

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re:

LANDSOURCE COMMUNITIES
DEVELOPMENT LLC, *et al.*,

Debtors.

)
)
) Chapter 11

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) Case No. 08-11111 (KJC)

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) Jointly Administered
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**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER
UNDER 11 U.S.C. § 1129(a) AND (b) AND FED. R. BANKR. P. 3020
CONFIRMING THE SECOND AMENDED JOINT CHAPTER 11 PLANS OF
REORGANIZATION FOR LANDSOURCE COMMUNITIES DEVELOPMENT LLC
AND EACH OF ITS AFFILIATED DEBTORS PROPOSED BY BARCLAYS BANK PLC,
AS ADMINISTRATIVE AGENT UNDER THE SUPER-PRIORITY DEBTOR-IN-
POSSESSION FIRST LIEN CREDIT AGREEMENT**

INTRODUCTION

Barclays Bank PLC, as Administrative Agent (the “Proponent”) for itself and the banks and other financial institutions or entities that may become from time to time parties to that certain Super-Priority Debtor-in-Possession First Lien Credit Agreement dated June 16, 2008 by and among LandSource Communities Development, LLC, as Parent Guarantor, LandSource Holding Company, LLC, as Borrower, the Guarantors party thereto, and the Lenders parties thereto, has proposed the Second Amended Joint Chapter 11 Plans of Reorganization For LandSource Communities Development LLC and each of its Affiliated Debtors, as Modified, dated July 20, 2009 (as may be further modified, supplemented, or amended in accordance with its terms and as modified on the record at the Confirmation Hearing, the “Plan”).¹

¹ Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Plan and/or the Disclosure Statement Approval Order (as defined herein). Any capitalized term not defined in



DISCLOSURE STATEMENT AND SOLICITATION

After a hearing held on June 1, 2009 (the "Disclosure Statement Hearing"), the Disclosure Statement was approved by an Order of this Court, dated June 2, 2009, as containing "adequate information" pursuant to section 1125 of the Bankruptcy Code (the "Disclosure Statement Approval Order") [Docket No. 1762].

On June 2, 2009, after hearing testimony by way of proffer on the Motion of Barclays Bank PLC, as Administrative Agent and Plan Proponent, for Entry of an Order Approving Backstop Agreement in Connection With a Contemplated Rights Offering and the Related Rights Offering Premium and Expense Reimbursement and Marketing of Backstop Commitment Amounts and Related Rights Offering Premium (the "Backstop Motion"), the Court entered an Order (the "Backstop Order") approving the relief requested in the Backstop Motion [Docket No. 1761].

On or before June 10, 2009, the Proponent caused to be mailed, by first class mail, the solicitation packages (the "Solicitation Packages") containing copies of, *inter alia*, (i) the Disclosure Statement Approval Order; (ii) a notice of the hearing scheduled for confirmation of the Plan and objections thereto (the "Confirmation Notice"); (iii) the approved form of the Disclosure Statement (together with the Plan annexed thereto as Exhibit "A"); (iv) solely to Holders of Claims in Classes 3 (a)-(u), 4 (a)-(u), 5 (a)-(u) and 6 (a)-(u), which Classes were entitled to vote to accept or reject the Plan (A) an appropriate form of ballot and a ballot return envelope, and (B) letters from the Proponent and the Debtors recommending acceptance of the Plan, and (v) solely for Holders of Claims in Class 4 (a)-(u), a letter from the Second Lien

the Plan, the Disclosure Statement Approval Order, or this Confirmation Order, but that is used in title 11 of the United States Code, as amended (the "Bankruptcy Code") or the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. A conformed copy of the Plan will be filed with the Court on July 21, 2009.

Administrative Agent recommending rejection of the Plan; (vi) solely for Holders of Claims in Class 5 (a)-(u), a letter from the Committee recommending rejection of the Plan; (vii) solely to Holders of Claims in Classes 3 (a)-(u) and 4 (a)-(u), which Classes were entitled to participate in the Rights Offering pursuant to the procedures established in the Disclosure Statement Approval Order, an appropriate Subscription Form, together with appropriate instructions for the proper completion, due execution and timely delivery of the Subscription Form, as well as instructions for the payment of the applicable Subscription Purchase Price for Rights Offering Units that such Holder may be entitled to acquire; and (viii) solely to the Holders of Class 5 (a)-(u) Claims, an Accredited Investor Questionnaire to be completed and returned to the Subscription Agent, and upon receipt of the Accredited Investor Questionnaire, the Subscription Agent was to mail to the Holders of Class 5 (a)-(u) Claims an appropriate Subscription Form, together with appropriate instructions for the proper completion, due execution and timely delivery of the Subscription Form, as well as instructions for the payment of the applicable Subscription Purchase Price for the Rights Offering Units that such Holder may be entitled to acquire; and (ix) solely to Holders of Claims in Classes 1 (a)-(u), 2 (a)-(u), 7 (a)-(u) and 8 (a)-(u), which Classes were not entitled to vote to accept or reject the Plan, a Notice of Non-Voting Status and Approval of Disclosure Statement, Hearing to Consider Confirmation of the Second Amended Plan and Deadline for Filing Objections to Confirmation of the Second Amended Plan (the "Notice of Non-Voting Status"). The Balloting Agent filed an affidavit of service dated June 18, 2009 on July 15, 2009 [Docket No. 2114].

On June 15, 2009, the Affidavit of Publication of Erin Ostenson of The Wall Street Journal attesting to the publication of the Confirmation Hearing Notice in the Global

Edition of The Wall Street Journal on June 11, 2009 in accordance with the Disclosure Statement Approval Order was filed with the Court. [Docket No. 1850].

On July 1, 2009, the Proponent filed with the Court the Motion to Shorten Time for Notice and Response to the Motion of Barclays Bank, PLC, as Administrative Agent and Plan Proponent, for Entry of an Order (I) Approving Supplemental Disclosure to the Second Amended Disclosure Statement; (II) Approving Revised Solicitation Packages; (III) Extending the Voting Deadline With Respect to Certain Voting Classes; and (IV) Granting Related Relief (the "Motion to Shorten"). On July 1, 2009, the Court entered the Order granting the relief requested in the Motion to Shorten, setting an accelerated timetable for resolicitation and adjourning the Confirmation Hearing to July 20, 2009 (the "Order Shortening Time"). [Docket No. 1989]. The Order Shortening Time further provided that the Proponent was to develop a set of supplemental disclosure materials in consultation with the Second Lien Administrative Agent, the Debtors, Lennar and the Committee describing the modifications to the Plan, and the Proponent could file the supplemental disclosure materials and use them to resolicit votes from the affected Classes, with final approval (or disapproval) of the adequacy of the supplemental disclosure materials to be considered by the Court at the Confirmation Hearing. The Balloting Agent filed an affidavit of service on July 15, 2009 [Docket No. 2117].

On or about July 6, 2009, the Proponent modified the Plan to change certain terms and provisions relating to the treatment of Second Lien Claims and Unsecured Claims, a cash investment by LNR into Reorganized LandSource Communities, and the waiver and release of Unsecured Claims asserted by the Lennar Entities and the LNR Entities in exchange for a release of Avoidance Actions against the Lennar Entities and the LNR Entities. [Docket No. 2047]. These changes were negotiated by the Proponent, the Debtors, the Second Lien Administrative

Agent, the Committee, the Lennar Entities and the LNR Entities to resolve various objections. In connection therewith, on July 6, 2009, the Proponent filed a motion (the "Resolicitation Motion") pursuant to which it sought approval of a supplemental disclosure to the Disclosure Statement (the "Supplement") and the distribution of various materials to certain Holders of Claims (the "Revised Solicitation Package") [Docket No. 2047].

On or about July 7, 2009, the Proponent caused to be mailed, by first class mail, the Revised Solicitation Packages containing copies of, inter alia, (i) written notice of the extended deadline for voting on the Plan for Classes 3 (a)-(u), 4 (a)-(u) and 5 (a)-(u) (the "Confirmation Hearing Notice"); (ii) the Supplement; (iii) a blackline version of the Plan comparing the July 6, 2009 version of the Plan to the version of the Plan filed with the Court on June 2, 2009; (iv) solely to Holders of Claims in Classes 3 (a)-(u), 4 (a)-(u) and 5 (a)-(u), which Classes were entitled to vote to accept or reject the modified Plan, (A) an appropriate form of Ballot and Ballot return envelope, and (B) an amended letter from the Proponent recommending acceptance of the Plan; (v) solely for Holders of Claims in Class 3 (a)-(u), a Notice of Opportunity to Rescind Rights Offering Commitment; (vi) solely for Holders of Claims in Class 4 (a)-(u), an amended letter from the Second Lien Administrative Agent recommending acceptance of the Plan; and (vii) solely for Holders of Claims in Class 5 (a)-(u), an amended letter from the Committee recommending acceptance of the Plan. In connection with the resolicitation, pursuant to the Order Shortening Time, the Court extended until July 16, 2009 at 5:00 p.m. (prevailing Pacific Time) the deadline for receipt of ballots from Holders of Claims in Classes 3 (a)-(u), 4 (a)-(u) and 5 (a)-(u) [Docket No. 1989]. Objections to the Resolicitation Motion were due on July 14, 2009 at 4:00 p.m. (prevailing Eastern Time). The Balloting Agent filed an affidavit of service on July 16, 2009 [Docket No. 2124] and on July 17, 2009 [Docket

No. 2126] (together with the affidavit of service filed on July 15, 2009, the "Solicitation Affidavits").

At the Confirmation Hearing, the Court approved the Resolicitation Motion and the Supplement as containing "adequate information" pursuant to section 1125 of the Bankruptcy Code. On July 20, 2009, the Court approved the Resolicitation Motion and will enter an Order (the "Supplemental Disclosure Statement Order") on the docket of these cases contemporaneously herewith.

The Proponent filed the Declaration of Kurtzman Carson Consultants LLC Regarding Tabulation of Votes in Connection with the Second Amended Joint Chapter 11 Plans of Reorganization for LandSource Communities Development and Each of its Affiliated Debtors, as Modified (the "Voting Certification") on July 17, 2009, attesting and certifying the method and results of the ballot tabulation for the Classes of Claims entitled to vote to accept or reject the Plan. [Docket No. 2143].

