

Debtors' Motion for Entry of an Order Pursuant to Section 363(b) of the Bankruptcy Code Approving TOUSA Homes, Inc.'s Entry into Certain Agreements Relating to Regal Oaks at Old Town (the "Regal Oaks Motion").

By the Regal Oaks Motion, the Debtors seek entry of an order authorizing TOUSA Homes, Inc. ("TOUSA Homes") to enter into certain agreements relating to a development known as Regal Oaks at Old Town ("Regal Oaks"), located in Osceola County, Florida.

Before the petition date, TOUSA Homes and Superior Homes and Investments ("Superior") were parties to a contract, dated May 20, 2004 (the "Prepetition Contract"). Under the Prepetition Contract, TOUSA Homes agreed to complete vertical construction of townhomes (the "Townhomes") at Regal Oaks, and Superior agreed to purchase the Townhomes to market them to U.K. purchasers on a pre-arranged schedule and at agreed prices. Superior would also market memberships in a clubhouse to be built at Regal Oaks (the "Clubhouse").

Following rejection of the Prepetition Contract, TOUSA did not have a marketing plan to sell the Townhomes at Regal Oaks and Superior still had approximately 88 purchasers who had made deposits on homes at Regal Oaks. In addition, the promised clubhouse at Regal Oaks had not been completed and required further funding.

TOUSA Homes is in the process of constructing 456 Townhomes at Regal Oaks, 83 of which have been completed and conveyed to Superior under the Prepetition Contract. TOUSA Homes has begun construction on an additional 80 Townhomes and 293 Townhomes have not been started. On July 1, 2008, TOUSA Homes, Regal Oaks Realty, LLC ("Broker"), and Regal Oaks at Old Town Club, LLC ("Club Owner") entered into a brokerage agreement, as amended on August 18, 2008 (the "Brokerage Agreement") with respect to the sale of the Townhomes. The Brokerage Agreement gives Broker the exclusive right to procure third party purchasers for the remaining Townhomes (both those under construction and those not yet started) at a price set by TOUSA Homes and on a pre-determined schedule. Beginning on August 31, 2008 and on a three month rolling basis, Broker is required to procure 20 purchasers by the end of each month for units under construction, and 12 purchasers each month for units not yet under construction. TOUSA Homes will pay Broker a 12% commission (the "Commission") upon delivery of a \$1,000 deposit, execution of a contract and closing of the Townhome pursuant to the schedule set forth in the Brokerage Agreement. TOUSA Homes will also pay a \$3,000 club initiation fee and \$9,000 in closing costs per unit.

Also on July 1, 2008, TOUSA Homes entered into a lease agreement (the "Lease Agreement") with the Club Owner under which TOUSA Homes agreed to lease property at Regal Oaks to the Club Owner for continued construction of the clubhouse and related amenities. The Lease Agreement will remain in effect until Broker has either (i) closed 371 Townhomes and provided deposits for the additional Townhomes or (ii) closed 228 Townhomes, provided deposits for the remaining Townhomes, received TOUSA Homes' consent to termination, and provided financing for additional construction of the Clubhouse. The Club Owner is obligated to complete the first phase of construction on the Clubhouse by November 30, 2008. The Club Owner is also responsible for all taxes, insurance, and maintenance expenses for the Clubhouse.

The Broker, the Club Owner, and TOUSA Homes are also parties to an escrow agreement dated July 1, 2008 (the "Escrow Agreement"). Under the Escrow Agreement, Superior will assign its rights and duties to the Club Owner and allow the Club Owner to access previously contributed funds. TOUSA Homes has already contributed \$535,868.18 towards construction of the Clubhouse and is obligated to pay half the amount due to third party contractors when such amounts become due. Superior had already contributed \$295,758.91 towards construction and owed \$260,879.70, in addition to half the amounts due to third party contractors. Under the Escrow Agreement, the Club Owner will become responsible for Superior's obligations to fund construction of the Clubhouse.

Lastly, on July 1, 2008, TOUSA Homes and Broker entered into a marketing agreement (the "Marketing Agreement") pursuant to which TOUSA Homes will pay Broker a quarterly flat fee of \$356,000 for the implementation of an agreed upon marketing plan for the sale of the Townhomes. The quarterly fee will be revisited after 6 months and the Marketing Agreement can be terminated by TOUSA Homes at will after one year.

A hearing on the Regal Oaks Motion is scheduled for September 17, 2008, with a corresponding objection deadline of September 12, 2008 at 12:00 p.m.