

**Debtors' Motion for an Order Pursuant to Section 363(b) of the Bankruptcy Code and Rule 9019 of the Federal Rules of Civil Procedures Authorizing TOUSA Homes, Inc. to Enter into Settlement and General Release with Highland Cassidy, LLC (the "Highland Motion").**

By the Highland Motion, the Debtors seek entry of an order authorizing them to enter into a settlement and release with Highland Cassidy, LLC ("Highland") which will (i) remove Highland's lis pendens from certain properties sold by the Debtors and (ii) settle Highland's prepetition state court action (the "Litigation") against TOUSA Homes, Inc. ("TOUSA Homes").

TOUSA Homes, SCC-Canyon II, LLC ("Canyon"), and EMF Fund IV, LLC ("EMF") are each buyers and/or owners of property located in Polk County, Florida in the Highland Meadow's development ("Highland Meadows") where Highland is the developer. Highland Meadows is part of a community development district (a "CDD"), an entity authorized by Florida law to, among other things, tax property in the district to raise funds for development and management. By a consent agreement dated June 2006, TOUSA Homes agreed to be bound by the assessments of the CDD.

On January 24, 2008, Highland commenced the Litigation against TOUSA Homes, Canyon, and EMF alleging breach of an oral agreement to reimburse Highland for certain taxes paid. Highland seeks \$50,549 from TOUSA Homes which represents TOUSA Homes' pro-rata share of the taxes paid by Highland based on the number of lots TOUSA Homes owns within Highland Meadows. On the same day, Highland filed a notice of lis pendens (the "Lis Pendens") based on the Litigation. Because the Lis Pendens affects the title of TOUSA Homes' lots in Highland Meadows, TOUSA Homes' title insurer has held back approximately \$150,000 from prior closings and will not release the funds until the Lis Pendens is resolved.

In an effort to resolve the Litigation, TOUSA Homes has negotiated a settlement and release agreement (the "Agreement") with Highland. Under the Agreement, TOUSA Homes will pay Highland \$32,500 in exchange for a full release from any and all claims asserted in the Litigation. Moreover, upon receipt of payment, Highland will dismiss the claims asserted against TOUSA Homes in the Litigation and discharge the Lis Pendens.

***A hearing on the Highland Motion has been scheduled for August 25, 2008, with an objection deadline of August 21, 2008 at 5:00 p.m. (ET).***