

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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:
In re : Chapter 11
:
LANDSOURCE COMMUNITIES : Case No. 08-11111 (KJC)
DEVELOPMENT LLC, *et al.*, :
: (Jointly Administered)
Debtors. :
:
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**FIRST AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION FOR
LANDSOURCE COMMUNITIES DEVELOPMENT LLC
AND ITS AFFILIATED DEBTORS PROPOSED BY
BARCLAYS BANK PLC, AS ADMINISTRATIVE AGENT, UNDER THE SUPER-
PRIORITY DEBTOR-IN-POSSESSION FIRST LIEN CREDIT AGREEMENT**

Dated: March 20, 2009

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Barclays Bank PLC, as Administrative Agent for itself and various financial institutions or entities that may become, from time to time, lenders under that certain Super-Priority Debtor-in-Possession First Lien Credit Agreement, hereby proposes this Plan pursuant to the provisions of chapter 11 of the Bankruptcy Code. All capitalized terms used in this Plan are either defined in section 101 of the Bankruptcy Code or in Article I below.

ARTICLE I DEFINITIONS

A. Defined Terms. Unless otherwise provided in this Plan, all terms used herein have the meanings assigned to such terms in the Bankruptcy Code. For the purposes of this Plan, the following terms have the meanings set forth below:

1. “Administrative Agent” means Barclays Bank PLC, as administrative agent for itself and various financial institutions or entities that may become, from time to time, lenders under the DIP Credit Agreement.

2. “Administrative Costs” means the any and all costs of administering the Chapter 11 Cases incurred by the Debtors from the Petition Date to the Effective Date.

3. “Administrative Expense Bar Date” means a date established by the Confirmation Order that shall be the deadline for filing Proofs of Claim for Administrative Expense Claims.

4. “Administrative Expense Claim” means any Claim (other than a Fee Claim or DIP Revolver Loan Claim) for payment of costs or expenses of administration specified in sections 503(b) and 507(a)(2) of the Bankruptcy Code including, without express or implied limitation: (a) any actual and necessary costs and expenses incurred on and after the Commencement Date of preserving the Estates and operating the business of the Debtors (such as wages, salaries or commissions for services rendered); (b) any Allowed Claims for reclamation of goods pursuant to section 546(c) of the Bankruptcy Code; (c) any fees and charges assessed against the Estates pursuant to section 1930 of title 28 of the United States Code; and (d) any fees, costs and expenses incurred by the Debtors or the Administrative Agent in administering the provisions of this Plan prior to the Effective Date.

5. “Affiliate” shall have the meaning ascribed to such term in Bankruptcy Code section 101(2).

6. “Allowed” means, with respect to any Claim: (a) any Claim that is allowed pursuant to or as provided in this Plan, the Confirmation Order or a Final Order of the Bankruptcy Court, (b) any Claim set forth in the Schedules as liquidated in amount and not contingent or disputed (if no contrary Proof of Claim with respect to such Claim was timely filed), or (c) any Claim with respect to which a Proof of Claim was properly and timely filed as provided in this Plan or the Bar Date Order, as applicable, and such Proof of Claim asserts such Claim as liquidated in amount and not contingent or disputed, and for which no objection to the allowance of such Claim has been interposed within the applicable period fixed by this Plan, the

Bankruptcy Code, the Bankruptcy Rules, the Local Rules or a Final Order of the Bankruptcy Court.

7. "Allowed Amount" means:

(a) With respect to any Claim (other than a Fee Claim, DIP Revolver Loan Claim, First Lien Claim, Second Lien Claim or Senior Permitted Lien Claim), the amount of such Claim as is Allowed.

(b) With respect to any Claim that is asserted to constitute a Fee Claim and for which a Fee Application has been properly filed and served in accordance with Article IV.B.1 below, the amount fixed by a Final Order of the Bankruptcy Court.

(c) With respect to DIP Revolver Loan Claims, such Claims in the aggregate amount of not less than \$84,204,770.12 in principal and interest as of March 20, 2009, *plus* all additional principal, interest, fees, expenses and other obligations owed or owing as of the Effective Date *less* any payments made by the Debtors prior to the Effective Date, in each case with respect to the Revolver Facility provided for in the DIP Credit Agreement.

(d) With respect to First Lien Claims, such Claims in the aggregate amount of not less than \$1,077,410,774.88 in principal and interest as of March 20, 2009, *plus* all interest, fees, expenses and other obligations owed or owing as of the Effective Date *less* any payments made by the Debtors prior to the Effective Date, in each case with respect to the Roll-Up Facility provided for in the DIP Credit Agreement.

(e) With respect to Second Lien Claims, such Claims in the aggregate amount of \$244,000,000 as of the Commencement Date *less* any payments made by the Debtors prior to the Effective Date with respect to the Second Lien Credit Agreement.

(f) With respect to Senior Permitted Lien Claims, the amount (i) agreed to, in writing, by the Administrative Agent and the Steering Committee or (ii) the amount as fixed by Final Order of the Bankruptcy Court.

8. "Avoidance Actions" means Claims or Causes of Action asserted or that could be asserted by or on behalf of the Estates pursuant to sections 542, 544 (including under applicable state laws through which transfers may be avoided), 546, 547, 548, 550 or 551 of the Bankruptcy Code, including any such Claims or Causes of Action asserted by the Debtors, the Holders of First Lien Deficiency Claims, the Holders of Second Lien Claims, the Committee or others.

9. "Backstop Parties" means those Holders of First Lien Secured Claims that enter into a certain backstop agreement with the Proponent or its designee with respect to the Rights Offering to acquire up to all of the Rights Offering Units not subscribed for in the Rights Offering.

10. "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended and as codified in title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*

11. “Bankruptcy Court” means the United States District Court for the District of Delaware having jurisdiction over the Chapter 11 Cases.

12. “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as amended and as applicable to the Chapter 11 Cases.

13. “Bar Date” means November 14, 2008, the deadline for filing Proofs of Claim with respect certain Claims, and December 5, 2008, the deadline for governmental units to file Proofs of Claim, as established by the Bar Date Order.

14. “Bar Date Order” means that certain Order Pursuant to Bankruptcy Rules 2002(a)(7), (f), (l) and 3003(e) and Section 502(b)(9) of the Bankruptcy Code Establishing Deadlines for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof, entered by the Bankruptcy Court in the Chapter 11 Cases on September 9, 2008. [Docket No. 590]

15. “Business Day” means any day except a Saturday, Sunday or legal holiday (as such term is defined in Bankruptcy Rule 9006(a)).

16. “Cancellation Event” means a decision by the Proponent prior to the Effective Date to terminate the Rights Offering.

17. “Cash” means cash and cash equivalents, including, without express or implied limitation, bank deposits, checks and other similar items.

18. “Causes of Action” means any and all actions, claims, rights, defenses, third-party claims, damages, executions, demands, crossclaims, counterclaims, suits, causes of action, choses in action, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims whatsoever, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly, indirectly or derivatively, at law, in equity or otherwise, accruing to the Debtors, which causes of action exist as of the Effective Date, whether or not those causes of action arose before or after the Commencement Date; provided, however, that “Causes of Action” shall not include (a) causes of action with respect to any claim that has been released or waived by the Debtors through the Plan or a Final Order of the Bankruptcy Court including, without express or implied limitation, the Final DIP Order or (b) Lennar Released Claims.

19. “Chapter 11 Cases” means the cases commenced under Chapter 11 of the Bankruptcy Code by the Debtors, which are pending before the Bankruptcy Court and jointly administered under Chapter 11 Case No. 08-11111 (KJC).

20. “Claim” means a “claim,” as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors, whether or not asserted, whether or not the facts of or legal bases therefor are known or unknown, and specifically including, without express or implied limitation, any rights under section 502(g), 502(h), or 502(i) of the Bankruptcy Code, any claim of a derivative nature, any potential or unmatured contract claim and any contingent claim.

21. “Class” means any group of Claims or Interests classified by this Plan, as described in Article II below, pursuant to section 1122(a) of the Bankruptcy Code.

22. “Commencement Date” means June 8, 2008, the date on which the petitions commencing the Chapter 11 Cases were filed by the Debtors with the Bankruptcy Court.

23. “Committee” means the statutory committee of unsecured creditors appointed by the U.S. Trustee on or about June 20, 2008.

24. “Confirmation Date” means the date on which the Confirmation Order is entered by the Clerk of the Bankruptcy Court.

25. “Confirmation Hearing” means the hearing pursuant to which the Bankruptcy Court considers confirmation of this Plan.

26. “Confirmation Order” means the Final Order or Orders of the Bankruptcy Court, among other things, (i) confirming this Plan pursuant to section 1129 of the Bankruptcy Code, and (ii) establishing the Administrative Expense Bar Date, which order or orders shall be in form and substance acceptable to the Proponent.

27. “Convenience Class Amount” means such amount to be determined by the Proponent.

28. “Convenience Class Claim” means any Unsecured Claim that is not a Second Lien Claim or a Lennar Claim and the Allowed Amount of which (whether such Allowed Amount is determined under this Plan, by Final Order of the Bankruptcy Court, or by agreement with the Debtors or the Reorganized Debtors, as applicable, and approved by the Proponent) is (a) less than the Convenience Class Amount or (b) is more than the Convenience Class Amount if the Holder of such Claim has agreed to reduce the amount of the Claim to the Convenience Class Amount by making the Convenience Class Election on the ballot within the time fixed by the Bankruptcy Court for completing and returning such ballot. Without the prior written consent of the Debtors or the Reorganized Debtors, and approved by the Proponent, as applicable, no Claim may be subdivided into multiple Claims for purposes of receiving the treatment provided under this Plan to Holders of Allowed Convenience Class Claims. In the event a Holder of an Allowed Unsecured Claim against a Debtor also holds Allowed Unsecured Claims against other Debtors, such Claims shall be aggregated for purposes of determining whether each such Claim is a Convenience Class Claim.

29. “Convenience Class Election” means the election pursuant to which the Holder of an Unsecured Claim in an amount greater than the Convenience Class Amount timely elects to have its Claim reduced to the Convenience Class Amount and treated as a Convenience Class Claim.

30. “Debtors” means California Land Company; Friendswood Development Company LLC; Kings Wood Development Company, L.C.; LandSource Communities; LandSource Communities Development Sub LLC; LandSource Holding Company, LLC; Lennar Bressi Ranch Venture, LLC; Lennar Land Partners II; Lennar Mare Island, LLC; Lennar

Moorpark, LLC; Lennar Stevenson Holdings, L.L.C.; LNR-Lennar Washington Square, LLC; LSC Associates, LLC; NWHL GP LLC; The Newhall Land and Farming Company (A California Limited Partnership); The Newhall Land and Farming Company; Southwest Communities Development LLC; Stevenson Ranch Venture LLC; Tournament Players Club at Valencia, LLC; Valencia Corporation; and Valencia Realty Company.

31. “DIP Credit Agreement” means that certain Super-Priority Debtor-in-Possession First Lien Credit Agreement dated as of June 16, 2008, by and among LandSource Communities, as parent guarantor, LandSource Holding Company, LLC, as borrower, the guarantors party thereto, the lenders party thereto and the Administrative Agent, including any related documents, as amended, supplemented or otherwise modified from time to time.

32. “DIP Loan Collateral” means the Estate Assets or other property or interests in property of the Debtors in or upon which the Holders of the DIP Revolver Loan Claims and First Lien Claims have a valid, perfected and enforceable security interest, lien, mortgage or other encumbrance securing such Claims, pursuant to the DIP Credit Agreement.

33. “DIP Revolver Loan Claims” means all Claims of and obligations owing to the lenders with respect to the Revolver Facility provided for in the DIP Credit Agreement. The DIP Revolver Loan Claims are Allowed pursuant to this Plan. The Administrative Agent shall act as Paying Agent for the DIP Revolver Loan Claims.

34. “Disallowed” means, with respect to a Claim, the Claim or that portion thereof that is disallowed pursuant to this Plan or a Final Order of the Bankruptcy Court or other court of competent jurisdiction. Except to the extent the Holder of a Claim is entitled to post-petition interest on such Claim pursuant to section 506 of the Bankruptcy Code, the Final DIP Order or as expressly provided in this Plan, a Claim shall be Disallowed to the extent that it is for post-petition interest.

35. “Disclosure Statement” means a disclosure statement that relates to this Plan and has been approved by the Disclosure Statement Order, as such disclosure statement may be revised, amended, modified or supplemented (and all exhibits and schedules annexed thereto or referred to therein).

36. “Disclosure Statement Order” means the Final Order (I) Approving the Disclosure Statement; (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject the Plan, Including (A) Approving the Form and Manner of Solicitation Packages; (B) Approving the Form and Manner of Notice of the Confirmation Hearing; (C) Establishing Record Date and Approving Procedures for Distribution of Solicitation Packages; (D) Approving Forms of Ballots; (E) Establishing Deadline for Receipt of Ballots; (F) Approving Procedures for Vote Tabulations; and (G) Approving Procedures Associated with the Rights Offering; and (III) Establishing Deadline and Procedures for Filing Objections to (A) Confirmation of the Plan and (B) Proposed Cure Amounts Related to Contracts and Leases Assumed Under the Plan; and (IV) Granting Related Relief entered by the Bankruptcy Court.

37. “Disputed” means, with respect to a Claim, that portion (including, when appropriate, the whole) of a Claim that is neither Allowed nor Disallowed.

38. “Disputed Claims Reserve” means, with respect to each Class of Claims, the reserve established by the Distribution Agent with respect to such Class to hold Distributions on account of Disputed Claims in such Class, as provided in Article VII.A below.

39. “Distribution” means Cash, property, interests in property or other value distributed under this Plan to the Holders of Allowed Claims or their respective Paying Agents, as applicable. Except as otherwise provided in this Plan, all Distributions made on account of an Allowed Claim shall be made by the Distribution Agent to the Holder of such Claim, as of the Distribution Record Date, or Paying Agent, on the Distribution Date, unless the Proponent consents to making Distributions on account of such Claim to a different Person.

