior Debt at the applicable Plan Debtor. Pursuant to the PIK Notes Stipulation, solely with respect to TOUSA, the Distribution Agent shall give effect to the provisions of Articles 11 and 12 of the PIK Note Indenture, such that all distributions made pursuant to the Plan in satisfaction of the PIK Note Claims shall be made to the holders of Senior Debt at TOUSA. For the avoidance of doubt, any PIK Note Claims against the Conveying Subsidiaries have been released pursuant to the PIK Notes Stipulation and are hereby disallowed.

(e) Distributions by Distribution Agents

The Liquidation Trustee and, prior to the Effective Date, the Committee on behalf of the Plan Debtors' Estates, shall have the authority, in its sole discretion, to enter into agreements with one or more Distribution Agents to facilitate the distributions required hereunder. As a condition to serving as a Distribution Agent, a Distribution Agent must (a) affirm its obligation to facilitate the prompt distribution of any documents, (b) affirm its obligation to facilitate the prompt distribution of any recoveries or distributions required hereunder and (c) waive any right or ability to set off, deduct from or assert any Lien or encumbrance against the distributions required hereunder that are to be distributed by such Distribution Agent; *provided, however*, that the Indenture Trustees shall retain the right to set off against the distributions required hereunder. The Plan Debtors and Liquidation Trustee may pay to the Distribution Agents (including the Indenture Trustees) all reasonable and documented fees and expenses of the Distribution Agents without the need for any approvals, authorizations, actions or consents. For the avoidance of doubt, the reasonable and documented fees of the Distribution Agents (including the Indenture Trustees) will not be deducted from distributions to be made under the Plan to holders of Allowed Claims receiving distributions from the Distribution Agent.

The Distribution Agents (including the Indenture Trustees) shall only be required to act and make distributions in accordance with the terms of the Plan and shall have no (i) liability for actions taken in accordance with the Plan or in reliance upon information provided to it in accordance with the Plan or (ii) obligation or liability for distributions under the Plan to any party who does not hold a Claim against the Debtors as of the Distribution Record Date or who does not otherwise comply with the terms of the Plan.

(f) Setoffs and Withholdings

The Liquidation Trustee or Distribution Agent may withhold (but not, except as set forth below, set off) from the distribution called for on account of any Allowed Claim an amount equal in value to any claim, right and Causes of Action of any nature that the distributing Plan Debtor may hold against the holder of such Claim. To the extent that the value of a Plan Debtor's claim, rights or Cause of Action

against a particular claimant is undisputed, resolved by settlement or has been adjudicated by Final Order of any court, the Liquidation Trustee may set off that value against distributions that would otherwise become due to such claimant. Neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Plan Debtors or the Liquidation Trustee of any claims, rights or Causes of Action that the Plan Debtors or the Liquidation Trust may possess against any claimant.

6. Fractional, De Minimis and Undeliverable Distributions

(a) Fractional or De Minimis Distributions

Notwithstanding anything herein to the contrary, the Liquidation Trustee or Distribution Agent shall not be required to make on account of an Allowed Claim (i) partial distributions or payments of fractions of dollars; (ii) partial distributions or payments of fractions of Liquidation Trust Interests; or (iii) a distribution if the amount to be distributed is or has an economic value of less than \$1,000. Whenever any distribution of Liquidation Trust Interests of a fraction pursuant to the Plan would otherwise be required, the actual payment shall reflect a rounding of such fraction to the nearest whole number (up or down), with half or less being rounded down. Whenever any payment of Cash of a fraction of a dollar pursuant to the Plan would otherwise be required, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

(b) Undeliverable Distributions

(i) Holding of Certain Undeliverable Distributions

In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder shall be made unless and until the Liquidation Trustee is notified in writing of the then-current address of such holder, at which time such distribution shall be made as soon as practicable after such distribution has become deliverable or has been claimed to such holder without interest; *provided, however,* that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and forfeited at the expiration of six months from the applicable Distribution Date. After such date, all “unclaimed property” or interests in property shall revert to the Liquidation Trust (notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary), and the Claim of any holder to such property or interest in property shall be forever barred. Nothing contained herein shall require the Liquidation Trustee to attempt to locate any holder of an Allowed Claim.