PLAN CONFIRMATION

The Proponent, the Debtors or Lennar filed (i) memoranda of law in support of confirmation of the Plan (the "Confirmation Memoranda") [Docket Nos. 2140 and 3139], (ii) several supplements to the Plan, dated June 12, 2009, June 19, 2009, July 18, 2009 and July 19, 2009 (collectively, as may be modified, supplemented or amended in accordance with the Plan or its respective terms, the "Plan Supplement") [Docket Nos. 1839, 1895, 2144 and 2145] and (iii) certain affidavits filed in support of the Plan, including (a) Declaration of Mark Manski of Barclays Bank PLC in Support of Confirmation of the Second Amended Joint Chapter 11 Plans of Reorganization for LandSource Communities Development LLC and Each of its Affiliated Debtors Proposed by Barclays Bank PLC, as Administrative Agent, Under the Super-Priority

Debtor-in-Possession First Lien Credit Agreement, as Modified [Docket No. 2142]; (b) Declaration of Ari N. Lefkovits in Support of Confirmation of the Second Amended Joint Chapter 11 Plans of Reorganization for LandSource Communities Development LLC and Each of its Affiliated Debtors Proposed by Barclays Bank PLC, as Administrative Agent, Under the Super-Priority Debtor-in-Possession First Lien Credit Agreement, as Modified [Docket No. 2141]; (c) Affidavit of H. Lawrence Webb Regarding Business Plan and Liquidation Analysis [Docket No. 2130]; (d) Declaration of Michael P. White in Support of Confirmation of the Second Amended Plan of Reorganization, as Modified [Docket No. 2137]; and (e) the Declaration of Emile Haddad in Support of Confirmation of the Second Amended Plan of Reorganization, as Modified [Docket No. 2137] (collectively, the "Confirmation Affidavits").

The Plan is a separate plan for each of the Debtors' Estates. The provisions of the Plan, including without limitation the definitions and distributions to Holders of Claims and Interests, shall apply to the respective assets of, Claims against, and Interests in, each of the Debtors' separate Estates.

Based upon this Court's review of the Disclosure Statement, the Supplement, the Plan, the Plan Supplement, the Voting Certification, the Solicitation Affidavits, the Confirmation Memoranda and Confirmation Affidavits; and this Court's review and consideration of (a) the objections to confirmation filed by Jonathan Lee Riches [Docket No. 1916], Maricopa County Treasurer [Docket No. 1986], Cypress-Fairbanks ISD, Harris County, Katy ISD and Montgomery County [Docket No. 2014], L.A. County Treasurer and Tax Collector [Docket No. 2052], Dolce View (Los Angeles), LLC and CIM Fund III, L.P. [Docket No. 1996], Caterpillar Financial Services Corp. [Docket No. 2004], Internal Revenue Service [Docket No. 2005], SprintCom, Inc. and Nextel of California [Docket No. 2025], Westchester Fire Insurance

Company and ACE USA [Docket No. 2116], West Valley LLC [Docket No. 2023], American Heritage Landscape, LP [Docket No. 2009], Sam Hill & Sons [Docket No. 2013], Q&D Construction, Inc. [Docket No. 2016], Precision Construction Company [Docket No. 2017], Damonte Ranch Landscape Maintenance Association and Damonte Ranch Drainage District [Docket No. 2018], Chaudhary & Associates, Inc. and Ghilotti Construction Co. [Docket No. 2021], Independent Construction Company [Docket No. 2024], URS Corporation [Docket No. 2020], Altfillisch Contractors, Inc. [Docket No. 2077], R.T. Frankian & Associates [Docket No. 2084], Poe Investment Company, LLC [Docket No. 2019], Oakridge Landscape, Inc. [Docket No. 2099], Steadfast Insurance Company [Docket No. 2038], CH2M Hill Constructors Inc. [Docket No. 2043], and the California Dept. of Toxic Substances Control, California State Water Resources Control Board, California Regional Water Quality Control Board - San Francisco Bay Region [Docket No. 2001] (collectively, the "Objecting Parties"); (b) having heard any argument or evidence filed by the Objecting Parties; (c) all the evidence proffered or adduced at, memoranda and objections filed in connection with, and arguments of counsel made at, the Confirmation Hearing; and (d) the entire record of these Chapter 11 Cases; and after due deliberation thereon and good cause appearing therefor,

FINDINGS OF FACT AND CONCLUSIONS OF LAW

IT IS HEREBY FOUND AND DETERMINED THAT:²

(A) Exclusive Jurisdiction; Venue; Core Proceeding (28 U.S.C. §§ 157(b)(2), 1334(a)). This Court has jurisdiction over these Chapter 11 Cases pursuant to sections 157 and 1334 of title 28 of the United States Code. Venue is proper pursuant to sections 1408 and 1409

² Pursuant to Bankruptcy Rule 7052, findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate.

of title 28 of the United States Code. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(L), and this Court has exclusive jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed.

(B) Commencement and Joint Administration. On June 8, 2008, each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Each Debtor is continuing to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On June 10, 2008, the Court entered an order authorizing the joint administration of the Chapter 11 Cases [Docket No. 27]. On June 20, 2008, the Office of the United States Trustee appointed the Committee. No trustee or examiner has been appointed.

(C) Judicial Notice. This Court takes judicial notice of the docket of the Chapter 11 Cases maintained by the Clerk of the Bankruptcy Court or its duly-appointed agent, including, without limitation, all pleadings and other documents filed, all orders entered, and evidence and argument made, proffered, or adduced at the hearings held before the Court during the pendency of the Chapter 11 Cases, including, but not limited to, the Disclosure Statement Hearing, the hearing on the Backstop Motion and the hearings on confirmation of the Plan.

(D) Burden of Proof. The Proponent has met the burden of proving the elements of sections 1129(a) and (b) of the Bankruptcy Code by a preponderance of evidence, which is the applicable evidentiary standard in the Bankruptcy Court. The Bankruptcy Court also finds that the Proponent has satisfied the elements of sections 1129(a) and (b) of the Bankruptcy Code by clear and convincing evidence.

(E) Transmittal and Mailing of Materials; Notice. The Disclosure Statement, the Supplement, the Plan, the Plan Supplement, the Solicitation Package and the Revised Solicitation

Package, which were transmitted and served as set forth in the Solicitation Affidavits, were transmitted and served in compliance with the Disclosure Statement Approval Order, the Order Shortening Time, or other Orders of this Court, and the Bankruptcy Rules, and such transmittal and service was adequate and sufficient, and no other or further notice is or shall be required. See Solicitation Affidavits, Docket Nos. 2114, 2124 and 2126. 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 Plan, pursuant to and in satisfaction of the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

(F) Publication. As evidenced by the Affidavits of Publication, the Proponent published the Confirmation Hearing Notice as provided in the Disclosure Statement Approval Order. The Proponent mailed an updated Confirmation Hearing Notice to all parties-in-interest to apprise them of the adjournment of the Confirmation Hearing.

(G) Voting. As evidenced by the Voting Certification, votes to accept or reject the Plan have been solicited and tabulated fairly, in good faith, and in a manner consistent with the Bankruptcy Code, the Bankruptcy Rules, the Disclosure Statement Approval Order, the Order Shortening Time and all other applicable orders, and federal, state, and local laws, rules and regulations (collectively, the "Applicable Laws").

(H) Plan Supplement. The documents identified in the Plan Supplement were filed as required and were modified, amended and supplemented in accordance with the Plan and Applicable Laws. Notice of such documents was good and proper in accordance with the Bankruptcy Code, Bankruptcy Rules and the Disclosure Statement Approval Order, and no other or further notice is or shall be required. The Proponent is authorized to modify the Plan Supplement in conformity with the Plan.

(I) Classes deemed to have accepted the Plan. Classes 1 (a)-(u) (Priority Non-Tax Claims) and 2 (a)-(u) (Senior Permitted Lien Claims) are unimpaired and are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

(J) Classes deemed to have rejected the Plan. Classes 7 (a)-(u) (Intercompany Claims) and 8 (a)-(u) (Interests in the Debtors) will not receive any property under the Plan and, therefore, are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

(K) Plan Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(1)). The Plan complies with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code.

(L) Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)). In addition to the Administrative Expense Claims, Fee Claims, Priority Tax Claims and DIP Revolver Loan Claims listed in Articles II.B and IV of the Plan, which need not be classified, the Plan designates one hundred and sixty-eight (168) Classes of Claims and Interests. The Claims and Interests placed in each Class are substantially similar to other Claims and Interests, as the case may be, in each such Class. Valid business, factual, and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan. The Plan satisfies sections 1122 and 1123 (a)(i) of the Bankruptcy Code.

(M) Specified Unimpaired Classes (11 U.S.C. § 1123(a)(2)). Article IV of the Plan specifies that Classes 1 (a)-(u) (Priority Non-Tax Claims) and 2 (a)-(u) (Senior Permitted Lien Claims) are unimpaired under the Plan, thereby satisfying section 1123(a)(2) of the Bankruptcy Code.

(1) Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)). Article IV of the Plan designates Classes 3 (a)-(u) (First Lien Claims), 4 (a)-(u) (Second Lien Claims), 5 (a)-(u) (Unsecured Claims), 6 (a)-(u) (Convenience Class Claims), 7 (a)-(u) (Intercompany Claims) and 8 (a)-(u) (Interests in the Debtors) as impaired and specifies the treatment of Claims and Interests in those Classes, thereby satisfying section 1123(a)(3) of the Bankruptcy Code.

(2) No Discrimination (11 U.S.C. § 1123(a)(4)). The Plan provides for the same treatment by the Proponent for each Claim or Interest in each respective Class unless the Holder of a particular Claim or Interest has agreed to a less favorable treatment of such Claim or Interest, thereby satisfying section 1123(a)(4) of the Bankruptcy Code.

(3) Implementation of Plan (11 U.S.C. § 1123(a)(5)). The Plan and the Plan Supplement provide adequate and proper means for the Plan's implementation, including, among other things, (i) the reorganization of the Debtors pursuant to the terms of the Plan, the Lennar Investment Agreement, the Reorganized LandSource Communities LLC Agreement, the Newhall Intermediary LLC Agreement, the Holdco LLC Agreement, the Creditor Trust Agreement, the Bond Agreement and related Pledge Agreement, the Management Agreement, the Haddad Investment Agreement, the Haddad Award Agreement, the Amended Backstop Rights Purchase Agreement and other applicable governance, corporate, limited liability and other documents to be included in the Plan Supplement; (ii) with the exception of the Avoidance Actions, the Appraiser Causes of Action, any other assets distributed to the Creditor Trusts, the LNR Excess G&A Claims, the Lennar Acquired Interests, and those Claims and Causes of Action released pursuant to Article X of the Plan, the full vesting in the applicable Reorganized Debtor of all right, title and interest in and to the Estate Assets of each 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; (iii) the formation and corporate governance of Holdco, Newhall Intermediary and Newco and issuance of new Units in Reorganized LandSource Communities, Holdco and Newhall Intermediary; (iv) cancellation of the Debtors' Interests in Friendswood Development Company, LLC and Lennar Mare Island, LLC, and 100% of the new membership interests in such entities to be issued to a Lennar Entity; (v) the revesting, at the option of the Reorganized Debtors, of the Intercompany Interests in the Reorganized Debtors; (vi) implementation of the transactions contemplated by the Lennar Investment Agreement; (vii) merging of certain Debtors with and into Newco or the dissolution of certain Debtors; (viii) the Effective Date funding of the Reorganized Debtors by the Rights Offering, the Lennar Investment Agreement, the Haddad Interest and Cash held by the Debtors; (ix) creation of the Creditor Trusts and transfer to the Creditor Trusts of the property to be distributed by the Creditor Trusts under the Plan free and clear of all claims, liens, encumbrances and other liabilities; and (x) the post-Effective Date management of the Debtors.

