

EXHIBIT B

The Plan (blackline)

**THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

-----X
:
In re : Chapter 11
:
LANDSOURCE COMMUNITIES : Case No. 08-11111 (KJC)
DEVELOPMENT LLC, *et al.*, :
: (Jointly Administered)
Debtors. :
-----X

**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**

Dated: July 6, 2009

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

ARTICLE I DEFINITIONS

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

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

2. “Administrative Costs” means those costs of administering the Chapter 11 Cases allocated to the Unencumbered Assets based upon the terms of the Final DIP Order and applicable law.

3. “Administrative Expense Bar Date” means that date which is sixty (60) days after entry of the Confirmation Order and will 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(b) and Article I.A.4(c), which will be exempt from the Administrative Expense Bar Date.

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

5. “Administrative Expense Objection Deadline” means the first Business Day that is one hundred and eighty (180) days after the Effective Date, as such date may be extended from time to time by the Bankruptcy Court.

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

7. “Allowed” means:

(a) with respect to any Claim, other than an Administrative Expense Claim, Fee Claim, DIP Revolver Loan Claim, First Lien Claim or Second Lien Claim:

(i) ~~any such~~ Claim ~~is allowed that~~ is allowed pursuant to or as provided in this Plan, the Confirmation Order or a Final Order of the Bankruptcy Court (or, if the automatic stay has been modified to permit such Claim to be liquidated in another tribunal, such Claim is allowed to the extent it is allowed by a Final Order of such tribunal);

(ii) ~~any such~~ Claim is allowed as set forth in the Schedules as liquidated in amount and not contingent or disputed (if no Proof of Claim by the Holder of such Claim was timely filed against the applicable Debtor); or

(iii) ~~any such~~ Claim is allowed with respect to which a Proof of Claim was properly and timely filed as provided in this Plan or the Bar Date Order, as applicable, and such Proof of Claim asserts such Claim as liquidated in amount and not contingent or disputed, and for which no objection to the allowance of such Claim has been interposed within the applicable period fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, the Local Rules or an order of the Bankruptcy Court.

(b) With respect to any Claim that is asserted to constitute an Administrative Expense Claim:

(i) that represents an actual or necessary expense of preserving the estate or operating the Debtors' business for payment of goods, services, wages or benefits or for credit extended to the Debtors, as debtors-in-possession, any such Claim is allowed to the extent that such Claim is reflected as a postpetition liability on the Debtors' books and records as of the Effective Date;

(ii) in an action against the Debtors pending as of the Confirmation Date, any such Claim is allowed to the extent (y) it is allowed by a Final Order of a court of competent jurisdiction or by agreement between the Reorganized Debtors and the holder of such Administrative Expense Claim and (z) if the Debtors dispute that such Claim is a cost or expense of administration under sections 503(b) and 507(a)(1) of the Bankruptcy Code, to the extent the Bankruptcy Court determines by a Final Order that it constitutes a cost or expense of administration under sections 503(b) and 507(a)(1) of the Bankruptcy Code; or

(iii) that is filed on or before the Administrative Bar Date, any such Claim is allowed to the extent (y) no objection is interposed by the Administrative Expense Objection Deadline or (z) if an objection is interposed by the Administrative Expense Objection Deadline, the portion of such Claim that is allowed by a Final Order of the Bankruptcy Court and only to the extent that such allowed portion is deemed, pursuant to a Final Order of the Bankruptcy Court, to

constitute a cost or expense of administration under sections 503(b) and 507(a)(1) of the Bankruptcy Code.

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

(d) With respect to DIP Revolver Loan Claims, such Claims are allowed in the aggregate amount of all principal, interest, fees, expenses and other obligations owed or owing as of the Effective Date with respect to the Revolver Facility provided for in the DIP Credit Agreement, including, without limitation, any and all amounts necessary to cash collateralize letters of credit issued thereunder.

(e) With respect to First Lien Claims, such Claims are allowed in the aggregate amount of all principal, interest, fees, expenses and other obligations owed or owing as of the Effective Date with respect to the Roll-Up Facility provided for in the DIP Credit Agreement, including, without limitation, any and all amounts necessary to cash collateralize letters of credit issued thereunder.

(f) With respect to Second Lien Claims, such Claims are allowed in the aggregate amount of all principal, interest, fees, expenses and other obligations owed or owing as of the Commencement Date as provided for in the Second Lien Credit Agreement.

8. “Allowed Amount” means the lesser of (a) the dollar amount of a Claim that is Allowed and (b) the Estimated Amount of such Claim.

9. “Appraiser Causes of Action” means any and all Causes of Action, if any, held by the Debtors, 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 and the Holders of the Second Lien Claims against CB Richard Ellis, Inc., its agents or affiliates relating to the valuation of the Debtors or the Debtors’ assets on or before the Commencement Date.

10. “Avoidance Actions” means Claims or Causes of Action asserted or that could be asserted by or on behalf of the Estates pursuant to sections 544 (including under applicable state laws through which transfers may be avoided), 546, 547, 548, 550 or 551 of the Bankruptcy Code other than the Released Avoidance Actions.

11. “Backstop” means the transactions contemplated by the Backstop Agreement.

12. “Backstop Agreement” means that certain Backstop Agreement, including any amendments thereto, by and among the Backstop Parties, the Proponent and the other parties that may become a party thereto, to acquire up to all of the Rights Offering Units not subscribed for in the Rights Offering, that is included in the Plan Supplement.

13. “Backstop Parties” means Anchorage Capital Master Offshore, Ltd.; Marathon Special Opportunity Master Fund, Ltd.; OZ Master Fund, Ltd.; Third Avenue Real Estate Value Fund; Third Avenue Opportunity Management LLC; TPG Credit Opportunities Fund, L.P.; TPG Credit Opportunities Investors, L.P.; TPG Credit Strategies Fund, L.P.; or their respective permitted assignees or affiliates.

14. “Ballot” means the form or forms distributed to Holders of Impaired Claims on which is to be indicated the acceptance or rejection of the Plan.

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

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

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

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

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

20. “Bond Agreement” means that certain Bond Management and Indemnity Agreement by and between Lennar Corporation, certain of its Affiliates and Reorganized LandSource Communities, in substantially the form included in the Plan Supplement, and the related pledge agreement included in the Plan Supplement.

21. “Bridges Litigation” means that action pending in the Superior Court **forthfor** the State of California styled *Briarwood Capital, LLC v. Lennar Land Partners II, et al.*, Case No. GIC877446.

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

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

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

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

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

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

28. “Claims Agent” means Kurtzman Carson Consultants LLC.

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

30. “Class 5 Trust” means that certain trust established pursuant to Article IX of the Plan for the benefit of the Holders of Allowed Unsecured Claims in Classes 5(a) - (u) solely for purposes of (a) receiving proceeds in the aggregate amount of \$10,000,000 to distribute to the Holders of Allowed Claims in Classes 5(a) - (u) in accordance with Articles V.E.1(a) and V.E.1(b); (b) distributing such proceeds (net of any Creditor Trust Expenses relating to the Class 5 Trust) to the Holders of Allowed Unsecured Claims in Classes 5(a) - (u) in accordance with the Plan; and (c) filing and prosecuting objections to, or negotiating, settling or otherwise resolving any and all Disputed Claims in Classes 5(a) - (u) in accordance with the objection procedures set forth in the Plan and pursuant to Article IX of the Plan.

31. “Class 5 Trust Advisory Board” means that certain three (3) member advisory board relating to the Class 5 Trust which members will be appointed by the Committee.

32. “Class 5 Turnover Trust” means that certain trust established pursuant to Article IX of the Plan for the benefit of the Holders of Allowed Unsecured

Claims in Classes 5(a) - (u) solely for purposes of (a) receiving fifty percent (50%) of the First Lien Creditor Trust Proceeds in accordance with Article V.E.1(c) of the Plan and (b) distributing such proceeds (net of the Creditor Trust Expenses relating to the Class 5 Turnover Trust) to the Holders of Allowed Unsecured Claims in Classes 5(a) - (u) in accordance with the Plan.

33. “Class 5 Turnover Advisory Board” means that certain three (3) member advisory board relating to the Class 5 Turnover Trust which members will be appointed by the Committee.

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

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

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

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

38. 34. “Confirmation Objection Deadline” means the deadline for objecting to confirmation of the Plan, as established by the Disclosure Statement Order.

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

40. 36. “Convenience Class Claim” means (a) any Unsecured Claim in an Allowed Amount equal to or less than \$10,000 or (b) any Unsecured Claim in an Allowed Amount of more than \$10,000 but equal to or less than \$50,000 to the extent that the Holder of such Unsecured Claim has elected on the Ballot to reduce the Allowed Amount of its claim to \$10,000 in order to receive treatment as a Convenience Class Claim. Without the prior written approval of the Proponent, no Claim may be subdivided into multiple Claims for purposes of receiving the treatment provided under this Plan to Holders of Allowed Convenience Class Claims. In the event a Holder of an Allowed Unsecured Claim against a Debtor holds more than one Allowed Unsecured Claim against a Debtor, all such Claims will be aggregated for purposes of determining whether each such Claim is a Convenience Class Claim.

41. 37. “Creditor Litigation Trust” means ~~the~~that certain trust established pursuant to Article IX of the Plan for the benefit of the Holders of Allowed First Lien Deficiency Claims, Allowed Second Lien Claims and Allowed Unsecured Claims solely for purposes of (a) pursuing the Avoidance Actions and Appraiser Causes of Action (or the right to pursue such Appraiser Causes of Action, subject to Article IX.D of the Plan), (b)

receiving the proceeds from the Avoidance Actions and Appraiser Causes of Action and (c) distributing such proceeds (net of any Creditor Trust Expenses relating to the Creditor Litigation Trust) to the Holders of Allowed First Lien Deficiency Claims, Allowed Second Lien Claims and Allowed Unsecured Claims in accordance with the Plan.

42. ~~38.~~ “Creditor Litigation Trust Advisory Board” means that certain five (5) member advisory board relating to the Creditor Litigation Trust which members will be appointed as follows: (a) three (3) members will be appointed by the Committee, (b) one (1) member will be appointed by the Second Lien Administrative Agent and (c) one (1) member will be appointed by the Administrative Agent.

43. ~~39.~~ “Creditor ~~Trust Agreement~~” means ~~the agreement~~Trusts” means the Class 5 Trust, the Class 5 Turnover Trust and the Creditor Litigation Trust established pursuant to Article IX of the Plan.

44. “Creditor Trust Advisory Boards” means the Class 5 Trust Advisory Board, the Class 5 Turnover Advisory Board and the Creditor Litigation Trust Advisory Board.

45. “Creditor Trust Agreements” means those certain agreements governing the formation and conduct of the Class 5 Trust, the Class 5 Turnover Trust and the Creditor Litigation Trust, each as set forth in the Plan Supplement.

46. ~~40.~~ “Creditor Trust Expenses” means all costs, expenses and obligations incurred by the Trustee ~~and its agents, employees and~~, one of the Creditor Trusts, one of the Creditor Trust Advisory Boards and their respective members, officers, directors, employees, professionals, representatives, agents, successors, heirs and assigns in administering the Creditor ~~Trust~~Trusts or in any manner connected, incidental or related thereto, including but not limited to the fees and expenses of professionals retained by the Trustee, one of the Creditor Trusts or one of the Creditor Trust Advisory Boards to assist in carrying out its post-Effective Date duties pursuant to this Plan and the Creditor Trust ~~Agreement~~Agreements.

47. ~~41.~~ “Creditor Trust Proceeds” means the actual consideration, if any, received by ~~the Creditor Trust as a result of any judgment, settlement or compromise of any of the Avoidance Actions and the Appraiser Causes of Action and~~ one of the Creditor Trusts less the Creditor Trust Expenses for such Creditor Trust.

48. ~~42.~~ “Debtors” means California Land Company; Friendswood Development Company LLC; Kings Wood Development Company, L.C.; LandSource Communities; LandSource Communities Development Sub LLC; LandSource Holding Company, LLC; Lennar Bressi Ranch Venture, LLC; Lennar Land Partners II; Lennar Mare Island, LLC; Lennar Moorpark, LLC; Lennar Stevenson Holdings, L.L.C.; LNR-Lennar Washington Square, LLC; LSC Associates, LLC; NWHL GP LLC; The Newhall Land and Farming Company (A California Limited Partnership); The Newhall Land and Farming Company; Southwest Communities Development LLC; Stevenson Ranch Venture LLC;

Tournament Players Club at Valencia, LLC; Valencia Corporation; and Valencia Realty Company.

49. ~~43.~~ “Deferred Bonus Program” has the meaning ascribed to it in the Employee Benefit Motion.

50. ~~44.~~ “Defined Benefit Plan” means The Newhall Land and Farming Company Retirement Plan.

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

52. ~~46.~~ “DIP Revolver Loan Claims” means all Claims of and obligations owing to the lenders with respect to the Revolver Facility provided for in the DIP Credit Agreement. The DIP Revolver Loan Claims are Allowed pursuant to this Plan.

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

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

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

56. ~~50.~~ “Disputed” means, with respect to a Claim, a Claim that is neither Allowed nor Disallowed.

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

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

59. ~~53.~~—“Distribution Address” means, for each Holder of a Claim, its address as set forth in the Proof of Claim with respect to such Claim or, if no Proof of Claim is filed in respect to a particular Claim, its address as set forth in the Schedules; *provided, however*, that (a) if, prior to the Confirmation Date, a Holder of a Claim has provided written notice of a different address to the Claims Agent, then the address for such Holder will be the address set forth in such notice and (b) if a Holder of a Claim provides written notice of a different address to the Distribution Agent (whose contact information is set forth in the Plan Supplement), the Distribution Agent will take all reasonable efforts to ensure that subsequent distributions are sent to the new address. Notwithstanding anything to the contrary herein, to the extent a Distribution on account of a Claim is required to be made to a Paying Agent, the Distribution Address for the Holder of such Claim will be the address of the Paying Agent.

60. ~~54.~~—“Distribution Agent” means such Person, as selected by the Proponent, in its sole discretion, to make Distributions under the Plan. The identity and contact information of the Distribution Agent is disclosed in the Plan Supplement.

61. ~~55.~~—“Distribution Date” means a date as soon as practicable after the Effective Date and once every six (6) months thereafter, unless determined by the ~~Distribution Agent, in its~~ Reorganized Debtors or the Trustee, as applicable, in their reasonable discretion, that such Distribution would be economically impractical.

62. ~~56.~~—“Distribution Record Date” means a date established by the Confirmation Order that will be the date of determination as to the Holder of a Claim for purposes of Distributions under this Plan.

63. ~~57.~~—“DLA Piper Litigation” means that certain action pending in the Superior Court of California, County of San Diego, Central Division captioned *Lennar Homes of California, Inc., et al. v. DLA Piper US LLP, et al.*, Case No. 37-2008-00092842-CU-PN-CTL.

64. ~~58.~~—“DLA Piper Litigation Proceeds” means the net proceeds (minus all reasonable costs and expenses incurred by a Debtor, Reorganized Debtor or a Lennar Entity in connection with the DLA Piper Litigation or the Bridges Litigation) received by the Reorganized Debtors from the DLA Piper Litigation.

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

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

67. ~~61.~~ “Employee Benefit Motion” means the Debtors’ Motion Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code for an Order (I) Authorizing Payment of Wages, Compensation and Employee Benefits and (II) Authorizing and Directing Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations filed on June 8, 2008 [Docket No. 7].

68. ~~62.~~ “Encumbered Assets” means the Estate Assets or other property or interests in property of the Debtors in or upon which the Holders of the DIP Revolver Loan Claims and First Lien Claims have a valid, perfected and enforceable security interest, lien, mortgage or other encumbrance securing such Claims, pursuant to the DIP Credit Agreement (as modified by the Final DIP Order).

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

70. ~~64.~~ “Estate Assets” means all property and other interests of the Debtors included in the Estates pursuant to section 541 of the Bankruptcy Code, including the Causes of Action and all other property and interests of the Debtors, wherever located or of whatever type or nature, existing as of the Confirmation Date or thereafter arising (but excluding assets distributed, expended or otherwise disposed of by the Debtors prior to the Confirmation Date that are not otherwise subject to recovery by the Debtors), including, without express or implied limitation, any executory contracts and unexpired leases assumed by the Debtors pursuant to a Final Order of the Bankruptcy Court or this Plan and any rights of the Debtors pursuant to section 505 of the Bankruptcy Code, and all proceeds of the foregoing.

71. ~~65.~~ “Estimated Amount” means the estimated dollar value of a Disputed Claim as determined by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code.