40. “Distribution Address” means, for each Holder of a Claim, its address as set forth in the Proof of Claim with respect to such Claim or, if no Proof of Claim is filed in respect to a particular Claim, its address as set forth in the Schedules. Notwithstanding anything to the contrary herein, to the extent a Distribution on account of a Claim is required to be made to a Paying Agent, the Distribution Address for the Holder of such Claim shall be the address of the Paying Agent.

41. “Distribution Agent” means such Person, as selected by the Proponent, in its sole discretion, to make Distributions under the Plan.

42. “Distribution Date” means as soon as practicable after the Effective Date, or the date upon which a Claim becomes Allowed, and once every six (6) months thereafter, unless determined by the Distribution Agent, in its reasonable discretion, that such Distribution would be economically infeasible.

43. “Distribution Record Date” means a date established by the Disclosure Statement Order that shall be the date of determination as to the Holder of a Claim for purposes of Distributions under this Plan.

44. “Effective Date” means the first Business Day after the later of (a) the date on which all of the conditions precedent to the effectiveness of this Plan specified in Article VIII.N below have been satisfied or waived, and (b) if the Confirmation Order is stayed, the date of expiration, dissolution, or lifting of such stay.

45. “Effective Date Assumed Contract” means an executory contract or unexpired lease of the Debtors, if any, that is assumed on the Effective Date pursuant to section 365 of the Bankruptcy Code, and in accordance with Article XIII.A below.

46. “Estates” means the Debtors’ estates created in the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code.

47. “Estate Assets” means all property and other interests of the Debtors included in the Estates pursuant to section 541 of the Bankruptcy Code, including the Causes of Action and all other property and interests of the Debtors, wherever located or of whatever type or nature, existing as of the Confirmation Date or thereafter arising (but excluding assets distributed, expended or otherwise disposed of by the Debtors prior to the Confirmation Date that are not otherwise subject to recovery by the Debtors), including, without express or implied

limitation, any executory contracts and unexpired leases assumed by the Debtors pursuant to a Final Order of the Bankruptcy Court or this Plan and any rights of the Debtors pursuant to section 505 of the Bankruptcy Code, and all proceeds of the foregoing.

48. “Excess G&A Claims” means those certain Claims asserted jointly and severally against LNR NWHL Holdings, Inc., LNR Land Partners Sub, LLC and the Lennar Entities under the Second Amended and Restated LLC Agreement of LandSource Communities for allegedly excessive general and administrative expenses.

49. “Exculpated Person” means (a) the Proponent, Administrative Agent, the First Lien Agent, former and current Holders of DIP Revolver Loan Claims and former and current Holders of First Lien Claims; (b) the Debtors, the Reorganized Debtors and/or their respective Affiliates, former, current and future members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives or any of their respective former, current and future officers, directors, employees, consultants, agents, advisors, members, attorneys, accountants, financial advisors, other representatives and professionals, or any professional employed by any of them; (c) the Second Lien Administrative Agent, and former and current Holders of Second Lien Claims; (d) the Committee and its members, representatives, agents and professionals, provided, however, such persons shall only be Exculpated Persons in their capacity as members, agents, representatives or professionals of the Committee for actions taken as members of the Committee and for no other purposes; (e) the Lennar Entities; (f) the Paying Agent; (g) the Distribution Agent; and (h) the Subscription Agent.

50. “Existing Bonds” shall have the meaning set forth in Article VIII.D of the Plan.

51. “Fee Application” means an application for payment of a Fee Claim that conforms with the requirements of this Plan, the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any applicable orders of the Bankruptcy Court.

52. “Fee Claim” means a Claim for compensation or reimbursement of expenses, pursuant to sections 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5) or 1103 of the Bankruptcy Code, incurred with respect to the Chapter 11 Cases.

53. “Final DIP Order” means the Final Order (I) Authorizing Debtors (A) to Obtain Post-Petition Senior Secured Super-Priority Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) and (B) to Utilize Cash Collateral of Pre-Petition Secured Parties, (II) Authorizing the Repayment in Full of All Obligations in Respect of the First Lien Credit Facility, (III) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364, (IV) Treating Certain Information as Confidential Pursuant to Bankruptcy Rule 9018, and (V) Granting Related Relief, entered by the Bankruptcy Court on July 21, 2008. [Docket No. 306]

54. “Final Order” means an order as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for reargument or rehearing shall then be pending or as to which any right to appeal, petition for *certiorari*, reargue or rehear shall have been waived in

writing in form and substance satisfactory to the Plan Proponent, as applicable, or, in the event that an appeal, writ of *certiorari* or reargument or rehearing thereof has been sought, such order has been affirmed by the highest court to which such order was appealed, or *certiorari*, reargument or rehearing has been denied by the highest court from which *certiorari*, reargument or rehearing was sought, and the time to take any further appeal, petition for *certiorari* or move for reargument or rehearing has expired; provided, however, that the possibility of a timely motion under Bankruptcy Rule 9024 or any applicable analogous rule being filed with respect to such order shall not prevent the order from being a Final Order.

55. “First Lien Agent” means Barclays Bank PLC, as administrative agent under that Certain First Lien Credit Agreement, dated February 27, 2007, as amended, supplemented or otherwise modified, by and among LandSource Holding Company, LLC, as borrower, LandSource Communities and various financial institutions and other Persons party thereto from to time as lenders thereunder.

56. “First Lien Claims” means the First Lien Secured Claims and the First Lien Deficiency Claims.

57. “First Lien Claim Equity Interest” means, as of the Effective Date, up to 85% of the common units of Reorganized LandSource Communities, *less* the Valencia Water Company Interest Distribution, *less* the Lennar Option and subject to dilution due to the Rights Offering and the Management Co. Equity Interests.

58. “First Lien Deficiency Claims” means the Unsecured Claims of and obligations owing to the lenders with respect to the Roll-Up Facility to the extent that the value of the DIP Loan Collateral is not sufficient to satisfy in full the First Lien Claims in such amount, as determined at or before the Confirmation Hearing. The First Lien Deficiency Claims are Allowed pursuant to this Plan and shall be deemed Unsecured Class 4 Claims. The Administrative Agent shall act as Paying Agent for the First Lien Deficiency Claims.

59. “First Lien Secured Claims” means the Secured Claims of and obligations owing to the lenders with respect to the Roll-Up Facility in such amount, to be determined at or before the Confirmation Hearing, equal to the value of the DIP Loan Collateral. The First Lien Secured Claims are Allowed pursuant to this Plan. The Administrative Agent shall act as Paying Agent for the First Lien Secured Claims.

60. “Future Bonds” shall have the meaning set forth in Article VIII.D of the Plan.

61. “Holder” means the legal or beneficial Holder(s) of a Claim or Interest (and, when used in conjunction with a Class or type of Claim or Interest, means a Holder of a Claim or Interest in such Class or of such type).

62. “Impaired” means, with respect to any Class of Claims or Interests, that such Class is impaired as provided in section 1124 of the Bankruptcy Code.

63. “Intercompany Interest” means any Interest in any of the Debtors, within the meaning of section 101(16) of the Bankruptcy Code, held by another Debtor.

64. “Interest” means any (a) equity security of a Debtor, within the meaning of section 101(16) of the Bankruptcy Code, including all issued, unissued, authorized or outstanding shares of stock together with any warrants, options or contractual rights to purchase or acquire such equity securities at any time and all rights arising with respect thereto and (b) partnership, limited liability company or similar interest in a Debtor.

65. “LandSource Communities” means LandSource Communities Development LLC, a Debtor.

66. “Lennar” means a direct or indirect wholly owned subsidiary of Lennar Corporation formed to hold the Lennar Equity Interest.

67. “Lennar Acquired Assets” means the acquisition by Lennar, pursuant to the Plan, of (a) Mare Island, (b) Kingwood/Royal Shores, (c) LLP II HCC Holdings, LLC and its interests in Lennar Bridges, LLC and HCC Investors, LLC, (d) Placer Vineyard and (e) the LNR Excess G&A Claims provided that any payment made on account of the LNR Excess G&A Claims in excess of an amount agreed to by the Administrative Agent and Lennar shall be turned over to the Holders of the First Lien Secured Claims and distributed to such Holders in accordance with the provisions of this Plan.

68. “Lennar Claims” means all Claims held by any Lennar Entity against any Debtors, excluding any Interests in LandSource Communities. Lennar Claims shall be Class 4 Unsecured Claims.

69. “Lennar Released Claims” means all Claims or Causes of Action held by any of the Debtors against any Lennar Entity that are subject to the security interests and liens of the Holders of First Lien Claims, including, but not limited to the Excess G&A Claim against the Lennar Entities, but specifically excluding any Avoidance Actions and claims for actual fraud against the Lennar Entities.

70. “Lennar Entities” means Lennar Corporation; Lennar Homes of California, Inc.; Lennar Renaissance, Inc.; Lennar Communities Nevada, Inc.; Lennar Communities, Inc.; Lennar Communities Development, Inc.; U.S. Home Corporation; Lennar Fresno, Inc.; Lennar Reno, LLC; Lennar Homes, Inc.; Centex Lennar NFL Town Center South, LLC; Lennar Homes, LLC; MS Rialto Residential Holdings, LLC; Lennar Sales Corp.; and Lennar Homes of Texas Land and Construction Co., Ltd.

71. “Lennar Equity Interest” means, as of the Effective Date, 15% of the common units of Reorganized LandSource Communities on a fully diluted basis, subject to dilution due to the Management Co. Equity Interest.

72. “Lennar Equity Investment” means the \$140,000,000 investment in Reorganized LandSource Communities to be made by Lennar on the Effective Date in exchange for the Lennar Equity Interest, the settlement and release of the Lennar Released Claims and the Lennar Acquired Assets.

73. “Lennar Purchase Agreement” means the purchase agreement entered into between the Debtors and Lennar, as set forth in the Plan Supplement, pursuant to which Lennar will acquire the Lennar Acquired Assets.

74. “Lennar Option” means the option to be exercised by Lennar on or before April 15, 2009, to agree to purchase up to an additional 10% of the common units of Reorganized LandSource Communities as of the Effective Date, on a fully diluted basis, subject to dilution due to the Management Co. Equity Interest, in exchange for \$55,000,000 to be paid on the Effective Date, which option may be assigned, in whole or in part, to California Public Employees’ Retirement System subject to any and all rights of the common units, including, but not limited to, voting rights. If Lennar shall agree to purchase less than 10% of the common units of Reorganized LandSource Communities the \$55,000,000 will be reduced on a pro rata basis.

75. “Litigation Trust” means the trust established pursuant to Article IX of the Plan.

76. “Litigation Trust Agreement” means the agreement governing the formation and conduct of the Litigation Trust as set forth in the Plan Supplement.

77. “Litigation Trust Expenses” means all costs, expenses and obligations incurred by the Litigation Trustee and its agents, employees and professionals in administering the Litigation Trust or in any manner connected, incidental or related thereto, including but not limited to the fees and expenses of professionals retained by the Litigation Trust to assist in carrying out its post-Effective Date duties pursuant to this Plan and the Litigation Trust Agreement.

78. “Litigation Trust Proceeds” means the actual consideration, if any, received by the Litigation Trust as a result of any judgment, settlement or compromise of any of the Avoidance Actions, *less* the Administrative Costs and *less* the Litigation Trust Expenses.

79. “Litigation Trustee” means the Person selected by the Proponent to act as trustee for the Litigation Trust in accordance with the Litigation Trust Agreement, as set forth in the Plan Supplement. The Litigation Trustee shall be the Paying Agent for the Unsecured Claims.

80. “Local Rules” means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, as amended, as applicable to the Chapter 11 Cases.

81. “LNR Excess G&A Claims” means those Excess G&A Claims against LNR NWHL Holdings, Inc. and LNR Land Partners Sub, LLC that could have been asserted by the Debtors (or by the Holders of the First Lien Claims on account of their liens against such Claims).

82. “Management Agreement” means that certain agreement by and between Management Co. and Reorganized LandSource Communities (or one or more of the other Reorganized Debtors) as set forth in the Plan Supplement.

83. “Management Co.” means a management company to be formed, prior to or as of the Effective Date, for the purpose of managing the day-to-day affairs of the Reorganized Debtors pursuant to the Management Agreement.

84. “Management Co. Equity Interest” means the equity securities of Reorganized LandSource Communities, if any, granted to Management Co. pursuant to the Management Agreement.

85. “Mid-Term AFR Rate” means the mid-term applicable federal rate for an annual compounding period for purposes of section 1274(d) of title 26 of the United States Code, in effect for the month in which the Confirmation Date occurs, as prescribed in the applicable revenue ruling issued by the Internal Revenue Service of the United States Department of the Treasury.

86. “Oversubscription Units” means the amount of Rights Offering Units available for purchase by a Rights Offering Participant pursuant to the Primary Subscription, which shall be determined by multiplying the Primary Allocable Units by such amount as determined by the Proponent.

87. “Paying Agent” means the following Persons that shall receive Distributions from the Distribution Agent and shall be responsible for making Distributions to the Holders of Allowed Claims, as applicable, pursuant to the provisions of this Plan: (a) for the DIP Revolver Claims and the First Lien Claims, the Administrative Agent, (b) for the Second Lien Claims, the Second Lien Administrative Agent, (c) for the Unsecured Creditors, the Litigation Trustee or (d) such other agent(s) contractually authorized and/or obligated to make distributions to Holders of certain Claims, and similar intermediaries and agents participating in making or conveying Distributions as required by this Plan.

88. “Person” means a person, as defined in section 101(41) of the Bankruptcy Code, including any individual, corporation, partnership, association, indenture trustee, organization, joint stock company, joint venture, estate, trust, governmental unit or any political subdivision thereof.

89. “Plan” means this chapter 11 plan, either in its present form or as it may be altered, amended or modified from time to time, and the Plan Supplement.

90. “Plan Supplement” means the compilation of documents and forms of documents specified in this Plan that shall be filed with the Clerk of the Bankruptcy Court as provided in Article I.C below, and which shall be considered a part of this Plan for all purposes.

