

**Emergency Motion for Entry of an Order (A) Authorizing the Debtors to Pay or Honor Prepetition Obligations Under Customer Programs and (B) Authorizing Financial Institutions to Honor All Related Checks and Electronic Payments Requests (the “Customer Programs Motion”).**

By the Customer Programs Motion, the Debtors seek entry of an order authorizing, but not directing, the Debtors to honor their prepetition obligations under existing customer programs, (the “Customer Programs”). The Debtors assert that it is crucial to their reorganization efforts that they maintain positive customer relationships and a strong reputation for the Debtors’ name brand. Thus, the Debtors seek an order that allows them to maintain their existing Customer Programs and to modify such programs in the ordinary course of business.

The Debtors assert that their Customer Programs are too varied to detail each of them in the Customer Programs Motion but offer the (i) “Home Warranty Program,” (ii) “Punch List Program,” and (iii) “Sales Incentives Program” as typical programs. Under the Home Warranty Program, the Debtors offer certain limited warranties on their homes to replace or repair any parts that are defective because of Debtors’ workmanship or materials. In some instances, the Debtors also provide legally mandated ten-year warranties to cover major structural and design defects. As of November 2007, the Home Warranty Program had cost the Debtors \$5.9 million for the eleven months ending November 30, 2007. Under the Punch List Program, the Debtors allow home buyers to walk through their homes five to seven days before closing and list deficiencies to be corrected before closing, such as paint touch ups. The Debtors assert that the costs of this program are nominal. Lastly, the Debtors offer Sales Incentives Programs such as (a) gift cards to homeowners who refer a friend and (b) making payments on early installments of mortgages or upfront payments that reduce a homebuyer’s mortgage.

The Debtors assert that the relief requested is necessary to provide clarification that these actions are ordinary course and within the Debtors’ discretion. Further, the Debtors assert that such relief is crucial to comfort homebuyers who may be apprehensive about the Debtors’ ability to continue to reward customers while under the jurisdiction of the Bankruptcy Court.

***An interim order approving the Customer Programs Motion was entered on January 31, 2008. The final hearing on the Customer Programs Motion has been adjourned to a date not yet determined.***