72. ~~66.~~ “Excess G&A Claims” means those certain Claims asserted jointly and severally against LNR NWHL Holdings, Inc., LNR Land Partners Sub, LLC and Lennar Homes of California, Inc. under Section 8.2 of the Second Amended and Restated LLC Agreement of LandSource Communities.

73. ~~67.~~ “Exculpated Person” means (a) the Proponent, the Administrative Agent, the First Lien Administrative Agent, the Steering Committee, the former and current Holders of DIP Revolver Loan Claims and former and current Holders of First Lien Claims, and

each of their respective former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives, professionals or any professionals employed by them; (b) the Debtors, the Reorganized Debtors and their respective former, current and future Affiliates, members, officers, directors, LandSource Dedicated Employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives, professionals or any professionals employed by them; (c) the Second Lien Administrative Agent, former and current Holders of Second Lien Claims, and their respective former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives, professionals, or any professionals employed by them; (d) the Committee and its members, representatives, agents and professionals, *provided, however*, such persons will only be Exculpated Persons in their capacity as members, agents, representatives or professionals of the Committee for actions taken as members of the Committee and for no other purposes; (e) the Lennar Investor and its former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives, professionals or any professionals employed by them; (f) the Lennar Releasees and each of their former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives, professionals or any professionals employed by them; (g) the Paying Agents; (h) the Distribution Agent; (i) the Backstop Parties and each of their respective former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives, professionals or any professionals employed by them; (j) the Subscription Agent; (k) the Trustee, the Creditor Trust Advisory ~~Board~~Boards and their respective members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives, professionals or any professionals employed by them and (l) the LNR Entities, the LNR Investors and each of their former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives, professionals or any professionals employed by them.

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

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

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

77. ~~71.~~ “Final Order” means an order as to which the time to appeal, petition for *certiorari*, or move for reargument or rehearing has expired and as to which no appeal, petition for *certiorari*, or other proceeding for reargument or rehearing will then be pending or as to which any right to appeal, petition for *certiorari*, reargue or rehear will have been waived in writing in form and substance satisfactory to the Proponent, as applicable, or, in the event that an appeal, writ of *certiorari* or reargument or rehearing thereof has been sought, such order has been affirmed by the highest court to which such order was appealed, or *certiorari*, reargument or rehearing has been denied by the highest court from which *certiorari*, reargument or rehearing was sought, and the time to take any further appeal, petition for *certiorari* or move for reargument or rehearing has expired; provided, however, that the possibility of a timely motion under Bankruptcy Rule 9024 or any applicable analogous rule being filed with respect to such order will not prevent the order from being a Final Order.

78. ~~72.~~ “First Lien Administrative Agent” means Barclays Bank PLC, as administrative agent under the First Lien Credit Agreement.

79. ~~73.~~ “First Lien Claim Distribution” means (a) 44.51% of Holdco Class A Units (which percentage is (i) based on a Rights Offering Amount of \$117.9 million, (ii) subject to adjustment based upon any adjustment to the Rights Offering Amount, (iii) equivalent to a 37.46% indirect ownership interest in Reorganized LandSource Communities, subject to dilution by the Management Co. Equity Interest and Haddad Interest, (iv) subject to a pro rata adjustment to the extent a recipient of any Holdco Class A Units elects to receive Newhall Intermediary Units in lieu of Holdco Class A Units) allocable to the Holders of First Lien Claims on account of (i) the Value of the Encumbered Assets and (ii) the Value of the Unencumbered Assets and (b) 50% of the First Lien Creditor Trust Proceeds, subject to the limitation set forth in Article V.I and *provided that* Holders of Allowed Unsecured Claims will not receive distributions in excess of 100% of the Allowed ~~Amount~~Amounts of their respective Claims (which Allowed Amount will not include interest) and if such Holders of Allowed Unsecured Claims do receive 100% of the Allowed Amounts of their respective Claims (without interest), then 100% of the First Lien Creditor Trust Proceeds will be payable to the Holders of First Lien Claims.

80. ~~74.~~ “First Lien Creditor Trust Proceeds” means, with respect to a particular Debtor, the Creditor Trust Proceeds relating to the Creditor Litigation Trust times (i) the Allowed Amount of the First Lien Deficiency Claims against such Debtor, divided by (ii) the sum of the Allowed Amounts of the First Lien Deficiency Claims, the Second Lien Claims and the Unsecured Claims against such Debtor.

81. ~~75.~~ “First Lien Claims” means the First Lien Secured Claims and the First Lien Deficiency Claims.

82. ~~76.~~ “First Lien Credit Agreement” means that Certain First Lien Credit Agreement, dated February 27, 2007, as amended, supplemented or otherwise modified, by and among LandSource Holding Company, LLC, as borrower, LandSource Communities and various financial institutions and other Persons party thereto from to time as lenders thereunder.

83. ~~77.~~ "First Lien Deficiency Claims" means the Unsecured Claims of and obligations owing to the lenders with respect to the Roll-Up Facility and the First Lien Credit Agreement to the extent that the Value of the Encumbered Assets is not sufficient to satisfy in full the First Lien Claims. The First Lien Deficiency Claims are Allowed pursuant to this Plan and will be deemed Class 3(a) - (u) Claims.

84. ~~78.~~ "First Lien Secured Claims" means the Secured Claims of and obligations owing to the lenders with respect to the Roll-Up Facility and the First Lien Credit Agreement in such amount equal to the Value of the Encumbered Assets *less* the amount outstanding under the Revolver Facility as of the Effective Date. The First Lien Secured Claims are Allowed pursuant to this Plan and will be deemed Class 3(a) - (u) Claims.

85. ~~79.~~ "Five Year Future Benefit" has the meaning ascribed to it in the Employee Benefit Motion.

86. ~~80.~~ "Haddad Award Agreement" means that certain award agreement among Holdco, Reorganized LandSource Communities and Emile Haddad included in the Plan Supplement.

87. ~~81.~~ "Haddad Award Units" means the Reorganized LandSource Communities Units (and the corresponding Holdco Class B Units) awarded to Emile Haddad immediately post-Effective Date based on a deemed investment of \$750,000. The Haddad Award Units will vest ratably over three (3) years.

88. ~~82.~~ "Haddad Interest" means collectively the Haddad Award Units and Haddad Purchased Units.

89. ~~83.~~ "Haddad Purchased Units" means the Reorganized LandSource Communities Units (and the corresponding Holdco Class B Units) received by Emile Haddad immediately post-Effective Date in exchange for a \$1,000,000 investment (which Units shall be based on the same price paid for the Rights Offering Units).

90. ~~84.~~ "Haddad Investment Agreement" means that certain investment agreement among Holdco, Reorganized LandSource Communities and Emile Haddad included in the Plan Supplement.

91. ~~85.~~ "Holdco" means Newhall Holding Company, LLC, a Delaware limited liability company, formed on or before the Effective Date by the Debtors for purposes of implementing the transactions contemplated herein.

92. ~~86.~~ "Holdco Class A Units" means the Class A Units of Holdco.

93. ~~87.~~ "Holdco Class B Units" means the Class B Units of Holdco which will equal the aggregate amount of Units outstanding at Newhall Intermediary and Reorganized LandSource other than such Units owned by Holdco or Newhall Intermediary, respectively. The Holdco Class B Units will not have any economic rights at Holdco and will be extinguished (on a one-for-one basis) at such time as any holder of Units of either Newhall Intermediary or

Reorganized LandSource exchanges such Units for Holdco Class A Units in accordance with the Holdco LLC Agreement, Newhall Intermediary LLC Agreement and Reorganized LandSource LLC Agreement, as applicable.

94. ~~88.~~—“Holdco LLC Agreement” means that certain limited liability company agreement of Holdco included in the Plan Supplement.

95. ~~89.~~—“Holdco Units” means collectively the Holdco Class A Units and Holdco Class B Units.

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

97. ~~91.~~—“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

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

99. ~~93.~~—“Incentive Plan” has the meaning ascribed to it in the Debtors’ Motion Pursuant to Sections 363(b)(1) and 503(c)(3) of the Bankruptcy Code for Order Authorizing Implementation of Employee Incentive Plan [Docket No. 481].

100. ~~94.~~—“Intercompany Claim” means any Claim that is held or asserted by a Debtor against another Debtor.

101. ~~95.~~—“Intercompany Interest” means any Interest in any of the Debtors, within the meaning of section 101(16) of the Bankruptcy Code, held by another Debtor other than those Interests in Friendswood Development Company, LLC and Lennar Mare Island, LLC.

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

103. ~~97.~~—“LandSource Communities” means LandSource Communities Development LLC, a Debtor.

104. ~~98.~~—“LandSource Dedicated Employees” means any person (including, without limitation, any employee of a Lennar Entity) whose salary was paid, directly or through reimbursement, by the Debtors during their Chapter 11 Cases.

105. ~~99.~~—“Lennar Acquired Interests” means the acquisition by one or more Lennar Entities, pursuant to the Plan and the Lennar Investment Agreement, on the Effective Date of (a) 100% of the equity interests in Lennar Mare Island, LLC (unless, pursuant to

Lennar's option, Lennar does not acquire such equity interests), (b) 100% of the equity interests in Friendswood Development Company, LLC, (c) 100% of the equity interests in LLP II HCC, and (d) 50% of the Equity Interests in Lennar Winncrest.

106. ~~100.~~—“Lennar Claims” means any and all Claims, including, without limitation, any Claims relating to or arising from Rejection Damages, held by any Lennar Entity or any other Affiliate controlled by any Lennar Entity against any Debtors or their Estates, but specifically excluding (a) any Interests held by any Lennar Entity in LandSource Communities, (b) any Claims held by (i) MS Rialto Residential Holdings, LLC, (ii) entities controlled by MS Rialto Residential Holdings, LLC or (iii) entities in control of MS Rialto Residential Holdings, LLC (other than a Lennar Entity) and (c) any Senior Permitted Lien Claims held by a Lennar Entity, subject to the terms and conditions of the Lennar Investment Agreement. The Lennar Claims will be included in Classes 5(a) - (u) and will be treated as set forth in Article V.E.

107. ~~101.~~—“Lennar Corporation” means Lennar Corporation, a Delaware corporation.

108. ~~102.~~—“Lennar Entities” means, collectively, Lennar Corporation and any other entity it wholly owns, directly or indirectly.

109. ~~103.~~—“Lennar Equity Interest” means, as of the Effective Date, 14.85% of the Reorganized LandSource Communities Units (and the corresponding Holdco Class B Units), on a fully diluted basis, subject to dilution due to the Management Co. Equity Interest and Haddad Interest; *provided, however*, that if the LNR Investment Agreement is not entered into, the Lennar Equity Interest will be 15% of the Reorganized LandSource Communities Units (and the corresponding Holdco Class B Units).

110. ~~104.~~—“Lennar Equity Investment” means the \$140,000,000 investment to be made by the Lennar Investor into the Reorganized Debtors on the Effective Date in exchange for (a) the Lennar Equity Interest, (b) the settlement and release of the 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) the other benefits set forth in the Lennar Investment Agreement. For the avoidance of doubt, the Lennar Equity Investment does not include the cure costs associated with curing defaults arising prior to the Commencement Date in connection with the assumption of any executory contracts or unexpired leases relating to the Lennar Acquired Interests (which amount will be in addition to the Lennar Equity Investment paid by the Lennar Investor), any Cash on the Effective Date (unless otherwise specified in the Lennar Investment Agreement and provided that Lennar will have no obligation to distribute Cash from LLP II HCC or its subsidiaries) or any recoveries on account of the LNR Excess G&A Claims in excess of \$13,500,000. To the extent that the LNR Investment Agreement is entered into and approved as part of this Plan, the Lennar Equity Investment will be reduced by an amount equal to 15% of the LNR Equity Investment.

111. ~~105.~~—“Lennar Investment Agreement” means that certain agreement among the Administrative Agent, Management Co., Emile Haddad and Lennar Corporation, that is included in the Plan Supplement.

112. ~~106.~~ “Lennar Investor” means Lennar Corporation or a designated wholly-owned subsidiary of Lennar Corporation.

113. ~~107.~~ “Lennar Released Claims” means all Claims held by any of the Debtors against any Lennar Releasee (including, but not limited to, the Excess G&A Claim, any Claim under subdivision development agreements between a Debtor and a Lennar Entity, any Claim under an option agreement between a Debtor and a Lennar Entity, any Claim under the Construction Agreement dated as of June 2005 between Southwest Communities Development, LLC and Lennar Communities Nevada, and any Claim arising under any other Contract between any Lennar Entity and any Debtor), specifically excluding any Released Avoidance Actions (which are released in Article X.A.2), Tort Claims (which are released in Article X.A.2), and Claims relating to Effective Date Assumed Contracts, including, without limitation, any Effective Date Assumed Contracts relating to the Lennar Acquired Interests.

114. ~~108.~~ “Lennar Releasees” means, collectively, Lennar Corporation; Lennar Homes of California, Inc.; Lennar Renaissance, Inc.; Lennar Communities Nevada, Inc.; Lennar Communities, Inc.; Lennar Communities Development, Inc.; U.S. Home Corporation; Lennar Fresno, Inc.; Lennar Reno, LLC; Lennar Homes, Inc.; Lennar/Weekley Willow Cove, LLC; Lennar Homes, LLC; MS Rialto Residential Holdings, LLC; Lennar Sales Corp.; and Lennar Homes of Texas Land and Construction Co., Ltd. and each of their respective former, current and future officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives, professionals or any professionals employed by them.

115. ~~109.~~ “Lennar Winncrest” means Lennar Winncrest, LLC, a Delaware limited liability company.

116. ~~110.~~ “LLPII HCC” means LLPII HCC Holdings, LLC, a Delaware limited liability company.

117. ~~111.~~ “LNR” means LNR Property Corporation.

118. ~~112.~~ “LNR Claims” means any and all Claims, including, without limitation, any Claims relating to or arising from Rejection Damages, held by any LNR Entity or any other Affiliate controlled by any LNR Entity against any Debtors or their Estates, but specifically excluding any Interests held by any LNR Entity in LandSource Communities. The LNR Claims will be included in Classes 5(a) - (u) and treated as set forth in Article V.E.

119. ~~113.~~ “LNR Entities” means LNR CPI Cross Valley Plaza LLC, LNR CPI Entrada Office LLC, LNR CPI Plaza West Hills LLC, LNR CPI Valencia Town Center Office LLC, LNR CPI West Creek Apartments LLC, LNR CPI West Creek Retail LLC, LNR Gateway V LLC, LNR Land Partners Sub LLC, LNR NWHL Holdings Inc., LNR Property Corporation and each of their affiliates.

120. ~~114.~~ “LNR Equity Interest” means 1% of the Reorganized LandSource Communities Units (and the corresponding Holdco Class B Units), subject to dilution due to the Management Co. Equity Interest and Haddad Interest.

121. ~~115.~~ “LNR Equity Investment” means the \$13,000,000 investment to be made by LNR into Reorganized LandSource Communities on the Effective Date in exchange for the LNR Equity Interest.

122. ~~116.~~ “LNR Excess G&A Claims” means those Excess G&A Claims against LNR NWHL Holdings, Inc. and LNR Land Partners Sub, LLC that could have been asserted by the Debtors (or by the Holders of the First Lien Claims on account of their liens against such Claims) to be assigned to the Lennar Investor; *provided that* any recoveries on account of such Claims in excess of \$13,500,000 will be distributed to the Holders of Allowed First Lien Claims pursuant to the terms of this Plan.

123. ~~117.~~ “LNR Investment Agreement” means that certain Investment Agreement entered into by and between the LNR Investors and the Proponent that is included in the Plan Supplement.

124. ~~118.~~ “LNR Investors” means those Affiliates of LNR that are parties to the LNR Investment Agreement.

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

126. ~~120.~~ “Management Agreement” means that certain agreement by and between Management Co. and Reorganized LandSource Communities included in the Plan Supplement.

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

128. ~~122.~~ “Management Co. Equity Interest” means the Reorganized LandSource Communities Units (and the corresponding Holdco Class B Units), if any, granted to Management Co. pursuant to the Management Agreement and the Reorganized LandSource Communities LLC Agreement.

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

130. ~~124.~~ “Newco” means a Delaware limited liability company to be formed by the Debtors prior to the Effective Date and owned 100% by LandSource Holding Company, LLC for purposes of effectuating certain mergers of Debtor entities on the Effective Date.

131. ~~125.~~ “Newhall” means The Newhall Land and Farming Company (a California Limited Partnership).