91. “Primary Allocable Units” means the amount of Rights Offering Units available for purchase by a Rights Offering Participant pursuant to the Primary Subscription, which shall be determined by multiplying the Rights Offering Units by a fraction, the numerator of which is such Rights Offering Participant's aggregate First Lien Claim and the denominator of which is the aggregate of all First Lien Claims.

92. “Primary Subscription” means the participation in the Rights Offering by a Rights Offering Participant through the purchase of its Primary Allocable Units and Oversubscription Units.

93. “Priority Non-Tax Claim” means any Claim (other than an Administrative Expense Claim, a Fee Claim, a DIP Revolver Loan Claim or a Priority Tax Claim) that is entitled to priority pursuant to section 507(a) of the Bankruptcy Code.

94. “Priority Tax Claim” means any Claim that is entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

95. “Proponent” means the Administrative Agent.

96. “Proof of Claim” means a written statement describing the basis and amount of a Claim or Interest, together with all supporting evidence for such Claim or Interest (if any), which complies with the provisions of this Plan, the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Bar Date Order or any other Final Order of the Bankruptcy Court, as applicable.

97. “Pro Rata Share” means, with respect to any Claim in a given Class, on any date, the quotient of (a) the Allowed Amount of such Claim as of such date, over (b) the sum of (i) the aggregate Allowed Amount of all Claims in such Class as of such date, and (ii) the Disputed Claims Reserve, if any, for such Class as of such date.

98. “Releasees” means the Debtors, the Administrative Agent, the First Lien Administrative Agent, the Distribution Agent, the Subscription Agent, the Paying Agent, the Steering Committee, current and former Holders of the DIP Revolver Loan Claims and the current and former Holders of the First Lien Claims, and each of their respective former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives and professionals, in their official and individual capacities, and each of their respective successors, executors, administrators, heirs and assigns or any Persons controlling or controlled by any of the foregoing. “Releasees” expressly excludes Lennar, the Lennar Entities and each of their respective former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives and professionals, in their official and individual capacities, and each of their respective successors, executors, administrators, heirs and assigns or any Persons controlling or controlled by any of the foregoing.

99. “Reorganized Debtors” means the Debtors, including LandSource Communities, on and after the Effective Date.

100. “Reorganized LandSource Communities” means LandSource Communities only on and after the Effective Date.

101. “Reorganized LandSource LLC Agreement” means that certain limited liability company agreement (or similar agreement) of Reorganized LandSource Communities to be included in the Plan Supplement and effective as of the Effective Date.

102. “Revolver Facility” means the revolving credit, letter of credit and swingline facilities described in Sections 2.01, 2.19 and 2.22 of the DIP Credit Agreement.

103. “Rights Offering” means an offering of the Rights Offering Units for the Rights Offering Amount to the Rights Offering Participants.

104. “Rights Offering Amount” means such amount, as determined by the Administrative Agent and the Steering Committee, to be necessary to fund the Plan and provide working capital to the Reorganized Debtors post-Effective Date.

105. “Rights Offering Participant” means those Holders of First Lien Secured Claims that are accredited investors as that term is defined in Regulation D promulgated under the Securities Act of 1933, as amended.

106. “Rights Offering Units” means such common units of Reorganized LandSource Communities representing a certain percentage of Reorganized LandSource, as determined by the Proponent prior to the entry of the Disclosure Statement Order, of the outstanding units in Reorganized LandSource Communities as of the Effective Date.

107. “Roll-Up Facility” means that certain term loan facility described in Section 2.02 of the DIP Credit Agreement.

108. “Schedules” means the schedules of the Debtors’ assets and liabilities and the statements of the Debtors’ financial affairs filed with the Bankruptcy Court on or about September 2-4, 2008, and any other schedules and statements filed pursuant to sections 521(a) or 1106(a)(2) of the Bankruptcy Code, in each case as such schedules and statements have been and may be amended and supplemented from time to time in accordance with Bankruptcy Rule 1009.

109. “Second Lien Administrative Agent” means The Bank of New York, as successor administrative agent under that certain Second Lien Credit Agreement.

110. “Second Lien Claims” means all Claims of and obligations owing to the lenders under the Second Lien Credit Agreement and all Claims (if any) owing to such lenders pursuant to the Final DIP Order. The Second Lien Claims are Allowed pursuant to this Plan and shall be deemed Unsecured Class 4 Claims. The Second Lien Administrative Agent shall act as Paying Agent for the Second Lien Claims.

111. “Second Lien Credit Agreement” means that certain Second Lien Credit Agreement, dated February 27, 2007, by and among LandSource Holding Company, LLC, as borrower, LandSource Communities, the lenders party thereto, the Second Lien Administrative Agent and all other Persons a party thereto, including all related documents, as amended, supplemented or otherwise modified from time to time.

112. “Secured Claim” means, pursuant to section 506 of the Bankruptcy Code, that portion of a Claim that is (a) secured by a valid, perfected and enforceable security interest, lien, mortgage or other encumbrance that is not subject to avoidance under applicable bankruptcy or non-bankruptcy law, in or on any Estate Assets or other property or interests in property of the Debtors, but only to the extent of the value of the Holder of such Claim’s interest in the Estates’

interest in such property, or (b) Allowed as such pursuant to the terms of this Plan (subject to the Confirmation Order becoming a Final Order).

113. “Senior Permitted Lien Claim” means a Secured Claim secured by a security interest, lien, mortgage or other encumbrance in or on some or all of the DIP Loan Collateral, but only to the extent such security interest, lien, mortgage or other encumbrance is of a priority senior to the security interest, lien, mortgage or other encumbrance, as applicable, in or on such DIP Loan Collateral securing such Claims under the DIP Credit Agreement.

114. “Steering Committee” means the lenders set forth on Exhibit A hereto.

115. “Subscription Accounts” means one or more trust accounts, escrow accounts, treasury accounts or similar segregated accounts established by the Subscription Agent to receive and hold payments of the Subscription Purchase Price.

116. “Subscription Agent” means such Person designated by the Proponent to administer the Rights Offering.

117. “Subscription Expiration Date” means the Voting Deadline Date.

118. “Subscription Form” means the subscription form(s) and applicable instructions and instruments included on the ballot sent to each Holder of First Lien Secured Claims.

119. “Subscription Purchase Price” means the total amount owed by each Rights Offering Participant for such Rights Offering Participant's Rights Offering Units pursuant to the Rights Offering.

120. “Subscription Purchase Price Payment Date” means the Voting Deadline Date.

121. “Subscription Rights” means each Rights Offering Participant's allocable share of the Rights Offering Units pursuant to the Rights Offering.

122. “Turned-Over Distribution” shall have that meaning set forth in Paragraph 21(b) of the Final DIP Order.

123. “Unclaimed Property” means any Cash or other property unclaimed on or after the Distribution Date in respect of the applicable Allowed Claim. Unclaimed Property shall include, without express or implied limitation, (a) checks (and the funds represented thereby) and other property mailed to a Distribution Address and returned as undeliverable without a proper forwarding address; (b) funds for uncashed checks; and (c) checks (and the funds represented thereby) not mailed or delivered because no Distribution Address to mail or deliver such property was available on the applicable Distribution Date.

124. “Unencumbered Assets” means (a) the Valencia Water Company Interests and (b) the Avoidance Actions.

125. “Unencumbered Assets Distribution” means (a) the Valencia Water Company Interest Distribution and (b) the Litigation Trust Proceeds.

126. “Unsecured Claim” means any Claim (or portion thereof) that is not an Administrative Expense Claim, a Fee Claim, a Priority Non-Tax Claim, a Priority Tax Claim, a Senior Permitted Lien Claim or a DIP Revolver Loan Claim.

127. “U.S. Trustee” means the Office of the United States Trustee for the District of Delaware.

128. “Valencia Water Company” means Valencia Water Company, a water company that provides water and other goods and services to certain users in the Santa Clarita Valley, California.

129. “Valencia Water Company Interests” means 100% of the Interests owned by The Newhall Land and Farming Company, a California limited partnership, in Valencia Water Company.

130. “Valencia Water Company Interest Distribution” means common units in Reorganized LandSource Communities equal in value, to be determined on or before the Effective Date, of the Valencia Water Company Interests *less* Administrative Costs.

131. “Voting Deadline Date” means the deadline for submitting acceptances or rejections of the Plan as established in the Disclosure Statement Order.

132. “Voting Procedures” means the procedures established in the Disclosure Statement Order for submitting ballots to cast votes to accept or reject this Plan.

133. “Voting Record Date” means such date established in the Disclosure Statement Order that determines the right of any Person to vote to accept or reject this Plan.

B. Rules of Construction. (a) The words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Plan as a whole, not to any particular Article, section, subsection or clause, unless the context requires otherwise; (b) whenever it appears appropriate from the context, each term stated in the singular or the plural includes the singular and the plural and each pronoun stated in the masculine, feminine or neuter includes the masculine, feminine and neuter; (c) captions and headings to Articles and sections (and subsections, where applicable) of this Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (d) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to this Plan unless superseded herein or in the Confirmation Order; (e) any reference in this Plan to an existing document or exhibit means such document or exhibit as it may have been amended, restated, revised, supplemented or otherwise modified as of the Effective Date; (f) in computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006 shall apply; and (g) whenever this Plan provides that a payment or other Distribution shall occur on any date, it shall mean on or as soon as reasonably practicable after such date.

C. Exhibits; Plan Supplement. All exhibits to this Plan shall be contained in the Plan Supplement, which shall be filed with the Clerk of the Bankruptcy Court fifteen (15) days prior to the deadline for filing objections to confirmation of this Plan, or in accordance with such other deadline as may be established in the Disclosure Statement Order or another Final Order of the Bankruptcy Court. Holders of Claims or Interests may also obtain a copy of the Plan Supplement, once filed, by a written request or telephone call to the following:

LandSource Ballot Processing
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245
Telephone: (866) 381-9100
www.kccllc.net/landsource

ARTICLE II
CLASSIFICATION OF CLAIMS
AND INTERESTS AND GENERAL PROVISIONS

A. Claims and Interests Classified. For purposes of organization, voting and all confirmation matters, except as otherwise provided herein, all Claims (other than Administrative Expense Claims, Priority Tax Claims, Fee Claims and DIP Revolver Loan Claims) and all Interests shall be classified as set forth in this Article II.

B. Administrative Expense, Priority Tax, Fee and DIP Revolver Loan Claims. As provided in section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Priority Tax Claims, Fee Claims and DIP Revolver Loan Claims shall not be classified for purposes of voting or receiving Distributions under this Plan. Rather, all such Claims shall be treated separately as unclassified Claims pursuant to Article IV below.

C. Classification of Claims and Interests. This Plan classifies the Claims against and Interests in the Debtors for all purposes as follows:

1. Class 1: Priority Non-Tax Claims
2. Class 2: First Lien Secured Claims
3. Class 3: Senior Permitted Lien Claims
4. Class 4: Unsecured Claims
5. Class 5: Convenience Class Claims
6. Class 6: LandSource Communities Interests
7. Class 7: Intercompany Interests

**ARTICLE III
IMPAIRMENT OF
CLASSES OF CLAIMS AND INTERESTS**

A. Unimpaired Classes of Claims and Interests. Claims in Class 1 and Class 3 are not Impaired under this Plan.

B. Impaired Classes of Claims and Interests. With the exception of the Classes specified in Article III.A above, all Classes of Claims and Interests are Impaired under this Plan.

**ARTICLE IV
PROVISIONS FOR TREATMENT OF UNCLASSIFIED CLAIMS**

A. Administrative Expense Claims. All Administrative Expense Claims shall be treated as follows:

1. Time for Filing Administrative Expense Claims. Unless a Final Order of the Bankruptcy Court entered prior to the Effective Date establishes an earlier date with respect to such Claim or Allows such Claim (and no portion of such Claim remains Disputed as of the Effective Date), each Holder of an Administrative Expense Claim must file with the Bankruptcy Court and serve on the Debtors or the Reorganized Debtors, as applicable, and counsel to same, a Proof of Claim with respect to such Administrative Expense Claim so that such Proof of Claim is actually received by each such party on or prior to the Administrative Expense Bar Date. Such Proof of Claim must include, at a minimum, (a) the name and full mailing address (at which notices and payment may be accepted) of the Holder of the Claim, (b) the asserted amount of the Claim, and (c) the basis for the Claim. Failure to file and serve such Proof of Claim timely and properly shall result in the Administrative Expense Claim being forever barred and discharged; provided, however, that an Administrative Expense Claim representing a liability incurred in the ordinary course of business by the Debtors may be paid in the ordinary course of the Debtors' business.

2. Allowance of Administrative Expense Claims. An Administrative Expense Claim with respect to which a Proof of Claim has been properly filed and served pursuant to Article IV.A.1 above shall become an Allowed Administrative Expense Claim in the Allowed Amount: (a) one hundred and eighty (180) days after the Administrative Expense Bar Date if no objection to such Claim is filed with the Bankruptcy Court within such one hundred and eighty (180) day period unless such date is extended by the agreement of the Reorganized Debtors and applicable Holder of an Administrative Expense Claim or (b) if an objection is filed within such one hundred and eighty (180) day period (and is not withdrawn), only to the extent allowed by Final Order of the Bankruptcy Court.

3. Payment of Allowed Administrative Expense Claims. Except to the extent a Holder of an Administrative Expense Claim agrees to less favorable treatment, each Holder of an Allowed Administrative Expense Claim shall receive the Allowed Amount of such Claim in one Cash payment on the first Distribution Date after such Claim becomes Allowed as provided in Article IV.A.2 above.

B. Fee Claims. All Fee Claims shall be treated as follows:

1. Time for Filing Fee Claims. Except as provided in the Final DIP Order, and unless a Final Order of the Bankruptcy Court entered prior to the Effective Date establishes an earlier date with respect to such Claim or Allows such Claim (and no portion of such Claim remains Disputed as of the Effective Date), each professional Person who holds or asserts a Fee Claim incurred before the Effective Date shall be required to file with the Bankruptcy Court and serve on all parties required to receive notice of filings in the Chapter 11 Cases a Fee Application within sixty (60) days after the Effective Date. The failure to file and serve such Fee Application timely and properly shall result in the Fee Claim being forever barred and discharged. To the extent necessary to give effect to this Article IV.B, entry of the Confirmation Order shall amend and supersede any previously entered order of the Bankruptcy Court regarding procedures for the payment of Fee Claims, other than the Final DIP Order.

