

Motion for Entry of an Order (A) Authorizing the Debtors to Remit and Pay Certain Taxes and Fees and (B) Authorizing Financial Institutions to Honor All Related Checks and Electronic Payment Requests (the “Tax Motion”).

By the Tax Motion, the Debtors seek entry of an order authorizing them to pay outstanding prepetition (i) sales, use, franchise, real, and property taxes (collectively, the “Taxes”) and (ii) fees for licenses, permits and other similar charges (collectively, the “Fees”) to various taxing and licensing authorities (collectively, the “Authorities”).

According to the Tax Motion, in the operation of their business, the Debtors collect and remit sales taxes in connection with the sale of supplies and construction materials and privilege taxes on the sale of homes to customers in certain jurisdictions (collectively, the “Sales Taxes”). The Debtors also may be responsible for remitting use taxes on personal property and certain related services (collectively, the “Use Taxes”), which primarily stem from the purchase of computer equipment and other fixed assets from vendors who are not located in the state in which the property is to be delivered and who, therefore, do not charge Sales Tax. According to the Debtors, they remit an average of \$2 million per month in Sales Taxes and Use Taxes.

The Debtors also pay the following fees to conduct business in various jurisdictions: (i) franchise fees (the “Franchise Fees”) and (ii) business and contractor license fees, building permit fees, health permits fees, and second hand dealer permit fees (collectively, the “Business Fees”). The Debtors estimate that they owe approximately \$600,000 or less in prepetition Franchise Taxes and \$500,000 in respect to prepetition Business Fees.

Additionally, the Debtors estimate that they owe \$20 million in real or personal property taxes for the year ending December 31, 2007 and approximately \$1.5 million in real and personal property taxes for January 2008 (the “Property Taxes”). The Debtors estimate that the total amount of Taxes and Fees owing to the various Authorities will not exceed approximately \$23.1 million, of which the significant majority would constitute claims secured by statutory liens or would relate to funds that are held in trust for the Authorities.

The Debtors assert that the relief requested in the Tax Motion is necessary because some, if not all, of the Authorities may cause the Debtors to be audited if the Taxes and Fees are not paid immediately and any such audits will divert the Debtors’ attention and, thus, negatively impact the reorganization process. Furthermore, if the Debtors do not pay such amounts in a timely manner, the Debtors assert that (i) the Authorities may attempt to suspend the Debtors’ operations, file liens, seek to lift the automatic stay, and/or pursue other remedies that will harm the estates and (ii) some officers and directors may face personal liability if the Taxes and Fees are not paid. Thus, in the Debtors’ opinion, their failure to pay the Taxes and Fees could have a material adverse impact on the ability to operate in the ordinary course of business.

The Debtors also request that all applicable banks and other financial institutions be authorized to receive, process, and pay all checks presented for payment, and to honor all electronic payment requests made by the Debtors related to the obligations described above, whether those obligations arose before or after the commencement of the chapter 11 cases. The Debtors state that they expect to have sufficient cash reserves to pay all of the Taxes and Fees on an ongoing basis and in the ordinary course of their businesses. For the foregoing reasons, the Debtors

believe that granting the relief requested in the Tax Motion is appropriate and in the best interest of their estates and creditors.

A order approving the Tax Motion was entered on March 6, 2008.