(4) No Issuance of Non-Voting Securities (11 U.S.C. § 1123(a)(6)). This provision may not be applicable to those Debtors to the extent that they are limited liability companies or partnerships. To the extent that this provision applies or a Debtor is a corporate entity, the Proponent has complied with its requirements.

(5) Designation of Directors (11 U.S.C. § 1123(a)(7)). Article VIII.L of the Plan and the Plan Supplement contain provisions with respect to the manner of selection of managers of the Reorganized Debtors that are consistent with the interests of creditors, equity security holders, and public policy in accordance with section 1123(a)(7). The board of managers of Holdco will consist of those Persons whose identity and qualifications have been set forth in the Plan Supplement. To the extent that Reorganized Debtor is a limited liability

company or a partnership, these Reorganized Debtors will be managed by Holdco or another Reorganized Debtor. To the extent that a Reorganized Debtor is a corporation, the boards of directors of such Reorganized Debtor will consist of those individuals constituting the board of managers of Holdco or a subset thereof. The initial Creditor Litigation Trust Advisory Board Members designated by the Committee are Jeff Myers (Oakridge Landscape, Inc.), John Burgeson (John Burgeson Contractors) and Jim Frankian (R.T. Frankian & Associates). The initial Creditor Litigation Trust Advisory Board Members to be designated by the First Lien Administrative Agent and the Second Lien Administrative Agent, respectively, have not yet been determined. Therefore, the Litigation Trustee is to appoint such Creditor Litigation Trust Advisory Board Members on the Effective Date; *provided that* such Creditor Litigation Trust Advisory Board Member may be replaced, at the option of the First Lien Administrative Agent or the Second Lien Administrative Agent, as applicable, and at any time, with another Person selected by the First Lien Administrative Agent or the Second Lien Administrative Agent, as applicable. The initial Class 5 Trust Advisory Board Members and Class 5 Turnover Trust Advisory Board Members designated by the Committee are Jeff Myers (Oakridge Landscape Inc.), John Burgeson (John Burgeson Contractors) and Jim Frankian (R.T. Frankian & Associates).

(6) Additional Plan Provisions (11 U.S.C. § 1123(b)). The Plan's provisions are appropriate and consistent with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1123(b).

(7) Bankruptcy Rule 3016(a). The Plan is dated and identifies the entity submitting it as the Administrative Agent, thereby satisfying Bankruptcy Rule 3016(a).

(8) Proponent's Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(2)).

The Proponent has complied with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(2) of the Bankruptcy Code.

(N) Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3)). For the reasons stated on the record of the hearing on July 20, 2009, the Proponent has proposed the Plan in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. The Proponent's good faith is evident from the facts and records of these Chapter 11 Cases, the Disclosure Statement, the Supplement and the hearings thereon, and the record of the Confirmation Hearing and other proceedings held in these Chapter 11 Cases. The Plan was proposed with the legitimate and honest purpose of maximizing the value of the Debtors' estates and to effectuate a successful reorganization of the Debtors.

(O) Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)). For the reasons stated on the record of the hearing on July 20, 2009, any payment made or to be made by any of the Debtors for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable, thereby satisfying section 1129(a)(4) of the Bankruptcy Code.

(P) Directors, Officers, and Insiders (11 U.S.C. § 1129(a)(5)). For the reasons stated on the record of the hearing on July 20, 2009, the Proponent has complied with section 1129(a)(5) of the Bankruptcy Code. The identity and affiliations of the persons proposed to serve as initial managers of the Reorganized Debtors after confirmation of the Plan have been fully disclosed in the Plan Supplement. To the extent that a Reorganized Debtor is a corporation, the boards of directors of such Reorganized Debtor will consist of those individuals constituting the

board of managers for Holdco or a subset thereof. On the Effective Date, the Reorganized Debtors' appointment of officers, or the continuing tenure of a previously-appointed officer, is approved. The appointment to, or continuance in, such offices of such persons is consistent with the interests of Holders of Claims against and Interests in the Debtors and with public policy. The identity of any insider that will be employed or retained by the Reorganized Debtors and the nature of such insider's compensation have also been fully disclosed. The identity of the Trustee and the initial Members of the Creditor Trust Advisory Boards for each of the Creditor Trusts have been adequately disclosed in the Plan Supplement.

(Q) No Rate Changes (11 U.S.C. § 1129(a)(6)). Section 1129(a)(6) of the Bankruptcy Code is satisfied because the Plan does not provide for any change in rates over which a governmental regulatory commission has jurisdiction.

(R) Best Interests of Creditors (11 U.S.C. § 1129(a)(7)). The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. The liquidation analyses provided in the Disclosure Statement and other evidence proffered or adduced at the Confirmation Hearing (a) are persuasive and credible, (b) have not been controverted by other evidence, and (c) establish that each Holder of an Impaired Claim or Interest either has accepted the Plan or will receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

(S) Acceptance of Certain Classes (11 U.S.C. § 1129(a)(8)). Classes 1 (a)-(u) (Priority Non-Tax Claim) and 2 (a)-(u) (Senior Permitted Lien Claims) of the Plan are Classes of Unimpaired Claims that are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code and the accepting Classes as set forth in the Voting Certification

have voted to accept the Plan in accordance with sections 1126(c) and (d) of the Bankruptcy Code (the "Accepting Classes") and therefore satisfy section 1129(a)(8) of the Bankruptcy Code. Section 1129(a)(8) has not been satisfied with respect to Classes 7 (a)-(u) (Intercompany Claims) and 8 (a)-(u) (Interests in the Debtors) which will not receive any property under the Plan and, therefore, are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. As set forth in the Voting Certification, certain other Classes have rejected the Plan (the "Rejecting Classes"). The Plan is confirmable because the Plan satisfies section 1129(b) of the Bankruptcy Code with respect to the Rejecting Classes, as described below.

(T) Treatment of Administrative, Priority Tax and Priority Non-Tax Claims (11 U.S.C. § 1129(a)(9)). The treatment of Administrative Expense Claims, Fee Claims, DIP Revolver Loan Claims and Priority Non-Tax Claims pursuant to Articles IV and V of the Plan satisfies the requirements of sections 1129(a)(9)(A) and (B) of the Bankruptcy Code, and the treatment of Priority Tax Claims pursuant to Article V of the Plan satisfies the requirements of section 1129(a)(9)(C) of the Bankruptcy Code. Unless otherwise agreed with a Holder of an Allowed Priority Tax Claim, the Proponent, in its sole discretion, may choose whether Allowed Priority Tax Claims will be paid in cash either: (i) in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest from the Effective Date at a fixed annual rate equal to the Mid-Term AFR Rate over a period not exceeding five (5) years after the date of assessment of such Allowed Priority Tax Claim; or (ii) in full on the Distribution Date. The Proponent reserves the right to prepay any Allowed Priority Tax Claim, without penalty, at any time under option (i) above.

(U) Acceptance By Impaired Classes (11 U.S.C. § 1129(a)(10)). As set forth in the Voting Certification, Classes 3(a)-(u), 4(a)-(u), among others, have accepted the Plan.

Accordingly, at least one Class of Claims against each of the Debtors that is Impaired under the Plan has accepted the Plan, determined without including any acceptance of the Plan by any insider, thus satisfying the requirements of section 1129(a)(10) of the Bankruptcy Code.

(V) Feasibility (11 U.S.C. § 1129(a)(11)). The Disclosure Statement, Supplement, Plan, Plan Supplement, Voting Certification, Solicitation Affidavits, Confirmation Memoranda, Affidavits and all evidence proffered or adduced at the Confirmation Hearing (a) are persuasive and credible, (b) have not been controverted by other evidence, and (c) establish that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Reorganized Debtors, thus satisfying the requirements of section 1129(a)(11) of the Bankruptcy Code.

(W) Payment of Fees (11 U.S.C. § 1129(a)(12)). All fees payable under section 1930 of title 28, United States Code have been paid or will be paid, on and after the Effective Date, and thereafter as may be required for each Debtor until entry of a final decree with respect to such Debtor, thus satisfying the requirements of section 1129(a)(12) of the Bankruptcy Code.

(X) Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)). Article XIII.F of the Plan provides that, on and after the Effective Date, the Reorganized Debtors will continue to timely pay without modification, all retiree benefits, as defined in section 1114 of the Bankruptcy Code. Thus, the requirements of section 1129(a)(13) of the Bankruptcy Code are satisfied.

(Y) Sections 1129(a)(14), 1129(a)(15) and 1129(a)(16). The Debtors do not owe any domestic support obligations, are not individuals and are not nonprofit corporations. Therefore, Sections 1129(a)(14), 1129(a)(15) and 1129(a)(16) of the Bankruptcy Code do not apply to these Chapter 11 Cases.

(Z) Fair and Equitable; No Unfair Discrimination (11 U.S.C. § 1129(b)). The classification and treatment of Claims and Interests in the Plan is proper and in accordance with section 1122 of the Bankruptcy Code.

Based upon the evidence proffered, adduced or presented by the Proponent at the Confirmation Hearing, the Plan does not discriminate unfairly and is fair and equitable with respect to each Impaired Class, including the Rejecting Classes, as required by section 1129(b)(1) of the Bankruptcy Code. Thus, the Plan may be confirmed notwithstanding the Proponent's failure to satisfy section 1129(a)(8) of the Bankruptcy Code. Although the Intercompany Claims in Classes 7(a) - (u) are being extinguished under the Plan, the distributions to Holders of Claims in Classes 5 (a)-(t) are deriving value principally from the benefit of "turnover" provisions in the Final DIP Order. Claims in Class 5(u) are receiving distributions based upon a settlement reached between the Committee and the Proponent, in addition to the turnover of certain recoveries. Therefore, a reasonable basis exists for providing such Intercompany Claims economically disparate treatment under the Plan than the Holders of Unsecured Claims are receiving. Thus, the Plan does not "unfairly discriminate" against the Holders of Intercompany Claims and may be confirmed notwithstanding the Proponent's failure to satisfy section 1129(a)(8) of the Bankruptcy Code. Moreover, certain of these Intercompany Claims may be reinstated.

