

Debtors' Motion for Entry of an Order Authorizing TOUSA Homes Florida, L.P. to Enter into the Joint Payment and Escrow Agreement with Equity Investments, L.L.C. and Universal Title, Inc. (the "Victoria Preserve Motion").

By the Victoria Preserve Motion, the Debtors seek entry of an order pursuant to Bankruptcy Code section 363(b), authorizing TOUSA Homes, Florida, L.P. ("Homes LP") to enter into and perform under a Joint Payment and Escrow Agreement (the "Joint Payment Agreement") with Equity Investments L.L.C., ("Equity") and Universal Title, Inc. as escrow agent, pursuant to which the Debtors would be required to bear 22% or up to \$133,173.00 of the costs of construction of an Amenity Center at the Victoria Preserve development ("Victoria Preserve").

On May 3, 2005, Transeastern Properties, Inc., predecessor in interest to Homes LP, entered into an option and development agreement (the "Option Agreement") with Equity, whereby Homes LP had the option to purchase residential units at Victoria Preserve. The Option Agreement required Homes LP to construct a recreation area for the benefit of the Victoria Preserve community (the "Amenity Center"). Additionally, Homes LP and Equity entered into a related construction agreement (the "Construction Agreement"), which required Homes LP to perform various horizontal improvements within Victoria Preserve. Pursuant to the Construction Agreement, Equity is required to reimburse Homes LP for up to \$3 million of construction costs relating to the Amenity Center.

On March 17, 2009, the Bankruptcy Court granted the Debtors motion to reject the Option Agreement. Subsequently, Homes LP informed Equity that it would not complete construction of the Amenity Center. Equity has since engaged a new contractor to complete construction of the Amenity Center for a total cost of approximately \$550,000.

Homes LP believes completion of the Amenity Center will enhance the value of the properties within Victoria Preserve and facilitate Home LP's efforts to market and sell its remaining lots. To that end, Homes LP and Equity have negotiated the Joint Payment Agreement whereby (i) Homes LP and Equity will share the cost to complete the Amenity Center with Homes LP paying 22% (up to \$133,173.00) of the construction costs and Equity paying any remaining amounts; and (ii) Homes LP and Equity will be released from any liabilities under the Construction Agreement. The Debtors assert that entering into the Joint Payment Agreement will minimize Homes LP's exposure to the costs of completing the Amenity Center and minimize claims against Homes LP's estate.

A hearing on the Victoria Preserve Motion has been scheduled for March 20, 2009, with an objection deadline of March 16, 2009.