2. Allowance of Fee Claims. A Fee Claim, with respect to which a Fee Application has been properly filed and served pursuant to Article IV.B.1 above, shall become an Allowed Fee Claim only to the extent allowed by Final Order of the Bankruptcy Court, and shall be paid in accordance with such Final Order.

C. Priority Tax Claims. Each Holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Debtors, with the Consent of the Proponent, or the Reorganized Debtors, as applicable: (a) the Allowed Amount of such Claim in one Cash payment on the Distribution Date; (b) the Allowed Amount of such Claim *plus* interest accrued at the Mid-Term AFR Rate (compounding annually), in equal annual cash payments on each anniversary of the Effective Date, until the last anniversary of the Effective Date that precedes the fifth (5th) anniversary of the Commencement Date; or (c) such other treatment as may be agreed upon in writing by the Debtors or the Reorganized Debtors, as applicable, and such Holder.

D. DIP Revolver Loan Claims. Except to the extent the Holders of the DIP Revolver Loan Claims agree to a different treatment, the Administrative Agent, for the benefit of each Holder of a DIP Revolver Loan Claim, shall be paid the aggregate Allowed Amount of the DIP Revolver Loan Claims in full in Cash on the Distribution Date.

ARTICLE V
PROVISIONS FOR TREATMENT OF CLAIMS
AND INTERESTS CLASSIFIED IN THE PLAN

A. Class 1: Priority Non-Tax Claims.

1. Treatment: Except to the extent a Holder of a Priority Non-Tax Claim agrees to less favorable treatment, each Holder of an Allowed Priority Non-Tax Claim shall be paid the Allowed Amount of such Claim in full in Cash on the Distribution Date.

2. Status: Class 1 is not Impaired. The Holders of the Claims in Class 1 are deemed to accept this Plan and, accordingly, are not entitled to vote to accept or reject this Plan.

B. Class 2: First Lien Secured Claims.

1. Treatment: Each Holder of a First Lien Secured Claim shall: (a) receive its Pro Rata Share of the First Lien Claim Equity Interests; (b) be paid its Pro Rata Share of the proceeds of the LNR Excess G&A Claims in excess of such amount agreed to by the Administrative Agent and Lennar; and (c) receive the right to participate in the Rights Offering. All Distributions to be made to Holders of First Lien Secured Claims pursuant to this Article V.B shall be made to the Administrative Agent for the benefit of such Holders. Each Holder of a First Lien Secured Claim receiving a First Lien Claim Equity Interest will be subject to the rights and obligations applicable to such Holder in the Reorganized LandSource LLC Agreement, including with respect to transfer restrictions set forth therein.

2. Status: Class 2 is Impaired. The Holders of Claims in Class 2 are entitled to vote to accept or reject this Plan.

C. Class 3: Senior Permitted Lien Claims.

1. Treatment: Except to the extent a Holder of a Senior Permitted Lien Claim agrees to less favorable treatment, each Holder of an Allowed Senior Permitted Lien Claim shall be paid the Allowed Amount of such Claim in full in Cash on the Distribution Date.

2. Status: Class 3 is not Impaired. The Holders of the Claims in Class 3 are deemed to accept this Plan and, accordingly, are not entitled to vote to accept or reject this Plan.

D. Class 4: Unsecured Claims.

1. Treatment: Each Holder of an Allowed Unsecured Claim shall receive its Pro Rata Share of the Unencumbered Assets Distribution, subject to the Turned-Over Distribution. The Litigation Trustee shall hold those common units distributable to the Holders of Allowed Unsecured Claims (other than such common units distributed to the Holders of First Lien Deficiency Claims and Holders of Second Lien Claims) on account of the Unencumbered Assets Distribution, and the Litigation Trustee and each Holder of an Allowed Unsecured Claim shall be subject to the rights and obligations applicable to such Holder in the Reorganized LandSource LLC Agreement, including with respect to transfer restrictions set forth therein.

2. Status: Class 4 is Impaired. The Holders of the Claims in Class 4 are entitled to vote to accept or reject this Plan.

E. Class 5: Convenience Class Claims.

1. Treatment: Each Holder of an Allowed Unsecured Claim shall be paid the Allowed Amount of such Claim in full in Cash on the Effective Date.

2. Status: Class 5 is Impaired. The Holders of the Claims in Class 5 are entitled to vote to accept or reject this Plan.

F. Class 6: LandSource Communities Interests.

1. Treatment: Class 6 consists of all LandSource Communities Interests in the Debtors other than the Intercompany Interests. All Interests in LandSource Communities shall be cancelled on the Effective Date, and the Holders of such cancelled LandSource Communities Interests shall not receive or retain any interest in the Debtors, the Reorganized Debtors, the Estates, the Estate Assets or other property or interests in property of the Debtors or the Reorganized Debtors on account of the LandSource Communities Interests, and shall not be entitled to any Distribution under this Plan on account of the LandSource Communities Interests.

2. Status: Class 6 is Impaired. The Holders of the LandSource Communities Interests in Class 6 are deemed to reject this Plan and, accordingly, are not entitled to vote to accept or reject this Plan.

G. Class 7: Intercompany Interests.

1. Treatment: Class 7 consists of all Intercompany Interests in the Debtors. The Holders of such Intercompany Interests shall not receive any distribution under the Plan; however, at the option of the Reorganized Debtors, Intercompany Interests may be retained, and the legal, equitable, and contractual rights to which the Holders of such Intercompany Interests are entitled may remain unaltered in order to implement the Plan as set forth in Article VIII.

2. Status: Class 7 is Impaired. The Holders of the Interests in Class 7 are deemed to reject this Plan and, accordingly, are not entitled to vote to accept or reject this Plan.

**ARTICLE VI
ACCEPTANCE OR REJECTION OF THE PLAN**

A. Each Impaired Class Entitled to Vote Separately. Each Impaired Class of Claims that is to receive a Distribution under this Plan shall be entitled to vote separately to accept or reject this Plan. Except as provided in Article VI.C below, each Person that, as of the Voting Record Date, holds a Claim in an Impaired Class shall receive a ballot which will be used to cast its vote to accept or reject this Plan.

B. Acceptance by a Class of Claims. An Impaired Class of Claims shall be deemed to accept this Plan if this Plan is accepted by Holders of Claims in such Class that hold at least two thirds ($\frac{2}{3}$) in amount and more than one-half ($\frac{1}{2}$) in number of the Claims of such Class that have voted to accept or reject this Plan. Pursuant to paragraph 13 of the Final DIP Order, notwithstanding anything to the contrary in the Bankruptcy Code or this Plan, Holders of the First Lien Claims shall be deemed to have accepted this Plan if the treatment of First Lien Claims provided for herein is consented to by Holders of First Lien Claims: (a) constituting fifty percent (50%) or more of the total number of Holders of First Lien Claims (determined as of the Voting Record Date) and (b) holding First Lien Claims the Allowed Amount of which, in the aggregate, is not less than sixty-six and two-thirds percent ($66\frac{2}{3}\%$) of the aggregate Allowed Amount of the First Lien Claims (determined as of the Voting Record Date). For purposes of obtaining the foregoing consent, each Holder of a First Lien Claim shall receive a ballot to

accept or reject the treatment set forth in the Plan and indicate its election to participate in the Rights Offering.

C. Claims and Interests Not Entitled to Vote. The Holder of any Claim that, as of the Voting Record Date: (a) has been Disallowed, (b) is the subject of a pending objection, or (c) was listed on the Schedules as unliquidated in amount, contingent or disputed (if no contrary Proof of Claim with respect to such Claim has been timely filed) or a Proof of Claim with respect to which was filed on or before the Bar Date pursuant to the provisions of the Bar Date Order and such Proof of Claim asserts such Claim as unliquidated in amount, contingent or disputed, shall not be entitled to vote on this Plan, unless on or prior to the Voting Record Date the Bankruptcy Court enters a Final Order directing otherwise; provided, however, that if only a portion of such Claim has been Disallowed, objected to or listed or asserted (as applicable) as unliquidated, contingent or disputed, such Holder shall be entitled to vote the remainder of such Claim in an amount determined pursuant to the Disclosure Statement Order. As provided in Articles V.F.2 and V.G.2 above and section 1126(g) of the Bankruptcy Code, Holders of LandSource Communities Interests and Intercompany Interests are not entitled to vote on this Plan.

D. Cramdown. Because, as provided in Article V.F.2 above and Article V.G.2 above, Classes 6 and 7 are deemed to reject this Plan, the Proponent will seek to have this Plan approved and confirmed by the Bankruptcy Court pursuant to section 1129(b) of the Bankruptcy Code. In the event one or more Impaired Classes of Claims votes not to accept this Plan, and this Plan is not withdrawn as provided in Article XIV.E below, the Proponent may modify the terms of this Plan in order to reallocate value from all Classes at and below the level of the objecting Class(es) of Claims to all Impaired senior Classes and/or the objecting Class(es) of Claims to the extent they deem necessary to make this Plan satisfy the absolute priority rule set forth in section 1129(b) of the Bankruptcy Code, and may make such other modifications or amendments to this Plan as the Proponent deems necessary or desirable. Any such modifications or amendments shall be filed with the Bankruptcy Court and served on all parties in interest entitled to receive notice of the Confirmation Hearing at least three (3) days prior to such hearing. Notwithstanding anything to the contrary in this Plan, this Plan may not be approved or confirmed unless the Holders of First Lien Claims vote to accept this Plan as provided in Article VI.B above.

ARTICLE VII CLAIMS AND DISTRIBUTIONS

A. Disputed Claims Reserve. For each Class of Claims, the Distribution Agent shall estimate, on or before the Distribution Date, the anticipated aggregate Allowed Amount of all Disputed Claims in such Class as of such date, and shall establish a Disputed Claims Reserve for such Class in an amount sufficient to make the Distributions to Holders of such Disputed Claims (to the extent such Disputed Claims are eventually Allowed at, in the aggregate, the amount estimated by the Reorganized Debtors) that would have been made to the Holders as of such date had the Claims been Allowed as of the Effective Date.

B. Unclaimed Property.

1. Escrow of Unclaimed Property. The Distribution Agent shall hold all Unclaimed Property (and all interest, dividends, and other distributions thereon) for the benefit of the Holders of Claims entitled thereto under the terms of this Plan.

2. Distribution of Unclaimed Property. At the end of one hundred and twenty (120) days following the date that any Cash or other property becomes Unclaimed Property, the Holder of the Allowed Claim theretofore entitled to such Unclaimed Property held pursuant to Article VII.B.1 above shall be deemed to have forfeited such property, whereupon all right, title and interest in and to such property shall be available for Distribution to all other Holders of Allowed Claims unless the Holder of an Allowed Claim entitled to Unclaimed Property makes a request in writing to the Distribution Agent for such property (which request must set forth the Distribution Address for such Holder) prior to the expiration of such period.

C. Distributions to Holders of Claims Generally.

1. No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary herein, no Holder of an Allowed Claim shall receive, in respect of such Claim, Distributions under this Plan in excess of the Allowed Amount of such Claim. For the avoidance of doubt, nothing in this Article VII.C.1 shall affect or limit in any manner the Distributions and other transfers to be made to the Reorganized Debtors on or after the Effective Date pursuant to this Plan, or any issuances of securities or transfers of Cash or other property by the Reorganized Debtors to any Person.

2. Disputed Payments. If any dispute arises as to the identity of a Holder of an Allowed Claim that is to receive any Distribution, the Distribution Agent may, in lieu of making such Distribution to such Person, make such Distribution into an escrow account or otherwise hold such Distribution until the disposition thereof is determined by Final Order of the Bankruptcy Court or by written agreement among the interested parties to such dispute, which written agreement is reasonably acceptable to the Reorganized Debtor.

3. Withholding Taxes. Any federal or state withholding taxes or other amounts required to be withheld under any applicable law shall be deducted and withheld from any Distributions made pursuant to this Plan. All Persons holding Claims shall be required to provide to the Distribution Agent any information necessary to effect the withholding of such taxes. Notwithstanding the foregoing, each Holder of an Allowed Claim that is to receive a Distribution hereunder shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit on account of such Distribution, including withholding tax obligations in respect of in-kind (non-cash) Distributions. Any party issuing an instrument or making an in-kind (non-cash) Distribution under this Plan has the right, but not the obligation, to refrain from making such Distribution until the Person to which the Distribution is to be made has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligation.

4. Timing of Distributions under This Plan. Payments and Distributions in respect of Allowed Claims under this Plan shall be made as provided in this Plan.

5. Distributions after the Effective Date. Distributions made after the Effective Date to Holders of Allowed Claims that are Disputed Claims as of the Effective Date shall be deemed to have been made on the Effective Date. No interest shall accrue or be payable on such Claims or any distributions.

6. Manner of Payments. Any payments to be made by the Distribution Agent pursuant to this Plan shall be made by checks drawn on accounts maintained by the Distribution Agent or its professionals, or by wire transfer if circumstances justify, at the option of the Distribution Agent.

D. Setoffs. Except as otherwise provided in this Plan, the Confirmation Order, or in an agreement approved by a Final Order of the Bankruptcy Court, the Debtors or Reorganized Debtors, as applicable, may, pursuant to applicable law (including section 553 of the Bankruptcy Code), set off against any Distribution amounts related to any Claim (other than a DIP Revolver Loan Claim or a First Lien Claim) before any Distribution is made on account of such Claim (other than a DIP Revolver Loan Claim or a First Lien Claim), any and all of the claims (other than the Released Claims), rights and causes of action of any nature that the Debtors, the Estates or the Reorganized Debtors may hold against the Holder of such Claim; provided, however, that neither the failure to effect such a setoff, the allowance of any Claim hereunder, any other act or omission of the Debtors or the Distribution Agent, nor any provision of this Plan (other than Article X below) shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claims, rights and causes of action that the Debtors or the Reorganized Debtors may possess against such Holder. To the extent the Reorganized Debtors fail to set off against a Holder and seeks to collect a claim from such Holder after a Distribution to such Holder has been made pursuant to this Plan, the Reorganized Debtors, if successful in asserting such claim, shall be entitled to full recovery on the claim against such Holder. Distributions made on account of the DIP Revolver Loan Claims and First Lien Claims shall not be subject to setoff or recoupment under any circumstances.