There is no Class of Claims or Interests junior to the Holders of Claims or Interests in the Rejecting Classes, which classes receive less than full value for their Claims or Interests, that will receive or retain any property under the Plan on account of their Claims or Interests. Accordingly, upon confirmation and the occurrence of the Effective Date, the Plan shall be binding upon the members of the Rejecting Classes.

(AA) Principal Purpose of the Plan (11 U.S.C. § 1129(d)). The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933.

(BB) Good Faith Solicitation (11 U.S.C. § 1125(e)). Based on the record before the Bankruptcy Court in these Chapter 11 Cases, the Proponent, the Releasees and the Exculpated Persons have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code in compliance with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules in connection with all their respective activities relating to the solicitation of acceptances to the Plan and in connection with the Rights Offering and their participation in the activities described in section 1125 of the Bankruptcy Code, and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation provisions set forth in Article X.B of the Plan.

(CC) Allowance of Certain Claims. Based upon the evidence proffered, adduced, or presented by the Proponent at the Confirmation Hearing, the DIP Revolver Loan Claims are allowed in the amount of \$136,533,082.19 as of July 31, 2009, plus interest, fees, costs and other expenses accrued and accruing to and including the Effective Date and the First Lien Claims are allowed in the aggregate amount of \$1,115,751,827.25 as of July 31, 2009, plus interest, fees, costs and other expenses accrued and accruing to and including the Effective Date. For purposes of the Creditor Litigation Trust, the First Lien Deficiency Claim shall be Allowed in the amount of \$969,600,000 provided, however, that in the event the LNR Investment Agreement is not consummated, then, the First Lien Deficiency Claim shall be allowed in the amount of \$983,800,000. Additionally, the Second Lien Claims are Allowed in the principal amount of \$244,000,000 plus interest, fees, costs and expenses accrued as of the Commencement Date.

(DD) Executory Contracts and Unexpired Leases. The Debtors, the Proponent and the Lennar Entities have exercised reasonable business judgment in determining that the Debtors should assume the Effective Date Assumed Contracts as set forth in the Plan Supplement. The assumption of each of the Effective Date Assumed Contracts shall be legal, valid and binding upon the applicable Debtors and Reorganized Debtors and all non-Debtor entities party to such Effective Date Assumed Contracts, all to the same extent as if such assumption had been authorized and effectuated pursuant to a separate order of the Bankruptcy Court that was entered pursuant to section 365 of the Bankruptcy Code prior to Confirmation.

(EE) Adequate Assurance. Each non-Debtor entity party to an Effective Date Assumed Contract has been provided adequate assurance of future performance for each of the Effective Date Assumed Contracts, as applicable. The Debtors or Reorganized Debtors have cured or provided adequate assurance that the Reorganized Debtors will promptly cure defaults, if any, under or relating to each of the Effective Date Assumed Contracts.

(FF) Rejected Contracts. The Debtors, the Proponent and the Lennar Entities have exercised their reasonable business judgment in determining which contracts the Debtors should reject, as set forth in the Rejected Contracts list contained in the Plan Supplement. Pursuant to Article XIII.C of the Plan, every contract not specifically assumed as an Effective Date Assumed Contract is deemed rejected. Thus, to the extent that an executory contract exists that is not listed as an Effective Date Assumed Contract or a Non-Executory Contract in the Plan Supplement, such contract is deemed rejected regardless of whether it appears on the Rejected Contracts list contained in the Plan Supplement.

(GG) Approval of Lennar Equity Investment and Related Lennar Agreements. On the Effective Date, the Lennar Investor will make the Lennar Equity Investment into the

Reorganized Debtors and in connection with such investment, the Lennar Entities will receive: (a) the Lennar Equity Interest; (b) the settlement and release of all Lennar Released Claims; (c) the LNR Excess G&A Claims; (d) the Lennar Acquired Interests; (e) 75% of the DLA Piper Litigation Proceeds; and (f) all other benefits set forth in the Plan and the Lennar Investment Agreement. Pursuant to Article 5.2(b) of the Lennar Investment Agreement, unless otherwise agreed, all prepetition agreements set forth on Schedule C thereto between any Lennar Entity (or any affiliate thereof) and any of the Debtors (including Subdivision Development Agreements, options and management agreements) are to be terminated, other than those agreements that the parties agree shall be assumed, without liability to the Debtors arising due to such termination. The Lennar Excess G&A Claims and the Lennar Acquired Interests will be transferred to, and 75% of the DLA Piper Litigation Proceeds will be disbursed to, a Lennar Entity pursuant to the terms and conditions in the Lennar Investment Agreement. On the Effective Date of the Plan, the Lennar Entities shall be deemed to have waived and released the Lennar Claims without the necessity for any further action in exchange for a release from any Avoidance Actions that might have been asserted against them. The Debtors and the Reorganized Debtors are hereby authorized to take all such actions and execute any agreements that will be necessary to consummate and give effect to the Lennar Investment Agreement and the provisions of the Plan related to the Lennar Entities without further order of the Court.

(HH) Approval of Settlements and Compromises. Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and any Applicable Laws, and as consideration for the distributions, transactions and other benefits provided under the Plan, all settlements and compromises of Claims and Interests embodied in the Plan, including the integrated settlement of certain Claims by and against the Lennar Entities, constitute good faith compromises and

settlements of Claims and Interests, and such compromises and settlements are fair, equitable, reasonable and appropriate in light of the relevant facts and circumstances underlying such compromises and settlements, and are in the best interests of the Debtors, their Estates and Holders of Claims and Interests. In the Plan, the Lennar Entities have waived and released the Lennar Claims, including any Distributions on account of such Claims. In return for waiving and releasing these Unsecured Claims, the Lennar Entities receive releases, including from any Avoidance Actions that might have been asserted against them. Accordingly, the integrated settlement of certain Claims by and against the Lennar Entities, which provides that, in exchange for the Lennar Equity Investment of \$138.05 million of cash, the Lennar Releasees will receive, among other things, a release of certain claims that the Debtors or the Estates potentially hold against the Lennar Entities, is in the best interests of the Debtors and their Estates, as well as the Holders of Claims and Interests.

(II) No Successor Liability. The transactions contemplated by the Plan shall not result in the Reorganized Debtors (a) having any liability or responsibility for any Claim against the Debtors or against any Affiliate or insider of the Debtors, or (b) having any liability or responsibility to the Debtors. Without limiting the effect or scope of the foregoing, and to the fullest extent permitted by Applicable Laws, the Plan does not and will not subject the Reorganized Debtors, their respective properties or assets or their respective Affiliates, successors or assigns to any liability for Claims against the Debtors' interests in such assets by reason of such transfer under any Applicable Laws, including, without limitation, any successor liability.

(JJ) Satisfaction of Confirmation Requirements. The Plan satisfies the requirements for confirmation set forth in section 1129 of the Bankruptcy Code, except as may otherwise be set forth in this Order or the Plan.

(KK) Retention of Jurisdiction. The Bankruptcy Court may properly retain jurisdiction over the matters set forth in Article XIV.A of the Plan and section 1142 of the Bankruptcy Code.

DECREES

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. Confirmation. The Plan, including the Plan Supplement and all other documents and agreements necessary to implement the Plan are approved and confirmed under section 1129 of the Bankruptcy Code.
2. Record Closed. The record of the Confirmation Hearing is Closed.
3. Distribution Record Date. The Distribution Record Date shall be July 20, 2009.
4. Distribution Date. The Distribution Date shall be a date as soon as practicable after the Effective Date, and thereafter as set forth in the Plan.
5. Amendments. The amendments to the Plan meet the requirements of sections 1127(a) and (c), as such amendments do not adversely change the treatment of the Claim of any creditor or Interest of any equity security holder within the meaning of Bankruptcy Rule 3019.
6. Objections. All Objections that have not been withdrawn, waived, or settled, and all reservations of rights pertaining to confirmation of the Plan included therein, are overruled on the merits.

7. Plan Classification Controlling. The classifications of Claims and Interests for purposes of the Distributions to be made under the Plan shall be governed solely by the terms of the Plan. The classifications set forth on the Ballots tendered to or returned by the Debtors' creditors in connection with voting on the Plan (a) were set forth on the Ballots solely for purposes of voting to accept or reject the Plan, (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification of such Claims and Interests under the Plan for distribution purposes, and (c) shall not be binding on the Creditors Trusts, the Debtors or the Reorganized Debtors except for voting purposes.

8. Binding Effect. Upon the occurrence of the Effective Date, the Plan and the Plan Supplement, shall immediately be effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, the Lennar Entities, the Distribution Agent, the Trustee, the Second Lien Administrative Agent, the Committee, any entity acquiring or receiving property or a Distribution under the Plan and any Holder of a Claim against or Interest in the Debtors, including all governmental entities (including without limitation all taxing authorities), whether or not the Claim or Interest of such Holder is Impaired under the Plan, whether or not the Claim or Interest is Allowed and whether or not such Holder or entity has accepted the Plan. The rights, benefits and obligations of any entity named or referred to in the Plan or the Plan Supplement shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, if any, of such entities.

9. Vesting of Assets (11 U.S.C. § 1141(b) and (c)). Except as otherwise provided in the Plan, each Debtor will continue to exist after the Effective Date as a separate corporate entity or limited liability company or partnership, with all the powers of a corporation or limited liability company or partnership under applicable law and without prejudice to any

right to alter or terminate such existence (whether by merger, dissolution, or otherwise) under applicable state law. Pursuant to Article XII.B of the Plan, on the Effective Date, except with respect to the Avoidance Actions, the Appraiser Causes of Action, any other assets distributed to the Creditor Trusts, the LNR Excess G&A Claims, the Lennar Acquired Interests and those Claims and Causes of Action released pursuant to Article X of the Plan, and as otherwise expressly provided in the Plan, all property of the Debtors' Estates and any property acquired by a Debtor or Reorganized Debtor under the Plan shall vest in the applicable Reorganized Debtor, and the ownership interests in each Reorganized Debtor, other than Reorganized LandSource Communities, Holdco and Newhall Intermediary, shall vest in the applicable Reorganized Debtor free and clear of all Claims, liens, encumbrances, charges and other interests to the full extent allowed pursuant to section 105, 363, 1123, 1129 and 1141 of the Bankruptcy Code, except as otherwise provided in the Plan. On and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire or dispose of property and compromise or settle any claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, each Reorganized Debtor may pay the charges that it incurs on or after the Effective Date for professionals' fees, disbursements, expenses or related support services (including fees relating to the preparation of professional fee applications) without application to, or approval of, the Bankruptcy Court. Additionally, payment of the DIP Revolver Loan Claims in their respective Allowed Amounts shall constitute a full release, settlement, satisfaction and discharge of any and all Claims held by Holders of the DIP Revolver Loan Claims arising under or relating to the DIP Credit Agreement ~~or relating to any of the Lenders under the DIP Credit Agreement~~ against the

Reorganized Debtors, the Administrative Agent, and any ~~other~~ Lender under the DIP Credit Agreement.