132. ~~126.~~ “Newhall Intermediary” means Newhall Intermediary Holding Company, LLC, a Delaware limited liability company, formed on or before the Effective Date by the Debtors for purposes of implementing the transactions contemplated herein.

133. ~~127.~~ “Newhall Intermediary LLC Agreement” means that certain limited liability company agreement of Newhall Intermediary included in the Plan Supplement.

134. ~~128.~~ “Newhall Intermediary Units” means Units in Newhall Intermediary; *provided that* each Person holding Newhall Intermediary Units will receive the same number of Holdco Class B Units and for purposes of this Plan, the phrase “Newhall Intermediary Units” will include such like number of Holdco Class B Units issued to such Person.

135. ~~129.~~ “Newhall Unsecured Claim” means any Unsecured Claim included in Class 5(u) of the Plan.

136. ~~130.~~ “Non-Newhall Debtors” means all Debtors other than Newhall.

137. ~~131.~~ “Non-Newhall Debtors Unsecured Claim” means any Unsecured Claim against a Non-Newhall Debtor included in Classes 5(a) - (t) of the Plan.

138. ~~132.~~ “Paying Agent” means the following Persons will be responsible for making Distributions to the Holders of Allowed Claims, as applicable, pursuant to the provisions of this Plan: (a) unless otherwise agreed to with the Distribution Agent, for the DIP Revolver Claims and the First Lien Claims, the Administrative Agent, (b) unless otherwise agreed to with the Distribution Agent, for the Second Lien Claims, the Second Lien Administrative Agent, and (c) for all other Holders of Allowed Claims, the Distribution Agent or such other agent(s) contractually authorized and/or obligated to make distributions to Holders of certain Claims, and similar intermediaries and agents participating in making or conveying Distributions as required by this Plan.

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

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

141. ~~135.~~ “Plan Supplement” means the compilation of documents and forms of documents specified in this Plan that will be filed with the Bankruptcy Court as provided in Article I.C below, that will be considered a part of this Plan for all purposes, that may be altered, amended or modified from time to time and that will be in a form reasonably acceptable to the Backstop Parties.

142. ~~136.~~ “Primary Allocable First Lien Units” means 92.5% of the Rights Offering Units available for purchase by the Holders of First Lien Claims.

143. ~~137.~~ “Primary Allocable Second Lien Units” means 5.1% of the Rights Offering Units that were previously available for purchase by the Holders of Second Lien Claims under a prior version of the Plan dated June 2, 2009.

144. ~~138.~~ “Primary Allocable Unsecured Claim Units” means 2.4% of the Rights Offering Units that were previously available for purchase by the Holders of Allowed Unsecured Claims (which Allowed Unsecured Claims will not include any Disallowed Claims, Disputed Claims or Claims that are the subject of pending litigation) under a prior version of the Plan dated June 2, 2009.

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

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

147. ~~141.~~ “Proponent” means the Administrative Agent.

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

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

150. ~~144.~~ “Reinstated” means (a) leaving unaltered the legal, equitable and contractual rights to which a Holder of such Claim is entitled so as to leave such Claim Unimpaired or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim to demand or receive accelerated payment of such Claim after the occurrence of a default: (i) curing any such default that occurred before or after the Commencement Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) of the Bankruptcy Code expressly does not require to be cured, (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law, (iv) if such Claim arises from a failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A) of the Bankruptcy Code, compensating the Holder of such Claim (other than a Debtor or an insider (as such term is defined in section 101(31) of the Bankruptcy Code) for any actual pecuniary loss incurred by

such Holder as a result of such failure and (v) not otherwise altering the legal, equitable or contractual rights to which such Holder of a Claim is entitled.

151. ~~145.~~ “Rejection Damages” means those damages that are established by the executory contract counterparty that arise as a result of rejection of such executory contract (e.g., lost future profits). For the avoidance of doubt, Rejection Damages do not include any damages under an executory contract that occurred before the effective date of rejection of the executory contract.

152. ~~146.~~ “Released Avoidance Actions” means Claims or Causes of Action asserted or that could be asserted by or on behalf of the Debtors or the Estates pursuant to sections 544 (including under applicable state laws through which transfers may be avoided), 546, 547, 548, 550 or 551 of the Bankruptcy Code against the Administrative Agent, the First Lien Administrative Agent, current or former Holders of DIP Revolver Loan Claims, current or former Holders of First Lien Claims, the Second Lien Administrative Agent, current or former Holders of Second Lien Claims, Lennar Corporation, the Lennar Entities, the Lennar Releasees, the LNR Entities and each of their respective former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives and professionals, in their official and individual capacities, and each of their respective successors, executors, administrators, heirs and assigns or any Persons controlling or controlled by any of the foregoing.

153. ~~147.~~ “Releasees” means the Debtors, the Administrative Agent, the First Lien Administrative Agent, the Second Lien Administrative Agent, the Distribution Agent, the Subscription Agent, the Paying Agent, the Steering Committee, the Backstop Parties, the Trustee, the Creditor Trust Advisory ~~Board~~Boards, Lennar Corporation, the Lennar Entities, the Lennar Releasees, the Lennar Investor, LNR, the LNR Entities, the LNR Investors, current and former Holders of the DIP Revolver Loan Claims, current and former Holders of the First Lien Claims, current and former Holders of Second Lien Claims and each of their respective former, current and future Affiliates, members, officers, directors, employees (including, without limitation, the LandSource Dedicated Employees), consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives and professionals, in their official and individual capacities, and each of their respective successors, executors, administrators, heirs and assigns or any Persons controlling or controlled by any of the foregoing.

154. ~~148.~~ “Reorganized Debtors” means the Debtors, including LandSource Communities, Newhall Intermediary, Holdco and Newco, on and after the Effective Date.

155. ~~149.~~ “Reorganized LandSource Communities” means LandSource Communities on and after the Effective Date, which legal entity may be renamed Newhall Land Development, LLC.

156. ~~150.~~ “Reorganized LandSource Communities LLC Agreement” means that certain limited liability company agreement of Reorganized LandSource Communities included in the Plan Supplement.

157. ~~151.~~ “Reorganized LandSource Communities Units” means Units in Reorganized LandSource Communities; *provided that* each Person holding Reorganized LandSource Communities Units will receive the same number of Holdco Class B Units and for purposes of this Plan, the phrase “Reorganized LandSource Communities Units” shall include such like number of Holdco Class B Units issued to such Person.

158. ~~152.~~ “Reorganized Newhall” means The Newhall Land and Farming Company (a California Limited Partnership), on and after the Effective Date.

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

160. ~~154.~~ “Rights Offering” means an offering of the Rights Offering Units for the Rights Offering Amount to the Rights Offering Participants.

161. ~~155.~~ “Rights Offering Amount” means up to \$140,000,000, which amount will be used to fund the Plan and provide working capital to the Reorganized Debtors post-Effective Date; *provided that* such amount may be adjusted by the Proponent prior to the Effective Date.

162. ~~156.~~ “Rights Offering Participant” means those Holders of First Lien Claims that are Accredited Investors; *provided that* such Holders’ Claims, in the aggregate, are in excess of the amount necessary to acquire at least one Rights Offering Unit as set forth in the Subscription Form for each such Holder.

163. ~~157.~~ “Rights Offering Units” means up to 55.49% of Holdco Units (which percentage is (i) based on a Rights Offering Amount of \$117.9 million, (ii) subject to adjustment based upon any adjustment to the Rights Offering Amount, (iii) equivalent to a 46.69% indirect ownership interest in Reorganized LandSource Communities, subject to dilution by the Management Co. Equity Interest and Haddad Interest, and (iv) subject to a pro rata adjustment to the extent a recipient of any Holdco Class A Units elects to receive Newhall Intermediary Units in lieu of Holdco Class A Units). The Rights Offering Units will be allocated between Holdco Class A Units and Newhall Intermediary Units (including the corresponding Holdco Class B Units) based upon the elections made by the Rights Offering Participants in the Subscription Form.

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

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

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

167. ~~161.~~ “Second Lien Claims” means all Claims of and obligations owing to the lenders under the Second Lien Credit Agreement and all Claims (if any) owing to such lenders pursuant to the Final DIP Order.

168. ~~162.~~ “Second Lien Creditor Trust Proceeds” means the amount of Creditor Trust Proceeds relating to the Creditor Litigation Trust with respect to a particular Debtor times (i) the Allowed Amount of the Second Lien Claims against such Debtor, divided by (ii) the sum of the Allowed Amounts of the First Lien Deficiency Claims, the Second Lien Claims and the Unsecured Claims against such Debtor.

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

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

171. ~~165.~~ “Senior Permitted Lien Claim” means any Allowed Secured Claim that is (a) a “Permitted Lien” under the DIP Credit Agreement and the Final DIP Order (~~either because such Allowed Secured Claim is listed as a “Permitted Lien” in the Final DIP Order or that certain Order with Respect to Appeal by Sam Hill & Sons, Inc. From Final DIP Financing Order [Docket No. 456]—or because the Holder of such Allowed Secured Claim did not receive actual notice of the final hearing to consider approval of the DIP Credit Agreement~~) and (b) determined, either by agreement of the Debtors and the Administrative Agent or by a Final Order of the Bankruptcy Court to (i) have a validly perfected lien against property of the Debtors and (ii) have had priority over the liens securing the Debtors’ obligations under the First Lien Credit Agreement and the Second Lien Credit Agreement as of the Commencement Date. Exhibit H to the Disclosure Statement, including any amendments thereto made prior to the Effective Date, sets forth all known Secured Claims that have been asserted to be Senior Permitted Lien Claims and satisfy the requirements of subsections (a) and (b). Exhibit I to the Disclosure Statement, including any amendments thereto made prior to the Effective Date, 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 subsections (a) and (b). Any Claim that purports to be a Secured Claim but is not listed on either Exhibit H or Exhibit I to the Disclosure Statement, including any amendments made to each such Exhibit prior to the Effective Date, will be deemed an Unsecured Claim unless the Bankruptcy Court enters an Order prior to the Confirmation Date determining that such Claim meets the requirements of subsection (a) hereof, in which case such Claim will be deemed to be an asserted Senior Permitted Lien Claim and included in Exhibit I.

172. ~~166.~~ “Southern California Properties” means collectively the properties identified as the Bridge at Jefferson, Harveston 1-Barrington, Harveston 2-Consolidated, Indian Palms (4500s and 5000s), Mc Sweeney Farms, Palm Springs Classic, Vista Escondido - Coachella and that were subject to the Order of the Bankruptcy Court entered on April 17, 2009 [Docket No. 1497].

173. ~~167.~~ “Steering Committee” means Anchorage Advisors, LLC; Commercial Industrial Finance Corporation; Marathon Asset Management, LP; Affiliate Investment Funds of OZ Management LP; Third Avenue Management LLC and TPG Credit Management, L.P.

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

175. ~~169.~~ “Subscription Agent” means Kurtzman Carson Consultants LLC.

176. ~~170.~~ “Subscription Expiration Date” means the July 6, 2009.

177. ~~171.~~ “Subscription Form” means the subscription form(s) and applicable instructions included on the Ballot sent to each Rights Offering Participant on which such Rights Offering Participant may exercise his, her or its Subscription Right, in substantially the form attached to the Disclosure Statement Order.

178. ~~172.~~ “Subscription Purchase Price” means the total amount owed by each Rights Offering Participant for such Rights Offering Participant's Rights Offering Units.

179. ~~173.~~ “Subscription Purchase Price Payment Date” means July 6, 2009.

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

181. ~~175.~~ “Supplemental Disclosure Statement” means that certain Supplement to the Disclosure Statement dated July 6, 2009.

182. ~~176.~~ “Supplemental Disclosure Statement Order” means that certain Order approving the Supplemental Disclosure Statement.

183. ~~177.~~ “Tort Claim” means any Claim held by any of the Debtors against any Releasee for any damages arising from a breach of duty, actual fraud or other bases arising in tort for actions occurring prior to the Commencement Date.

184. ~~178.~~ “Trustee” means KDW Restructuring & Liquidation Services LLC, the Person selected by the Committee to act as trustee for the Class 5 Trust, the Class 5 Turnover Trust and the Creditor Litigation Trust in accordance with ~~the~~their respective Creditor Trust Agreement Agreements, as set forth in the Plan Supplement, and whose appointment is approved by the Bankruptcy Court pursuant to the Confirmation Order.

185. ~~179.~~ “Unallocated Rights Offering Units” means the Primary Allocable Second Lien Units and the Primary Allocable Unsecured Claim Units.

186. ~~180.~~ “Unclaimed Property” means any Cash or other property unclaimed on or after the Distribution Date in respect of the applicable Allowed Claim. Unclaimed Property will include, without express or implied limitation, (a) checks (and the funds represented thereby) and other property mailed to a Distribution Address and returned as undeliverable without a proper forwarding address; (b) funds for checks not cashed for ninety (90) days after issuance; and (c) checks (and the funds represented thereby) not mailed or delivered because no Distribution Address to mail or deliver such property was available on the applicable Distribution Date.

187. ~~181.~~ “Unimpaired” means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

188. ~~182.~~ “Units” means the entire ownership interest of a member in Reorganized LandSource Communities, Newhall Intermediary or Holdco, as applicable, at any particular time expressed in units, or fractions thereof, in accordance with the Reorganized LandSource Communities LLC Agreement, the Newhall Intermediary LLC Agreement or the Holdco LLC Agreement, as applicable, including the right of such member to any and all benefits, allocations of profits and losses and distributions to which a member may be entitled as provided in the Reorganized LandSource Communities LLC Agreement, the Newhall Intermediary LLC Agreement or the Holdco LLC Agreement, as applicable, and in the Delaware Limited Liability Company Act, together with the obligations of such member to comply with all of the terms and conditions of the Reorganized LandSource Communities LLC Agreement, the Newhall Intermediary LLC Agreement or the Holdco LLC Agreement, as applicable, and of the Delaware Limited Liability Company Act. The Holdco Class B Units will not entitle the holders thereof to any economic rights of Holdco and will only provide non-economic rights as set forth in the Holdco LLC Agreement or as provided under applicable law.

189. ~~183.~~ “Unsecured Claim” means any Claim (or portion thereof) that is not an Administrative Expense Claim, a Fee Claim, a Priority Non-Tax Claim, a Priority Tax Claim, a Senior Permitted Lien Claim, a DIP Revolver Loan Claim, a First Lien Claim, a Second Lien Claim, a Convenience Class Claim or an Intercompany Claim.

190. ~~184.~~ “Unsecured Claim Creditor Trust Proceeds” means (a) the amount of Creditor Trust Proceeds relating to the Creditor Litigation Trust with respect to a specific Debtor times (i) the Allowed Amount of Unsecured Claims against such Debtor, divided by (ii) the sum of the Allowed Amounts of the First Lien Deficiency Claims, the Second Lien Claims and the Unsecured Claims against such Debtor and (b) 50% of the First Lien Creditor Trust Proceeds subject to the limitation set forth in Article V.I and *provided that* Holders of Allowed Unsecured Claims will not receive distributions in excess of 100% of the Allowed ~~Amount~~Amounts of their respective Claims (which Allowed Amount will not include interest) and if such Holders of Allowed Unsecured Claims do receive 100% of the Allowed

Amounts of their respective Claims (without interest), then 100% of the First Lien Creditor Trust Proceeds will be payable to the Holders of First Lien Claims.

191. ~~185.~~ “U.S. Trustee” means the Office of the United States Trustee for the District of Delaware.

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

193. ~~187.~~ “Valencia Water Company Interests” means 100% of the Interests owned by Newhall in Valencia Water Company.

194. ~~188.~~ “Value of the Encumbered Assets” means the value of the Encumbered Assets to be distributed to the Holders of First Lien Secured Claim.

195. ~~189.~~ “Value of the Unencumbered Assets” means the value of the Valencia Water Company Interests, *less* the Administrative Costs, to be distributed to the Holders of First Lien Deficiency Claims, Second Lien Claims and Unsecured Claims.

196. ~~190.~~ “Voting Record Date” means June 1, 2009.

197. ~~191.~~ “Washington Square” means the project that was the subject of the Order entered by the Bankruptcy Court on February 25, 2009 [Docket No. 1288].