E. Control of Claims Resolution Process by Reorganized Debtors. After the Effective Date, the Reorganized Debtors shall have the power and sole authority to file and prosecute objections to, or negotiate, settle or otherwise resolve, any and all Disputed Claims in any Class (other than Disputed Class 4 Claims) in accordance with the objection procedures set forth in Article XI below, and the power and sole authority to institute all actions with respect to the Causes of Action (other than actions with respect to the Released Claims), and to prosecute or defend all appeals relating to such objections and Causes of Action on behalf of the Debtors or the Estates.

F. Distributions Under Twenty-Five Dollars. No Distributions of less than twenty-five dollars (\$25.00) shall be made by the Distribution Agent to any Holder of an Allowed Claim unless a request therefor is made in writing to the Distribution Agent. If no request is made as provided in the preceding sentence, all such Distributions shall be treated as Unclaimed Property.

G. Fractional Distributions 1. Notwithstanding any other provision of the Plan to the contrary, distributions of fractions of common units in Reorganized LandSource Communities shall not be made, and payments of fractions of dollars by the Reorganized Debtors shall not be required. Whenever any payment of distribution of a fraction of a dollar by

the Reorganized Debtors or fractions of common units of Reorganized LandSource Communities under the Plan would be required, the actual payment or distribution will reflect a rounding of such fraction to the nearest whole dollar or number of common units of Reorganized LandSource Communities (up or down), with half dollars and half common units of Reorganized LandSource Communities being rounded down.

ARTICLE VIII MEANS FOR IMPLEMENTATION OF THE PLAN

A. Reorganized LandSource Communities. On the Effective Date, Reorganized LandSource Communities shall have no indebtedness for borrowed money and carry at least \$105 million cash on its balance sheet after taking into account distributions under the Plan, the Rights Offering and the Lennar Equity Investment.

B. Rights Offering. Pursuant to the Rights Offering, each Rights Offering Participant as of the Voting Record Date will be offered Subscription Rights to purchase its Primary Allocable Units and Oversubscription Units of the Rights Offering Units pursuant to the Subscription Rights. The price of the Rights Offering Units shall be the Subscription Price. Participation in the Rights Offering will be subject to the following procedures:

1. Exercise of Subscription Rights. In order to exercise the Subscription Rights, each Rights Offering Participant must: (a) return a duly completed and executed Subscription Form to the Subscription Agent so that such form is received by the Subscription Agent on or before the Subscription Expiration Date; and (b) pay an amount equal to the Subscription Purchase Price by wire transfer or bank or cashier's check so as to be received by the Subscription Agent on or before the Subscription Purchase Price Payment Date. If the Subscription Agent for any reason does not receive from a given Rights Offering Participant both a timely and duly completed Subscription Form and timely payment of such Holder's Subscription Purchase Price, such Rights Offering Participant will be deemed to have relinquished and waived its right to participate in the Rights Offering.

2. Oversubscription Rights. A Rights Offering Participant may subscribe for its Oversubscription Units if, and only if, it subscribes for all of its Primary Allocable Units. The amount of Rights Offering Units allocated to a Rights Offering Participant shall be finally determined by the Proponent based on the aggregate amount of Primary Allocable Units subscribed by all Rights Offering Participants and the amounts of the Distributions.

3. "Backstop" in Case of Undersubscription. In the event that the Rights Offering is undersubscribed, or if any Rights Offering Participant fails to timely pay all amounts due prior to the Subscription Purchase Price Payment Date, the entire amount of undersubscribed Rights Offering Units shall be purchased by the Backstop Parties.

4. Subscription Period. The Rights Offering will commence on the Mailing Deadline (as defined in the Disclosure Statement Order) and will end on the Subscription Expiration Date, subject to extension by the Proponent.

5. Cancellation. The Rights Offering is subject to cancellation partially or in its entirety upon consummation of a Cancellation Event prior to the Subscription Expiration Date.

6. Transfer of Subscription Rights; Election Irrevocable; Representations and Warranties. Absent the prior written consent of the Proponent, the Subscription Rights may not be sold, transferred, or assigned whether in connection with a sale, transfer, or assignment of the underlying First Lien Secured Claim. Once a Holder of Subscription Rights has properly exercised its Subscription Rights, such exercise shall be irrevocable, subject only to the occurrence of a Cancellation Event. Each Rights Offering Participant that has properly exercised its Subscription Rights represents and warrants that (a) to the extent applicable, it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, (b) it has the requisite power and authority to enter into, execute, and deliver the Subscription Form and to perform its obligations thereunder and has taken all necessary action required for the due authorization, execution, delivery, and performance thereunder, and (c) it agrees that the Subscription Form constitutes a valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

7. Distribution of Rights Offering Units. On, or as soon as practicable after the Effective Date, but subject to extension by the Proponent, the Distribution Agent shall distribute an acknowledgement of Reorganized LandSource Communities of the number of Rights Offering Units acquired by each Rights Offering Participant. The Rights Offering Units shall not be certificated.

8. Payment of the Subscription Purchase Price; No Interest. For Rights Offering Participants that exercise their Subscription Rights in conformity with this Article VIII of the Plan, the Subscription Purchase Price will be deposited and held in one or more Subscription Accounts. The Subscription Accounts will be maintained by the Subscription Agent for the purpose of holding the money for administration of the Rights Offering until the Effective Date or such other later date, at the option of the Proponent. The Subscription Agent will not use such funds for any other purpose prior to such date and shall not encumber or permit such funds to be encumbered with any Lien or similar encumbrance. No interest will be paid to parties exercising Subscription Rights on account of amounts paid in connection with such exercise; provided, however, that, (a) to the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Units, the Subscription Agent will return such portion, and any interest accrued thereon, to the applicable Rights Offering Participant within ten (10) Business Days of a determination that such funds will not be used, and (b) if the Rights Offering has not been consummated by the Effective Date, the Subscription Agent will return any payments made pursuant to the Rights Offering, and any interest accrued thereon, to the applicable Rights Offering Participant within ten (10) Business Days thereafter.

9. Fractional Rights. No fractional amounts of Rights Offering Units will be issued. The number of units of Rights Offering Units available for purchase will be rounded down to the nearest unit.

10. Validity of Exercise of Subscription Rights. All questions concerning the timeliness, viability, form, and eligibility of any exercise of Subscription Rights shall be determined by the Proponent, whose good faith determinations absent manifest error shall be final and binding. The Proponent, in its sole discretion, reasonably exercised in good faith, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such times as it may determine, or reject the purported exercise of any Subscription Rights that does not comply with the provisions of the Rights Offering as set forth in the Plan. Subscription Forms shall be deemed not to have been received or accepted until all irregularities have been waived or corrected within such time as the Proponent determines in its sole discretion reasonably exercised in good faith. Neither the Proponent, the Debtors nor the Subscription Agent shall be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Forms or incur any liability for failure to give such notification. Notwithstanding anything to the contrary contained in the Plan, the Proponent reserves the right to modify the Rights Offering based on any adjustments to the amount of the Rights Offering and in order to comply with applicable law, including without limitation modifying the Entities otherwise eligible to be Rights Offering Participants and/or the number of Rights Offering Units available to any Rights Offering Participant.

11. Use of Proceeds. The proceeds of the Rights Offering shall be used by Reorganized Debtors to make distributions under the Plan and for general corporate purposes.

C. Lennar Equity Investment. Lennar shall make the Lennar Equity Investment in exchange for: (a) the Lennar Equity Interests; (b) the settlement and release of all Lennar Released Claims; and (c) transfer of title to the Lennar Acquired Assets.

D. Bonding Capacity. As of the Effective Date, Lennar will maintain certain existing bonds as agreed by Proponent (the "Existing Bonds") for projects owned by the Debtors and in exchange for doing so, the Reorganized Debtors will (a) reimburse Lennar for actual bond premiums coming due and paid by Lennar after the Effective Date up to a maximum of 2% of total bonding capacity (taking into account the Future Bonds) and (b) indemnify Lennar on an unsecured basis for any draws under the Existing Bonds. After the Effective Date, Lennar will provide additional surety and performance bonds (the "Future Bonds") as required by the Reorganized Debtors until the Reorganized Debtors are able to arrange its own bonds on an unsecured basis and comparable terms and pricing and, in exchange for doing so, the Reorganized Debtors shall (a) reimburse Lennar for actual bond premiums up to a maximum of 2% of total bonding capacity (taking into account the Existing Bonds) and (b) indemnify Lennar on an unsecured basis for any draws under the Future Bonds.

E. Lennar Asset Acquisitions. Upon the Effective Date, Lennar or its designee shall take title to and possession of the Lennar Acquired Assets free and clear of all Claims, Liens, encumbrances and Interests, except as otherwise provided in the Lennar Purchase Agreement. Pursuant to section 363(f) of the Bankruptcy Code and the Lennar Purchase Agreement, including any amendments thereto, the transfer of title to the Lennar Acquired Assets shall be

free and clear of any Claim or Interest in or against the Lennar Acquired Assets. Except as otherwise expressly provided for in the Lennar Purchase Agreement, Lennar shall not have any liability or responsibility for any liability or other obligation of the Debtors arising under or related to the Lennar Acquired Assets. The Debtors and the Reorganized Debtors are hereby authorized to take all such actions and execute any agreements that shall be necessary to consummate and give effect to the Lennar Purchase Agreement without further order of the Court.

F. Reorganization of the Debtors. On the Effective Date, each of the Debtors shall be reorganized pursuant to the applicable governance, corporate, limited liability and other documents to be included in the Plan Supplement. On the Effective Date, all right, title and interest in and to the Estate Assets of each Debtor, other than the Avoidance Actions, shall vest fully in the applicable Reorganized Debtor, free and clear of all claims, liens, encumbrances and other liabilities including, without express or implied limitation, Claims against or Interests in the Debtors. All Claims against and Interests in the Debtors shall be classified and treated pursuant to the terms of this Plan. On the Effective Date, all ownership interests in Reorganized LandSource Communities shall vest fully as provided for hereunder, and all ownership interests in each of the other Reorganized Debtors shall vest fully in the Reorganized Debtor or Debtors corresponding to the Debtor or Debtors that held such Debtor's ownership interests prior to the Effective Date (in each case, unless the Proponent directs otherwise), in each case free and clear of all claims, liens, encumbrances and other liabilities including, without express or implied limitation, Claims against or Interests in the Debtors. Notwithstanding anything to the contrary in this Article VIII.F, the Proponent may provide for the merger, consolidation, divestiture or other reorganization of the legal structure of the Debtors, to be effected on the Effective Date. Such reorganization shall be set forth in a document or documents to be included in the Plan Supplement. Notwithstanding that, pursuant to this Plan, the Debtors are being reorganized as provided herein, such reorganization is intended to facilitate the sale or other disposition of the Estate Assets in the time and manner determined by the Proponent.

G. Corporate (or Equivalent) Action. The entry of the Confirmation Order shall constitute authorization for the Debtors to take or cause to be taken all corporate, limited liability or other actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court. On the Effective Date, adoption by the Reorganized Debtors of their amended articles of incorporation, partnership agreements, operating agreements or other similar documents, as applicable, shall be deemed to have occurred. All such actions shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the partners, stockholders, administrators, agents, officers or directors of the Debtors. On the Effective Date, the Debtors and the Reorganized Debtors shall be authorized to execute and deliver the agreements, documents and instruments contemplated by the Plan in the name and on behalf of the Debtors and to take all necessary and appropriate actions to effectuate the transactions contemplated by the Plan.

H. Other Documents and Actions. The Debtors and Reorganized Debtors are authorized to execute such documents and take such other actions as may be necessary to effectuate the transactions provided for in the Plan.

I. Operations Between the Confirmation Date and the Effective Date. The Debtors shall be authorized and entitled to operate their businesses and conduct their affairs as the Debtors believe to be necessary or appropriate and as necessary to implement the Plan.

J. Obligations Incurred After the Confirmation Date. Payment obligations incurred after the date and time of entry of the Confirmation Order, including without limitation, the Professional Fees of the Debtors (and of the Committee and its Professionals through the Effective Date) will not be subject to application or proof of claim and may be paid by the Debtors in the ordinary course of business and without further Bankruptcy Court approval.

K. Board of Managers of Reorganized Debtors. The Board of Managers of the Reorganized Debtors shall consist of those Persons designated by the Proponent with the detailed qualifications of each such proposed Person to be disclosed in the Plan Supplement.

L. Management. From and after the Effective Date, the Reorganized Debtors shall be managed by Management Co. pursuant to the terms of the Management Agreement.

M. Conditions to Confirmation. Prior to commencement of the Confirmation Hearing, the following amounts shall have been paid into an escrow account established by the Proponent:

- (a) the Lennar Equity Investment;
- (b) the proceeds of the Rights Offering; and
- (c) the proceeds of the exercise of the Lennar Option, if applicable.

N. Conditions Precedent to the Effective Date. On or before the Effective Date, the following actions shall be undertaken and shall be deemed to have occurred simultaneously (and no such action shall be deemed to have occurred prior to the taking of any other such action), and all such actions shall be conditions precedent to the effectiveness of this Plan:

(a) Holders of the First Lien Claims shall have been deemed to accept this Plan as provided in Article VI.B above.

(b) All payments and transfers to be made on the Effective Date shall be made or duly provided for, and the Debtors shall have sufficient Cash on such date to make such payments.

(c) The Bankruptcy Court shall have entered the Disclosure Statement Order and the Confirmation Order, each in form and substance consistent with this Plan and acceptable to the Proponent, and neither the Disclosure Statement Order nor the Confirmation Order shall have been reversed, modified or amended in any material respect prior to the Effective Date.

(d) The Lennar Equity Investment, the proceeds of the Rights Offering and the proceeds of the exercise of the Lennar Option, if applicable, shall be released from escrow.

