

Motion for an Order Confirming Travelers Casualty and Surety Company of America's Right to Proceed to Fulfill Its Bonded Obligations With Regard to Surety Bonds Issued on Behalf of Debtors (the "Travelers Motion").

By the Travelers Motion, Travelers Casualty and Surety Company of America ("Travelers") seeks entry of an order confirming that Travelers may move forward with making necessary arrangements to discharge its obligation under certain surety bonds (the "Surety Bonds") issued on behalf of the Debtors.

On September 11, 2002, Travelers and TOUSA, Inc., ("TOUSA") entered into a general indemnity agreement (the "Agreement") pursuant to which Travelers issued approximately \$23 million worth of Surety Bonds on TOUSA's behalf and in favor of various governmental entities to support the Debtors' operation of its construction and real estate development businesses. The Agreement requires the Debtors to indemnify Travelers from and against any and all liability, loss, costs, damages, attorney's fees and expenses which Travelers may sustain by reason of having executed the Surety Bonds.

Travelers contends that it has recently received approximately \$13.5 million worth of claims by various of the Surety Bonds' obligees asserting that the Debtors have defaulted on obligations thereunder. The obligees claim that they are entitled to immediate payment and/or completion of the obligations by Travelers. Travelers is currently investigating the obligees' claims, and asserts that the Debtors have acknowledged they cannot complete their obligations with regard to the projects for which claims have been made. Accordingly, Travelers requests entry of an order confirming that Travelers may move forward making necessary arrangements for the completion of its bonded obligations against which claims have been made or against which future claims may be made.

A hearing on the Travelers Motion has been scheduled for April 23, 2009, with a corresponding objection deadline of April 17, 2009.