

Salt River Project Agricultural Improvement and Power District's Motion for Relief from the Automatic Stay Pursuant to 11 U.S.C. § 362(b)(4), or in the Alternative, for Relief from Stay Pursuant to 11 U.S.C. § 362(d) (the "SRP Motion").

By the SRP Motion, Salt River Project Agricultural Improvement and Power District ("SRP") seeks entry of an order lifting the automatic stay to allow SRP to pursue an Arizona state court condemnation proceeding (the "State Court Action") against TOUSA Homes, Inc. ("TOUSA Homes").

TOUSA Homes is a beneficiary under a deed of trust (the "Deed") on certain land in Pinal County, Arizona (the "Property"). In the State Court Action, SRP seeks to acquire, through eminent domain, an easement for a transmission line across a portion the Property (the "Easement"). SRP has obtained an appraisal of \$323,117 for the portion of the Property it seeks to condemn and has posted a bond in that amount with the Arizona State Treasurer. SRP alleges that pursuant to the Deed, TOUSA Homes will be entitled to a portion of the funds awarded if the condemnation action is successful.

SRP argues that the State Court Action is an exercise of the government's police or regulatory power and, therefore, exempt from the automatic stay under Bankruptcy Code section 362(b)(4). Specifically, SRP argues that condemnation of the portion of the Property that would be subject to the Easement is necessary to upgrade the power systems to schools, hospitals, police, and fire departments that are currently served by an inadequate system. In addition, SRP alleges that TOUSA Homes will benefit from the State Court Action because TOUSA Homes will be entitled to a portion of the bond posted by SRP even though TOUSA Homes is not the owner of the Property. Alternatively, SRP argues that the stay should be lifted pursuant to Bankruptcy Code 362(d) because TOUSA Homes does not own the Easement and the Easement is, therefore, not necessary for the Debtors' successful reorganization.

A hearing on the SRP Motion has been scheduled for January 21, 2009, with an objection deadline of January 16, 2009.