(e) All licenses, permits and regulatory approvals necessary for the ownership and operation of the Debtors' Assets, to the extent issued prior to the Effective Date, shall have been assigned to, issued to, or obtained by the Reorganized Debtors for their benefit.

(f) The Confirmation Order shall:

(i) expressly approve the terms and provisions of this Plan, and find that they comply with section 1129 of the Bankruptcy Code;

(ii) find that all Holders of Claims and Interests, and all other parties in interest, were duly given notice of, and an opportunity to be heard in connection with, the Chapter 11 Cases and this Plan, pursuant to and in satisfaction of the applicable provisions of the Bankruptcy Code;

(iii) set forth and approve the identity of the Litigation Trustee as trustee of the Litigation Trust;

(iv) set forth the Administrative Expense Bar Date and the Distribution Record Date;

(v) provide for transfer of the Estate Assets of the Debtors (other than the Avoidance Actions) to the respective Reorganized Debtors, and the ownership interests in each of the Reorganized Debtors, other than Reorganized LandSource Communities, to the applicable Reorganized Debtor or Debtors (in each case, unless the Proponent directs otherwise), as applicable, on the Effective Date, free and clear of all Claims, liens, interests, encumbrances and other liabilities including, without express or implied limitation, Claims against or Interests in the Debtors, to the full extent allowed pursuant to sections 105, 363, 1123, 1129 and 1141 of the Bankruptcy Code, except as otherwise provided in this Plan;

(vi) provide for the assumption on the Effective Date of the Effective Date Assumed Contracts in accordance with Article XIII.A.

(vii) provide for the rejection of all executory contracts and unexpired leases one hundred and eighty (180) days after the Effective Date (unless such deadline is extended by Final Order of the Bankruptcy Court), other than a contract or lease that (A) is expressly assumed by the Debtors or the Reorganized Debtors, as applicable, pursuant to a Final Order of the Bankruptcy Court entered prior to such date or is subject to a separate motion to assume pending before the Bankruptcy Court on such date, (B) is specifically designated by the Debtors as an Effective Date Assumed Contract, or (C) expires, terminates or otherwise becomes non-executory prior to such date;

(viii) provide for the allowance of the DIP Revolver Loan Claims, the First Lien Claims and the Second Lien Claims in the Allowed Amounts provided herein;

(ix) authorize and direct holders of Claims or Interests in the Debtors to take or cause to be taken, on or prior to the Effective Date, all actions that are necessary to implement effectively the provisions of this Plan. Moreover, the Confirmation Order shall empower, authorize and direct the Debtors to consummate the transactions contemplated by this Plan on or after the Effective Date;

(x) provide that, upon the Effective Date, the Reorganized Debtors shall be vested with the rights and powers granted to the Debtors pursuant to section 1107(a) of the Bankruptcy Code with respect to the allowance, treatment or avoidance of liens, Claims or Interests that remain unresolved as of the Effective Date (other than Disputed Class 4 Claims);

(xi) provide that the Estate Assets shall be and remain free and clear of the liens, Claims, and Interests of any Person other than as provided in this Plan, and no Person shall be permitted to execute against or receive Distributions except in accordance with the terms of the Confirmation Order and this Plan;

(xii) provide that all transfers of money or property by the Debtors or the Litigation Trust, or the issuance, transfer, release or exchange of a security, or the making or delivery of any instrument of transfer, including the transfer of the Estate Assets of the Debtors to the Reorganized Debtors and the issuance of equity of the Reorganized Debtors, are an integral part of this Plan and shall be deemed to be made under this Plan pursuant to section 1129 of the Bankruptcy Code, and that all appropriate taxing entities shall not impose any tax under any law imposing a stamp tax or similar tax based on the issuance, transfer, or exchange of a security, or the making or delivery of any instrument of transfer or release, as contemplated by this Plan, to the full extent allowed by section 1146(a) of the Bankruptcy Code;

(xiii) provide that entry of the Confirmation Order shall not have any res judicata or other preclusive effect with respect to any Causes of Action that are not specifically and expressly released by the terms of this Plan, the Confirmation Order or another Final Order of the Bankruptcy Court entered prior to the Confirmation Hearing (including, without express or implied limitation, the Final DIP Order), and that entry of the Confirmation Order shall not be deemed a bar to asserting such Causes of Action;

(xiv) provide that nothing in this Plan or the Confirmation Order shall modify the provisions of the Final DIP Order except as expressly provided for in this Plan (including as provided in any provision of this Plan that expressly modifies specific provisions of the Final DIP Order) or as expressly consented to by the Administrative Agent;

(xv) approve the releases provided in Article X and cause each of the Debtors, on its own behalf and on behalf of its respective Estate, to deliver to each of the Released Parties a release in substantially the form to be included in the Plan Supplement; and

(xvi) provide that the Lennar Acquired Assets shall be transferred, sold and assigned to the Lennar Entities free and clear of all Claims, liens, interests and encumbrances.

(g) The Effective Date occurs on or before May 31, 2009, unless extended by the Proponent.

O. Waiver of Conditions to Effectiveness. Other than the requirements set forth in subsections (a), (b) and (c) of Article VIII.N above, none of which may be waived, the requirement that a particular condition to the effectiveness of the Plan be satisfied may be waived in whole or part by the Proponent, without notice or a hearing. The failure to satisfy or waive any condition may be asserted by the Proponent regardless of the circumstances giving rise to the failure of such condition to be satisfied (including, without express or implied limitation, any act, action, failure to act or inaction by the Debtors or the Proponent). The failure of the Debtors or the Proponent to assert the non satisfaction of any such conditions shall not be deemed a waiver of any other rights hereunder, and each such right shall be deemed an ongoing right that may be asserted or waived (as set forth herein) at any time or from time to time.

P. Effect of Nonoccurrence of the Conditions to Effectiveness. If each of the conditions to consummation and the occurrence of the Effective Date has not been satisfied or duly waived on or before the date that is one hundred and eighty (180) days after the Confirmation Date, the Confirmation Order may be vacated by the Bankruptcy Court upon a motion filed by the Proponent. If the Confirmation Order is vacated pursuant to this Article VIII.P, this Plan shall be null and void in all respects, and nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims against or Interests in the Debtors, or (b) prejudice in any manner the rights of the Debtors or the Proponent.

Q. Further Authorization. So long as not inconsistent with the terms of the Plan or the Confirmation Order, the Debtors and the Proponent shall be entitled to seek such orders as each deems necessary to carry out and further the intentions and purposes, and to give full effect to the provisions, of this Plan.

R. Deemed Consolidation for Voting and Distribution Purposes. Any Claim asserted against any of the Debtors or any of the Estates will be deemed to be a Claim asserted against the consolidated Debtors and Estates for voting and distribution purposes under this Plan, Holders of Claims shall be entitled to the Distributions provided for in this Plan without regard to which Debtor was liable (or is asserted to have been liable) for such Claim prior to the Effective Date, and all transfers, disbursements and Distributions made pursuant to this Plan by or on behalf of any of the Debtors will be deemed to be made by or on behalf of the consolidated Debtors. Accordingly, all guarantees by any of the Debtors of the obligations of any other Debtor will be deemed eliminated so that any Claim against any Debtor and any guarantee by any other Debtor of such Claim, and any joint or several liability of any other Debtor for such Claim, shall be

deemed to be one (1) obligation of the consolidated Debtors for voting and distribution purposes under this Plan.

The deemed consolidation of the Debtors is for voting and distribution purposes only, and nothing provided for in this Plan shall: (a) effect a merger of any assets of the Debtors or effect a merger of the Estates for purposes of this Plan, (b) affect the legal or corporate structure of any of the Debtors or (c) affect any guarantees that are to be maintained after the Effective Date (i) in connection with an executory contract or unexpired lease assumed by the Debtors (unless the non-Debtor party to such contract or lease agrees otherwise) or (ii) pursuant to this Plan, the Confirmation Order, another Final Order of the Bankruptcy Court or a written agreement between the applicable beneficiary of such guarantee and the Debtors, as applicable.

ARTICLE IX LITIGATION TRUST

A. Establishment of Litigation Trust. On the Effective Date, the Litigation Trust shall be established pursuant to the Litigation Trust Agreement and other documents to be included in the Plan Supplement. On or after the Effective Date, the Avoidance Actions shall be transferred to, and shall fully vest in, the Litigation Trust, free and clear of all claims, liens, encumbrances and other liabilities, including all Claims against and Interests in the Debtors, with all Litigation Trust Proceeds to be distributed in accordance with the provisions of this Plan.

B. Prosecution of the Avoidance Actions. The Litigation Trust may commence adversary or other legal proceedings to pursue the Avoidance Actions to the extent not settled or resolved prior to the Effective Date or pursuant to this Plan. The Litigation Trust Proceeds recovered through any such proceeding shall be deposited in the Litigation Trust and be distributed in accordance with the provisions of this Plan.

C. Prosecution of Class 4 Claim Objections. The Litigation Trust shall have the sole authority to prosecute any objections to Disputed Class 4 Claims in accordance with Article XI of the Plan.

D. Investments of Cash. Except as otherwise provided in this Plan, all Cash held by the Litigation Trust shall be invested by the Litigation Trustee with sole and absolute discretion in only (a) direct obligations of, or obligations guaranteed by, the United States; (b) obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of the Congress of the United States, as an agency or instrumentality thereof; (c) AAA rated tax-free securities issued by municipalities or state governments or agencies; or (d) such other obligations or instruments as may from time to time be approved for such investments by Final Order of the Bankruptcy Court; provided, however, that the Litigation Trustee may, to the extent it deems necessary, deposit moneys in demand deposits (including money market funds) at any commercial bank, trust company or other financial institution organized under the laws of the United States or any state thereof which has, at the time of such deposit, a capital stock and surplus aggregating at least \$500,000,000. The investment powers of the Litigation Trustee shall be limited to powers to invest in demand and time deposits, such as short-term certificates of deposit, in banks or other savings or financial institutions, or other temporary, liquid investments such as U.S. Treasury Bills. Such investments shall mature in such amounts and at such times as

may be deemed necessary by the Litigation Trustee, with sole and absolute discretion, to provide funds when needed to make Distributions and payments as required by this Plan.

E. Litigation Trust Expenses.

1. All Litigation Trust Expenses shall be charged against and paid from the proceeds of the Avoidance Actions, and the Litigation Trustee shall pay the same as and when due and payable.

2. Counsel and any other professionals retained by the Litigation Trust shall submit periodic statements for services rendered and costs incurred to the Proponent for review and approval. The Litigation Trustee shall have thirty (30) days to object to any such statement. In the event that any such objection is received by the relevant professional and cannot be promptly resolved by such professional and the Litigation Trustee, the dispute shall be submitted by the Litigation Trustee to the Bankruptcy Court for adjudication. The Bankruptcy Court shall retain jurisdiction to adjudicate any such objection. In the event that no objection is raised to a statement within the thirty (30) day period, such statement shall be promptly paid by the Litigation Trustee, subject to Article IX.E.1 above.

F. Limitation of Liability.

1. No recourse shall ever be had, directly or indirectly, against the Litigation Trustee, its officers or directors, employees or professionals, by legal or equitable proceedings or by virtue of any statute or otherwise, or any deed of trust, mortgage, pledge or note, nor upon any promise, contract, instrument, undertaking, obligation, covenant or agreement whatsoever executed by the Litigation Trustee under this Plan or by reason of the creation of any indebtedness by the Litigation Trustee under this Plan for any purpose authorized by this Plan. All such liabilities, covenants, and agreements of the Litigation Trustee, its respective officers, directors, professionals, and employees, whether in writing or otherwise, under this Plan shall be enforceable only against, and shall be satisfied only out of, the assets of the Litigation Trust or such part thereof as shall, under the terms of any such agreement, be liable therefor, or shall be evidence only of a right of payment out of the income and proceeds of the assets of the Litigation Trust, as the case may be. Every undertaking, contract, covenant or agreement entered into in writing by the Litigation Trustee shall provide expressly against the personal liability of the Litigation Trustee.

2. The Litigation Trustee and its officers, employees and professionals shall not be liable for any act they may do, or omit to do hereunder in good faith and in the exercise of their respective best judgment, and the fact that such act or omission was advised, directed or approved by an attorney acting as counsel for the Litigation Trustee shall be conclusive evidence of such good faith and best judgment; provided, however, that this Article IX.F.2 shall not apply to any gross negligence or willful misconduct by the Litigation Trustee or its officers, employees or professionals.

G. Reliance on Documents. The Litigation Trustee may rely, and shall be protected in acting or refraining from acting, upon any certificates, opinions, statements, instruments or

reports believed by it to be genuine and to have been signed or presented by the proper Person or Persons.

H. Requirement of Undertaking. The Litigation Trustee may request any court of competent jurisdiction to require, and any such court may in its discretion require, in any suit for the enforcement of any right or remedy under this Plan, or in any suit against the Litigation Trustee for any act taken or omitted by the Litigation Trustee, that the filing party litigant in such suit undertake to pay the costs of such suit, and such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant.

ARTICLE X THE RELEASES AND EXCULPATION

A. The Releases.

1. Effective as of the Confirmation Date and except as otherwise provided herein, the Reorganized Debtors and the Releasees shall be deemed to be forever released and discharged, from any and all Claims, obligations, suits, arbitrations, judgments, damages, rights, Causes of Action or liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, whether known or unknown, whether foreseen or unforeseen, existing or hereafter arising, held by any Person, based in whole or in part upon any act or omission, transaction, or other occurrence taking place on or before the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, or the Plan, and/or which may have directly or indirectly impacted or affected in any way the value of any Claim or Distribution on a Claim against any of the Debtors. The Confirmation Order will enjoin the prosecution by any Person, whether directly, derivatively or otherwise, of any Claim, debt, right, cause of action or liability which was or could have been asserted against the Releasees. The Plan shall not release the obligations under the Plan.

2. For good and valuable consideration, upon confirmation of the Plan and except as otherwise provided herein, the Debtors will release the Releasees from any and all Claims and Causes of Action, including, without limitation, Avoidance Actions, that the Debtors or their subsidiaries or Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or equity interest or other Person or entity, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Confirmation Date.

