

Creditors, Travis and Lisa Fonseca's Motion for Relief from Stay (the "Fonseca Motion").

By the Fonseca Motion, creditors Travis and Lisa Fonseca (the "Fonsecas") seek entry of an order lifting the automatic stay to allow the Fonsecas to pursue a state court arbitration proceeding against TOUSA Homes, Inc. ("TOUSA Homes"). Prior to the Debtors' filing for chapter 11 protection, the Fonsecas filed a Colorado state court action against TOUSA Homes alleging claims for property damage and construction defects of the Fonseca's principal residence, a single family home in Aurora, Colorado. Pursuant to the Fonsecas' sale documents, TOUSA Homes transformed the state court action into an arbitration (the "Arbitration").

The Fonsecas allege that it is likely that the Debtors had or have insurance policies which cover the types of claims alleged in the Arbitration and that they wish to proceed with the Arbitration to reach any such policies. However, the Fonsecas also wish to preserve their claims against the Debtors by filing a proof of claim ("POC") for any portion of a judgment not covered by the Debtors insurance policies.

The Fonsecas argue that the relative hardship they will suffer if not allowed to pursue the Arbitration outweighs any adverse impact on the Debtors. Specifically, the Fonsecas believe that the Debtors may not have resources to pay their unsecured creditors in full and that a recovery from insurance proceeds may be the only opportunity for the Fonsecas to be made whole. Because insurance proceeds are not generally available to general unsecured creditors, but available to creditors who are intended beneficiaries, the Fonsecas argue that the insurance proceeds will allow the Debtors to reduce the general unsecured claims against their estates.

A hearing on the Fonseca Motion has not been scheduled, but an objection deadline has been set for August 12, 2008.