(ii) Failure to Present Checks

Any check issued by the Liquidation Trust or the Distribution Agent on account of an Allowed Claim shall be null and void if not negotiated within 120 days after the issuance of such check. In an effort to ensure that all holders of Allowed Claims receive their allocated distributions, no later than 120 days after the issuance of such checks, the Liquidation Trustee shall file with the Bankruptcy Court a list of the holders of any un-negotiated checks. Each such list shall be maintained and updated (to the extent of any changes) quarterly by the Liquidation Trustee for as long as the applicable Plan Debtor’s Chapter 11 Case stays open. Requests for reissuance of any check shall be made directly to the Liquidation Trust by the holder of the relevant Allowed Claim with respect to which such check originally was issued. If any holder of an Allowed Claim holding an un-negotiated check does not request reissuance of that check within 180 days after the date the check was mailed or otherwise delivered to the holder, that Allowed Claim shall be released and the holder thereof shall be forever barred, estopped and enjoined from asserting any Claim against any of the Plan Debtors, the Liquidation

Trust or the Liquidation Trustee. In such cases, any Cash or Liquidation Trust Interests held for payment on account of such Claims shall be property of the Liquidation Trust, free of any Claims of such holder with respect thereto. Nothing contained herein shall require the Liquidation Trustee to attempt to locate any holder of an Allowed Claim.

7. Claims Paid or Payable by Third Parties

(a) Claims Paid by Third Parties

The Liquidation Trustee shall reduce in full a Claim, and such Claim shall be disallowed without an objection to such Claim having to be filed and without further notice to, action, order, or approval of the Bankruptcy Court, to the extent the holder of such Claim receives payment on account of such Claim from a party that is not a Plan Debtor or the Liquidation Trust. Further, to the extent a holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Plan Debtor or the Liquidation Trust on account of such Claim, such holder shall, within two weeks of receipt thereof, repay or return the distribution to the Liquidation Trustee, to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such holder to timely repay or return such distribution shall result in the holder owing the Liquidation Trust annualized interest at the federal judgment rate on such amount owed for each Business Day after the two-week grace period specified above until such amount is repaid.

(b) Claims Payable by Insurance

Holders of Claims that are covered by the Plan Debtors' insurance policies shall seek payment of such Claims from applicable insurance policies, *provided* that the Plan Debtors and the Liquidation Trust, as applicable, shall have no obligation to pay any amounts in respect of prepetition deductibles or self insured retention amounts. No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Plan Debtors' insurance policies until the holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Plan Debtors' insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged to the extent of any agreed upon satisfaction on the Claims Register by the Voting and Claims Agent without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

(c) Applicability of Insurance Policies

Distributions to holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Except for Claims and Causes of Action released under the Plan against the Plan Releasees and Exculpated Parties, nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Plan Debtors, the Liquidation Trust or any entity may hold against any other entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

ARTICLE VI.

**TREATMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES AND
POSTPETITION CONTRACTS**

A. Assumption and Rejection of Executory Contracts, Unexpired Leases and Postpetition Contracts

1. Assumption of Executory Contracts, Unexpired Leases and Postpetition Contracts

On the Effective Date, the Plan Debtors shall assume all of the Executory Contracts and Unexpired Leases and reaffirm that they will continue to comply with the terms of the postpetition contracts and leases (including executory contracts and unexpired leases previously assumed) (each a “Postpetition Contract”) listed on the schedule of “Assumed Executory Contracts, Unexpired Leases and Postpetition Contracts” in the Plan Supplement. The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumptions described in this Article VI pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption of such Executory Contract or Unexpired Lease, including objecting to the Cure Claim amount proposed by the Committee, will be deemed to have consented to such assumption and agreed to the specified Cure Claim amount.

2. Rejection of Executory Contracts, Unexpired Leases and Postpetition Contracts

Each Executory Contract, Unexpired Lease and Postpetition Contract shall be deemed automatically rejected in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date, unless any such Executory Contract, Unexpired Lease or Postpetition Contract:

- (a) is listed on the schedule of Assumed Executory Contracts and Unexpired Leases in the Plan Supplement; or
- (b) is otherwise assumed pursuant to the terms herein.

The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. Non-Plan Debtor parties to Executory Contracts, Unexpired Leases or Postpetition Contracts that are deemed rejected as of the Effective Date shall have the right to assert any Claim on account of the rejection of such Executory Contracts, Unexpired Leases or Postpetition Contracts, including Claims under section 503 of the Bankruptcy Code; *provided* that such Claims must be filed in accordance with the procedures set forth in Article VI.B hereof. The Committee reserves the right to amend the schedule of Assumed Executory Contracts and Unexpired Leases at any time before the Effective Date.

