

Debtors' Second Motion to Reject Certain Unexpired Leases and Executory Contracts (the "Rejection Motion").

By the Rejection Motion, the Debtors seek entry of an order authorizing them to reject certain leases (the "Leases") and executory contracts (the "Executory Contracts" and, together with the Leases, the "Agreements") that, in the Debtors' opinion, are no longer beneficial to the Debtors' estates.

The Leases fall into the following categories: (i) advertising; (ii) equipment; and (iii) model homes. The Executory Contracts relate to (a) telecommunication services provided by Thompson Financial, LLC and Cox Communications Las Vegas, Inc. and (b) certain option and land banking agreements to purchase lots.¹

After reviewing the Agreements, the Debtors have determined that they are not a source of value to the Debtors' future operations or the Debtors' estates. In fact, the Debtors believe that the Agreements carry ongoing obligations that constitute an unnecessary drain on the Debtors' resources. Accordingly, the Debtors have concluded that the Agreements are not necessary for the Debtors' successful reorganization and, therefore, rejection of the Agreements is in the best interest of the Debtors and their estates.

A hearing on the Rejection Motion is scheduled for June 10, 2008 at 9:00 a.m.; objections to the Rejection Motion are due at 1:00 p.m. on June 9, 2008.

¹ Two counterparties to such option contracts, Strategic Capital Resources, Inc. ("SCR") and EMF Fund II, LLC ("EMF"), filed separate motions seeking to compel the Debtors to assume or reject their respective option contracts (together, the "Motions to Compel"). Upon review of such option contracts, the Debtors determined to include those contracts in the Rejection Motion and, thus, the Motions to Compel have been rendered moot.