10. Objection to Claims. On and after the Effective Date, the Reorganized Debtors, or, with respect to Class 5 (a)-(u) Claims, the Class 5 Trust will have the right to the exclusion of all others to make, file and prosecute objections to Disputed Claims in accordance with Article XI of the Plan. The Reorganized Debtors or, with respect to Class 5 (a)-(u) Claims, the Class 5 Trust, will conduct a review of the Schedules and all Proofs of Claim filed in the Chapter 11 Cases and, except with respect to Administrative Expense Claims, will 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, the Reorganized Debtors may file objections to any Claim for damages arising from the rejection of an executory contract or unexpired lease pursuant to Article XIII.C of the Plan 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 the Plan. The Reorganized Debtors or the Class 5 Trust (with the approval of a majority of the Class 5 Trust Advisory Board) 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 will 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.

11. Resolution of Senior Permitted Lien Claims. If it is determined in accordance with section 1124 of the Bankruptcy Code that a Senior Permitted Lien Claim is Allowed, then the amount of such Allowed Senior Permitted Lien Claim due and owing as of the

Distribution Date will be paid in full, in Cash, on the Distribution Date. Exhibit I to the Disclosure Statement sets forth all known Secured Claims that have been asserted to be Senior Permitted Lien Claims and do not appear to satisfy the requirements of the definition of Senior Permitted Lien Claim as set forth in the Plan. As to any asserted Senior Permitted Lien Claim that has not been Allowed as of the Effective Date, (i) Cash in an amount of not less than the sum of the Senior Permitted Lien Claims listed on Exhibit I to the Disclosure Statement, as adjusted for pending asset sales, which amount is equal to the sum of the Senior Permitted Liens that would be payable on the Distribution Date if the asserted Senior Permitted Lien Claims were Allowed Claims, will be reserved in a separate account established by the Reorganized Debtors; and (ii) if the Reorganized Debtors do not commence an adversary proceeding with one hundred and eighty (180) days after the Effective Date to determine the extent, validity and priority of an asserted Senior Permitted Lien Claim, such Claim will be deemed a valid Senior Permitted Lien Claim, and the Allowed Amount of any amount currently due and owing with respect to such Senior Permitted Lien Claim will be paid in full, in Cash, as soon as practicable thereafter. Until such time, the Holder of such Claim will hold a lien on the funds in the separate account held by the Reorganized Debtors to the same extent, validity and priority that existed with respect to its asserted Senior Permitted Lien Claim immediately prior to the Effective Date. To the extent that a Senior Permitted Lien Claim is not Allowed on the Effective Date, such Claim may be entitled to the payment of interest in order to be deemed Unimpaired. Notwithstanding anything to the contrary, no Cash will be set aside for Senior Permitted Lien Claims asserted against Lennar Mare Island, LLC or Friendswood Development Company, LLC, and Lennar Corporation will be solely responsible for satisfying the amount of any Senior Permitted Lien Claims against Lennar Mare Island, LLC and Friendswood Development LLC. Any remaining Cash held by the

Reorganized Debtors and not required to satisfy Senior Permitted Lien Claims will become the property of the Reorganized Debtors.

12. Disputed Claims. Notwithstanding any other provision in the Plan, if any portion of a Claim is a Disputed Claim, no payment or Distribution provided thereunder shall be made on account of such Claim unless and until such Claim becomes an Allowed Claim that is not a Disputed Claim.

13. Convenience Class Election. Notwithstanding any other provision in the Plan, the Proponent may, in its sole and absolute discretion, allow a claimant to make the Convenience Class Election after the time periods for such election set forth in the Plan.

14. Assumption or Rejection of Executory Contracts and Unexpired Leases (11 U.S.C. §1123(b)(2)). Except as otherwise provided for in the Plan, pursuant to Article XIII of the Plan, on the Effective Date, the Debtors will assume the Effective Date Assumed Contracts. Any and all of the Debtors' executory contracts and unexpired leases that are not designated as Effective Date Assumed Contracts in the Plan Supplement shall be deemed rejected as of the Effective Date (unless such deadline is extended for some or all of such contacts and leases 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 of the Plan, or (c) expire, terminate or otherwise become non-executory prior to such date.

15. Bar Date for Rejection Damage Claims. Pursuant to Article XIII.C of the Plan, in the event that the rejection of an executory contract or unexpired lease by any of the

Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a claim for such damages, if not heretofore evidenced by a filed Proof of Claim, shall be forever barred and shall not be enforceable against the Debtors, or their respective properties or interests in property as agents, successors or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon the Reorganized Debtors within sixty (60) calendar days following the Effective Date (unless such rejection date for a particular contract or lease is 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. Additionally, to the extent that the characterization of a contract or unexpired lease as non-executory by any of the Debtors pursuant to the Plan Supplement results in damages to the other party or parties to such contract or lease, a claim for such damages, if not heretofore evidenced by a filed Proof of Claim, shall be forever barred and shall not be enforceable against the Debtors, or their respective properties or interests in property as agents, successors or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon the Reorganized Debtors within sixty (60) calendar days following the Effective Date.

16. General Authorizations. All documents and agreements necessary to implement the Plan, including, without limitation, those contained in the Plan Supplement, which are incorporated into and are a part of the Plan, and all other relevant and necessary documents and agreements are in the best interests of the Debtors, the Estates and the Holders of Claims and

Interests and have been negotiated in good faith and at arm's length. The Proponent has exercised reasonable business judgment in determining to enter into all such documents and agreements and has provided sufficient and adequate notice of such documents and agreements to parties in interest. The Reorganized Debtors are authorized, and the Debtors are authorized and directed, to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the transactions contemplated by and the terms and conditions of the Plan on and after the Effective Date, in each case without the need for any further authorizations by any Executive Committees, boards of directors or others, and without the need for any other actions or approvals that might be required under any limited liability company agreement, articles of incorporation, bylaws or similar governance document for any Debtor. The Debtors and the Reorganized Debtors and their respective directors, officers, members, agents, attorneys and any other authorized representatives are authorized and empowered to issue, execute, deliver, file, or record any agreement, document, or security, including, without limitation, the documents contained in the Plan Supplement, as modified, amended, and supplemented, in substantially the form included therein, and to take any action necessary or appropriate to implement, effectuate, and consummate the Plan and the transactions contemplated thereby in accordance with its terms, or take any or all corporate actions authorized to be taken pursuant to the Plan, and any release, amendment, or restatement of any bylaws, certificates of incorporation, or other organization documents of the Debtors, whether or not specifically referred to in the Plan or the Plan Supplement, without further order of the Court or any other authorization other than this Order, and any and all such actions taken by one or more Debtors shall be binding on every Debtor, and any or all such documents shall be accepted by

each of the respective state filing offices and recorded in accordance with applicable state law and shall become effective in accordance with their terms and the provisions of state law. Holders of Claims or Interests in the Debtors are authorized and directed 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 the Plan.

17. Authorization in Connection with Rights Offering. Without limitation on the general authorizations provided for in this Order and the Plan, each of the Debtors, the Reorganized Debtors, Holdco, Newhall Intermediary and the Proponent are authorized to take all actions necessary or desirable in furtherance of the consummation and implementation of the Rights Offering.

18. Rights and Powers of Reorganized Debtors. Upon the Effective Date and subject to the Creditor Trusts' rights and powers, 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. Furthermore, on the Effective Date, the Estate Assets of the Debtors (other than the Avoidance Actions, the Appraiser Causes of Action, the Lennar Acquired Interests, the LNR Excess G&A Claims and the other assets transferred to the Lennar Investor pursuant to the Lennar Investment Agreement and the Claims and Causes of Action released pursuant to Article X of the Plan) shall be transferred to the respective Reorganized Debtors, and the ownership interests in each of the Reorganized Debtors, other than Reorganized LandSource Communities, Holdco and Newhall Intermediary, to the applicable Reorganized Debtor or Debtors (in each case, unless the Proponent directs otherwise), 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 permitted pursuant to sections 105, 363, 1123, 1129 and 1141 of the Bankruptcy Code, except as otherwise provided in the Plan;

19. Creditor Trusts. On the Effective Date, the Creditor Trusts will be established pursuant to the Creditor Trust Agreements and other documents included in the Plan Supplement, if any, and the Debtors shall be authorized and directed to enter into the Creditor Trust Agreements. On or after the Effective Date, the Avoidance Actions and the Appraiser Causes of Action (or the right to prosecute such Appraiser Causes of Action) will be transferred to, and shall fully vest in, the Creditor Litigation Trust, free and clear of all claims, liens, encumbrances and other liabilities, including all Claims against and Interests in the Debtors, with all Creditor Trust Proceeds recovered by the Creditor Litigation Trust to be distributed by the Trustee in accordance with the provisions of the Plan and the Creditor Trust Agreement relating to the Creditor Litigation Trust. The Class 5 Trust will have the power and sole authority to file and prosecute objections to, or negotiate, settle or otherwise resolve any and all Disputed Claims in Classes 5(a) - (u) in accordance with the objection procedures set forth in Articles IX.C and XI of the Plan. Subject to Articles IX.B, IX.C and IX.D of the Plan, the Creditor Litigation Trust will have the power and sole authority to institute all actions with respect to the Avoidance Actions and the Appraiser Causes of Action and to prosecute or defend all appeals relating to such objections, the Avoidance Actions and the Appraiser Causes of Action, on behalf of the Debtors, the Estates or, with respect to the Appraiser Causes of Action, the Administrative Agent, First Lien Administrative Agent, the Holders of DIP Revolver Loan Claims, the Holders of First Lien Claims, the Second Lien Administrative Agent and the Holders of Second Lien Claims. On the Effective Date and not again thereafter, the Creditor Litigation Trust shall be

provided with one payment of \$50,000 which amount may only be used to pay the reasonable fees and expenses incurred by the Creditor Litigation Trust, the Trustee or Creditor Litigation Trust Advisory Board in administering the Creditor Litigation Trust in accordance with Article IX.A of the Plan. The Trustee of the Creditor Trusts shall be KDW Restructuring & Liquidation Services LLC. Each of the Creditor Trusts will be directed by their respective Creditor Advisory Boards.

