

**Debtors' Sixth Omnibus Motion to Reject Certain Unexpired Leases and Executory Contracts Pursuant to Section 365(a) of the Bankruptcy Code *Nunc Pro Tunc* to January 16, 2009 for the Modular Lease and as of February 15, 2009 for the Valhalla Lease (the "Rejection Motion")**

By the Rejection Motion, the Debtors seek entry of an order authorizing them to reject certain leases and executory contracts (collectively, the "Leases") that, in the Debtors' opinion, are either burdensome or unnecessary to their ongoing business operations. Specifically, the Debtors seek to reject (i) an unexpired lease for certain vacant trailers (the "Trailers") at the their Ashley Farms development in Ocala Florida (the "Modular Lease") retroactive to January 16, 2009; and (ii) an unexpired lease of non-residential real property for office space located at 115 Stevens Avenue, Valhalla, New York 10595, containing approximately 25,864 rentable square feet (as amended, the "Valhalla Lease"), as of February 15, 2009. The Debtors also request that the relief requested by the Rejection Motion be severable as to each Lease, such that the Debtors, in their sole discretion, may modify or withdraw their request to reject either Lease at or prior to the hearing on the Rejection Motion, without prejudicing the relief sought with respect to the other Lease.

After reviewing the Leases, the Debtors have determined that they are not a source of value to the Debtors' future operations or the Debtors' estates. The Debtors estimate that rejection of the Leases will save the Debtors' estates in excess of \$65,000 in monthly lease obligations.

The Debtors assert that the Trailers are no longer needed because the Debtors are negotiating the sale of certain real estate at Ashley Farms.<sup>1</sup> The Debtors further maintain that the Valhalla Lease is underutilized because of the Debtors' workforce reductions. With respect to the Valhalla Lease, the Debtors assert that (i) they are current on their obligations thereunder through January 31, 2009; (ii) they intend to vacate the property that is the subject of the Valhalla Lease no later than February 15, 2009;<sup>2</sup> and (iii) the lessor holds a security deposit of \$8,333.33.

The Debtors assert that they have not been able to find any party willing to accept assignment of either of the Leases, despite the Debtors' diligent efforts. The Debtors have concluded that the Leases are burdensome and unnecessary for the Debtors' successful reorganization and, therefore, rejection of the Leases is in the best interest of the Debtors and their estates.

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<sup>1</sup> The Ashley Farms sale is the subject a separate pending motion, which we have summarized separately.

<sup>2</sup> The Valhalla Lease expires on July 31, 2017.