3. For good and valuable consideration, upon confirmation of the Plan, the Debtors will release the Lennar Entities from the Lennar Released Claims.

B. Exculpation. The Exculpated Persons shall not have or incur any liability to any Person for any act taken or omission made in good faith in connection with or in any way related to the Chapter 11 Cases, negotiating, prosecuting, administering, formulating, implementing, confirming or consummating the Plan, including all activities leading to the promulgation and confirmation of the Plan, the Disclosure Statement (including any information provided or statement made in the Disclosure Statement or omitted therefrom), or any contract, instrument,

release or other agreement or document created in connection with or related to the Plan or the administration of the Debtors or these Chapter 11 Cases. The Exculpated Persons shall have no liability to any creditor for actions taken in good faith under the Plan, in connection therewith or with respect thereto, including, without limitation, failure to obtain consummation of the Plan or to satisfy any condition or conditions, or refusal to waive any condition or conditions precedent to Confirmation or to the occurrence of the Effective Date. The Exculpated Persons will not have or incur any liability to any Holder of a Claim or party-in-interest herein or any other Person for any act or omission in connection with or arising out of: (a) administration of the Plan, (b) the implementation of any of the transactions provided for, or contemplated in, the Plan, or (c) any action taken in connection with either the enforcement of the Debtors' rights against any Person or the defense of Claims asserted against the Debtors with regard to the Chapter 11 Cases, except for gross negligence or willful misconduct as finally determined by a Final Order. The Exculpated Persons are entitled to rely on, and act or refrain from acting on, all information provided by other Exculpated Persons without any duty to investigate the veracity or accuracy of such information.

ARTICLE XI PROCEDURES FOR RESOLVING DISPUTED CLAIMS

A. Objections to Claims. On and after the Effective Date, the Reorganized Debtors shall have the right to the exclusion of all others to make, file and prosecute objections to Disputed Claims (other than Disputed Class 4 Claims). The Reorganized Debtors or the Litigation Trust, as appropriate, shall conduct a review of the Schedules and all Proofs of Claim filed in the Chapter 11 Cases and, except as provided in Article IV.A.2 above, shall file objections to such Claims (if any) with the Clerk of the Bankruptcy Court not later than one hundred and eighty (180) days after the Effective Date, unless such deadline is extended by Final Order of the Bankruptcy Court; provided, however, that, notwithstanding anything to the contrary in this Article XI.A, the Reorganized Debtors or the Litigation Trust, as appropriate, may file objections to any Claim for damages arising from the rejection of an executory contract or unexpired lease pursuant to Article XIII.C below until the date that is sixty (60) days after a Proof of Claim with respect to such Claim is filed and served in accordance with Article XIII.C below. The Reorganized Debtors or the Litigation Trust, as appropriate, may compromise, settle or otherwise resolve the Allowed Amount of any Disputed Claim without further order of the Bankruptcy Court, and such compromise, settlement or other resolution shall constitute a Final Order of the Bankruptcy Court with respect to the allowance of and the Allowed Amount of such Claim for all purposes under this Plan.

B. Disputed Claims. No Distribution shall be made with respect to any Disputed Claim (or any portion of such Claim) unless and until a Final Order allowing such Claim has been entered.

C. Subordination of Claims. Under this Plan, any Claim (other than the DIP Revolver Loan Claims and the First Lien Claims) may be subordinated to other Claims pursuant to section 510 of the Bankruptcy Code. No Distributions shall be made in respect of a subordinated Claim until all Claims to which such Claim has been subordinated have been satisfied in full. Any action to subordinate a Claim shall be filed by the Reorganized Debtors,

the Litigation Trust or another Person with standing to file such action, as appropriate, not later than one hundred and eighty (180) days after the Effective Date, unless such deadline is extended by Final Order of the Bankruptcy Court.

D. Estimation of Claims. The Debtors, Reorganized Debtors or Litigation Trust, as appropriate, may, at any time, request that the Bankruptcy Court estimate the Allowed Amount of any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtors, Reorganized Debtors or Litigation Trust, as appropriate, previously had objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Disputed Claim at any time, including during litigation or another proceeding concerning any objection to such Disputed Claim.

E. No Distribution in Respect of Disallowed Claims. To the extent that a Disputed Claim is Disallowed in whole or in part, the Holder of such Claim shall not receive any Distribution on account of the portion of such Claim (including the whole, if applicable) that is Disallowed.

ARTICLE XII EFFECT OF CONFIRMATION

A. Release of Liens and Cancellation of Instruments.

1. Release of Liens on Estate Assets. Unless a particular Claim is reinstated or left unaltered: (a) each Holder of a Secured Claim or a Claim that is purportedly secured by any or all of the Estate Assets shall, on or immediately prior to the Effective Date, (i) turn over and release to the Debtors any and all Estate Assets that secure or purportedly secure such Claim; and (ii) execute such documents and instruments as the Debtors, the Reorganized Debtors or the Proponent may require to evidence or record (with respect to any liens or security interests recorded in the public records) such Holder's release of such property and of all security interests and liens in and on such property; and (b) on the Effective Date all claims, right, title and interest in and to such property shall revert to the Debtors free and clear of all Claims, including (without express or implied limitation) liens, charges, pledges, encumbrances and/or security interests of any kind. All liens, charges, pledges, encumbrances and/or security interests of any kind of the Holders of such Claims in or on the Estate Assets shall be deemed to be canceled and released as of the Effective Date.

2. Surrender of Securities. Each Holder of a Claim not referenced in Article XII.A.1 above, and each Holder of an Interest (other than the Holder of a Claim or Interest that is to be reinstated pursuant to this Plan) shall surrender to the Debtors or the Reorganized Debtors, as applicable, any note, instrument, document, certificate, subordinated note, agreement, certificated security or other item evidencing such Claim or Interest. On the Effective Date all notes, instruments, documents, certificates, subordinated notes, agreements, certificated securities or other items described in this Article XII.A.2 shall be deemed to be void and of no further force or effect, regardless of whether such note, instrument, document, certificate, subordinated note, agreement, certificated security or other item has been surrendered in accordance with this Article XII.A.2.

3. Effect of Failure to Release Liens. No Distribution hereunder shall be made to or on behalf of any Holder of a Claim unless and until such Holder executes and delivers to the Debtors or the Reorganized Debtors, as applicable, such release and surrender of liens or other items described in this Article XII.A, or demonstrates the non availability of such items to the satisfaction of the Reorganized Debtors, including requiring such Holder to post a lost instrument or other indemnity bond, among other things, to hold the Reorganized Debtors harmless in respect of such lien, instrument or other item described in this Article XII.A and any Distributions made in respect thereof. The Reorganized Debtors may reasonably require the Holder of such Claim to hold the Reorganized Debtors harmless up to the amount of any Distribution made in respect of such unavailable note, instrument, document, certificate, subordinated note, agreement, certificated security or other item evidencing such Claim. Any such Holder that fails to execute and deliver such release of liens or other items described in this Article XII.A or satisfactorily explain their non-availability to the Reorganized Debtors within one hundred and eighty (180) days after the Effective Date shall be deemed to have no further Claim against the Debtors, the Reorganized Debtors or the Estates, or any of their respective property in respect of such Claim, and shall not participate in any Distribution hereunder, and the Distributions that would otherwise have been made to such Holder shall be treated as Unclaimed Property. To the extent any Holder of a Claim described in Article XII.A.1 above fails to release the relevant liens as described in such subsection and in this Article XII.A.3, the Distribution Agent may act as attorney-in-fact, on behalf of such Holder, to provide any releases as may be required.

B. Revesting and Vesting; Retention and Enforcement of Claims. Except as otherwise provided in this Plan, on the Effective Date, all Estate Assets shall vest in the applicable Reorganized Debtor, free and clear of all claims, liens, charges, encumbrances and interests of Claim and Interest Holders.

C. Injunction. Except as otherwise expressly provided for in the Plan or the Confirmation Order and to the fullest extent authorized or provided by the Bankruptcy Code, including Bankruptcy Code sections 524 and 1141 and provided that the Effective Date occurs, the entry of the Confirmation Order shall permanently enjoin all Persons that have held, currently hold or may hold a Claim or other debt or liability that is subject to the Plan from taking any of the following actions in respect of such Claim, debt or liability: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against either or both of the Debtors or the Reorganized Debtors; (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order against either or both of the Debtors or the Reorganized Debtors; (c) creating, perfecting or enforcing in any manner directly or indirectly, any lien or encumbrance of any kind against either or both of the Debtors or the Reorganized Debtors; (d) asserting any setoff, offset, right of subrogation or recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to either or both of the Debtors or the Reorganized Debtors; and (e) proceeding in any manner in any place whatsoever, including employing any process, that does not conform to or comply with or is inconsistent with the provisions of the Plan.

D. Retention of Causes of Action/Reservation of Rights. Except as set forth in Article X.A above, nothing contained in the Plan or the Confirmation Order shall be deemed to

be a waiver or the relinquishment of any rights or Causes of Action that the Debtors or the Reorganized Debtors may have or which the Reorganized Debtors may choose to assert on behalf of their respective estates under any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including, without limitation, (a) any and all Claims against any Person or entity, to the extent such Person or entity asserts a cross-claim, counterclaim and/or claim for setoff which seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors or representatives, and (b) the turnover of any property of the Estates.

E. Discharge of Claims and Interests. Except as otherwise provided herein, to the fullest extent permitted by applicable law (a) on the Confirmation Date, the Confirmation Order shall operate as a discharge under Bankruptcy Code section 1141(d)(1), and release of any and all Claims, debts (as such term is defined in Bankruptcy Code section 101(12)), liens, security interests and encumbrances of and against all property of each of the Debtors and their affiliates, and each of their former, current and future officers, directors, employees, consultants, agents, advisors, members, attorneys, accountants, financial advisors, other representatives and professionals, in their official and individual capacities (and such Persons shall have all of the benefits and protections set forth in Bankruptcy Code section 1141(d)(1)) that arose before confirmation, including without limitation, any Claim of the kind specified in Bankruptcy Code sections 502(g), 502(h) or 502(i) and all principal and interest, whether accrued before, on or after the Petition Date, regardless of whether (i) a Proof of Claim in respect of such Claim has been filed or deemed filed, (ii) such Claim has been Allowed pursuant to Bankruptcy Code section 502, or (iii) the Holder of such Claim has voted on the Plan or has voted to reject the Plan; and (b) from and after the Confirmation Date, (x) all Holders of Claims shall be barred and enjoined from asserting against the Persons entitled to such discharge pursuant to this Article XII.E any Claims, debt (as defined in Bankruptcy Code section 101(12)), liens, security interests and encumbrances of and against all property of each of the Debtors and (y) the Debtors shall be fully and finally discharged of any liability or obligation on a Disallowed Claim. Except as otherwise specifically provided herein, nothing in the Plan shall be deemed to waive, limit or restrict in any manner the discharge granted upon confirmation of the Plan pursuant to Bankruptcy Code section 1141.

F. Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under Bankruptcy Code sections 105(a) or 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

ARTICLE XIII EXECUTORY CONTRACTS

A. Assumption of Certain Executory Contracts. On the Effective Date, the Debtors shall assume the Effective Date Assumed Contracts. The Debtors shall include in the Plan Supplement a schedule of all Effective Date Assumed Contracts and, to the extent applicable, the proposed cure amounts with respect to each Effective Date Assumed Contract, all in form and substance acceptable to the Proponent. ANY NON-DEBTOR PARTY TO AN AGREEMENT LISTED ON THE SCHEDULE OF EFFECTIVE DATE ASSUMED CONTRACTS THAT WISHES TO OBJECT TO THE ASSUMPTION AND (IF APPLICABLE) ASSIGNMENT OF

SUCH AGREEMENT OR TO THE PROPOSED CURE AMOUNT WITH RESPECT TO SUCH AGREEMENT AS SET FORTH ON THE SCHEDULE OF EFFECTIVE DATE ASSUMED CONTRACTS MUST FILE AN OBJECTION WITH THE BANKRUPTCY COURT NO LATER THAN FIFTEEN (15) DAYS PRIOR TO THE DATE OF COMMENCEMENT OF THE CONFIRMATION HEARING, AND MUST SERVE SUCH OBJECTION ON THE DEBTORS AND THE PROPONENT. IF SUCH NON-DEBTOR PARTY FAILS TO TIMELY FILE AND SERVE SUCH OBJECTION, SUCH PARTY SHALL BE DEEMED TO CONSENT TO THE ASSUMPTION AND (IF APPLICABLE) ASSIGNMENT OF SUCH AGREEMENT AND THE PROPOSED CURE AMOUNT (IF ANY) WITH RESPECT TO SUCH AGREEMENT, AND SUCH OBJECTION AND ANY ASSERTED RIGHT TO RECEIVE A CURE PAYMENT OTHER THAN THAT SET FORTH ON THE SCHEDULE OF EFFECTIVE DATE ASSUMED CONTRACTS (IF ANY) WILL BE WAIVED. THE DEBTORS OR THE PROPONENT MAY RESPOND TO ANY TIMELY FILED AND SERVED OBJECTION (IN WHICH CASE THE BANKRUPTCY COURT SHALL DECIDE SUCH OBJECTION AT THE CONFIRMATION HEARING OR SUCH OTHER TIME AS DETERMINED BY THE BANKRUPTCY COURT), OR THE DEBTORS, WITH THE WRITTEN CONSENT OF THE PROPONENT, MAY REMOVE THE PARTICULAR AGREEMENT FROM THE SCHEDULE OF EFFECTIVE DATE ASSUMED CONTRACTS (IN WHICH CASE THE AGREEMENT SHALL NO LONGER BE AN EFFECTIVE DATE ASSUMED CONTRACT). Cure amounts for Effective Date Assumed Contracts determined in accordance with this Article XIII.A shall be satisfied on the Distribution Date.