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

C. Plan Supplement. The Backstop Agreement, the Bond Agreement and related pledge agreement, the Lennar Investment Agreement, the LNR Investment Agreement, the Haddad Award Agreement, the Haddad Investment Agreement, the Creditor Trust ~~Agreement~~Agreements, the Management Agreement, the Holdco LLC Agreement, the Newhall Intermediary LLC Agreement, the Reorganized LandSource Communities LLC Agreement, other applicable governance, corporate, limited liability and other documents for the lower tier

Reorganized Debtors, those executory contracts and unexpired leases to be assumed, and such other information, including, without limitation, the identity of the members of the board of managers of Holdco, the Distribution Agent, the Trustee and the members of the Creditor Trust Advisory ~~Board~~Boards, are included or will be included in the Plan Supplement. The Plan Supplement will be filed with the Clerk of the Bankruptcy Court in accordance with such deadline established in the Disclosure Statement Order or pursuant to the Plan. Holders of Claims or Interests may obtain a copy of the Plan Supplement, once filed, by a written request or telephone call to the following:

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

**ARTICLE II
 CLASSIFICATION OF CLAIMS
 AND INTERESTS AND GENERAL PROVISIONS**

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

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

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

1. Class 1 (a) - (u): Priority Non-Tax Claims

lass 1(a)	3. Class 1(a) consists of Priority Non-Tax Claims against LandSource Communities.
lass 1(b)	5. Class 1(b) consists of Priority Non-Tax Claims against Friendswood Development Company LLC.
lass 1(c)	7. Class 1(c) consists of Priority Non-Tax Claims against Kings Wood Development Company, L.C.
	9. Class 1(d) consists of Priority Non-Tax Claims against

lass 1(d)	California Land Company.
lass 1(e)	11. Class 1(e) consists of Priority Non-Tax Claims against LandSource Communities Development Sub LLC.
lass 1(f)	13. Class 1(f) consists of Priority Non-Tax Claims against LandSource Holding Company, LLC.
lass 1(g)	15. Class 1(g) consists of Priority Non-Tax Claims against Lennar Bressi Ranch Venture, LLC.
lass 1(h)	17. Class 1(h) consists of Priority Non-Tax Claims against Lennar Land Partners II.
lass 1(i)	19. Class 1(i) consists of Priority Non-Tax Claims against Lennar Mare Island, LLC.
lass 1(j)	21. Class 1(j) consists of Priority Non-Tax Claims against Lennar Moorpark, LLC.
lass 1(k)	23. Class 1(k) consists of Priority Non-Tax Claims against Lennar Stevenson Holdings, L.L.C.
lass 1(l)	25. Class 1(l) consists of Priority Non-Tax Claims against LNR-Lennar Washington Square, LLC.
lass 1(m)	27. Class 1(m) consists of Priority Non-Tax Claims against LSC Associates, LLC.
lass 1(n)	29. Class 1(n) consists of Priority Non-Tax Claims against NWHL GP LLC.
lass 1(o)	31. Class 1(o) consists of Priority Non-Tax Claims against Valencia Realty Company.
lass 1(p)	33. Class 1(p) consists of Priority Non-Tax Claims against The Newhall Land and Farming Company.
lass 1(q)	35. Class 1(q) consists of Priority Non-Tax Claims against Southwest Communities Development LLC.
lass 1(r)	37. Class 1(r) consists of Priority Non-Tax Claims against Stevenson Ranch Venture LLC.
lass 1(s)	39. Class 1(s) consists of Priority Non-Tax Claims against Tournament Players Club at Valencia, LLC.

lass 1(t)	41. Class 1(t) consists of Priority Non-Tax Claims against Valencia Corporation.
lass 1(u)	43. Class 1(u) consists of Priority Non-Tax Claims against Newhall.

44. Class 2: Senior Permitted Lien Claims

lass 2(a)	46. Class 2(a) consists of Senior Permitted Lien Claims against LandSource Communities.
lass 2(b)	48. Class 2(b) consists of Senior Permitted Lien Claims against Friendswood Development Company LLC.
lass 2(c)	50. Class 2(c) consists of Senior Permitted Lien Claims against Kings Wood Development Company, L.C.
lass 2(d)	52. Class 2(d) consists of Senior Permitted Lien Claims against California Land Company.
lass 2(e)	54. Class 2(e) consists of Senior Permitted Lien Claims against LandSource Communities Development Sub LLC.
lass 2(f)	56. Class 2(f) consists of Senior Permitted Lien Claims against LandSource Holding Company, LLC.
lass 2(g)	58. Class 2(g) consists of Senior Permitted Lien Claims against Lennar Bressi Ranch Venture, LLC.
lass 2(h)	60. Class 2(h) consists of Senior Permitted Lien Claims against Lennar Land Partners II.
lass 2(i)	62. Class 2(i) consists of Senior Permitted Lien Claims against Lennar Mare Island, LLC.
lass 2(j)	64. Class 2(j) consists of Senior Permitted Lien Claims against Lennar Moorpark, LLC.
lass 2(k)	66. Class 2(k) consists of Senior Permitted Lien Claims against Lennar Stevenson Holdings, L.L.C.
lass 2(l)	68. Class 2(l) consists of Senior Permitted Lien Claims against LNR-Lennar Washington Square, LLC.
	70. Class 2(m) consists of Senior Permitted Lien Claims

lass 2(m)	against LSC Associates, LLC.
lass 2(n)	72. Class 2(n) consists of Senior Permitted Lien Claims against NWHL GP LLC.
lass 2(o)	74. Class 2(o) consists of Senior Permitted Lien Claims against Valencia Realty Company.
lass 2(p)	76. Class 2(p) consists of Senior Permitted Lien Claims against The Newhall Land and Farming Company.
lass 2(q)	78. Class 2(q) consists of Senior Permitted Lien Claims against Southwest Communities Development LLC.
lass 2(r)	80. Class 2(r) consists of Senior Permitted Lien Claims against Stevenson Ranch Venture LLC.
lass 2(s)	82. Class 2(s) consists of Senior Permitted Lien Claims against Tournament Players Club at Valencia, LLC.
lass 2(t)	84. Class 2(t) consists of Senior Permitted Lien Claims against Valencia Corporation.
lass 2(u)	86. Class 2(u) consists of Senior Permitted Lien Claims against Newhall.

87. Class 3 (a) - (u): First Lien Claims

lass 3(a)	89. Class 3(a) consists of First Lien Claims against LandSource Communities.
lass 3(b)	91. Class 3(b) consists of First Lien Claims against Friendswood Development Company LLC.
lass 3(c)	93. Class 3(c) consists of First Lien Claims against Kings Wood Development Company, L.C.
lass 3(d)	95. Class 3(d) consists of First Lien Claims against California Land Company.
lass 3(e)	97. Class 3(e) consists of First Lien Claims against LandSource Communities Development Sub LLC.
lass 3(f)	99. Class 3(f) consists of First Lien Claims against LandSource Holding Company, LLC.

lass 3(g)	101. Class 3(g) consists of First Lien Claims against Lennar Bressi Ranch Venture, LLC.
lass 3(h)	103. Class 3(h) consists of First Lien Claims against Lennar Land Partners II.
lass 3(i)	105. Class 3(i) consists of First Lien Claims against Lennar Mare Island, LLC.
lass 3(j)	107. Class 3(j) consists of First Lien Claims against Lennar Moorpark, LLC.
lass 3(k)	109. Class 3(k) consists of First Lien Claims against Lennar Stevenson Holdings, L.L.C.
lass 3(l)	111. Class 3(l) consists of First Lien Claims against LNR-Lennar Washington Square, LLC.
lass 3(m)	113. Class 3(m) consists of First Lien Claims against LSC Associates, LLC.
lass 3(n)	115. Class 3(n) consists of First Lien Claims against NWHL GP LLC.
lass 3(o)	117. Class 3(o) consists of First Lien Claims against Valencia Realty Company.
lass 3(p)	119. Class 3(p) consists of First Lien Claims against The Newhall Land and Farming Company.
lass 3(q)	121. Class 3(q) consists of First Lien Claims against Southwest Communities Development LLC.
lass 3(r)	123. Class 3(r) consists of First Lien Claims against Stevenson Ranch Venture LLC.
lass 3(s)	125. Class 3(s) consists of First Lien Claims against Tournament Players Club at Valencia, LLC.
lass 3(t)	127. Class 3(t) consists of First Lien Claims against Valencia Corporation.
lass 3(u)	129. Class 3(u) consists of First Lien Claims against Newhall.

130. Class 4 (a) - (u): Second Lien Claims

lass 4(a)	132. Class 4(a) consists of Second Lien Claims against LandSource Communities.
lass 4(b)	134. Class 4(b) consists of Second Lien Claims against Friendswood Development Company LLC.
lass 4(c)	136. Class 4(c) consists of Second Lien Claims against Kings Wood Development Company, L.C.
lass 4(d)	138. Class 4(d) consists of Second Lien Claims against California Land Company.
lass 4(e)	140. Class 4(e) consists of Second Lien Claims against LandSource Communities Development Sub LLC.
lass 4(f)	142. Class 4(f) consists of Second Lien Claims against LandSource Holding Company, LLC.
lass 4(g)	144. Class 4(g) consists of Second Lien Claims against Lennar Bressi Ranch Venture, LLC.
lass 4(h)	146. Class 4(h) consists of Second Lien Claims against Lennar Land Partners II.
lass 4(i)	148. Class 4(i) consists of Second Lien Claims against Lennar Mare Island, LLC.
lass 4(j)	150. Class 4(j) consists of Second Lien Claims against Lennar Moorpark, LLC.
lass 4(k)	152. Class 4(k) consists of Second Lien Claims against Lennar Stevenson Holdings, L.L.C.
lass 4(l)	154. Class 4(l) consists of Second Lien Claims against LNR-Lennar Washington Square, LLC.
lass 4(m)	156. Class 4(m) consists of Second Lien Claims against LSC Associates, LLC.
lass 4(n)	158. Class 4(n) consists of Second Lien Claims against NWHL GP LLC.
lass 4(o)	160. Class 4(o) consists of Second Lien Claims against Valencia Realty Company.
	162. Class 4(p) consists of Second Lien Claims against The

lass 4(p)	Newhall Land and Farming Company.
lass 4(q)	164. Class 4(q) consists of Second Lien Claims against Southwest Communities Development LLC.
lass 4(r)	166. Class 4(r) consists of Second Lien Claims against Stevenson Ranch Venture LLC.
lass 4(s)	168. Class 4(s) consists of Second Lien Claims against Tournament Players Club at Valencia, LLC.
lass 4(t)	170. Class 4(t) consists of Second Lien Claims against Valencia Corporation.
lass 4(u)	172. Class 4(u) consists of Second Lien Claims against Newhall.

173. Class 5 (a) - (u): Unsecured Claims

lass 5(a)	175. Class 5(a) consists of Unsecured Claims against LandSource Communities.
lass 5(b)	177. Class 5(b) consists of Unsecured Claims against Friendswood Development Company LLC.
lass 5(c)	179. Class 5(c) consists of Unsecured Claims against Kings Wood Development Company, L.C.
lass 5(d)	181. Class 5(d) consists of Unsecured Claims against California Land Company.
lass 5(e)	183. Class 5(e) consists of Unsecured Claims against LandSource Communities Development Sub LLC.
lass 5(f)	185. Class 5(f) consists of Unsecured Claims against LandSource Holding Company, LLC.
lass 5(g)	187. Class 5(g) consists of Unsecured Claims against Lennar Bressi Ranch Venture, LLC.
lass 5(h)	189. Class 5(h) consists of Unsecured Claims against Lennar Land Partners II.
lass 5(i)	191. Class 5(i) consists of Unsecured Claims against Lennar Mare Island, LLC.

lass 5(j)	193. Class 5(j) consists of Unsecured Claims against Lennar Moorpark, LLC.
lass 5(k)	195. Class 5(k) consists of Unsecured Claims against Lennar Stevenson Holdings, L.L.C.
lass 5(l)	197. Class 5(l) consists of Unsecured Claims against LNR-Lennar Washington Square, LLC.
lass 5(m)	199. Class 5(m) consists of Unsecured Claims against LSC Associates, LLC.
lass 5(n)	201. Class 5(n) consists of Unsecured Claims against NWHL GP LLC.
lass 5(o)	203. Class 5(o) consists of Unsecured Claims against Valencia Realty Company.
lass 5(p)	205. Class 5(p) consists of Unsecured Claims against The Newhall Land and Farming Company.
lass 5(q)	207. Class 5(q) consists of Unsecured Claims against Southwest Communities Development LLC.
lass 5(r)	209. Class 5(r) consists of Unsecured Claims against Stevenson Ranch Venture LLC.
lass 5(s)	211. Class 5(s) consists of Unsecured Claims against Tournament Players Club at Valencia, LLC.
lass 5(t)	213. Class 5(t) consists of Unsecured Claims against Valencia Corporation.
lass 5(u)	215. Class 5(u) consists of Unsecured Claims against Newhall.

216. Class 6 (a) - (u): Convenience Class Claims

lass 6(a)	218. Class 6(a) consists of Convenience Class Claims against LandSource Communities.
lass 6(b)	220. Class 6(b) consists of Convenience Class Claims against Friendswood Development Company LLC.
	222. Class 6(c) consists of Convenience Class Claims against

lass 6(c)	Kings Wood Development Company, L.C.
lass 6(d)	224. Class 6(d) consists of Convenience Class Claims against California Land Company.
lass 6(e)	226. Class 6(e) consists of Convenience Class Claims against LandSource Communities Development Sub LLC.
lass 6(f)	228. Class 6(f) consists of Convenience Class Claims against LandSource Holding Company, LLC.
lass 6(g)	230. Class 6(g) consists of Convenience Class Claims against Lennar Bressi Ranch Venture, LLC.
lass 6(h)	232. Class 6(h) consists of Convenience Class Claims against Lennar Land Partners II.
lass 6(i)	234. Class 6(i) consists of Convenience Class Claims against Lennar Mare Island, LLC.
lass 6(j)	236. Class 6(j) consists of Convenience Class Claims against Lennar Moorpark, LLC.
lass 6(k)	238. Class 6(k) consists of Convenience Class Claims against Lennar Stevenson Holdings, L.L.C.
lass 6(l)	240. Class 6(l) consists of Convenience Class Claims against LNR-Lennar Washington Square, LLC.
lass 6(m)	242. Class 6(m) consists of Convenience Class Claims against LSC Associates, LLC.
lass 6(n)	244. Class 6(n) consists of Convenience Class Claims against NWHL GP LLC.
lass 6(o)	246. Class 6(o) consists of Convenience Class Claims against Valencia Realty Company.
lass 6(p)	248. Class 6(p) consists of Convenience Class Claims against The Newhall Land and Farming Company.
lass 6(q)	250. Class 6(q) consists of Convenience Class Claims against Southwest Communities Development LLC.
lass 6(r)	252. Class 6(r) consists of Convenience Class Claims against Stevenson Ranch Venture LLC.

lass 6(s)	254. Class 6(s) consists of Convenience Class Claims against Tournament Players Club at Valencia, LLC.
lass 6(t)	256. Class 6(t) consists of Convenience Class Claims against Valencia Corporation.
lass 6(u)	258. Class 6(u) consists of Convenience Class Claims against Newhall.

259. Class 7 (a) - (u): Intercompany Claims

lass 7(a)	261. Class 7(a) consists of Intercompany Claims against LandSource Communities.
lass 7(b)	263. Class 7(b) consists of Intercompany Claims against Friendswood Development Company LLC.
lass 7(c)	265. Class 7(c) consists of Intercompany Claims against Kings Wood Development Company, L.C.
lass 7(d)	267. Class 7(d) consists of Intercompany Claims against California Land Company.
lass 7(e)	269. Class 7(e) consists of Intercompany Claims against LandSource Communities Development Sub LLC.
lass 7(f)	271. Class 7(f) consists of Intercompany Claims against LandSource Holding Company, LLC.
lass 7(g)	273. Class 7(g) consists of Intercompany Claims against Lennar Bressi Ranch Venture, LLC.
lass 7(h)	275. Class 7(h) consists of Intercompany Claims against Lennar Land Partners II.
lass 7(i)	277. Class 7(i) consists of Intercompany Claims against Lennar Mare Island, LLC.
lass 7(j)	279. Class 7(j) consists of Intercompany Claims against Lennar Moorpark, LLC.
lass 7(k)	281. Class 7(k) consists of Intercompany Claims against Lennar Stevenson Holdings, L.L.C.
	283. Class 7(l) consists of Intercompany Claims against LNR-

lass 7(l)	Lennar Washington Square, LLC.
lass 7(m)	285. Class 7(m) consists of Intercompany Claims against LSC Associates, LLC.
lass 7(n)	287. Class 7(n) consists of Intercompany Claims against NWHL GP LLC.
lass 7(o)	289. Class 7(o) consists of Intercompany Claims against Valencia Realty Company.
lass 7(p)	291. Class 7(p) consists of Intercompany Claims against The Newhall Land and Farming Company.
lass 7(q)	293. Class 7(q) consists of Intercompany Claims against Southwest Communities Development LLC.
lass 7(r)	295. Class 7(r) consists of Intercompany Claims against Stevenson Ranch Venture LLC.
lass 7(s)	297. Class 7(s) consists of Intercompany Claims against Tournament Players Club at Valencia, LLC.
lass 7(t)	299. Class 7(t) consists of Intercompany Claims against Valencia Corporation.
lass 7(u)	301. Class 7(u) consists of Intercompany Claims against Newhall.