20. Corporate, Limited Liability Company or Related Actions. Each of the matters provided for by the Plan involving the corporate structure of the Reorganized Debtors, or corporate, limited liability company or related actions to be taken by or required of the Reorganized Debtors shall, as of the Effective Date, be deemed to have occurred and be effective as provided in the Plan, and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by any party, including the formation of Newhall Intermediary, Holdco and Newco. On the Effective Date, adoption by the Reorganized Debtors of their articles of incorporation, partnership agreements, operating agreements or other similar documents, as applicable, copies of or forms of which have been included in the Plan Supplement, will be deemed to have occurred. Also on the Effective Date, the merger, consolidation, divestiture or other reorganization of the legal structure of the Debtors, pursuant to those documents included in the Plan Supplement, will be deemed to have occurred. All such actions will be deemed to have occurred and will 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 managers, partners, stockholders, administrators, agents, officers or directors of the Debtors. The Debtors and the Reorganized Debtors are hereby 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, in each case without any further authorization or approval, with all such agreements, documents and instruments to be effective on the Effective Date (unless a later date is specified).

21. New Board. Upon the occurrence of the Effective Date, the Persons proposed to serve as members of the board of managers of Holdco, as identified in the Plan Supplement filed on June 12, 2009, shall automatically constitute the new board of managers of Holdco. To the extent that a Reorganized Debtor is a limited liability company or a partnership, these Reorganized Debtors will be managed by Holdco or another Reorganized Debtor. To the extent that a Reorganized Debtor is a corporation, the boards of directors of such Reorganized Debtor will consist of those individuals constituting the board of managers for Holdco or a subset thereof.

22. Effective Date Transaction. Based upon the record of the Chapter 11 Cases, the transactions contemplated by Article VIII.B of the Plan are hereby authorized and approved without the need for any further corporate action.

23. Securities Laws Exemption. The Rights Offering and the offering, issuance, reservation and distribution by the Reorganized Debtors of the Units, is exempt from the provisions of section 5 of the Securities Act of 1933, as amended, and any state or local law requiring registration for the offer, issuance, distribution, or sale of a security by reason of and to the extent provided by section 1145 of the Bankruptcy Code. To the extent section 1145 of the Bankruptcy Code is inapplicable, these issuances are exempt from registration under the Securities Act or any similar federal, state, or local law in reliance on the exemption set forth in section 4(2) of the Securities Act or Regulation D promulgated thereunder.

24. Agreements and Plan Supplement. Entry of this Confirmation Order constitutes the approval of the (i) Bond Agreement; (ii) Lennar Investment Agreement; (iii) Creditor Trust Agreements; (iv) Holdco LLC Agreement; (v) Reorganized LandSource Communities LLC Agreement; (vi) Newhall Intermediary LLC Agreement; (vii) Management Agreement; and (viii) other documents contained in the Plan Supplement (collectively, the "Agreements") and any amendments, modifications, and supplements thereto (to the extent consistent with the terms of the Plan as the Proponent may approve), each of which shall be deemed adopted by the Reorganized Debtors and effective as of the Effective Date, and the execution, delivery, and performance thereof by the Reorganized Debtors, are authorized. The Debtors are authorized to implement the Agreements without the necessity of shareholder or member approval as may be required under any applicable law. The solicitation of votes on the Plan includes and is deemed to be a solicitation of the Holders of Units for approval of each of the Agreements. Without need for further order or authorization of the Bankruptcy Court, the Proponent and Reorganized Debtors are authorized and empowered to make any and all modifications to any and all documents included as part of the Plan Supplement that do not materially modify the terms of such documents and are consistent with the Plan.

25. Governmental Approvals Not Required. This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state or any other governmental authority with respect to the implementation or consummation of the Plan and any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to in or contemplated by the Plan, the Disclosure Statement, and any documents, instruments, or agreements, and any amendments or modifications thereto.

26. Exemption From Certain 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, and any deeds, bills of sale or assignments executed in connection with the Plan or the Confirmation Order, will 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. To the extent that any of the Debtors or Reorganized Debtors, as applicable, elects to sell, transfer or otherwise dispose of any property or interest in property prior to or including the date that is one (1) year after the Confirmation Date, any such sale, transfer or disposition of property or an interest in property will be exempt from any transfer taxes in accordance with section 1146(a) of the Bankruptcy Code.

27. Final Fee Applications. Except as otherwise 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. This Confirmation Order amends and supersedes any previously entered order

of the Bankruptcy Court regarding procedures for the payment of Fee Claims, other than the Final DIP Order. A Fee Claim, with respect to which a Fee Application has been properly filed and served pursuant to Article IV.B.1 of the Plan, will become an Allowed Fee Claim only to the extent allowed by Final Order of the Bankruptcy Court, and will be paid in accordance with such Final Order.

28. Administrative Expense Bar Date. The date which is sixty (60) days after entry of this Confirmation Order shall be the deadline for filing Proofs of Claim for Administrative Expense Claims other than those Administrative Expense Claims set forth in Article I.A.4 of the Plan, which will be exempt from the Administrative Expense Bar Date.

29. Administrative Expense Claims. Each Person seeking payment of an Administrative Expense Claim (except with respect to those Administrative Expense Claims specified in Article I.A.7(b)(ii) of the Plan) shall file their respective applications for payment of Administrative Expense Claims prior to the Administrative Expense Bar Date and serve such application on (i) counsel for the Plan Proponent and Administrative Agent: Greenberg Traurig LLP, 200 Park Avenue, New York, NY 10166, Attn: Bruce R. Zirinsky, Esq. and Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17th Floor, P.O. Box 391, Wilmington, DE 19899, Attn: Edwin J. Harron, Esq.; (ii) counsel for the Debtors: Weil, Gotshal & Manges, LLP, 767 Fifth Avenue, New York, NY 10153, Attn: Debra A. Dandeneau, Esq. and Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, DE 19801, Attn: Mark D. Collins, Esq.; (iii) counsel for the Lennar Entities: O'Melveny & Myers, LLP, 400 South Hope Street, Los Angeles, CA 90071, Attn: Ben Logan, Esq.; (iv) counsel for the Second Lien Administrative Agent: Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019, Attn: Andrew N.

Rosenberg, Esq.; (v) counsel for the Committee: Pachulski Stang Ziehl & Jones LLP, 150 California Street, 15th floor, San Francisco, CA 94111, Attn: Debra Grassgreen, Esq. and 919 N. Market Street, 17th Floor, Wilmington, DE 19899, Attn: Timothy Cairns; and (vi) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King Street Suite 2207, Lockbox 35, Wilmington, DE 19899, Attn: David L. Buchbinder, Esq. (collectively, the "Notice Parties") so as to be received by the date that is sixty (60) days after the Effective Date. The failure to file and serve such application timely and properly shall result in the Administrative Expense Claim being forever barred and discharged. An Administrative Expense Claim, with respect to which an application has been properly filed and served, will become an Allowed Administrative Expense Claim only to the extent no objection is interposed by the Reorganized Debtors to allowance of such Claim on or before the deadline for objecting to such Claim, or, to the extent an objection is interposed by the Reorganized Debtors to allowance of such Claim, on or before the deadline for objecting to such Claim, such Claim is allowed by Final Order of the Bankruptcy Court. Unless otherwise agreed, any Administrative Expense Claim that is Allowed as of the Effective Date will be paid in full in Cash on the Effective Date; provided, however, that Administrative Expense Claims of the type specified in Article I.A.7(b)(i) of the Plan will be assumed and paid by the Reorganized Debtors in accordance with the terms and conditions of the particular transactions and any agreements relating thereto. Any Administrative Expense Claim of the type specified in Article I.A.7(b)(ii) or Article I.A.7(b)(iii) of the plan that is Allowed after the Effective Date will be paid the Allowed Amount of such Administrative Expense Claim in full, in Cash, as soon as practicable after such Administrative Expense Claim is Allowed.

30. **Discharge of Claims and Termination of Interests.** Pursuant to Article XII of the Plan, except as otherwise provided herein or the Plan, to the fullest extent

permitted by applicable law (a) as of the Effective Date, this Confirmation Order will 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 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 Commencement 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 Effective Date, (x) all Holders of Claims will be barred and enjoined from asserting against the Debtors entitled to such discharge pursuant to Article XII.E of the Plan 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 will be fully and finally discharged of any liability or obligation on a Disallowed Claim. Except as otherwise specifically provided herein, nothing in the Plan will be deemed to waive, limit or restrict in any manner the discharge granted upon confirmation of the Plan pursuant to Bankruptcy Code section 1141. This provision will not apply to those Holders of Administrative Claims set forth in Article I.7(b)(i) of the Plan.

31 **(a) Discharge of Debtors.** Pursuant to Article XII of the Plan, except as provided in the Plan, on the Effective Date, all existing Interests in and Claims against the Debtors shall be, and shall be deemed to be, satisfied, discharged and terminated, and all holders of Interests in and Claims against any of the Debtors shall be precluded and

enjoined from asserting against the Reorganized Debtors, or any of their assets or properties, any other or further Interest in or Claim against any of the Debtors based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim or proof of equity interest, and no Person will be permitted to execute against or receive Distributions except in accordance with the terms of the this Order and the Plan. Except as otherwise provided in the Plan, any valid setoff or recoupment rights held against any of the Debtors shall not be affected by the Plan and are expressly preserved by this Confirmation Order. The discharge and injunction provisions set forth in Article XII of the Plan and any similar provisions in the Plan or Confirmation Order are not intended and shall not be construed to bar the United States, or any governmental unit for the State of California, from, subsequent to the Confirmation Date, pursuing any police or regulatory action to the extent excepted from the automatic stay provisions of section 362 of the Bankruptcy Code, and nothing in the Plan limits or expands the discharge and injunction to which the Debtors or Reorganized Debtors are entitled under the Bankruptcy Code or other applicable law.

31(b). Notwithstanding anything to the contrary contained in this Confirmation Order, with respect to the United States and any government unit of the State of California, the Debtors shall not be discharged from any claim as defined in Section 101(5) of the Bankruptcy Code or debt as defined in section 101(12) of the Bankruptcy Code that arises after the Effective Date, determined in accordance with applicable law.