The Plan Debtors are deemed to have abandoned any furniture, fixtures, equipment, inventory and other personal property located at the premises of leases of nonresidential real property (as such term is used in section 365 of the Bankruptcy Code) for which the rejection is first effective on or after the Effective Date, as of the later of (i) the Effective Date, (ii) the effective date of such rejection and (iii) the date the Plan Debtors have turned over possession of such premises to the applicable landlord. The Plan Debtors shall have no administrative expense liability to any of their landlords for rental charges or occupancy of the leased premises after such abandonment by virtue of the continued presence at such premises of such abandoned property. Landlords at premises with such abandoned property may, in their sole discretion and without further notice, dispose of such abandoned property without liability to the Plan Debtors or any non-Plan Debtor third party claiming any interest in such property (including holders

of any First Lien Revolver Claims, First Lien Term Loan Claims, Second Lien Term Loan Claims or Other Secured Claims) and, to the extent applicable, the automatic stay shall be modified to allow such disposition. The Plan Debtors shall endeavor to provide such third parties prior, specific and reasonable notice that they must retrieve the property in which they claim an interest before or upon such abandonment or such property shall be deemed so abandoned without further notice to or action, order or approval of the Bankruptcy Court and such landlords or their designee shall be free to dispose of same without liability or recourse to such landlords. Notwithstanding the Plan Debtors' required efforts to provide prior, specific and reasonable notice to such third parties, the Plan and any notices of the Effective Date shall be deemed sufficient notice to such third parties to effectuate such abandonment and enable the landlords to dispose of such abandoned property without liability or recourse.

The right of any party in interest to assert a Claim against the Plan Debtors' Estates for costs associated with the removal or disposition of such abandoned property is fully preserved; *provided* that any such Claim must be filed by the applicable Claims Bar Date and otherwise in accordance herewith; *provided, further*, that the rights of all parties, including the Plan Debtors, the Committee and the Liquidation Trustee, to contest any such Claim shall be fully preserved.

B. Claims on Account of the Rejection of Executory Contracts, Unexpired Leases or Postpetition Contracts

All Proofs of Claim arising from the rejection of Executory Contracts, Unexpired Leases or Postpetition Contracts must be filed according to the procedures established for the filing of Proofs of Claim in the *Order (A) Setting Bar Dates for Filing Proofs of Claim (B) Approving the Form and Manner for Filing Proofs of Claim and (C) Approving Notice Thereof* dated March 17, 2008 [D.E. # 614] with the Voting and Claims Agent on or before the later of:

1. the applicable Claims Bar Date; and
2. 30 days after the effective date of the rejection of such Executory Contract, Unexpired Lease or Postpetition Contract.

Any entity that is required to file a Proof of Claim arising from the rejection of an Executory Contract, Unexpired Lease or Postpetition Contract that fails to timely do so shall be forever barred, estopped and enjoined from asserting such Claim, and such Claim shall not be enforceable, against any Plan Debtor, its Estate or property, or the Liquidation Trust or its property, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article VIII.E hereof.

C. Procedures for Counterparties to Executory Contracts and Unexpired Leases Assumed Pursuant to the Plan

A NOTICE OF THE EFFECTIVE DATE OF THE PLAN, INCLUDING NOTICE REGARDING THE ASSUMPTION OR ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS OR UNEXPIRED LEASES, WILL BE SENT TO ALL KNOWN CREDITORS. For known non-Plan Debtor parties to Executory Contracts and Unexpired Leases assumed or assumed and assigned pursuant to the Plan, such notice or notices will be sent on or as soon as practicable after the Effective Date notifying such entities regarding the Executory Contracts and Unexpired Leases to which it is a counterparty that have been assumed or assumed and assigned pursuant to the Plan.

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment

of the default amount in Cash on the Effective Date or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (a) the amount of any payments to cure such a default, (b) the ability of the Liquidation Trustee or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or Final Orders resolving the dispute and approving the assumption.

At least 20 days prior to the Confirmation Hearing, the Plan Debtors (with the consent of the Committee) shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served and actually received by the Plan Debtors and the Committee at least 10 days prior to the Confirmation Hearing. Any counterparty to an Executory Contract and Unexpired Lease that fails to timely object to the proposed assumption or cure amount will be deemed to have consented to such assumption and agreed to the specified Cure Claim amount.