302. Class 8 (a) - (u): Interests in the Debtors.

lass 8(a)	304. Class 8(a) consists of Interests in LandSource Communities.
lass 8(b)	306. Class 8(b) consists of Interests in Friendswood Development Company LLC.
lass 8(c)	308. Class 8(c) consists of Interests in Kings Wood Development Company, L.C.
lass 8(d)	310. Class 8(d) consists of Interests in California Land Company.
lass 8(e)	312. Class 8(e) consists of Interests in LandSource Communities Development Sub LLC.

lass 8(f)	314. Class 8(f) consists of Interests in LandSource Holding Company, LLC.
lass 8(g)	316. Class 8(g) consists of Interests in Lennar Bressi Ranch Venture, LLC.
lass 8(h)	318. Class 8(h) consists of Interests in Lennar Land Partners II.
lass 8(i)	320. Class 8(i) consists of Interests in Lennar Mare Island, LLC.
lass 8(j)	322. Class 8(j) consists of Interests in Lennar Moorpark, LLC.
lass 8(k)	324. Class 8(k) consists of Interests in Lennar Stevenson Holdings, L.L.C.
lass 8(l)	326. Class 8(l) consists of Interests in LNR-Lennar Washington Square, LLC.
lass 8(m)	328. Class 8(m) consists of Interests in LSC Associates, LLC.
lass 8(n)	330. Class 8(n) consists of Interests in NWHL GP LLC.
lass 8(o)	332. Class 8(o) consists of Interests in Valencia Realty Company.
lass 8(p)	334. Class 8(p) consists of Interests in The Newhall Land and Farming Company.
lass 8(q)	336. Class 8(q) consists of Interests in Southwest Communities Development LLC.
lass 8(r)	338. Class 8(r) consists of Interests in Stevenson Ranch Venture LLC.
lass 8(s)	340. Class 8(s) consists of Interests in Tournament Players Club at Valencia, LLC.
lass 8(t)	342. Class 8(t) consists of Interests in Valencia Corporation.
	344. Class 8(u) consists of Interests in Newhall.

lass 8(u)	
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ARTICLE III
IMPAIRMENT OF
CLASSES OF CLAIMS AND INTERESTS

A. Unimpaired Classes of Claims and Interests. Claims in Class 1(a) - (u) and Class 2(a) - (u) are not Impaired under this Plan.

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

ARTICLE IV
PROVISIONS FOR TREATMENT OF UNCLASSIFIED CLAIMS

A. Administrative Expense Claims. 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) 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.

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

1. Time for Filing Fee Claims. Except as provided in the Final DIP Order, and unless a Final Order of the Bankruptcy Court entered prior to the Effective Date establishes an earlier date with respect to such Claim or Allows such Claim (and no portion of such Claim remains Disputed as of the Effective Date), each professional Person who holds or asserts a Fee Claim incurred before the Effective Date will 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 will result in the Fee Claim being forever barred and discharged. To the extent necessary to give effect to this Article IV.B, entry of the Confirmation Order will amend and supersede any previously entered order of the Bankruptcy Court regarding procedures for the payment of Fee Claims, other than the Final DIP Order.

2. Allowance of Fee Claims. A Fee Claim, with respect to which a Fee Application has been properly filed and served pursuant to Article IV.B.1 above, 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.

C. Priority Tax Claims. Each Holder of an Allowed Priority Tax Claim will receive, at the sole option of the Proponent: (a) the Allowed Amount of such Claim in one Cash payment

on the Distribution Date; (b) the Allowed Amount of such Claim *plus* interest accrued at the Mid-Term AFR Rate (compounding annually), in equal annual cash payments on each anniversary of the Effective Date, until the last anniversary of the Effective Date that precedes the fifth (5th) anniversary of the Commencement Date; or (c) such other treatment as may be agreed upon in writing by the Debtors or the Reorganized Debtors, as applicable, and such Holder.

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

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

A. Classes 1 (a) - (u): Priority Non-Tax Claims.

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

2. Status: Classes 1 (a) - (u) are not Impaired. The Holders of the Claims in Classes 1 (a) - (u) are deemed to accept this Plan and, accordingly, are not entitled to vote to accept or reject this Plan.

B. Classes 2 (a) - (u): Senior Permitted Lien Claims.

1. Treatment: Allowed Senior Permitted Lien Claims will be Unimpaired, and will receive one or more of the treatments specified in Section 1124 of the Bankruptcy Code in full and final satisfaction of such Claim. If Section 1124 requires Proponent to satisfy an Allowed Senior Permitted Lien Claim by payment in full, in Cash, 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. In such case, (i) as to any asserted Senior Permitted Lien Claim that has not been Allowed as of the Effective Date, Cash in an amount equal to the Amount of such Senior Permitted Lien Claim that would be payable on the Effective Date and if the asserted Senior Permitted Lien Claim were an Allowed Claim will be reserved in a separate account established by the ~~Distribution Agent~~ 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. 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 ~~Distribution Agent~~ Reorganized Debtors not required to satisfy Senior Permitted Lien Claims will ~~become~~ be the property of the Reorganized Debtors.

2. Status: Classes 2 (a) - (u) are not Impaired. The Holders of the Claims in Classes 2(a) to (u) are deemed to accept this Plan and, accordingly, are not entitled to vote to accept or reject this Plan.

C. Classes 3 (a) - (u): First Lien Claims.

(a) 1. Treatment: Each Holder of an Allowed First Lien Claim will receive (a) its Pro Rata Share of the First Lien Claim Distribution, (b) any special distributions allocable to the Units issued to the Holders of First Lien Claims pursuant to the Newhall Intermediary LLC Agreement or the Holdco LLC Agreement, as applicable, including, without limitation, any special distribution relating to amounts recovered on account of the LNR Excess G&A Claims to which the Holders of First Lien Claims are entitled to receive in accordance with the Lennar Investment Agreement and the Plan; and (c) the right to participate in the Rights Offering. Each Holder of an Allowed First Lien Claim will receive any Units distributed hereunder in the form of Holdco Class A Units unless such Holder elects, on its Ballot, to instead receive its distribution in the form of Newhall Intermediary Units.

(b) Each Holder of an Allowed First Lien Claim receiving Newhall Intermediary Units or Holdco Units, as applicable, will be subject to the rights and obligations applicable to such Holder in the New Intermediary LLC Agreement or the Holdco LLC Agreement, as applicable. If a Holder of an Allowed First Lien Claim elects to receive all or a portion of its Units through a corporation formed for the purpose of holding all or a portion of such Units or through another Affiliated entity, then such Holder of an Allowed First Lien Claim will deliver an executed IRS form W-8 or W-9 and contact information to the Subscription Agent with respect to such corporation or Affiliated entity by the Effective Date.

(c) All Distributions to be made to the Holders of Allowed First Lien Claims pursuant to this Article V.C.1 will be made to the Paying Agent for the benefit of such Holders.

2. 2. Status: Classes 3 (a) - (u) are Impaired. The Holders of Claims in Classes 3 (a) - (u) are entitled to vote to accept or reject this Plan.

D. Classes 4 (a) - (u): Second Lien Claims.

1. Treatment: Each Holder of an Allowed Second Lien Claim will Receive its Pro Rata Share of the Second Lien Creditor Trust Proceeds and, on the Effective Date, the Second Lien Administrative Agent will receive a cash payment of \$9,500,000 for the ratable

distribution, in accordance with the Second Lien Credit Agreement, to the Holders of Allowed Second Lien Claims.

2. Status: Classes 4 (a) - (u) are Impaired. The Holders of Claims in Classes 4 (a) - (u) are entitled to vote to accept or reject this Plan.

3. Second Lien Administrative Agent Fees and Expenses. On the Effective Date, the Second Lien Administrative Agent will receive payment in full of all invoiced, documented and outstanding, or to be incurred, reasonable fees and expenses of advisors to the Second Lien Administrative Agent.

4. Intercreditor Agreement. For the avoidance of doubt, none of the Distributions made pursuant to Articles V.D.1 or V.D.3 of the Plan to the Holders of Allowed Second Lien Claims or the Second Lien Administrative Agent will be subject to the Intercreditor Agreement, dated as of February 27, 2007 (as amended, supplemented or otherwise modified from time to time) among LandSource Communities, the First Lien Administrative Agent and the Second Lien Administrative Agent.

E. Classes 5 (a) - (u): Unsecured Claims.

1. Treatment: Each Holder of an Unsecured Claim will be treated as follows:

2. (a) Classes 5 (a) - (t) (Non-Newhall Debtors Unsecured Claims): Each Holder of an Allowed Unsecured Claim in Classes 5 (a) - (t) will receive its Pro Rata Share of (i) \$1,000,000, (ii) the Unsecured Claim Creditor Trust Proceeds and (iii) the additional distribution set forth in Article V.E.1(c). On the Effective Date, the Lennar Claims and the LNR Claims will be deemed waived and released in exchange for the releases set forth in Article X, and such Claims will not be entitled to any distributions under this Plan.

3. (b) Class 5(u) (Newhall Unsecured Claims): Each Holder of an Allowed Unsecured Claim in Class 5(u) will receive its Pro Rata Share of (i) \$9,000,000, (ii) the Unsecured Claim Creditor Trust Proceeds and (iii) the additional distribution set forth in Article V.E.1(c). On the Effective Date, the Lennar Claims and the LNR Claims will be deemed waived and released in exchange for the releases set forth in Article X, and such Claims will not be entitled to any distributions under the Plan.

4. (c) Additional Distribution: If a Lennar Entity causes an executory contract relating to Friendswood Development Company LLC or Lennar Mare Island, LLC that is listed as an Effective Date Assumed Contract in the Plan Supplement filed with the Bankruptcy Court on June 19, 2009 to be rejected, the Lennar Entities will pay into the ~~Creditor~~Class 5 Turnover Trust for the sole benefit of the Unsecured Creditors the lesser of (i) 10% of the Rejection Damages for that rejected executory contract and (ii) the actual percentage distribution for Allowed Unsecured Creditors (excluding such Rejection Damages) times the Rejection Damages; *provided that* if Lennar Mare Island, LLC converts to a Chapter 7 case, the Lennar Entities will not owe anything for Rejection

Damages on account of the Lennar Mare Island, LLC executory contracts. If, and to the extent, that the Lennar Entities have the ability to reject any executory contracts relating to Friendswood Development Company LLC or Lennar Mare Island, LLC that are listed as Effective Date Assumed Contracts in the Plan Supplement filed with the Bankruptcy Court on June 19, 2009, the Lennar Entities must do so on or before 180 days after the Effective Date.

5. 2. Status: Classes 5 (a) - (u) are Impaired. The Holders of the Claims in Classes 5 (a) - (u) are entitled to vote to accept or reject this Plan.

F. Classes 6 (a) - (u): Convenience Class Claims.

1. Treatment: In lieu of the distributions to the Holders of Allowed Unsecured Claims in Classes 5 (a) - (u), as applicable, each Holder of an Allowed Convenience Class Claim will be paid 50% of the Allowed Amount of such Claim, in Cash, on the first Distribution Date after such Convenience Claim becomes Allowed, in full and final satisfaction of its Claim.

2. Status: Classes 6 (a) - (u) are Impaired. The Holders of the Claims in Classes 6 (a) - (u) are entitled to vote to accept or reject this Plan.

G. Classes 7 (a) - (u): Intercompany Claims

1. Treatment:

2. (a) Classes 7(a), 7(c) - (h), and 7(j) - (u): Each Intercompany Claim in Classes 7(a), 7(c) - (h) and 7(j) - (u) will be disallowed, cancelled, extinguished or reinstated at the option of the Reorganized Debtors.

3. (b) Class 7(b): Each Intercompany Claim against Friendswood Development Company, LLC will be disallowed, cancelled and extinguished on the Effective Date.

4. (c) Class 7(i): Each Intercompany Claim against Lennar Mare Island, LLC will be disallowed, cancelled and extinguished on the Effective Date.

5. Status: Classes 7 (a) - (u) are Impaired. The Holders of the Interests in Classes 7(a) - (u) are deemed to reject this Plan and, accordingly, are not entitled to vote to accept or reject this Plan.

H. Classes 8 (a) - (u): Interests in the Debtors.

1. Treatment:

(a) Class 8(a): Class 8(a) consists of Interests in LandSource Communities. All Interests in LandSource Communities will be cancelled on the Effective Date, and the Holders of such cancelled LandSource Communities Interests will not receive or

retain any interest in the Debtors, the Reorganized Debtors, the Estates, the Estate Assets or other property or interests in property of the Debtors or the Reorganized Debtors on account of the LandSource Communities Interests, and will not be entitled to any Distribution under this Plan on account of the LandSource Communities Interests.

(b) Class 8(b): Class 8(b) consists of Interests in Friendswood Development Company, LLC. All Interests in Friendswood Development Company, LLC will be cancelled on the Effective Date, and the Holders of such cancelled Interests will not receive or retain any interests in Debtors, the Reorganized Debtors, the Estates, the Estate Assets or other property or interests in property of the Debtors or the Reorganized Debtors on account of the Interests in Friendswood Development Company, LLC, and will not be entitled to any Distribution under this Plan on account of the Interests in Friendswood Development Company, LLC.

(c) Class 8(i): Class 8(i) consists of Interests in Lennar Mare Island, LLC. All Interests in Lennar Mare Island, LLC will be cancelled on the Effective Date, and the Holders of such cancelled Interests will not receive or retain any interests in Debtors, the Reorganized Debtors, the Estates, the Estate Assets or other property or interests in property of the Debtors or the Reorganized Debtors on account of the Interests in Lennar Mare Island, LLC and will not be entitled to any Distribution under this Plan on account of the Interests in Lennar Mare Island, LLC.

(d) Classes 8(c) - (h) and Classes 8(j) - (u): Classes 8(a) - (h) and Classes 8(j) - (u) consist of all Intercompany Interests in the Debtors. The Holders of such Intercompany Interests will not receive any distribution under the Plan; however, at the option of the Reorganized Debtors, such Intercompany Interests may be cancelled and extinguished with new Interests to be distributed pursuant to the direction of Holdco or retained with the legal, equitable, and contractual rights to which the Holders of such Intercompany Interests are entitled remaining unaltered in order to implement the Plan as set forth in Article VIII.

2. Status: Classes 8(a) - (u) are Impaired. The Holders of the Interests in Classes 8(a) - (u) are deemed to reject this Plan and, accordingly, are not entitled to vote to accept or reject this Plan.

I. Limitation to Full Recovery Notwithstanding anything herein to the contrary, no Holder of any Claim will be entitled to a distribution in excess of 100% of the Allowed Amount of its Claim. Allowed Unsecured Claims will not be entitled to interest on account of their respective Allowed Unsecured Claims.

ARTICLE VI ACCEPTANCE OR REJECTION OF THE PLAN

A. Each Impaired Class Entitled to Vote Separately. Each Impaired Class of Claims that is to receive a Distribution under this Plan will be entitled to vote separately to accept or reject this Plan. Except as provided in Article VI.C below, each Person that, as of the Voting

Record Date, holds a Claim in an Impaired Class will receive a Ballot that will be used to cast its vote to accept or reject this Plan.

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

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

D. Cramdown. Because, as provided in Articles V.G.2 and V.H.2 above, Classes 7(a) - (u) and Classes 8(a) - (u) are deemed to reject this Plan, the Proponent will seek to have this Plan approved and confirmed by the Bankruptcy Court pursuant to section 1129(b) of the Bankruptcy Code. Furthermore, in the event one or more Impaired Classes of Claims votes not to accept this Plan, and this Plan is not withdrawn as provided in Article XIV.E below, the Proponent will seek to have this Plan approved and confirmed by the Bankruptcy Court pursuant to section 1129(b) of the Bankruptcy Code. Notwithstanding anything to the contrary in this Plan, this Plan may not be approved or confirmed unless the Holders of First Lien Claims vote to accept this Plan as provided in Articles V.C.2 and VI.B above.

E. Removal of Debtors. If this Plan cannot be confirmed with respect to one or more of the Debtors, the Proponent may remove such Debtor(s) from this Plan. In such event, the Classes pertaining to such Debtor(s) will be removed from this Plan, and the Plan will omit any treatment of the assets and liabilities of such Debtor(s). The removal of any Debtor from this Plan will not affect this Plan with respect to any other Debtor.

