

Lake County Investors, LLC's Motion for Relief from the Automatic Stay to Enforce Contractual Rights Pursuant to the TOUSA-Hearthstone Lake Investors, LLC Operating Agreement (the "LCI Motion").

By the LCI Motion, Lake County Investors, LLC ("LCI") seeks entry of an order lifting the automatic stay to permit it to enforce its contractual rights to conclude the exercise of the Buy/Sell Option (as defined below).

On May 5, 2006, TOUSA Homes, Inc. ("TOUSA Homes" and, together with LCI, the "JV Partners") entered into a joint venture agreement (the "JV Agreement") to form TOUSA-Hearthstone Lake Webster, LLC (the "JV") to develop finished homesites and deliver homes in the Orlando, Florida market. The JV's primary assets are unentitled/undeveloped land. TOUSA Homes holds a 5% equity interest in the JV and TOUSA Homes was appointed as the day-to-day manager of the JV in return for the payment of management fees.

Pursuant to the JV Agreement, each of the JV Partners has the right and option to implement certain buy/sell procedures whereby one of the JV Partners can elect to purchase from, or sell to, the other JV Partner, its interest in the JV, so long as an "Event of Default" has not occurred under the JV Agreement (the "Buy/Sell Option"). Pursuant to a letter dated October 26, 2007 (the "Buy/Sell Letter"), LCI notified TOUSA Homes of its irrevocable intent to exercise the Buy/Sell Option and purchase TOUSA Homes' interest in the JV. Pursuant to the JV Agreement, the Buy/Sell Letter set forth, among other things, (i) a statement of the value of all of the assets of the JV free and clear of all liens and encumbrances (\$18.9 million); and (ii) the aggregate liabilities of the JV.

Except for standard indemnification provisions, neither of the JV Partners has any personal liability for the debts of the JV or any of its losses in excess of the amounts such JV Partner contributed or agreed to contribute. TOUSA Homes, however, has indemnification obligations to LCI for claims arising out of or attributable to the occurrence of any one or more of the following: (i) fraud, bad faith, willful misconduct, or gross negligence by TOUSA Homes or any of its affiliates, principals or employees; (ii) costs and expenses incurred in the enforcement of LCI's rights and remedies under the JV Agreement (unless TOUSA Homes is the prevailing party); (iii) a voluntary bankruptcy filing by TOUSA Homes or any member in TOUSA Homes; (iv) any financial information concerning TOUSA Homes or any member in TOUSA Homes that is fraudulent in any respect; (v) failure by TOUSA Homes to obtain LCI's prior written consent to any financing by the JV; (vi) failure of TOUSA Homes to obtain LCI's prior written consent to any transfer of any direct or indirect ownership interest in JV to the extent such consent is required under the JV Agreement; (vii) contestation by TOUSA Homes of the validity or enforceability of the JV Agreement and/or assertion by TOUSA Homes of any defenses for the sole purpose of delaying, hindering or impairing LCI's rights or remedies under the JV Agreement or at law or in equity; or (viii) any misappropriation of funds (including distributions to TOUSA Homes) in violation of the JV Agreement.

Pursuant to the JV Agreement, TOUSA Homes had 120 days from receipt of the Buy/Sell Letter which to notify LCI whether TOUSA Homes desired to opt to purchase LCI's interest in JV. If, as was the case here, no election is made by TOUSA Homes, TOUSA Homes is conclusively deemed to have elected to sell its interest under the terms set forth in the Buy/Sell Letter.

Accordingly, by the LCI Motion, LCI seeks the entry of an order modifying the automatic stay to permit it to purchase TOUSA Homes' interest in the JV.

The LCI Motion has not been set for a hearing, but an objection deadline has been set for July 1, 2008.