

Emergency Motion for Entry of an Order Determining Adequate Assurance of Payment for Future Utility Service (the “Utilities Motion”).

By the Utilities Motion, the Debtors seek entry of an order (i) deeming certain utilities adequately assured of future performance, (ii) establishing procedures for the Utility Companies (as defined below) to seek alternative adequate assurance, (iii) prohibiting the Utility Companies from altering, discontinuing, or refusing services on account of prepetition amounts outstanding or on account of any perceived inadequacy of the Debtors’ proposed adequate assurance, and (iv) determining that the Debtors are not required to provide any additional adequate assurance beyond that which is proposed by the Utilities Motion.

Utility services are provided to the Debtors by approximately 350 utility companies (the “Utility Companies”). Utility services include water, sewer service, electricity, gas, telephone service, internet and waste disposal. On average, the Debtors spend approximately \$1.1 million per month on utility services. Prior to the Petition Date, the Debtors were generally current in the payment of invoices received from the Utility Companies. Further, the Utility Companies are protected by their entitlement to an administrative expense priority under the Bankruptcy Code for any unpaid postpetition utility services. The Debtors, therefore, submit that no additional adequate assurances of payment of postpetition utility services are warranted. Nevertheless, the Debtors propose to place half the amount of their average monthly utilities costs, \$550,000, in an interest bearing account (the “Utility Deposit Account”), which account will provide additional adequate assurance to the Utility Companies. In the event a Utility Company demands additional assurances, the Utilities Motion sets forth procedures that such Utility Company must follow in order to apply for such additional adequate assurances. The procedures include, but are not limited to, serving a written request of additional assurance of payment on the Debtors and continuing to provide unaltered services to the Debtors.

The Debtors assert that the relief requested in the Utilities Motion is necessary because uninterrupted utility services are essential to the Debtors’ ongoing operations and to the success of the Debtors’ reorganization. Moreover, should one or more of the Utility Companies refuse or discontinue service, even for a brief period, the Debtors’ ability to build, market, and sell homes would be severely disrupted. The Debtors maintain that such an interruption would damage customer relationships, revenues and profits, and adversely affect the Debtors’ restructuring efforts.

A conditionally approved order was entered on February 1, 2008. Any party who fails to object to the order within thirty days of service thereof will be deemed to have consented to the order.