

Debtors' Motion for Entry of an Order Pursuant to Sections 363 and 365 of the Bankruptcy Code Authorizing TOUSA Homes, Inc. and Engle Homes Residential Construction, LLC to Assume Amended Executory Contract with Lancelot Blossom, LLC (the "Lancelot Motion").

By the Lancelot Motion, the Debtors seek entry of an order authorizing TOUSA Homes, Inc. ("TOUSA Homes") and Engle Homes Residential Construction ("EHRC") and, collectively with TOUSA Homes, the "Contracting Debtors") to (i) amend the construction agreement, dated August 3, 2005 (the "Original Agreement"), between Lancelot Blossom, LLC ("Lancelot") and the Contracting Debtors (the "Amendment" and, together with the Original Contract, the "Amended Agreement"); (ii) assume the Amended Agreement; and (iii) perform under the Amended Agreement.

The Blossom Hills Project ("Blossom Hills") is a community located in Maricopa County, Arizona, which has 152 lots of three sizes: (i) 45-foot lots, (ii) 60-foot lots, and (iii) cottage or cluster lots. TOUSA Homes currently owns 127 of the 152 lots within Blossom Hills and Lancelot owns the remaining 25. TOUSA Homes' sales have been strongest in the cluster lots, followed by the 60-foot lots.

Under the Amended Agreement, TOUSA Homes will sell Lancelot eighteen 45-foot lots and, in return, Lancelot will sell TOUSA Homes eight 60-foot lots, seven cluster lots, and two 45-foot lots. Lancelot will pay TOUSA Homes an additional \$34,854 based on the value of the lots exchanged. In addition, the Amended Agreement allocates homeowners association fees and taxes and provides for the assumption of the Amended Agreement.

The Debtors assert that the decision to assume the Amended Agreement is supported by the Debtors' business judgment and is the product of arms' length negotiations between the Contracting Debtors and Lancelot. Specifically, the Debtors allege that Amended Agreement allows TOUSA Homes to acquire lots that have been selling more quickly within the development and which the Debtors believe are more desirable while giving up lots that the Debtors have not had success in selling. Further, the Debtors contend that there are no defaults under the Amended Agreement, and that any alleged defaults will be deemed satisfied by performance under the Amended Agreement. Lastly the Debtors allege that their willingness to perform under the Amended Agreement constitutes adequate assurance of future performance.

The Lancelot Motion has been scheduled for a hearing on October 2, 2008, with a corresponding objection deadline of September 27, 2008 at 5:00 p.m. (ET).