ARTICLE VII.

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to Confirmation

It shall be a condition to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article VII.C hereof:

1. The Bankruptcy Court shall have entered an order, in form and substance acceptable to the Committee, approving the Disclosure Statement with respect to the Plan as containing adequate information within the meaning of section 1125 of the Bankruptcy Code.
2. The Confirmation Order shall be a Final Order in form and substance acceptable the Committee.
3. The Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been filed in form and substance acceptable to the Committee.

B. Conditions Precedent to Consummation

It shall be a condition to the Effective Date that the following conditions shall have been satisfied or waived pursuant to the provisions of Article VII.C hereof:

1. The Confirmation Order shall have been entered and become a Final Order in a form and in substance satisfactory to the Committee.
2. All documents and agreements necessary to implement the Plan shall have been effected or executed and tendered for delivery in a form acceptable to the Committee, and all conditions precedent to such documents and agreements shall have been satisfied or waived pursuant to the terms of such documents or agreements.

3. The Liquidation Trust shall be established and funded in accordance with the provisions hereof and the terms of the Liquidation Trust Agreement.

4. The Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been filed in form and substance acceptable to the Committee.

C. Waiver of Conditions

The conditions to Confirmation of the Plan and to the Effective Date set forth in this Article VII may be waived by the Committee, without notice, leave or order of the Bankruptcy Court or any formal action other than proceeding to confirm or consummate the Plan; *provided* that the condition that the Confirmation Order be entered as a condition precedent to consummation cannot be waived.

D. Effect of Non-occurrence of Conditions to the Effective Date

If the Effective Date does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (i) constitute a waiver or release of any claims by or Claims against or Equity Interests in the Plan Debtors; (ii) prejudice in any manner the rights of the Plan Debtors, the Committee, any holders of Claims or any other entity; or (iii) constitute an admission, acknowledgment, offer or undertaking by the Plan Debtors, the Committee, any holders of Claims or any other entity in any respect.

ARTICLE VIII.

SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

A. Compromise and Settlement

Notwithstanding anything contained herein to the contrary, subject to the Liquidation Trust Causes of Action, the allowance of Claims and the classification and treatment of Allowed Claims and their respective distributions and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims and the Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) or (c) of the Bankruptcy Code or otherwise. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan, which include (i) the allocation of the costs of the Plan Debtors' Chapter 11 Cases, (ii) the allocation of the payment of the First Lien Revolver Claims among the Plan Debtors, and (iii) the treatment of Postpetition Intercompany Claims, are (a) in the best interests of the Plan Debtors, their Estates and all holders of Claims, (b) fair, equitable and reasonable, (c) made in good faith and (d) approved by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. Nothing contained in this Article VIII shall compromise or settle in any way whatsoever any Liquidation Trust Causes of Action.

B. Plan Debtor Releases and Other Agreements

Upon the Effective Date of the Plan, the Plan Debtors and their Estates will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act,

omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Plan Debtors, the Plan Debtors' Chapter 11 Cases, the Plan or the Disclosure Statement, that could have been asserted at any time, past, present or future by or on behalf of the Plan Debtors or their Estates against (a) the current and former members of the Committee and the advisors, attorneys and professionals for the Committee, in each case, in their capacity as such; (b) the Indenture Trustees and the advisors and attorneys for the Indenture Trustees, in each case, in their capacity as such; and (c) the Debtors' advisors, attorneys and professionals employed as of the Petition Date or retained or employed during the Plan Debtors' Chapter 11 Cases, in each case in their capacity as such, except to the extent that any such advisor, attorney or professional has executed a tolling agreement preserving the Plan Debtors' rights to pursue certain Causes of Action (the "Identified Actions") (all parties identified in subsections (a), (b) and (c), above, the "Plan Releasees"); *provided, however*, that the foregoing release shall not apply to Claims or liabilities arising out of or relating to any act or omission of a Plan Releasee that constitutes willful misconduct (including fraud) or gross negligence. *provided, further*, that the Plan shall not operate to waive or release any party that is (i) the subject of a pending action on behalf of the Plan Debtors' Estates as of the Effective Date; (ii) a potential defendant under a Liquidation Trust Cause of Action; (iii) the subject of an express preservation herein or in the Liquidation Trust Agreement; or (iv) is the subject of an Identified Action.

