

Debtors' Motion for an Order Pursuant to Sections 105 and 363 of the Bankruptcy Code and Bankruptcy Rule 6004 Authorizing the Dissolution of Certain Non-Debtor Subsidiaries (the "Dissolution Motion").

By the Dissolution Motion, the Debtors seek entry of an order authorizing the dissolution of non-debtor affiliate Universal Land Title, Inc. ("ULT") and its subsidiaries¹ (together, the "Financial Service Entities").²

In order to provide integrated home-buying services to their customers, the Debtors historically offered certain financial services through the Financial Service Entities, each of which is a direct or indirect subsidiary of TOUSA, Inc. ULT, founded in 1984, previously sold title insurance and provided closing escrow and settlement services to customers buying homes from the Debtors. ULT is a wholly owned subsidiary of TOUSA Homes, Inc. ("TOUSA Homes") which operated 21 offices throughout the country prior to the Petition Date.

In August 2009, the Debtors determined that a sale of substantially all of the assets of ULT was consistent with their revised wind-down strategy. Following an extensive marketing process, TOUSA Homes entered into a Purchase and Sale Agreement (the "ULT Sale Agreement") with Universal Land Title, LLC. On August 28, 2009, the Court entered an order approving the ULT Sale Agreement. Following consummation of the terms of the ULT Sale Agreement, on November 20, 2009, the Financial Service Entities ceased all ongoing business operations.

Accordingly, the Debtors now believe that it is prudent and appropriate to dissolve the Financial Service Entities to avoid the continuing administrative costs and burdens associated therewith. Specifically, the Debtors contend that dissolving the Financial Service Entities will reduce tax liabilities for the Debtors' estates and reduce the costs associated with the ongoing reporting and accounting mandated for the Financial Service Entities. The Debtors have engaged the law firm of Greenberg Traurig, P.A. ("Greenberg") to ensure that all steps are taken to properly dissolve the Financial Service Entities, including the proper disposal of related liabilities and the transfer of assets in compliance with relevant state laws and regulations.

ULT is the only Financial Service Entity with any assets, which assets consist primarily of cash in the approximate amount of \$285,620. The Debtors are aware of only one alleged claim against the Financial Service Entities, and that is a claim against ULT and ULT North Texas in the approximate aggregate amount of \$1.1 million. The Debtors believe that the Financial Service Entities' actual liabilities, if any, are significantly lower than the \$1.1 million claim asserted against ULT and ULT North Texas. ULT will utilize all of its assets to satisfy any valid claims against the Financial Service Entities and any remaining cash will be transferred to TOUSA Homes.

¹ ULT's subsidiaries include: Universal Land Title of Texas, Inc.; Universal Land Title of North Texas, LLC ("ULT North Texas"); Universal Land Title of Colorado, Inc.; Universal Land Title of Nashville, LLC; Universal Land Title Investment #1, LLC; Universal Land Title Investment #2, LLC; Universal Land Title Investment #3, LLC; Universal Land Title Investment #4, LLC and Universal Land Title of Virginia, LLC.

² The Financial Service Entities are not debtors in these chapter 11 cases.

Finally, the Debtors anticipate that certain fees and expenses will be incurred in connection with the dissolution of the Financial Service Entities (the “Wind-up Costs”). The Debtors believe that the Wind-up Costs will be limited to Greenberg’s fees, the filing fees for the articles of dissolution in each relevant state, and certain other administrative expenses.

A hearing on the Dissolution Motion has been scheduled for July 13, 2010 at 1:30 p.m. (ET), with a corresponding objection deadline of July 8, 2010.