B. Assumption Conditioned upon Consummation of This Plan. This Plan seeks to cause the applicable Debtors and Reorganized Debtors to assume the Effective Date Assumed Contracts to the extent, and only to the extent, that such contracts or leases constitute executory contracts or unexpired leases. Additionally, unless the assumption, or assumption and assignment, of an Effective Date Assumed Contract is expressly approved by a Final Order of the Bankruptcy Court that provides otherwise, the assumption of each Effective Date Assumed Contract by the applicable Debtor or Reorganized Debtor are each expressly conditioned upon the occurrence of the Effective Date. If the Effective Date does not occur, assumption of the Effective Date Assumed Contracts as provided in this Plan will not be effective, and the Debtors will retain all of their rights under section 365 of the Bankruptcy Code with respect to such contracts and leases.

C. Rejection of Remaining Contracts and Leases. Any and all of the Debtors' executory contracts and unexpired leases shall be deemed rejected as of the expiration of one hundred and eighty (180) days after the Effective Date (unless such deadline is extended by Final Order of the Bankruptcy Court), other than contracts and leases that (a) are expressly assumed by the Debtors or the Reorganized Debtors pursuant to a Final Order of the Bankruptcy Court entered prior to such date or are subject to a separate motion to assume pending before the Bankruptcy Court on such date, (b) are specifically designated by the Debtors as an Effective Date Assumed Contract pursuant to Article XIII.A above, or (c) expire, terminate or otherwise become non-executory prior to such date. Proofs of Claim with respect to any Claim for damages arising from the rejection of any executory contract or unexpired lease pursuant to this Article XIII.C must be filed with the Bankruptcy Court and served on the Reorganized Debtors within sixty (60) days following the expiration of such one hundred and eighty (180) day period

(as extended by Final Order of the Bankruptcy Court); provided, however, that if such contract or lease was the subject of a separate motion to assume pending before the Bankruptcy Court on such date, then a Proof of Claim with respect to such Claim must be filed with the Bankruptcy Court and served on the Reorganized Debtors within sixty (60) days following the withdrawal of such motion or entry of a Final Order of the Bankruptcy Court denying such motion or deeming such contract or lease to have been rejected.

D. Treatment of Rejection Damages Claims. Any Claim for damages based upon the rejection of any executory contract or unexpired lease shall be treated as an Unsecured Claim and shall be classified in Class 4 or Class 5, as appropriate, and may be objected to in accordance with the provisions of Article XI above, and the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules. The failure to file a Proof of Claim with respect to a Claim for damages based upon the rejection of an executory contract or unexpired lease as provided in Article XIII.C above or a Final Order of the Bankruptcy Court specifically relating to such Claim shall forever bar and discharge such Claim.

ARTICLE XIV ADMINISTRATIVE PROVISIONS

A. Retention of Jurisdiction. The Bankruptcy Court shall retain post-confirmation jurisdiction over these Chapter 11 Cases including, without express or implied limitation, for the following purposes:

1. To resolve any dispute or matter arising under or in connection with any order of the Bankruptcy Court entered in the Chapter 11 Cases, including disputes that arise between or among the Debtors, the Reorganized Debtors, the Proponent, Holders of Claims or Interests or other parties in interest.

2. To adjudicate all claims or controversies arising out of any purchases, sales, contracts or undertakings by the Debtors during the pendency of the Chapter 11 Cases.

3. To adjudicate any and all claims filed by any Person, including any of the current or former officers, directors, employees, agents, Interest Holders or controlling Persons of the Debtors, or other parties in interest, against the Debtors, the Reorganized Debtors, the Estates, the Litigation Trust, the Committee, the Proponent or any of their respective professionals, raised in connection with any and all post-petition claims or causes of action arising from or related to the Chapter 11 Cases, or against the Debtors or the Proponent or any of their respective professionals with respect to this Plan.

4. To adjudicate all controversies and issues arising out of or relating to any adversary proceedings on the Bankruptcy Court's docket as of the Confirmation Date, or which are commenced after the Confirmation Date pursuant to the provisions of the Bankruptcy Code and this Plan, and including adversary proceedings with respect to any Claims or Interests, or any Causes of Action.

5. To recover all assets and properties of the Debtors and the Estates, whether title is presently held in the name of the Debtors or a third party.

6. To determine the allowability, classification, or priority of Claims upon objection by the Debtors, the Reorganized Debtors, the Proponent or any other party in interest entitled hereunder to file an objection (including the resolution of disputes regarding any Disputed Claims and claims for disputed Distributions), and the validity, extent, priority and avoidability of consensual and nonconsensual liens and other encumbrances, and to estimate the Allowed Amount of any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code.

7. To issue injunctions or take such other actions or make such other orders as may be necessary or appropriate to restrain interference with this Plan or its execution or implementation by any Person, to construe and to take any other action to enforce and execute this Plan, the Confirmation Order or any order of the Bankruptcy Court, including the Bar Date Order and the injunctions contained therein, to issue such orders as may be necessary for the implementation, execution, performance and consummation of this Plan and all matters referred to herein, and to determine all matters that may be pending before the Bankruptcy Court in the Chapter 11 Cases on or before the Effective Date with respect to any Person.

8. To protect the property of the Estates, the Debtors, and the Reorganized Debtors (and the subsidiaries and affiliates thereof) from claims against, or interference with, such property, including actions to quiet or otherwise clear title to such property or to resolve any dispute concerning liens, security interest or encumbrances in or on any property of the Estates.

9. To determine any and all applications for allowance of Fee Claims.

10. To determine any Priority Tax Claims, Priority Non-Tax Claims, Administrative Expense Claims or any other request for payment of Claims or expenses entitled to priority under section 507(a) of the Bankruptcy Code.

11. To determine any and all motions related to the rejection, assumption or assignment of executory contracts or unexpired leases, to determine any motion to assume an executory contract or unexpired lease pursuant to Article XIII above or to resolve any disputes relating to the appropriate cure amount or other issues related to the assumption of executory contracts or unexpired leases in the Chapter 11 Cases.

12. To determine all applications, motions, adversary proceedings, contested matters, actions, and any other litigated matters instituted in and prior to the closing of the Chapter 11 Cases, including any remands.

13. To enter a Final Order or orders closing the Chapter 11 Cases.

14. To modify this Plan under section 1127 of the Bankruptcy Code, remedy any defect, cure any omission, or reconcile any inconsistency in this Plan or the Confirmation Order so as to carry out its intent and purposes.

15. To issue such orders in aid of consummation of this Plan and the Confirmation Order, notwithstanding any otherwise applicable non-bankruptcy law, with respect to any Person, to the fullest extent authorized by the Bankruptcy Code.

16. To determine any tax liability pursuant to section 505 of the Bankruptcy Code.

17. To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated.

18. To resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, any applicable Claims bar date (including the Bar Date, the Administrative Expense Bar Date, and any other Claims bar date provided in this Plan, the Confirmation Order, or any other Final Order of the Bankruptcy Court), the hearing to consider approval of the Disclosure Statement or the Confirmation Hearing, or for any other purpose.

19. To authorize sales or transfers of assets, or issuances or transfers of securities, as necessary or desirable and to resolve objections, if any, to such sales, transfers or issuances.

20. To resolve any disputes concerning any release of a non-Debtor hereunder or the injunction against acts, employment of process or actions against such non-Debtor arising hereunder.

21. To approve any Distributions, or resolve objections thereto, under this Plan.

22. To approve any Claims settlement entered into or offset exercised by the Debtors or the Reorganized Debtors.

23. To determine such other matters, and for such other purposes, as may be provided in the Confirmation Order, or as may be authorized under the Bankruptcy Code.

B. Failure of the Bankruptcy Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, then Article XIV.A above shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

C. Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules, Local Rules or other federal laws apply, the rights and obligations arising under this Plan shall be governed by the laws of the State of Delaware, without giving effect to principles of conflicts of law.

D. Amendments.

1. Preconfirmation Amendment. The Proponent, may modify this Plan at any time prior to the Confirmation Date; provided, however, that this Plan, as modified, and the Disclosure Statement pertaining thereto shall meet applicable Bankruptcy Code requirements.

2. Post-Confirmation Amendment Not Requiring Resolicitation. After the Confirmation Date, with the approval of the Bankruptcy Court, the Proponent may modify this

Plan to remedy any defect or omission or to reconcile any inconsistencies in this Plan or in the Confirmation Order as may be necessary to carry out the purposes and effects of this Plan, or in a manner that does not materially adversely affect the interests, rights, treatment or Distributions of any Class of Claims or Interests. Any waiver under Article VIII.O above shall not be considered to be a modification or amendment of this Plan.

3. Post-Confirmation, Pre-Consummation Amendment Requiring Resolicitation. After the Confirmation Date and before substantial consummation of this Plan, the Proponent may modify this Plan in a manner that materially and adversely affects the interests, rights or treatment of, or Distributions to, one or more Classes of Claims or Interests, provided, however, that (a) this Plan, as modified, shall satisfy all applicable Bankruptcy Code requirements; (b) the Proponent shall obtain Bankruptcy Court approval for such modification; (c) such modification shall be accepted by each Class of Claims or Interests adversely affected by such modification pursuant to the standards for acceptance set forth in Article VI above; and (d) the Proponent shall comply with section 1125 of the Bankruptcy Code with respect to the Plan as modified.

E. Modification, Revocation or Withdrawal of This Plan. The Proponent, may modify, revoke or withdraw this Plan as the plan of reorganization for any Debtor (in which case the Proponent may proceed with confirmation and/or consummation of the Plan with respect to the other Debtors) or all of the Debtors at any time prior to the Confirmation Date or, if the Proponent is for any reason unable to consummate this Plan after the Confirmation Date, at any time prior to the Effective Date.

F. Exemption from Certain Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer or exchange of any securities, instruments or documents, (b) the creation of any other lien, mortgage, deed of trust or other security interest, or (c) the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of or in connection with this Plan or the sale or transfer of any assets of the Debtors or the Estates (including the sale or transfer by the Reorganized Debtors of any assets that, prior to the Effective Date, constituted Estate Assets), and any deeds, bills of sale or assignments executed in connection with this Plan or the Confirmation Order, shall not be subject to any stamp tax, transfer tax, intangible tax, recording fee, or similar tax, charge or expense to the full extent provided for or allowed under section 1146(a) of the Bankruptcy Code.

G. Compromise of Controversies. Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under this Plan, the provisions of this Plan shall constitute a good faith compromise and settlement of all claims and controversies resolved pursuant to this Plan, including, without express or implied limitation, all claims arising prior to the Commencement Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, by or against the Debtors, the Proponent, the Holders of Claims who vote to accept this Plan and various other Holders of Claims, arising out of, relating to or in connection with the business or affairs of or transactions with the Debtors, to the extent provided in this Plan. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises and settlements and all other compromises and settlements provided for in this Plan, including the Lennar Settlement, and the Bankruptcy

Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the Estates, and all parties in interest, and are fair, equitable and within the range of reasonableness. The provisions of this Plan, including, without express or implied limitation, its release, injunction, exculpation and compromise provisions, are mutually dependent and non severable.

H. Insurance Preservation and Proceeds. Nothing in this Plan shall diminish or impair the enforceability of any policies of insurance that may cover Claims against or Interests in the Estates, the Debtors or any related Person. Holders of Claims that are eligible to be satisfied, in whole or in part, through any such policy shall be obligated, as a condition to receiving any Distributions under this Plan, to seek recovery or assist the Debtors or the Reorganized Debtors in seeking recovery under such policies with regard to such Claims.

I. Successors and Assigns. The rights, benefits, and obligations of any Person named or referred to in this Plan shall be binding upon, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such Person. For the purposes of this Plan, the Reorganized Debtors shall be the successor to the Debtors.

J. Confirmation Order and Plan Control. To the extent that the Confirmation Order or this Plan is inconsistent with the Disclosure Statement or any agreement entered into between the Proponent and any party, this Plan controls the Disclosure Statement and any such agreement, and the Confirmation Order (and any other Final Orders entered by the Bankruptcy Court after the date of this Plan) controls this Plan; provided, however, that nothing in this Plan or the Confirmation Order shall modify the provisions of the Final DIP Order except as expressly provided for in this Plan (including as provided in any provision of this Plan that expressly modifies specific provisions of the Final DIP Order) or as expressly consented to by the Proponent.

K. Dissolution of the Litigation Trust. The Litigation Trust shall terminate three (3) years after the Effective Date, unless extended at the discretion of the Litigation Trustee. Upon such termination, all beneficial interests in the Litigation Trust shall be extinguished, the legal existence of the Litigation Trust shall terminate, and all assets (if any) held by the Litigation Trust on such date shall vest in the Reorganized Debtors free and clear of all claims, liens, encumbrances and other liabilities, in each case without further action of the Bankruptcy Court or any other court, administrative body or other agency. The Litigation Trustee may cause to be filed with any applicable governmental or other regulatory authority such certificate of dissolution or cancellation and any other certificates and documents as the Litigation Trustee, in its sole discretion, deems necessary to reflect the termination of the legal existence of the Litigation Trust, and may take any other action it deems necessary or desirable to reflect the transfer of all assets (if any) held by the Litigation Trust upon termination to the Reorganized Debtors.

L. Dissolution of the Committee. As of the Effective Date, the duties of the Committee shall terminate. Any post-Effective Date powers and duties that would otherwise be powers and duties of the Committee shall be powers and duties of the Reorganized Debtors. The Committee shall be discharged and disbanded as of the Effective Date.

M. Notices. All notices or requests in connection with this Plan shall be made in writing and shall be addressed to:

Edwin J. Harron, Esq.
Joseph M. Barry, Esq.
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The Brandywine Building and
1000 West Street, 17th Floor, P.O. Box 391
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Bruce R. Zirinsky, Esq.
Nathan A. Haynes, Esq.
Greenberg Traurig, LLP
200 Park Avenue
New York, New York 10166
Telephone: (212) 801-9200
Facsimile: (212) 801-6400

N. No Admissions. Notwithstanding anything herein to the contrary, nothing contained in this Plan shall be deemed an admission by the Debtors, the Proponent or any other Person with respect to any matter set forth herein, including, without express or implied limitation, liability on any Claim or the propriety of a Claim's classification.

Respectfully submitted,

BARCLAYS BANK PLC
as Administrative Agent

By: /s/ Mark Manski
Title: Managing Director