**ARTICLE VII
CLAIMS AND DISTRIBUTIONS**

A. Disputed Claims Reserve. For each Class of Claims, the Distribution Agent, at the direction of the Debtors or the Reorganized Debtors, as applicable, or with respect to Class 5 Claims only, the Creditor Trusts, at the direction of the Trustee, will estimate, on or before the Distribution Date, the anticipated aggregate Allowed Amount of all Disputed Claims in such Class as of such date, and will establish a Disputed Claims Reserve for such Class in an amount sufficient to make the Distributions to Holders of such Disputed Claims (to the extent such Disputed Claims are eventually Allowed at, in the aggregate, the amount estimated by the Reorganized Debtors or the Creditor Trusts) that would have been made to the Holders as of such date had the Claims been Allowed as of the Effective Date. The Distribution Agent, at the direction of the Debtors or the Reorganized Debtors, as applicable, or the Creditor Trusts, at the direction of the Trustee, will establish such Disputed Claims Reserve ~~in an agreed-upon amount, after consultation with the Proponent and the Debtors or Reorganized Debtors, as appropriate,~~ which Disputed Claim Reserve will be based upon the amounts of any proofs of claim filed by Holders of Disputed Claims or such amounts as fixed by the Bankruptcy Court. Furthermore, as part of this Disputed Claims Reserve, the Distribution Agent, after consultation with the Proponent and the Debtors or Reorganized Debtors, ~~appropriate~~ as applicable, will establish a mechanism for reserving Units as may be required to account for Disputed Claims.

B. Unclaimed Property

1. Escrow of Unclaimed Property. The Distribution Agent or the applicable Creditor Trust, at the Trustee's option, will hold all Unclaimed Property (and all interest, dividends, and other distributions thereon) for the benefit of the Holders of Claims entitled thereto under the terms of this Plan.

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

C. Distributions to Holders of Claims Generally.

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

Date pursuant to this Plan, or any issuances of securities or transfers of Cash or other property by the Reorganized Debtors to any Person.

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

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

4. Timing of Distributions under This Plan. Payments and Distributions in respect of Allowed Claims under this Plan will be made on a Distribution Date.

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

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

D. Setoffs. Except as otherwise provided in this Plan, the Confirmation Order, or in an agreement approved by a Final Order of the Bankruptcy Court, the Debtors or Reorganized Debtors, as applicable, may, pursuant to applicable law (including section 553 of the Bankruptcy Code), set off against any Distribution amounts related to any Claim (other than a DIP Revolver Loan Claim, a First Lien Claim or a Second Lien Claim) before any Distribution is made on account of such Claim (other than a DIP Revolver Loan Claim, a First Lien Claim or a Second Lien Claim), any and all of the claims (other than the Released Claims), rights and causes of action of any nature that the Debtors, the Estates or the Reorganized Debtors may hold against

the Holder of such Claim; *provided, however*, that neither the failure to effect such a setoff, the allowance of any Claim hereunder, any other act or omission of the Debtors or the Distribution Agent, nor any provision of this Plan (other than Article X below) will constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claims, rights and causes of action that the Debtors or the Reorganized Debtors may possess against such Holder. To the extent the Reorganized Debtors fail to set off against a Holder and seeks to collect a claim from such Holder after a Distribution to such Holder has been made pursuant to this Plan, the Reorganized Debtors, if successful in asserting such claim, will be entitled to full recovery on the ~~claim~~Claim against such Holder. Distributions made on account of the DIP Revolver Loan Claims, First Lien Claims and Second Lien Claims will not be subject to setoff or recoupment under any circumstances.

E. Claims Resolution Process and Prosecution of Causes of Action. After the Effective Date, the Reorganized Debtors 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 any Class (other than Class 5) in accordance with the objection procedures set forth in Article XI below, and the power and sole authority to institute all actions with respect to the Causes of Action (other than Claims or Causes of Action released pursuant to Article X, the Avoidance Actions and the Appraiser Causes of Action), and to prosecute or defend all appeals relating to such objections and Causes of Action on behalf of the Debtors or the Estates. In accordance with Article IX, the ~~Creditor~~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 Class 5 in accordance with the objection procedures set forth in Article XI below, and the Creditor Litigation Trust will have the power and sole authority to institute all actions with respect to the Avoidance Actions and Appraiser Causes of Action and to prosecute or defend all appeals relating to such objections, Avoidance Actions and Appraiser Causes of Action on behalf of the Debtors or the Estates.

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

G. Fractional Distributions. Notwithstanding any other provision of the Plan to the contrary, distributions of fractions of Newhall Intermediary Units or Holdco Units will not be made to the Holders of Allowed First Lien Claims and payments of fractions of dollars by the Reorganized Debtors will not be required. Whenever any payment of a fraction of a dollar by the Reorganized Debtors under the Plan would be required, the actual payment or distribution will reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down. Whenever any distribution of a fraction of a Newhall Intermediary Unit or Holdco Unit to the Holders of an Allowed First Lien Claim would be required under the Plan, the distribution will reflect a rounding of such fraction down to the nearest whole Newhall Intermediary Unit or Holdco Unit.

ARTICLE VIII
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Reorganization of the Debtors. On the Effective Date, each of the Debtors will be reorganized pursuant to the Plan, the Lennar Investment Agreement, the LNR Investment Agreement, the Haddad Award Agreement, the Haddad Investment Agreement, the Reorganized LandSource Communities LLC Agreement, the Newhall Intermediary LLC Agreement, the Holdco LLC Agreement and other applicable governance, corporate, limited liability and other documents included or to be included in the Plan Supplement. On the Effective Date, 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, all right, title and interest in and to the Estate Assets of each Debtor will vest fully in the applicable Reorganized Debtor, free and clear of all claims, liens, encumbrances and other liabilities including, without express or implied limitation, Claims against or Interests in the Debtors. All Claims against and Interests in the Debtors will be classified and treated pursuant to the terms of this Plan.

B. Effective Date Transactions. On the Effective Date, the following transactions will occur:

1. Newhall Intermediary will be formed on or before the Effective Date. Newhall Intermediary will own 84.15% of the Reorganized LandSource Communities Units and Lennar will own 14.85% of the Reorganized LandSource Communities Units, in each case subject to dilution due to the Management Co. Equity Interest and Haddad Interest.

2. The Lennar Equity Interest will be issued to the Lennar Investor in accordance with this Plan and the Lennar Investment Agreement.

3. The LNR Equity Interest will be issued to the LNR Investors in accordance with this Plan and the LNR Investment Agreement.

4. Holdco will be formed on or before the Effective Date. Holdco will own a certain percentage of Newhall Intermediary Units, as determined as of the Effective Date, based upon the elections made by the Rights Offering Participants on their Subscription Forms and the elections made by the Holders of First Lien Claims on their Ballots. The Newhall Intermediary Units and the Holdco Units will be issued and owned pursuant to the terms of this Plan and such Units will collectively represent 84.15% of the indirect ownership interest of Reorganized LandSource Communities, subject to dilution due to the Management Co. Equity Interest and Haddad Interest.

5. After formation of Newhall Intermediary and Holdco and on the Effective Date in order to implement the Plan, Allowed Claims or Cash will first be contributed to Holdco or Newhall Intermediary in exchange for Units. Allowed Claims or Cash contributed to Holdco will then be contributed by Holdco to Newhall Intermediary in exchange for Newhall Intermediary Units. Newhall Intermediary, Lennar and LNR will then contribute their respective

Allowed Claims or Cash, as applicable, to Reorganized LandSource Communities in exchange for Reorganized LandSource Units.

6. The Interests in Friendswood Development Company, LLC ~~and~~, Lennar Mare Island, LLC and LLPII HCC will be cancelled, and 100% of the new membership interests in Friendswood Development Company, LLC ~~and~~, Lennar Mare Island LLC and LLPII HCC will be issued to a Lennar Entity in accordance with this Plan and the Lennar Investment Agreement.

7. At the option of the Reorganized Debtors, the Intercompany Interests in each of the other Reorganized Debtors will vest fully in the Reorganized Debtor or Debtors corresponding to the Debtor or Debtors that held such Debtor's ownership interests prior to the Effective Date (in each case, unless the Proponent directs otherwise), in each case, free and clear of all Claims, liens, encumbrances and other liabilities, including, without express or implied limitation, Claims against or Interests in such Debtors. Notwithstanding anything to the contrary in this Article VIII.B, the Proponent may provide for the merger, consolidation, divestiture or other reorganization of the legal structure of the Debtors, to be effected on the Effective Date, including pursuant to those documents included in the Plan Supplement.

8. The balance of the transactions contemplated by the Lennar Investment Agreement, including the transfer of the LNR Excess G&A Claims and the other Lennar Acquired Interests to the Lennar Investor, will be implemented pursuant to the terms of the Lennar Investment Agreement.

9. On the Effective Date, certain of the Debtors (a) may be merged with and into Newco or (b) may be dissolved.

10. Notwithstanding the foregoing, the Proponent and Lennar Corporation may mutually agree to modify the structure of the transfer of the Lennar Acquired Interests to the Lennar Investor in order to provide their bargained for economic benefits, including, without limitation, by transferring the underlying assets relating to the Lennar Acquired Interests (excluding, in the case of Friendswood Development Company, LLC and Lennar Mare Island LLC, any Cash) instead of the equity interests in these entities.

C. Effective Date Funding. On the Effective Date, this Plan and the transactions contemplated hereunder will be funded by (a) the Rights Offering, as set forth in Article VIII.D, (b) the Lennar Equity Investment, as set forth in Article VIII.E, (c) additional amounts payable to the Reorganized Debtors pursuant to the Lennar Investment Agreement, (d) the LNR Equity Investment as set forth in Article VIII.G and (e) any Cash held by the Debtors. On the Effective Date, the Reorganized Debtors will have no indebtedness for borrowed money and, after taking into account distributions under the Plan, the Rights Offering and the Lennar Equity Investment, will carry at least \$90 million of Cash on their balance sheet, *provided that* in the event that the one or both (or a portion thereof) of Washington Square or Southern California Properties has not been sold prior to or as of the Effective Date then the \$90 million of Cash on the balance sheet: (i) will be credited for \$30,000,000 if neither property (or a portion thereof) has been sold and (ii) will be credited with the difference of \$30,000,000 minus any sale proceeds if a portion

of one, one or one plus a portion of the other have been sold but not all of the properties have been sold. If both of Washington Square and Southern California Properties have been sold prior to or as of the Effective Date, there will be no credit to the \$90 million of Cash on the balance sheet with respect to such properties.

D. Rights Offering. Pursuant to the Rights Offering, each Rights Offering Participant as of the Voting Record Date will be offered Subscription Rights to purchase its Pro Rata Share of Primary Allocable First Lien Units, as applicable, pursuant to the Subscription Rights. The price of the Rights Offering Units will be the Subscription Purchase Price. Participation in the Rights Offering will be subject to the following procedures:

1. Exercise of Subscription Rights. In order to exercise the Subscription Rights, those Rights Offering Participants who are Holders of First Lien Claims must: (a) return a duly completed and executed Subscription Form to the Subscription Agent so that such form is received by the Subscription Agent on or before the Subscription Expiration Date; and (b) pay an amount equal to the Subscription Purchase Price by wire transfer or bank or cashier's check so as to be received by the Subscription Agent on or before the Subscription Purchase Price Payment Date. If the Subscription Agent for any reason does not receive from a given Rights Offering Participant both a timely and duly completed Subscription Form and timely payment of such Holder's Subscription Purchase Price, such Rights Offering Participant will be deemed to have relinquished and waived its right to participate in the Rights Offering. To the extent any Holder of Allowed Unsecured Claim or Second Lien Claim previously submitted a Subscription Form and paid its applicable Subscription Purchase Price to the Subscription Agent on account of their Pro Rata Share of the Primary Allocable Unsecured Claim Units or the Primary Allocable Second Lien Units, as applicable, such Subscription Form returned by any Holder of an Allowed Unsecured Claim or Second Lien Claim is automatically deemed null and void, and any Subscription Purchase Price paid by such Holder of an Allowed Unsecured Claim or Second Lien Claim, if any, will be returned to such Holder of an Allowed Unsecured Claim or Second Lien Claim, as applicable, as soon as practicable.

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

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

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

5. Transfer of Subscription Rights; Election Irrevocable; Representations and Warranties. Absent the prior written consent of the Proponent or as set forth in the Subscription

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

6. Distribution of Rights Offering Units. On, or as soon as practicable after the Effective Date, but subject to extension by the Proponent, the Distribution Agent will distribute an acknowledgement of Newhall Intermediary or Holdco, as applicable, of the number of Rights Offering Units acquired by each Rights Offering Participant. The Rights Offering Units will not be certificated.

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

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

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

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

E. Lennar Equity Investment. 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, as applicable, 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 Lennar Investment Agreement. 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 and the Lennar Investment Agreement. 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 without further order of the Court.

F. Bonding Capacity. As of the Effective Date, Lennar Corporation will maintain and provide bonds to the Reorganized Debtors pursuant to the Bond Agreement.

G. LNR Equity Investment. On the Effective Date, in accordance with this Plan and the LNR Investment Agreement, (a) LNR will make the LNR Equity Investment into the Reorganized Debtors, (b) LNR will receive the LNR Equity Interest, (c) the LNR Entities will receive the releases set forth in Article X, and (d) the LNR Entities will be deemed to have waived and released those Claims and other rights set forth in Articles X.A.3 and X.A.5

H. Corporate (or Equivalent) Action. The entry of the Confirmation Order will constitute authorization for the Debtors to take or cause to be taken all corporate, limited liability or other actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken

will be deemed to have been authorized and approved by the Bankruptcy Court, including the formation of Newhall Intermediary and Holdco. On the Effective Date, adoption by the Reorganized Debtors of their amended articles of incorporation, partnership agreements, operating agreements or other similar documents, as applicable, copies of which are 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 partners, stockholders, administrators, agents, officers or directors of the Debtors. On the Effective Date, the Debtors and the Reorganized Debtors will be authorized to execute and deliver the agreements, documents and instruments contemplated by the Plan in the name and on behalf of the Debtors and to take all necessary and appropriate actions to effectuate the transactions contemplated by the Plan.

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

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

K. Obligations Incurred After the Confirmation Date. Payment obligations incurred after the date and time of entry of the Confirmation Order, including without limitation, the Professional Fees of the Debtors (and of the Committee and its Professionals through the Effective Date) will not be subject to application or proof of claim and may be paid by the Debtors in the ordinary course of business and without further Bankruptcy Court approval; provided that with respect to Professional Fees, such fees and expenses are reasonable and documented fees and expenses.

L. Corporate Governance. The board of managers of Holdco will consist of those Persons whose identity and qualifications are set forth in the Plan Supplement. 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.

M. Management. From and after the Effective Date, the Reorganized Debtors' day to day operations will be managed by Management Co. pursuant to the terms of the Management Agreement.

N. Conditions to Confirmation. The following amounts will have been paid into an escrow account established by the Proponent:

1. the Lennar Equity Investment on the third (3rd) Business Day before the date on which the Confirmation Hearing is scheduled to commence;

2. The LNR Equity Investment on the third (3rd) Business Day before the date on which the Confirmation Hearing is scheduled to commence; and

3. the proceeds of the Rights Offering on or before the Subscription Expiration Date.

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

1. Holders of the First Lien Claims will have accepted this Plan as provided in Article VI.B above.

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

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

4. The Lennar Equity Investment, the LNR Equity Investment and the proceeds of the Rights Offering will be released from escrow.

5. The Backstop Parties will have funded those amounts due under the Backstop Agreement.

6. Emile Haddad will have funded \$1,000,000 to acquire Reorganized LandSource Communities Units.

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

8. All conditions precedent set forth in the Lennar Investment Agreement will have been satisfied.

9. All conditions precedent set forth in the LNR Investment Agreement will have been satisfied.

10. The Reorganized Debtors will continue to indirectly own the Valencia Water Company.

11. The waiting period (and any extension thereof) applicable to the Plan and the purchase of the Rights Offering Units, if any, under the HSR Act will have been terminated or will have expired.