C. Exculpation

Except as otherwise specifically provided in the Plan or Plan Supplement, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from, any Exculpated Claim, obligation, Cause of Action or liability for any Exculpated Claim, except for gross negligence or willful misconduct (including fraud), but in all respects such entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Plan Debtors, the Committee, the Indenture Trustees, and the Liquidation Trustee (and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys) have participated in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of the Plan and the distributions contemplated by the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

D. Preservation of Rights and Causes of Action

1. Maintenance of Causes of Action

Except as otherwise provided herein or in the Confirmation Order, after the Effective Date, the Liquidation Trust shall retain all rights to commence, pursue, litigate or settle, as appropriate, any and all Liquidation Trust Causes of Action, whether existing as of the applicable Petition Date or thereafter arising, including those Causes of Action arising after the Effective Date, in any court or other tribunal including, without limitation, in an adversary proceeding filed in one or more of the Plan Debtors' Chapter 11 Cases.

2. Preservation of All Causes of Action Not Expressly Settled or Released by the Plan Debtors

Unless a Claim or Cause of Action against a holder of a Claim or an Equity Interest or other entity is expressly waived, relinquished, released, compromised or settled (including, without limitation, the release contained in Article VIII.B hereof) herein or in any Final Order (including, without limitation, the Confirmation Order) entered in the Plan Debtors' Chapter 11 Cases, such Claim or Cause of Action is

preserved for later adjudication by the Plan Debtors or the Liquidation Trustee, as applicable, and, therefore, no preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or *laches* shall apply to such Claims or Causes of Action upon or after the Confirmation or Effective Date of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order. In addition, the Liquidation Trustee expressly reserves the right to pursue or adopt any claims alleged in any lawsuit in which the Plan Debtors are a plaintiff, defendant or an interested party, against any entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

E. Injunction

Except as otherwise expressly provided in the Plan or for obligations issued pursuant to the Plan, all entities who have held, hold, or may hold Claims against or Equity Interests in the Plan Debtors are permanently enjoined, from and after the Effective Date, from: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests against the Plan Debtors, the Liquidation Trust, the Plan Releasees or the Exculpated Parties; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree or order against the Plan Debtors, the Liquidation Trust, the Plan Releasees or the Exculpated Parties on account of or in connection with or with respect to any such Claims or Equity Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against the Plan Debtors, the Liquidation Trust, the Plan Releasees or the Exculpated Parties or the property of the Plan Debtors, the Liquidation Trust, the Plan Releasees or the Exculpated Parties or the Estates on account of or in connection with or with respect to any such Claims or Equity Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from the Plan Debtors, the Liquidation Trust, the Plan Releasees or the Exculpated Parties or against the property of the Plan Debtors, the Liquidation Trust, the Plan Releasees or the Exculpated Parties or the Estates on account of or in connection with or with respect to any such Claims or Equity Interests notwithstanding an indication in a Proof of Claim or Equity Interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests released or settled pursuant to the Plan. Nothing in the Plan or Confirmation Order shall preclude any entity from pursuing an action against one or more of the Plan Debtors in a nominal capacity to recover insurance proceeds so long as the Committee or the Liquidation Trustee, as applicable, and any such entity agree in writing that such entity will: (a) waive all Claims against the Plan Debtors or the Liquidation Trust, as applicable, related to such action and (b) enforce any judgment on account of such Claim solely against applicable insurance proceeds, if any.

ARTICLE IX.

BINDING NATURE OF PLAN

THIS PLAN SHALL BIND ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS, NOTWITHSTANDING WHETHER ANY SUCH HOLDER FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

ARTICLE X.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain the maximum legally permissible jurisdiction over the Plan Debtors' Chapter 11 Cases and all entities with respect to all matters related to the Plan Debtors' Chapter 11 Cases, the Plan Debtors and the Plan, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including, without limitation, the resolution of any request for payment of any Administrative Claim, the resolution of any and all objections to the allowance or priority of any Claim and the resolution of any and all issues related to the release of Liens upon payment of a secured Claim;

2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

3. resolve any matters related to the assumption, assignment or rejection of any Executory Contract or Unexpired Lease to which a Plan Debtor is a party or with respect to which a Plan Debtor may be liable and to adjudicate and, if necessary, liquidate, any Claims arising therefrom, including, without limitation, those matters related to any amendment to the Plan after the Effective Date to add Executory Contracts or Unexpired Leases to the schedule of Assumed Executory Contracts and Unexpired Leases;

4. ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other Causes of Action that are pending as of the date hereof or that may be commenced in the future, and grant or deny any applications involving a Plan Debtor that may be pending on the Effective Date or instituted by the Liquidation Trustee after the Effective Date, *provided* that the Liquidation Trustee shall reserve the right to commence actions in all appropriate fora and jurisdictions;

6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan, the Plan Supplement or the Disclosure Statement;

7. resolve any cases, controversies, suits or disputes that may arise in connection with the occurrence of the Effective Date, Confirmation, interpretation or enforcement of the Plan or any entity's obligations incurred in connection with the Plan;

8. hear and determine all Causes of Action that are pending as of the date hereof or that may be commenced in the future, including, but not limited to, the Liquidation Trust Causes of Action;

9. issue and enforce injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;

10. resolve any ambiguities between the Liquidation Trust Agreement and the Plan;

11. resolve any dispute related to any Unsold Assets in accordance with Article V.B.4 hereof;
12. resolve any matters related to the Liquidation Trust;
13. enforce Article VIII.A, Article VIII.B, Article VIII.C, Article VIII.D, and Article VIII.E hereof;
14. enforce the injunction set forth in Article VIII.E hereof;
15. resolve any cases, controversies, suits or disputes with respect to the releases, Exculpation and other provisions contained in Article VIII hereof and enter such orders or take such other actions as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;
16. enter and implement such orders or take such other actions as may be necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;
17. resolve any other matters that may arise in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with the Plan or the Disclosure Statement; and
18. enter an order or orders concluding any or all of the Plan Debtors' Chapter 11 Cases.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

A. Payment of Indenture Trustees' Fees

On the Effective Date, the Liquidation Trustee shall pay in Cash from the assets of the Conveying Subsidiaries, all reasonable fees, costs and expenses incurred by the Indenture Trustees prior to the Effective Date. Following the Effective Date, the Liquidation Trustee shall pay all reasonable fees, costs and expenses incurred by the Indenture Trustees in connection with the distributions required pursuant to the Plan, including, but not limited to, the reasonable fees, costs and expenses incurred by the Indenture Trustees' professionals in carrying out the Indenture Trustees' duties as provided for in each of the Senior Note Indentures, Subordinated Note Indentures and PIK Note Indenture. The foregoing fees, costs and expenses shall be paid by the Liquidation Trustee in the ordinary course, upon presentation of invoices by the Indenture Trustees and without the need for approval by the Bankruptcy Court, or the filing of a request for payment of an Administrative Claim as required by Article II.A.2 of the Plan, but any disputes concerning such fees, costs and expenses shall be resolved by the Bankruptcy Court.

B. Dissolution of Committee

On the Effective Date, the Committee shall dissolve and the Committee Members shall be released from all further authority, duties, responsibilities and obligations relating to the Plan Debtors' Chapter 11 Cases; *provided, however*, that the Committee and its Retained Professionals shall be retained with respect to (1) appeals and related proceedings regarding the Plan and (2) the resolution of applications for Accrued Professional Compensation.

C. Motion to Dismiss Chapter 11 Case of TOUSA Homes, L.P.

Debtor TOUSA Homes, L.P. has no assets and no interest in any pending litigations. Accordingly, no plan can be confirmed at TOUSA Homes, L.P. The Committee will file a motion to dismiss the Chapter 11 Case of TOUSA Homes, L.P. in advance of the Confirmation Hearing.

D. Modification of Plan

Effective as of the date hereof and subject to the limitations and rights contained herein: (a) the Committee reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan before the entry of the Confirmation Order; and (b) after the entry of the Confirmation Order, the Committee or the Liquidation Trustee, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

E. Revocation of Plan

The Committee reserves the right to revoke or withdraw the Plan before the Confirmation Date and to file subsequent chapter 11 plans. In addition, the Committee reserves the right to seek or not seek Confirmation with respect to any of the Plan Debtors. If the Committee revokes or withdraws the Plan with respect to one or more of the Plan Debtors, or if Confirmation or the Effective Date does not occur with respect to one or more of the Plan Debtors, then: (1) the Plan shall be null and void in all respects with respect to such Plan Debtor or Plan Debtors; (2) any assumption or rejection of Executory Contracts, Unexpired Leases or Postpetition Contracts, as applicable, effected by the Plan and any document or agreement executed pursuant thereto shall be deemed null and void with respect to such Plan Debtor or Plan Debtors; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against such Plan Debtor or any other entity with respect to such Plan Debtor or Plan Debtors; (b) prejudice in any manner the rights of the Plan Debtors, the Committee or any other entity with respect to such Plan Debtor or Plan Debtors; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Plan Debtors, the Committee, or any other entity with respect to such Plan Debtor or Plan Debtors.

