

Motion Pursuant to Rule 9024 of the Federal Rules of Bankruptcy Procedure for Modification of the Order, Dated February 28, 2008 (A) Authorizing the Debtors to Sell Homes Free and Clear of Liens, Claims, Encumbrances and Other Interests and (B) Establishing Procedures for the Resolution and Payment of Lien Claims (the “Modification Motion”).

At the first-day hearing in the Debtors’ chapter 11 cases, the Court entered an interim order (the “Interim Order”) authorizing certain procedures (the “Lien Procedures”) to allow parties holding liens against the Debtors’ property (the “Lien Claimants”) to assert their liens and to allow the Debtors to pay Lien Claimants out of the proceeds of the sales of homes. As a result of the Lien Procedures, the Debtors have been able to sell homes free and clear of liens and encumbrances. As the Committee is aware, subsequent to entry of the Interim Order, Akin Gump negotiated various modifications to the Lien Procedures to provide the Committee with a significant level of oversight prior to payments being made to the Lien Claimants. On February 28, 2008, the Bankruptcy Court approved the modified Lien Procedures on a final basis (the “Final Order”).

By the Modification Motion, the Debtors seek modification of the Final Order to clarify that any homes sold by the Debtors remain subject to certain limited liens and that such liens do not constitute claims against the Debtors’ estates (as described below).

On May 15, 2008, counsel for the Debtors received a letter (the “CDD Letter”) from counsel to certain community development districts, which are quasi local governmental entities (collectively, the “CDDs”). The CDD Letter highlighted a potential ambiguity arising from the Final Order relating to certain prepetition assessments levied against real property for the payment of amortizing municipal bonds (the “Purchaser Obligations”). Under applicable law, the Purchaser Obligations are assumed by purchasers of homes from the Debtors. The CDD Letter, however, expressed concern that the language in the Final Order may be interpreted as releasing the Purchaser Obligations and foreclosing the CDDs from recovering the Purchaser Obligations from the purchasers or the property related thereto. According to the Debtors, under this interpretation, the Purchaser Obligations would then be recoverable from the Debtors’ estates, contrary to the intent of the parties.

As a result of the foregoing, the Debtors request that the Bankruptcy Court modify the Final Order to clarify the intention of the Debtors that the Purchaser Obligations remain with the property sold by the Debtors and, in turn, the liabilities related thereto may not be asserted against the Debtors’ estates.

A hearing on the Modification Motion is scheduled for July 10, 2008, with a corresponding objection deadline of July 3, 2008