12. The Confirmation Order will:

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

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

(c) set forth and approve the identity of the Trustee as trustee of the Creditor ~~Trust~~Trusts;

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

(e) provide for transfer of the Estate Assets of the Debtors to the respective Reorganized Debtors (other than the Avoidance Actions and the Appraiser Causes of Action that will be transferred to the Creditor Litigation Trust; the Lennar Acquired Interests, the LNR Excess G&A Claims and such other assets to transferred to the Lennar Investor pursuant to the Lennar Investment Agreement; and any other Estate Assets released pursuant to this Plan), and the ownership interests in each of the Reorganized Debtors, other than Reorganized LandSource Communities, to the applicable Reorganized Debtor or Debtors (in each case, unless the Proponent directs otherwise), as applicable, on the Effective Date, free and clear of all Claims, liens, interests, encumbrances and other liabilities including, without express or implied limitation, Claims against or Interests in the Debtors, to the full extent allowed pursuant to sections 105, 363, 1123, 1129 and 1141 of the Bankruptcy Code, except as otherwise provided in this Plan;

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

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

(h) provide for the allowance of the DIP Revolver Loan Claims, the First Lien Claims and the Second Lien Claims in specific dollar Amounts;

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

(j) provide that, upon the Effective Date, the Reorganized Debtors will be vested with the rights and powers granted to the Debtors pursuant to section 1107(a) of the Bankruptcy Code with respect to the allowance, treatment or avoidance of liens, Claims or Interests that remain unresolved as of the Effective Date (other than any objections to Class 5 Claims which are to be pursued by the Class 5 Trust);

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

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

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

(n) provide that nothing in this Plan or the Confirmation Order will modify the provisions of the Final DIP Order except as expressly provided for in this Plan ~~(including as provided in any provision of this Plan that expressly modifies specific provisions of the Final DIP Order)~~ or, with respect to those rights of the Administrative Agent as set forth therein, as expressly consented to by the Administrative Agent;

(o) approve the releases provided in Article X;

(p) approve 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; and

(q) require the Reorganized Debtors to 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.

(r) 13. The Effective Date occurs on or before July 31, 2009, unless extended by the Proponent.

(s) 14. The Creditor Trust ~~Agreement~~Agreements, in a form and substance reasonably satisfactory to the Reorganized Debtors, the Proponent, the Trustee, the Second Lien Administrative Agent and the Committee, will be in full force and effect and all the conditions precedent set forth therein will have been satisfied or waived in accordance with its terms.

P. Waiver of Conditions to Effectiveness. Other than the requirements set forth in Articles VIII.O.1, VIII.O.2 or VIII.O.3 above, none of which may be waived, and the requirements set forth in Article VIII.O.14 which may only be waived with the consent of the Proponent, Debtors, Committee and Second Lien Administrative Agent, the requirement that a particular condition to the effectiveness of the Plan be satisfied may be waived in whole or part by the Proponent, without notice or a hearing. The failure to satisfy or waive any condition may be asserted by the Proponent regardless of the circumstances giving rise to the failure of such condition to be satisfied (including, without express or implied limitation, any act, action, failure to act or inaction by the Debtors or the Proponent). The failure of the Debtors or the Proponent to assert the non-satisfaction of any such conditions will not be deemed a waiver of any other rights hereunder, and each such right will be deemed an ongoing right that may be asserted or waived (as set forth herein) at any time or from time to time.

Q. Effect of Nonoccurrence of the Conditions to Effectiveness. If each of the conditions to consummation and the occurrence of the Effective Date has not been satisfied or duly waived on or before the date that is one hundred and eighty (180) days after the Confirmation Date, the Confirmation Order may be vacated by the Bankruptcy Court upon a motion filed by the Proponent. If the Confirmation Order is vacated pursuant to this Article VIII.Q, this Plan will be null and void in all respects, and nothing contained in this Plan will: (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 Claim, the Committee, the Lennar Entities or the LNR Entities.

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

S. No Substantive Consolidation for Voting and Distribution Purposes. Any Claim asserted against any of the Debtors or any of the Estates will be deemed to be a Claim asserted only against the applicable Debtor and Estate, or if multiple Debtors are liable on the claim against the applicable Debtors and Estates. The voting and distribution provisions of this Plan will be determined with respect to each Debtor. Nothing in his Plan will effect substantive consolidation of the Debtors or deemed consolidation of the Debtors.

T. U.S. Trustee Fees. Notwithstanding anything to the contrary herein, each Debtor remains liable for the payment of quarterly fees to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930 until such time as a particular case is closed, converted or dismissed.

U. Valencia Water Company - California Public Utilities Commission. Valencia Water Company will not be required to file an application under Section 854 of the California Public Utilities Code (or any other applicable law or regulation) to obtain the California Public Utilities Commission's (or any other applicable governmental authority's) authorization for the change of ownership in LandSource Communities or the other Debtors. Alternatively, if the California Public Utilities Commission (or any other applicable governmental authority) determines that the effectiveness of the Plan is an acquisition or change of control subject to its approval under Section 854(a) of the California Public Utilities Code (or any other applicable law or regulation), the Plan shall be deemed to preclude the Reorganized Debtors from asserting operational control of Valencia Water Company until an application pursuant to Section 854(a) of the California Public Utilities Commission (or any other applicable governmental authority) has been filed and the California Public Utilities Commission (or any other applicable governmental authority) has issued a final decision on the application or any other approval has been received.

V. Reservation of Holdco Class A Units. Holders of Units of Reorganized LandSource Communities and Newhall Intermediary may exchange their Units for Holdco Class A Units (or the Cash equivalent) in accordance with the terms of the Newhall Intermediary LLC Agreement and Reorganized LandSource Communities LLC Agreement. Upon such exchange for Holdco Class A Units, the same number of Holdco Class B Units held by such exchanging holder will be extinguished. Holdco will have the option to assume the obligation of Reorganized LandSource Communities or Newhall Intermediary to effect such an exchange. The Holdco LLC Agreement will provide for the reservation of a sufficient number of Holdco Class A Units to be issued solely in exchange for Newhall Intermediary Units and Reorganized LandSource Communities Units and it is intended that such Holdco Class A Units will be issued in accordance with Section 1145 of the Bankruptcy Code.

W. Securities Registration Exemptions. The securities to be issued pursuant to this Plan, including without limitation the securities issued pursuant to and in accordance with Article VIII hereof, are to be issued without registration under the Securities Act or any similar federal, state, or local law in reliance upon the exemptions set forth in 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.

ARTICLE IX CREDITOR ~~TRUST~~TRUSTS

A. Establishment of Creditor ~~Trust~~Trusts. On the Effective Date, the Creditor ~~Trust~~Trusts will be established pursuant to the Creditor Trust ~~Agreement~~Agreements and other documents included in the Plan Supplement³, if any. 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, subject to Article IX.D) will be transferred to, and will 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 received by the Creditor Litigation Trust to be distributed by the Trustee in accordance with the provisions of this Plan and the Creditor Trust Agreement for the Creditor Litigation Trust. The ~~Creditor~~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 below and subject to Articles IX.B, IX.C and IX.D, 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, the Creditor Litigation Trust will be provided with \$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. The Trustee of the Creditor ~~Trust~~Trusts will be appointed pursuant to the Confirmation Order. The Trustee will be directed by the Creditor Trust Advisory ~~Board~~Boards, which will also be appointed pursuant to the Confirmation Order.

B. Prosecution or Settlement of the Avoidance Actions. The Creditor Litigation Trust may commence adversary proceedings or other legal proceedings to pursue the Avoidance Actions to the extent not settled or resolved prior to the Effective Date or pursuant to this Plan. The Creditor Trust Proceeds recovered by the Creditor Litigation Trust through any such proceeding will be deposited into the Creditor Litigation Trust and be distributed by the Trustee in accordance with the provisions of this Plan and the Creditor Trust Agreement for the Creditor Litigation Trust. The Trustee will have the authority to settle any and all Avoidance Actions without the need for approval by the Bankruptcy Court; *provided that* such settlement have been approved by a majority of the Creditor Litigation Trust Advisory Board.

C. Prosecution or Settlement of Classes 5(a) - (u) Claim Objections. The ~~Creditor~~Class 5 Trust may file any claim objections or other legal proceedings challenging any alleged Claim that is included in Classes 5(a) - (u). The Trustee will have the authority to settle any and all objections to Class 5 Claims without the need for approval by the Bankruptcy Court;

provided that such settlements have been approved by a majority of the **Creditor Class 5** Trust Advisory Board.

D. Prosecution or Settlement of Appraiser Causes of Action On the Effective Date and to the extent allowable, the Debtors, the Reorganized Debtors, the Administrative Agent, the First Lien Administrative Agent, the current and former Holders of the DIP Revolver Loan Claims, the current and former Holders of the First Lien Claims, the Second Lien Administrative Agent and the current and former Holders of Second Lien Claims will be deemed to have assigned to the Creditor Litigation Trust any and all rights to commence adversary proceedings or other legal proceedings to pursue the Appraiser Causes of Action. To the extent that the Appraiser Causes of Action cannot be assigned to the Creditor Litigation Trust, the Debtors, the Reorganized Debtors, the Administrative Agent, the First Lien Administrative Agent, the current and former Holders of the DIP Revolver Loan Claims, the current and former Holders of the First Lien Claims, the Second Lien Administrative Agent and the current and former Holders of Second Lien Claims will be deemed to have assigned to the Creditor Litigation Trust the right to commence any adversary proceedings or other legal proceedings to pursue the Appraiser Causes of Action, on their respective behalves, and after payment of any reasonable fees and expenses incurred in prosecuting such Appraiser Causes of Action, the net proceeds of such Appraiser Causes of Action will be assigned to the Creditor Litigation Trust and be treated as Creditor Trust Proceeds of the Creditor Litigation Trust. Any Creditor Trust Proceeds recovered as a result of the Appraiser Causes of Action will be deposited into the Creditor Litigation Trust and be distributed by the Trustee in accordance with the provisions of this Plan and the Creditor Trust Agreement for the Creditor Litigation Trust. To the extent that the Debtors, the Reorganized Debtors, the Administrative Agent, the First Lien Administrative Agent, the current and former Holders of the DIP Revolver Loan Claims, the current and former Holders of First Lien Claims, the Second Lien Administrative Agent or the current and former Holders of Second Lien Claims incur any damages, fees, costs or expenses, including, without limitation, any attorneys' fees and expenses, the Creditor Litigation Trust will reimburse and indemnify the Debtors, the Reorganized Debtors, the Administrative Agent, the First Lien Administrative Agent, the current and former Holders of DIP Revolver Loan Claims, the current and former Holders of First Lien Claims, the Second Lien Administrative Agent or the current and former Holders of Second Lien Claims, as applicable, for any such damages, costs and expenses. The Trustee will have the authority to settle any and all Appraiser Causes of Action without the need for approval by the Bankruptcy Court; *provided that* such settlements have been approved by a majority of the Creditor Litigation Trust Advisory Board.

E. Investments of Cash. Except as otherwise provided in this Plan, all Cash held by the Creditor ~~Trust~~Trusts will be invested by the Trustee, after consultation with ~~the~~their respective Creditor Trust Advisory ~~Board~~Boards, in only (a) direct obligations of, or obligations guaranteed by, the United States; (b) obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of the Congress of the United States, as an agency or instrumentality thereof; (c) AAA rated tax-free securities issued by municipalities or state governments or agencies; or (d) such other obligations or instruments as may from time to time be approved for such investments by Final Order of the Bankruptcy Court; *provided, however,* that the Trustee may, to the extent it deems necessary, deposit moneys in demand deposits (including money market funds) at any commercial bank, trust company or other

financial institution organized under the laws of the United States or any state thereof which has, at the time of such deposit, a capital stock and surplus aggregating at least \$500,000,000. The investment powers of the Trustee will be limited to powers to invest in demand and time deposits, such as short-term certificates of deposit, in banks or other savings or financial institutions, or other temporary, liquid investments such as U.S. Treasury Bills. Such investments will mature in such amounts and at such times as may be deemed necessary by the Trustee, after consultation with the applicable Creditor Trust Advisory ~~Board~~Boards, to provide funds when needed to make Distributions and payments as required by this Plan.

F. Creditor Trust Expenses.

1. All Creditor Trust Expenses will be charged against and paid from the Creditor Trust Proceeds of the Class 5 Trust, the Class 5 Turnover Trust or the Creditor Litigation Trust, as applicable, and the Trustee will pay the same as and when due and payable.

2. Counsel and any other professionals retained by the Trustee, Creditor Trust Advisory ~~Board~~Boards or Creditor ~~Trust~~Trusts will submit periodic statements for services rendered and costs incurred to the Trustee and the applicable Creditor Trust Advisory Board for review and approval. The Trustee or the applicable Creditor Trust Advisory Board (based upon a vote of the majority of the applicable Creditor Trust Advisory Board) will have thirty (30) days to object to any such statement. In the event that any such objection is received by the relevant professional and cannot be promptly resolved by such professional and the Trustee or Creditor Trust Advisory Board, as applicable, the dispute will be submitted by the Trustee or the Creditor Trust Advisory Board, as applicable, to the Bankruptcy Court for adjudication. The Bankruptcy Court will retain jurisdiction to adjudicate any such objection. In the event that no objection is raised to a statement within the thirty (30) day period, such statement will be promptly paid by the Trustee, subject to Article IX.F.1 above.

G. Limitation of Liability.

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

undertaking, contract, covenant or agreement entered into in writing by the Creditor ~~Trust~~Trusts, the Trustee or the Creditor Trust Advisory ~~Board~~Boards will provide expressly against the personal liability of the Trustee or the Creditor Trust Advisory ~~Board~~Boards, including each of its members.

2. The Creditor ~~Trust~~Trusts, the Trustee, the Creditor Trust Advisory ~~Board~~Boards and their respective officers, directors, employees, professionals, representatives, agents, successors or assigns will not be liable for any act they may do, or omit to do hereunder in good faith and in the exercise of their respective ~~best~~business judgment, and the fact that such act or omission was advised, directed or approved by an attorney acting as counsel for one of the Creditor ~~Trust~~Trusts, the Trustee or the Creditor Trust Advisory ~~Board~~Boards will be conclusive evidence of such good faith and ~~best~~business judgment; provided, however, that this Article IX.G.2 will not apply to any gross negligence or willful misconduct by the Creditor ~~Trust~~Trusts, the Trustee, the Creditor Trust Advisory ~~Board~~Boards or their respective officers, directors, employees, professionals, representatives, agents, successors or assigns.

H. Reliance on Documents. The Creditor ~~Trust~~Trusts, the Trustee and the Creditor Trust Advisory ~~Board~~Boards may rely, and will be protected in acting or refraining from acting, upon any certificates, opinions, statements, instruments or reports believed by it to be genuine and to have been signed or presented by the proper Person or Persons.

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

ARTICLE X THE RELEASES AND EXCULPATION

A. The Releases.

1. Subject to Articles X.A.~~66~~, ~~X.A.7~~ and X.A.~~7,8~~, on the Effective Date and except as ~~otherwise provided herein~~set forth in the last sentence of this paragraph, the Reorganized Debtors and the Releasees ~~will be~~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. The Confirmation Order will enjoin the prosecution by any Person, whether directly, derivatively or otherwise, of any Claim, debt, right, cause of action or liability which was or could have been asserted against the Releasees. ~~The Plan will not release~~Notwithstanding the foregoing, the obligations under the Plan, are not released. Without limitation of the exculpation or other provisions of the Plan and the Confirmation Order, and for purposes of the release set forth in this Article X.A.1 of the Plan only, such release will not apply to release the Releasees from any Claims held by Holders of Claims who (i) voted to reject the Plan; (ii) voted to accept the Plan but opted out of the foregoing release or (iii) abstained from voting on the Plan but opted out of the foregoing release, all in accordance with the Disclosure Statement Order and the Supplemental Disclosure Statement Order.

2. Subject to Articles X.A.~~66~~, X.A.7 and X.A.~~7,8~~, 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.

3. Subject to Articles X.A.~~66~~, X.A.7 and X.A.~~7,8~~, for good and valuable consideration, on the Effective Date and except as otherwise provided herein, each of the Debtors, the Reorganized Debtors, Lennar, the Lennar Investor, the Lennar Entities, the Lennar Releasees, the Committee, the Administrative Agent, the First Lien Administrative Agent and the Second Lien Administrative Agent hereby release each other and each of their respective former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives and professionals, in their official and individual capacities, and each of their respective successors, executors, administrators, heirs and assigns or any Persons controlling or controlled by any of the foregoing from any and all Claims, liabilities, demands, damages, actions or Causes of Action of any kind or nature whatsoever (whether arising in contract, in tort, by statute or common law, or otherwise) with respect to matters arising out of or relating to the Chapter 11 Cases or the Debtors and 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.