32. Settlement, Releases, Exculpations, and Injunctions.

a. Any and all compromises or settlements of all Claims and Interests reflected in the Plan are hereby approved. Without limiting the scope of the foregoing, the

transfer of the Lennar Acquired Interests, the LNR Excess G&A Claims and the disbursement of 75% of the DLA Piper Litigation Proceeds pursuant to the terms and conditions of the Lennar Investment Agreement are hereby approved.

b. Except as otherwise specifically provided in the Plan, the Distributions, rights and treatments that are provided in the Plan shall be in full and complete satisfaction, discharge and release in accordance with the Plan.

c. The following release, injunction and exculpation provisions set forth in Article X of the Plan are essential provisions of the Plan and are hereby approved and authorized in their entirety. Furthermore, any other release provisions, including, without limitation, any of the reservations of rights, that do not appear below but are set forth in Article X of the Plan are also approved and authorized in their entirety.

d. Distributions received under the Plan are in exchange for fair and reasonably equivalent value and do not constitute a fraudulent conveyance or transfer and are not otherwise avoidable under any provision of the Bankruptcy Code or applicable non-bankruptcy law.

Releases. Subject to Articles X.A.6, X.A.7 and X.A.8 of the Plan, and except as set forth in the last sentence of this paragraph, on the Effective Date and except as otherwise provided herein, the Reorganized Debtors and the Releasees are 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 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 is hereby enjoined. Notwithstanding the foregoing, the obligations under the Plan are not released. Without limitation of the exculpation or other provisions of the Plan and this Order, and for purposes of the release set forth in Article X.A.1 of the Plan only, such release will not apply to release Releasees from claims of Holders of Claims who (i) voted to reject the Plan; or (ii) opted out of the foregoing release in connection with the solicitation process approved by the Disclosure Statement Order and the Supplemental Disclosure Statement Order.

Subject to Articles X.A.6, X.A.7 and X.A.8 of the Plan, for good and valuable consideration, on the Effective Date and except as otherwise provided herein, the Debtors, the Estates, the Reorganized Debtors and any Person seeking to exercise the rights of the Estates, including, without limitation, the Trustee or any successor to the Debtors or any Estate representative appointed or selected pursuant to section 1123 of the Bankruptcy Code, will release the Releasees from any and all Claims and Causes of Action, including, without limitation, the Released Avoidance Actions and Tort Claims, 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 Effective Date.

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 will 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.

Injunction. Except as otherwise expressly provided for in the Plan, or this 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 will permanently enjoin all Persons, other than Holders of Administrative Claims set forth in Article I.7(b)(i) of the Plan, 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 the Debtors, the Reorganized Debtors or the Creditor Trusts; (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 the Debtors, the Reorganized Debtors or the Creditor Trusts; (c) creating, perfecting or enforcing in any manner directly or indirectly, any lien or encumbrance of any kind against the Debtors, the Reorganized Debtors or the Creditor Trusts; (d) asserting any setoff or offset of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the Reorganized Debtors or the Creditor Trusts; 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.

33. Term of Injunctions and Automatic Stay. Pursuant to Article XII of the Plan, unless otherwise provided in the Plan, all injunctions or stays arising under section 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

34. Injunction Against Interference with the Plan. Upon the entry of the Confirmation Order with respect to the Plan, all Holders of Claims and Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

35. Intercompany Claims. There shall be no distribution on account of Intercompany Claims. Notwithstanding the foregoing sentence, at the option of the Reorganized Debtors, the Reorganized Debtors are authorized to reinstate any and all Class 7(a), 7(c)-(h), and 7(j)-(u) Intercompany Claims.

36. No Res Judicata Effect. The entry of this 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 the Plan, this 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 entry of this Confirmation Order shall not be deemed a bar to asserting such Causes of Action

37. Final DIP Order. Nothing in the Plan or this Confirmation Order shall modify the provisions of the Final DIP Order, except as expressly provided for in the Plan or as expressly consented to by the Administrative Agent.

38. Letters of Credit. The Reorganized Debtors shall use commercially reasonable efforts to replace any letters of credit posted by the Administrative Agent or First Lien Agent no later than sixty (60) days after the Effective Date. Upon the release or replacement of all letters of credit posted by the Administrative Agent or First Lien Agent, all

Cash posted to secure the Debtors' obligations under such letters of credit shall be returned to, and become property of, the Reorganized Debtors.

39. Dissolution of Committees. As of the Effective Date, the duties of the Committee will terminate and the Committee shall be discharged and shall be disbanded and dissolve automatically, whereupon its members, professionals, and agents shall be released from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to applications for Fee Claims or reimbursement of expenses incurred as a member of the Committee, and any motions or other actions seeking enforcement or implementation of the provisions of the Plan or the Confirmation Order or pending appeals of Orders entered in the Chapter 11 Cases. Any post-Effective Date powers and duties that would otherwise be powers and duties of the Committee will be powers and duties of the Reorganized Debtors.

40. Dissolution of the Creditor Trusts. The Creditor Trusts will terminate five (5) years after the Effective Date, with the ability to extend the term upon the discretion of the Trustee or entry of an order of the Bankruptcy Court. Upon such termination, all beneficial interests in the Creditor Trusts will be extinguished, the legal existence of the Creditor Trusts will terminate, and all assets (if any) held by the Creditor Trusts on such date will 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 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 Trustee, in its sole discretion, deems necessary to reflect the termination of the legal existence of the Creditor Trusts, and may take any other action it deems necessary or

desirable to reflect the transfer of all assets (if any) held by the Creditor Trusts upon termination to the Reorganized Debtors.

41. Trust Fund Claims. The rights of the United States to payments of funds collected and required to be held in trust for the benefit of the United States pursuant to federal law by the Debtors or Reorganized Debtors or their agents, either before or after the Commencement Date, shall not be affected by the Plan or this Confirmation Order. The Debtors will pay undisputed trust fund claims of the United States in full in cash in the ordinary course of business.

42. Nonoccurrence of Effective Date. In the event that the conditions to consummation of the Plan and the occurrence of the Effective Date have not been satisfied or duly waived on or before the date that is 180 days after the Confirmation Date, then this Confirmation Order may be vacated by the Proponent. If this Confirmation Order is vacated or the Effective Date does not occur on or before July 31, 2009 unless otherwise extended by agreement among the Backstop Parties, the Plan shall be null and void in all respects, and nothing contained in the 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, the Proponent, the Administrative Agent, the First Lien Administrative Agent, the Holders of DIP Revolver Loan Claims, the Holders of First Lien Claims, the Second Lien Administrative Agent, the Holders of Second Lien Claims, the Committee or the Lennar Entities. In either such event, nothing contained in this Confirmation Order, any order in aid of consummation of the Plan, or the Plan, and no acts taken in preparation for consummation of the Plan, (a) shall be deemed to constitute a waiver or release of any Claims or Interests by or against the Debtors or any other persons or entities, to prejudice in any manner the rights of the Debtors or any person or entity in

any further proceedings involving the Debtors or otherwise, or to constitute an admission of any sort by the Debtors or any other persons or entities as to any issue, or (b) shall be construed as a finding of fact or conclusion of law in respect thereof.

43. Waiver or Estoppel. Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the rights to argue that its Claim or Interest should be Allowed in a certain amount, in certain priority, as secured, or not subordinated by virtue of an agreement made with the Debtors or their counsel, the Proponent or its counsel or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement or papers filed with the Court prior to the Confirmation Date.

44. Notice of Entry of Confirmation Order and Effective Date. Pursuant to Bankruptcy Rules 2002(f), 2002(k) and 3020(c), on or before the tenth (10th) Business Day following the Effective Date, the Proponent shall electronically file with the Court and serve notice of entry of this Confirmation Order and occurrence of the Effective Date by causing notice of entry of the Confirmation Order and occurrence of the Effective Date in substantially the same form as attached hereto as Exhibit A (the "Notice of Confirmation and Effective Date"), with such changes as the Court may require, to be delivered by email or first-Class mail, postage prepaid, to all parties having been served with the Disclosure Statement Approval Order. The notice described herein is adequate under the particular circumstances and no other or further notice is necessary.

45. Authorization to File Conformed Plan. The Proponent is authorized to file a conformed Plan, dated on the date hereof, that incorporates any changes consistent with this Confirmation Order or non-material amendments to the Plan within thirty (30) days after the entry of this Confirmation Order, provided that the Proponent gives notice of such amendments

to the Debtors, the Committee, the Second Lien Administrative Agent, Lennar and the Office of the United States Trustee. Such entities will have five (5) days from the date of receipt of notice to object thereto. To the extent that an objection is received, a hearing will be set with the Court to resolve the objection.

46. Authorization to Consummate. The Debtors and Reorganized Debtors are authorized to consummate the Plan at any time after the entry of this Confirmation Order. On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127 of the Bankruptcy Code.

47. Applicable Non-Bankruptcy Law. Pursuant to sections 1123(a) and 1142(a) of the Bankruptcy Code and the provisions of this Confirmation Order, the Plan, the Plan Supplement, and all other documents and agreements necessary to implement the Plan shall apply and be enforceable notwithstanding any otherwise applicable nonbankruptcy law.

48. Final Order. This Confirmation Order is a final order and the period in which an appeal must be filed shall commence upon the entry hereof.

49. Severability. Each term and provision of the Plan, as it may have been altered or interpreted by the Bankruptcy Court, is valid and enforceable pursuant to its terms.

50. Reference to Plan Provisions. The Plan is confirmed in its entirety as to each Debtor and is hereby incorporated into this Confirmation Order by reference (subject to any provision incorporated by such reference being governed by an express and contradictory provision herein). The failure to reference or discuss any particular provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of, or otherwise affect, the validity, binding effect and enforceability of such provision, and each provision of the Plan shall

have the same validity, binding effect and enforceability as if fully set forth in this Confirmation Order.

51. Headings. Headings utilized in this Confirmation Order are for convenience and reference only, and shall not constitute a part of the Plan or this Confirmation Order for any other purpose.

52. Conflicts Between Order and Plan. To the extent of any inconsistency between the provisions of the Plan and this Confirmation Order, the terms and conditions contained in this Confirmation Order shall govern. The provisions of this Confirmation Order are integrated with each other and are nonseverable and mutually dependent unless expressly stated by further order of this Court.

53. Resolution of U.S. Department of Veterans Affairs' Objection. Notwithstanding any provision to the contrary in the Plan, the Plan Supplement, the Order confirming the Plan and other implementing Plan documents (collectively, "Documents"), any licenses or permits issued by the United States to which one or more of the debtors is a party, permittee or licensee as well as the Consent Agreement In The Matter of Mare Island Naval Shipyard (Eastern Transfer Parcel), USEPA Docket No. TSCA-9-2002-0002, the non-residential real property lease between Lennar Mare Island, LLC and the United States of America (Department of Veterans Affairs ("VA")) for the property located at 1175 Nimitz Avenue, Vallejo, California (US lease number V101-183R-101-05-04), and all other contracts and leases with the United States of America (including VA), if any, to the extent they are assumed by the Debtors or Reorganized Debtors (collectively, "Government Interests") shall be treated, determined and administered in the ordinary course of business as if the Debtors' Chapter 11 cases had never been filed. Any Debtor or Reorganized Debtor that is a party, permittee,

licensee, or lessee under a Governmental Interest shall comply with the terms and requirements of the Governmental Interest and all non-bankruptcy law, federal regulations and statutes applicable to the Governmental Interest as if the Debtors' Chapter 11 Cases had never been filed. Nothing in the Documents shall be interpreted to set cure amounts for any of the Government Interests or affect the rights of the federal government to setoff or recoup any amounts due under, or relating to, any Government Interest, which rights are expressly preserved. Nothing in the Documents shall excuse the Debtors or Reorganized Debtors from complying with applicable law that governs the transfer of Governmental Interests to third parties, including but not limited to other Debtors or Reorganized Debtors.