F. Successors and Assigns

The rights, benefits and obligations of any entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

G. Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither the filing of the Plan, any statement or provision contained herein nor the taking of any action by a Plan Debtor or any other entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) any Plan Debtor, the Committee or the Liquidation Trust with respect to the holders of Claims or Equity Interests or any other entity or (2) any holder of a Claim or an Equity Interest or any other entity before the Effective Date.

H. Further Assurances

The Plan Debtors (at the direction of the Committee), the Committee, or the Liquidation Trustee, as applicable, all holders of Claims receiving distributions hereunder and all other entities shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

I. Severability

If, before Confirmation, any term or provision hereof is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted, *provided* that any such alteration or interpretation must be in form and substance acceptable to the Committee; *provided, further*, that the Committee may seek an expedited hearing before the Bankruptcy Court to address any objection to any such alteration or interpretation of the foregoing. Notwithstanding any such order by the Bankruptcy Court, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

J. Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered to the Plan Debtors shall be sent by overnight mail to:

TOUSA, Inc.
Attn: Sorana Georgescu
4000 Hollywood Boulevard
Suite 400N
Hollywood, Florida 33021

with copies to:

Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022
Attn: M. Natasha Labovitz, Joshua Sussberg and Ashley Share

and

Berger Singerman, P.A.
200 South Biscayne Boulevard, Suite 1000
Miami, Florida 33131
Attn: Paul Steven Singerman

Any pleading, notice or other document required by the Plan to be served on or delivered to the Committee or the Liquidation Trust shall be sent by overnight mail to:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Attn: Daniel H. Golden, Philip C. Dublin and Natalie E. Levine

and

Robbins, Russell, Englert, Orseck, Untereiner & Sauber LLP
1801 K Street N.W., Suite 411-L
Washington, D.C. 20006
Attn: Lawrence S. Robbins and Michael Waldman

and

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flager Street
Miami, Florida 33130
Attn: Patricia A. Redmond

K. Filing of Additional Documents

On or before the Effective Date, the Committee may file with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

Dated: July 16, 2010

Respectfully submitted,

**OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF
TOUSA, INC. ET AL.**

By: s/ Patricia A. Redmond
**STEARNS WEAVER MILLER WEISSLER
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-and-

**AKIN GUMP STRAUSS HAUER & FELD
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Daniel H. Golden (New York Bar No. 1133859)
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New York, NY 10036
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-and-

**ROBBINS, RUSSELL, ENGLERT, ORSECK,
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*Co-Counsel to the Official Committee of
Unsecured Creditors of TOUSA Inc., et al.*

Exhibit A

Notes to Exhibit A

¹ Projected recovery includes aggregate recovery at all applicable Debtors. High range is based on the Transeastern Reimbursement being paid pursuant to the Decision.

² Does not take into account the application of the Intercreditor Agreement.

³ Includes Disputed Claims of the Transeastern Lenders of approximately \$399.5 million, which the Committee submits should be zero.

⁴ Recovery dependent on outcome of Fiduciary Duty Action, Falcone Action, and other Liquidation Trust Causes of Action.

⁵ Amount includes approximately \$730 million in Intercompany Notes.