4. Subject to Articles X.A.~~66~~, X.A.7 and X.A.~~7,8~~, for good and valuable consideration, on the Effective Date and except as otherwise provided herein, each of the Debtors, the Reorganized Debtors, LNR, the LNR Investors, the LNR Entities, the Committee, the Administrative Agent, the First Lien Administrative Agent and the Second Lien Administrative Agent hereby release each other and each of their respective former, current and future Affiliates, members, officers, directors, employees, consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives and professionals, in their official

and individual capacities, and each of their respective successors, executors, administrators, heirs and assigns or any Persons controlling or controlled by any of the foregoing from any and all Claims, liabilities, demands, damages, actions or Causes of Action of any kind or nature whatsoever (whether arising in contract, in tort, by statute or common law, or otherwise) with respect to matters arising out of or relating to the Chapter 11 Cases or the Debtors and 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.

5. In addition to those releases set forth in Article X.A.4 and subject to Articles X.A.6 and X.A.7, as of the Effective Date, the LNR Entities will be deemed to have waived and released any and all rights in the management of the Reorganized Debtors.

6. Notwithstanding anything herein to the contrary, including, without limitation, Articles X.A.1, X.A.2, X.A.3, ~~X.A.4~~ and X.A.5, Lennar, the Lennar Entities, the Lennar Releasees and any Affiliate of Lennar expressly retain any and all Causes of Action and Claims, including, without limitation, the LNR Excess G&A Claims, against LNR, the LNR Entities and any Affiliates of LNR, and such Causes of Action and Claims are not released under this Plan.

7. Notwithstanding anything herein to the contrary, including, without limitation, Articles X.A.1, X.A.2, X.A.3, X.A.4 and X.A.5, LNR, the LNR Entities and any Affiliates of LNR expressly retain any and all Causes of Action and Claims against Lennar, the Lennar Entities, the Lennar Releasees and any Affiliates of Lennar, and such Causes of Action and Claims are not released under this Plan.

8. Notwithstanding anything herein to the contrary, including without limitation, Articles X.A.1, X.A.2, X.A.3, X.A.4 and X.A.5, neither the Debtors, the Reorganized Debtors, the Lennar Entities, the Lennar Releasees nor the LNR Entities are released from any Claims arising after the Effective Date and relating to any Effective Date Assumed Contract to which a Lennar Entity, Lennar Releasee or LNR Entity is a party thereto, as applicable. Each of the Debtors, the Reorganized Debtors, Lennar Entities, the Lennar Releasees and the LNR Entities expressly retain their respective rights under such Effective Date Assumed Contracts to which a Lennar Entity, Lennar Releasee or LNR Entity is a party thereto. The Lennar Entities further are not released from any obligations to pay cure costs with respect to Effective Date Assumed Contracts relating to the Lennar Acquired Interests, including, without limitation, any cure costs which are to be paid by Lennar pursuant to Article XIII.A.

B. Exculpation. The Exculpated Persons will 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.

ARTICLE XI PROCEDURES FOR RESOLVING DISPUTED CLAIMS

A. Objections to Claims. On and after the Effective Date, the Reorganized Debtors or, with respect to Class 5 Claims, the ~~Creditor~~Class 5 Trust will have the right to the exclusion of all others to make, file and prosecute objections to Disputed Claims. The Reorganized Debtors or, with respect to Class 5 Claims, the ~~Creditor~~Class 5 Trust will conduct a review of the Schedules and all Proofs of Claim filed in the Chapter 11 Cases and, except as provided in Article IV.A above, 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 in this Article XI.A, the Reorganized Debtors or the Class 5 Trust, as applicable, may file objections to any Claim for damages arising from the rejection of an executory contract or unexpired lease pursuant to Article XIII.C below until the date that is sixty (60) days after a Proof of Claim with respect to such Claim is filed and served in accordance with Article XIII.C below. The Reorganized Debtors or the Class 5 Trust, as applicable, may compromise, settle or otherwise resolve the Allowed Amount of any Disputed Claim without further order of the Bankruptcy Court in accordance with this Plan, 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.

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

C. Subordination of Claims. Under this Plan, any Claim (other than the DIP Revolver Loan Claims and the First Lien Claims) may be subordinated to other Claims pursuant to section 510 of the Bankruptcy Code. No Distributions will be made in respect of a subordinated Claim until all Claims to which such Claim has been subordinated have been satisfied in full. Any action to subordinate a Claim will be filed by the Reorganized Debtors, the ~~Creditor~~Class 5 Trust or another Person with standing to file such action, as appropriate, not

later than one hundred and eighty (180) days after the Effective Date, unless such deadline is extended by Final Order of the Bankruptcy Court.

D. Estimation of Claims. The Debtors, Reorganized Debtors or ~~Creditor~~Class 5 Trust, as appropriate, may, at any time, request that the Bankruptcy Court estimate the Allowed Amount of any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtors, Reorganized Debtors or ~~Creditor~~Class 5 Trust, as appropriate, previously had objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Disputed Claim at any time, including during litigation or another proceeding concerning any objection to such Disputed Claim.

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

ARTICLE XII EFFECT OF CONFIRMATION

A. Release of Liens and Cancellation of Instruments.

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

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

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

C. Injunction. Except as otherwise expressly provided for in the Plan or the Confirmation Order and to the fullest extent authorized or provided by the Bankruptcy Code, including Bankruptcy Code sections 524 and 1141 and provided that the Effective Date occurs, the entry of the Confirmation Order will permanently enjoin all Persons that have held, currently hold or may hold a Claim or other debt or liability that is subject to the Plan from taking any of the following actions in respect of such Claim, debt or liability: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against ~~either or both of the Debtors or~~ the Reorganized Debtors 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 ~~either or both of the Debtors or~~ 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 ~~either or both of the Debtors or~~ 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 ~~either or both of the Debtors or~~ 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. This provision will not apply to those Holders of Administrative Claims set forth in Article I.A.7(b)(i) of the Plan.

D. Retention of Causes of Action/Reservation of Rights. Except as set forth in Article X above, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or the relinquishment of any rights or Causes of Action that the Debtors or the Reorganized Debtors may have or which the Reorganized Debtors may choose to assert on behalf of their respective estates under any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including, without limitation, (a) any and all Claims against any Person or entity, to the extent such Person or entity asserts a cross-claim, counterclaim and/or claim for setoff which seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors or representatives, and (b) the turnover of any property of the Estates.

E. Discharge of Claims and Interests. Except as otherwise provided herein, to the fullest extent permitted by applicable law (a) ~~on~~ as of the ~~Confirmation~~ Effective Date, the 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 **Confirmation**Effective Date, (x) all Holders of Claims will be barred and enjoined from asserting against the Debtors entitled to such discharge pursuant to this Article XII.E any Claims, debt (as defined in Bankruptcy Code section 101(12)), liens, security interests and encumbrances of and against all property of each of the Debtors and (y) the Debtors 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.A.7(b)(i) of the Plan.

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

G. Defined Benefit Plan. Nothing in the Chapter 11 Cases, the Confirmation Order, the Plan, the Bankruptcy Code (including section 1141 thereof) or any other document filed in the Chapter 11 Cases will in any way be construed to discharge, release, limit or relieve the Debtors, the Reorganized Debtors or any other party, in any capacity, from any liability or responsibility with respect to the Defined Benefit Plan or any other defined benefit plan under any law, governmental policy or regulatory provision. The Pension Benefit Guaranty Corporation and the Defined Benefit Plan will not be enjoined or precluded from enforcing any such liability or responsibility by any of the provisions of the Plan, the Confirmation Order, the Bankruptcy Code or any other document filed in the Chapter 11 Cases. Notwithstanding the foregoing, the Reorganized Debtors retain any and all rights that they currently hold under applicable law with respect to the Defined Benefit Plan. The Defined Benefit Plan, which was sponsored by Newhall, will be assumed upon confirmation of the Plan by Reorganized Newhall, which will continue, maintain and fund the Defined Benefit Plan in accordance with all legal requirements.

ARTICLE XIII EXECUTORY CONTRACTS

A. Assumption of Certain Executory Contracts. On the Effective Date, the Debtors will assume the Effective Date Assumed Contracts. The Proponent will include in the Plan Supplement a schedule of all Effective Date Assumed Contracts and, to the extent applicable, the proposed cure amounts with respect to each Effective Date Assumed Contract, all in form and substance acceptable to the Proponent. Cure costs relating to the assumption of any Effective Date Assumed Contract relating to any of the Lennar Acquired Interests will be paid by the Lennar Investor and will be in addition to the Lennar Equity Investment; *provided that* any Administrative Expense Claim related to such Effective Date Assumed Contracts will be paid pursuant to Article IV.A of this Plan, rather than paid by the Lennar Investor as a cure cost. ANY NON-DEBTOR PARTY TO AN AGREEMENT LISTED ON THE SCHEDULE OF EFFECTIVE DATE ASSUMED CONTRACTS THAT WISHES TO OBJECT TO THE ASSUMPTION AND (IF APPLICABLE) ASSIGNMENT OF SUCH AGREEMENT OR TO

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

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

C. Rejection of Remaining Contracts and Leases. Any and all of the Debtors' executory contracts and unexpired leases that are not designated as Effective Date Assumed Contracts in the Plan Supplement will 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 above, or (c) expire, terminate or otherwise become non-executory prior to such date. Proofs of Claim with respect to any Claim for damages arising from the rejection of any executory contract or unexpired lease pursuant to this Article XIII.C must be filed with the Bankruptcy Court and served on the Reorganized Debtors within sixty (60) days following the Effective Date (unless such rejection date for a particular contact 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.

D. Treatment of Rejection Damages Claims. Any Claim for damages based upon the rejection of any executory contract or unexpired lease will be treated as an Unsecured Claim and will be classified in Class 5(a) - (u) or Class 6(a) - (u), as appropriate, and may be objected to in accordance with the provisions of Articles IX and XI above, and the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules. The failure to file a Proof of Claim with respect to a Claim for damages based upon the rejection of an executory contract or unexpired lease as provided in Article XIII.C above or a Final Order of the Bankruptcy Court specifically relating to such Claim will forever bar and discharge such Claim.

E. Previously Scheduled Contracts. The Plan Supplement will include a list of agreements that were listed in the Schedules as executory contracts or unexpired leases, but which the Debtors and the Proponent believe should not be considered executory contracts or unexpired leases (either because they were not executory contracts as of the Commencement Date or because they have expired or terminated in accordance with their terms prior to the Effective Date). If any counterparty to any such agreement believes that such agreement does constitute an executory contract or unexpired lease of one of the Debtors, then such counterparty must file with the Bankruptcy Court and serve on the Proponent and the Debtors an objection to the characterization of such agreement on or before the Confirmation Objection Deadline. If any such agreements are determined by a Final Order to be executory contracts or unexpired leases, the Debtors or the Reorganized Debtors, as applicable, reserve the right to seek the assumption or rejection of any such contract or lease, and the time within which the Debtors or the Reorganized Debtors, as applicable, may seek to assume or reject any such contract or lease will be tolled until twenty (20) Business Days after the date on which an order determining that any such agreement is an executory contract or unexpired lease becomes a Final Order.

F. Compensation and Benefits Programs. On the Effective Date, the Debtors will be deemed to have rejected the following benefit programs: (i) Supplemental Executive Retirement Plan Agreements with James Smith and June Almas; (ii) The Newhall Land and Farming Company Pension Restoration Plan dated May 4, 1994; (iii) The Amended and Restated Newhall Management Corporation Retirement Plan for Directors, revised effective September 18, 1996; and (iv) Special Severance Agreements with Robert Burke and Walter James. Except as set forth in the preceding sentence, all employment and severance policies, workers' compensation programs and all compensation and benefit plans, policies and programs of Newhall applicable to its present and former employees, including, without express or implied limitation, all savings plans, retirement plans, health and welfare plans, performance-based incentive plans, retention plans, reimbursement plans, disability plans, severance benefit plans, paid time off plans and life, accidental death and dismemberment insurance plans, including, without express or implied limitation, the Deferred Bonus Program, the Five Year Future Benefit and the Incentive Plan will be deemed to be, and will be treated as though they are, executory contracts and will, on the

Effective Date, be deemed assumed under the Plan by Reorganized Newhall in accordance with Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, and Reorganized Newhall's obligations under such plans, policies and programs will survive confirmation of the Plan, remain unaffected thereby and not be discharged in accordance with section 1141 of the Bankruptcy Code. Any defaults existing under any of such plans, policies and programs will be cured promptly after they become known by Reorganized Newhall.

~~G. Post-Commencement Date Executory Contracts. Any and all executory contracts entered into by the Debtors after the Commencement Date will be deemed assumed by the Reorganized Debtors unless otherwise indicated in the Plan Supplement.~~

ARTICLE XIV ADMINISTRATIVE PROVISIONS

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

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

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

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

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

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

6. To determine the allowability, classification, or priority of Claims upon objection by the Debtors, the Reorganized Debtors, the Proponent or any other party in interest entitled hereunder to file an objection (including the resolution of disputes regarding any Disputed Claims and claims for disputed Distributions), and the validity, extent, priority and

avoidability of consensual and nonconsensual liens and other encumbrances, and to estimate the Allowed Amount of any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Amendments.

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

2. Post-Confirmation Amendment Not Requiring Resolicitation. After the Confirmation Date, with the approval of the Bankruptcy Court, the Proponent may modify this Plan to remedy any defect or omission or to reconcile any inconsistencies in this Plan or in the Confirmation Order as may be necessary to carry out the purposes and effects of this Plan, or in a

manner that does not materially adversely affect the interests, rights, treatment or Distributions of any Class of Claims or Interests. Any waiver under Article VIII.P above will not be considered to be a modification or amendment of this Plan.

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

E. Modification, Revocation or Withdrawal of This Plan. The Proponent, may modify, revoke or withdraw this Plan as the plan of reorganization for any Debtor (in which case the Proponent may proceed with confirmation and/or consummation of the Plan with respect to the other Debtors) or all of the Debtors at any time prior to the Confirmation Date or, if the Proponent is for any reason unable to consummate this Plan after the Confirmation Date, at any time prior to the Effective Date. To the extent that there are any disputes as to Value of the Encumbered Assets and/or the Value of the Unencumbered Assets leading to a different allocation of Units than as proposed herein, the Proponent may modify the Plan to allocate the Units in accordance with such modified Valuation of the Encumbered Assets and/or the Valuation of the Unencumbered Assets or, alternatively, may withdraw the Plan.

F. Exemption from Certain Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer or exchange of any securities, instruments or documents, (b) the creation of any other lien, mortgage, deed of trust or other security interest, or (c) the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of or in connection with this Plan or the sale or transfer of any assets of the Debtors or the Estates, and any deeds, bills of sale or assignments executed in connection with this 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 the Debtors or Reorganized Debtors, as applicable, may elect to sell any property prior to or including the date that is one (1) year after the Confirmation Date, such sales of property will be exempt from any transfer taxes in accordance with section 1146(a) of the Bankruptcy Code.

G. Compromise of Controversies. Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under this Plan, the provisions of this Plan will constitute a good faith compromise and settlement of all claims and controversies resolved pursuant to this Plan, including, without express or implied limitation, all claims arising prior to the Commencement Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, by or against the Debtors, the Proponent, the Holders of

Claims who vote to accept this Plan and various other Holders of Claims, arising out of, relating to or in connection with the business or affairs of or transactions with the Debtors, to the extent provided in this Plan. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of each of the foregoing compromises and settlements and all other compromises and settlements provided for in this Plan, including the settlement and release of the Lennar Released Claims and the Released Avoidance Actions, and the Bankruptcy Court's findings will constitute its determination that such compromises and settlements are in the best interests of the Debtors, the Estates, and all parties in interest, and are fair, equitable and within the range of reasonableness. The provisions of this Plan, including, without express or implied limitation, its release, injunction, exculpation and compromise provisions, are mutually dependent and non-severable.

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

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

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

K. Dissolution of the Creditor ~~Trust~~Trusts. ~~The~~Each of the Creditor ~~Trust~~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 ~~Trust~~Trusts will be extinguished, the legal existence of the Creditor ~~Trust~~Trusts will terminate, and all assets (if any) held by the Creditor ~~Trust~~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 ~~Trust~~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 ~~Trust~~Trusts upon termination to the Reorganized Debtors.

L. Dissolution of the Committee. As of the Effective Date, the duties of the Committee will terminate. 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. The Committee will be discharged and disbanded as of the Effective Date.

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

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

Respectfully submitted,

BARCLAYS BANK PLC,
as Proponent and Administrative Agent

By: _____
Title: _____

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Description	#239463776v24<NY> - Modified 2nd Amended Plan (with LNR Settlement)
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Format change	
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Split/Merged cell	
Padding cell	

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Format changed	0
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