If any real property owned by a Debtor subject to a United States Army Corps of Engineers (Corps) permit or permit verification issued to a Debtor under the authority of Section 404 of the Clean Water Act or Section 10 of the Rivers and Harbors Act is conveyed to new owner(s) pursuant to the Documents, the terms and conditions of the permit or permit verification, including any special conditions, will continue to be binding on the new owner(s) of the real property to the extent such permit or permit verification would normally be applicable to a purchaser or transferee of such real property. Pursuant to the terms of such permits or permit verifications, the new owner(s) shall, to the extent required by law, validate the transfer of the permit or permit verification and associated liabilities associated with compliance with the terms and conditions by executing an applicable permit transfer form and providing it to the Corps within the time requirement required by law. No Corps or US Fish and Wildlife Service permit or permit verification regarding any real property owned by a Debtor shall be regarded as an encumbrance that may be deemed cancelled or released by the Documents, nor shall any Corps or US Fish and Wildlife Service conservation easement or restrictive covenant executed pursuant

to the requirements of a permit or permit verification regarding any real property owned by a Debtor be regarded as an encumbrance that may be deemed cancelled or released by the Documents. To the extent required by nonbankruptcy law, the purchaser of any real property of the Debtors that is subject to a US Fish and Wildlife Service (USFWS) permit must notify the USFWS as to the intended use of the property. At the time of the transfer and to the extent provided by nonbankruptcy law, the permit will be temporarily suspended until such time that the new owner agrees to become a party to the original agreement and permit and USFWS can determine whether the existing permit is appropriate for the new owner's intended use and the new owner.

54. Matters Specific to Lennar Mare Island, LLC ("LMI"). The Settlement Agreement dated July 15, 2009 (the "LMI-CH2M Settlement Agreement") by and between LMI and CH2M HILL Constructors, Inc. ("CH2M") attached as Exhibit A to the Declaration of Michael White [Docket No. 2137] and LMI's execution of it, are hereby approved. The parties to the LMI-CH2M Hill Settlement Agreement are authorized to carry out the transactions provided for in that agreement.

As set forth in the LMI-CH2M Settlement Agreement, on the Effective Date LMI shall assume the Guaranteed Fixed Price Contract (the "GFPC") between LMI and CH2M, including the Milestone Change Order described in the LMI-CH2M Settlement Agreement. No amounts will be owed by LMI to CH2M on the Effective Date to cure any existing defaults under the GFPC, LMI does not owe GFPC damages for any defaults under the GFPC as of the Effective Date, and LMI has provided adequate assurance of future performance under the GFPC. Notwithstanding the assumption of the GFPC, LMI and GFPC shall have the rights set forth in section 3 of the LMI-CH2M Settlement Agreement.

Any consent decree or agreement between LMI and a Governmental Agency, injunction issued at the request of a Governmental Unit, cleanup and abatement order issued by a Governmental Unit, permit, streambed alteration agreement with a Governmental Unit, or any administrative or judicial order or decree binding upon LMI in effect as of the Effective Date of the Plan that pertains to any environmental obligation of LMI to a Governmental Unit shall survive the Effective Date as if LMI's bankruptcy case had not been commenced, shall not be discharged under section 1141(d) of the Bankruptcy Code, and shall not otherwise be adversely affected by LMI's bankruptcy case or this Confirmation Order.

All rights, claims and/or defenses of Steadfast Insurance Company ("Steadfast"), LMI and CH2M, respectively, as to any coverage issues arising under those certain insurance policies issued by Steadfast and listed as being assumed by LMI in the Second Plan Supplement (the "Steadfast Policies"), or based upon the LMI-CH2M Settlement Agreement, are hereby reserved and left unimpaired by the Plan and this Confirmation Order. The Steadfast Policies are hereby deemed assumed by LMI, and Steadfast's objection thereto and to the confirmation of the Plan is hereby deemed withdrawn.

55. Resolution of West Valley LLC Objection. Notwithstanding anything to the contrary in this Confirmation Order, the Plan or otherwise, and for the avoidance of doubt, West Valley LLC, a California limited liability company ("West Valley") is not and shall not be deemed a Lennar Entity nor shall any Claim asserted by West Valley (including any cure claim respecting an Effective Date Assumed Contract) be deemed or treated as a Lennar Claim. Moreover, notwithstanding anything to the contrary in this Confirmation Order, the Plan, including, without limitation Article X.A.1 of the Plan, or otherwise, West Valley expressly retains (a) any and all rights or Claims arising out of any Effective Date Assumed Contracts

between one of the Debtors and West Valley and (b) any and all rights or Claims relating to the Lennar Entities and the Lennar Releasees.

Within twenty (20) days after the occurrence of the Effective Date, LandSource Holding Company LLC shall transfer all of its interest in and to the parcels of property located in El Dorado County, California (the "Property") that are retained by West Valley, under Section 2.09 of that certain Agreement of Purchase and Sale (Units 1, 3, 4, 5A, 6 and 7) dated August 31, 2004 between West Valley, as seller, and Lennar Homes of California, Inc., as the purchaser (as amended, the "West Valley Purchase Agreement") which Property shall be reconveyed and transferred in accordance with the terms of the West Valley Purchase Agreement.

56. Resolution of Internal Revenue Service Objection.

Notwithstanding any other provision in the Confirmation Order, the Plan or any related documents, neither the Debtors nor the Reorganized Debtors are seeking in connection with these Chapter 11 Cases, and will not be deemed to have received, any prospective tax rulings or tax relief, including with respect to the Creditor Trusts being formed under the Plan and the related Creditor Trust Agreements, from the Internal Revenue Service.

57. Resolution of Dolce View (Los Angeles) LLC and CIM Fund III,

L.P. Objection. In the event any amount is determined to be payable as an Allowed Administrative Expense Claim by the estate of LNR-Lennar Washington Square LLC to Dolce View (Los Angeles) LLC and CIM Fund III, L.P. in connection with (x) a final non-appealable determination or decision in Adversary Proceeding No. 09-508885 (KJC) (the "Dolce Litigation") or (y) a valid settlement or compromise of the Dolce Litigation, such Allowed Administrative Expense Claim shall be deemed validly asserted against and payable under the

terms of the Plan by each of the Debtors' estates (except Lennar Mare Island LLC and Friendswood Development Company LLC) until such amount, if any, is paid in full.

58. Resolution of Kings Ridge Community Association Objection.

Within twenty (20) days after the occurrence of the Effective Date, LandSource Holding Company, LLC shall transfer all of its interest in and to the following real property located in Lake County, Florida (the "Property") by quit claim deed to The Kings Ridge Community Association, a Florida Not-For-Profit corporation (the "HOA"), which Property was dedicated to the HOA in the Plat for Devonshire at Kings Ridge, as recorded in Plat Book 37, Page 29 of the public records of Lake County, Florida: Tract B, DEVONSHIRE AT KINGS RIDGE, A SUBDIVISION, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 37, PAGES 29 THROUGH 31, INCLUSIVE, OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA.

59. Resolution of Altfillisch Contractors, Inc. Objection.

Notwithstanding anything in the Plan or Confirmation Order to the contrary, pending resolution of Adversary Proceeding No. 09-51509, the lien asserted by Altfillisch Contractors, Inc., as described in such adversary proceeding, will not be affected by the confirmation of the Plan or the Confirmation Order, and the validity and amount of such lien and claim will be determined in connection with the pending adversary proceeding.

60. Resolution of Joint Objection by Chaudhary and Associates, Inc. and

Ghilotti Construction Company, Inc. The lien asserted by Ghilotti Construction Company, Inc. in the amount of \$152,869.91 with respect to the work performed on the Mare Island project is a Senior Permitted Lien Claim and shall be paid in full, including interest and reasonable attorneys' fees to the extent permitted by applicable law, on the Effective Date of the Plan, or as soon as

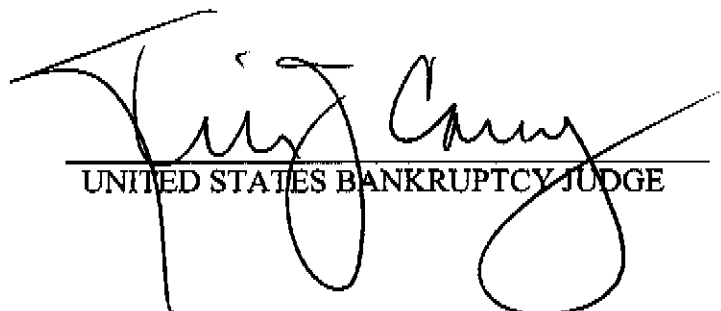
reasonably practicable thereafter, with 50% of the payment due no later than 20 days after the Effective Date and the remaining 50% of payment due no later than 60 days after the Effective Date.

The lien asserted by Chaudhary and Associates, Inc. in the amount of \$335,829.08 with respect to the work performed on the Mare Island project (the "Chaudhary Lien") is asserted to be a Senior Permitted Lien Claim and is disputed by the Debtors. To the extent the Chaudhary Lien or a portion thereof is determined to be a Senior Permitted Lien Claim, it shall be paid in full, including interest and reasonable attorneys' fees to the extent permitted by applicable law, in accordance with the terms of the Plan. The Reorganized Debtors shall institute an appropriate proceeding within 60-days of the Effective Date to resolve any dispute concerning the validity, priority, extent or amount of the Chaudhary Lien.

Notwithstanding anything to the contrary in the Plan or this Order, nothing in the Plan or this Order shall release, cancel or otherwise affect the validity, extent, priority or amount of the Chaudhary Lien.

61. Resolution of American Heritage Landscape, LP. To the extent necessary, the mechanics' lien claim of American Heritage Landscape, LP, in an amount of \$131,577.35 with respect to West Creek "C" Recreation Center, will be deemed to be on Exhibit I of the Disclosure Statement.

Dated: July 20, 2009
Wilmington, Delaware


UNITED STATES BANKRUPTCY JUDGE