**Treatment For Classes of Claims and Equity Interests at
TOUSA, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$41.0MM	100%	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1A - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 1B - First Lien Term Loan Claims	Impaired	\$207.8MM	2.8% ² - 100% ¹	Yes
Class 2 - Second Lien Term Loan Claims	Impaired	\$318.9MM	0% - 45.2% ¹	Yes
Class 3 - Other Secured Claims	Unimpaired	\$1.6MM	100%	No
Class 4 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 5A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1, 4}	Yes
Class 5B - Lender Deficiency Claims	Impaired	\$174.7MM - \$520.9MM	5.1% - 6.3% ¹	Yes
Class 5C - General Unsecured Claims	Impaired	\$103.6MM-\$503.1MM ³	3.4% - 3.6% ¹	Yes
Class 5D - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5E - PIK Note Claims	Impaired	\$21.6MM	0%	No
Class 6 - 510 Claims	Impaired	\$0	N/A	No
Class 7 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Engle Homes Commercial Construction, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$86K	100%	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1, 4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$13K	less than 1% – uncertain ^{1, 4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Engle Homes Delaware, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1, 4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	less than 1% – uncertain ^{1, 4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Engle Homes Residential Construction L.L.C.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$3K	100%	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0-\$4.5MM	100%	No
Class 3 - Other Priority Claims	Unimpaired	\$16K	100%	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B – General Unsecured Claims	Impaired	\$37.6MM	less than 1% – uncertain ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Engle Sierra Verde P4, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$100K	100%	N/A
Priority Tax Claims	Unimpaired	\$50K	100%	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$20.4K	less than 1% - uncertain ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Engle Sierra Verde P5, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4B - General Unsecured Claims	Impaired	\$28.8K	less than 1% – uncertain ^{1, 4}	Yes
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Engle/Gilligan, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$25K	100%	N/A
Priority Tax Claims	Unimpaired	\$27K	100%	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4B - General Unsecured Claims	Impaired	\$44.1K	less than 1% – uncertain ^{1, 4}	Yes
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Engle/James LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1, 4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$30.2K	less than 1% – uncertain ^{1, 4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
LB/TE #1, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1, 4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Lorton South Condominium, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1, 4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
McKay Landing LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1, 4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Newmark Homes Business Trust**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Newmark Homes Purchasing, L.P.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$6.4K	100%	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$652.0K	less than 1% – uncertain ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Newmark Homes, L.L.C.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1, 4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$76.3K	less than 1% – uncertain ^{1, 4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Texas LP, f/k/a Newmark Homes, L.P.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$9.2MM	100%	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0- 4.0MM	100%	No
Class 3 - Other Priority Claims	Unimpaired	\$13.5K	100%	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$56.0MM ⁵	5.1% - 9.0% ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Preferred Builders Realty, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Reflection Key, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$54.9K	less than 1% – uncertain ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Silverlake Interests, L.L.C.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOI, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B – General Unsecured Claims	Impaired	\$377.4K	less than 1% – uncertain ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Associates Services Company**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	100%	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$1.1MM	less than 1% – uncertain ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Delaware, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Funding, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$21.5MM	100%	N/A
Priority Tax Claims	Unimpaired	\$0- \$2.4MM	100%	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1, 2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1, 4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$861.1MM	10.6% - 17.0% ^{1, 4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes Arizona, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes Colorado, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes Florida, L.P.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$8.4MM	100%	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$2.2MM	1.7% - uncertain ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes Investment #1, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$15.0K	100%	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes Investment #2, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes Investment #2, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes Mid-Atlantic Holding, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes Mid-Atlantic, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$60.0K	100%	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Homes Nevada, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$4.8K	less than 1% – uncertain ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Investment #2, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Mid-Atlantic Investment, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ¹	Yes
Class 4B - General Unsecured Claims	Impaired	\$52.6K	less than 1% – uncertain ^{1,4}	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA Realty, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B - General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	\$0	N/A	No

**Treatment For Classes of Claims and Equity Interests at
TOUSA/West Holdings, Inc.**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$0	N/A	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - First Lien Revolver Claims	Unimpaired	\$46.0MM	100% ^{1,2}	No
Class 2 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 3 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 4A - Senior Note Claims	Impaired	\$573.5MM	52.0% - 82.3% ^{1,4}	Yes
Class 4B – General Unsecured Claims	Impaired	\$0	N/A	Yes
Class 4C - Subordinated Note Claims	Impaired	\$532.8MM	0% ¹	No
Class 5 - 510 Claims	Impaired	\$0	N/A	No
Class 6 - Equity Interests	Impaired	N/A	N/A	No

**Treatment For Classes of Claims and Equity Interests at
Beacon Hill at Mountain's Edge, LLC**

Class	Status	Estimated Allowed Amount of Claims in Class	Projected Recovery Percentage	Entitled to Vote
Administrative Claims	Unimpaired	\$600.0K	100%	N/A
Priority Tax Claims	Unimpaired	\$0	N/A	N/A
Cure Claims	Unimpaired	\$0	N/A	N/A
Class 1 - Other Secured Claims	Unimpaired	\$0	N/A	No
Class 2 - Other Priority Claims	Unimpaired	\$0	N/A	No
Class 3 - General Unsecured Claims	Impaired	\$151.0K	100%	Yes
Class 4 - Equity Interests	Impaired	N/A	N/A	No