

**Motion for Authority to Pay Prepetition Commissions Owing to Sales Directors (the “Sales Directors’ Commissions Motion”).**

By the Sales Directors’ Commissions Motion, the Debtors seek entry of an order authorizing them to pay all sales commissions (the “Sales Director Commissions”) due and owing to their Sales Directors (collectively, the “Sales Directors”) prior to August 4, 2008 (the “Petition Date”).<sup>1</sup>

The Debtors employ approximately 14 Sales Directors who manage sales representatives and assist with the sales closing process. In addition to a fixed annual salary ranging from \$90,000 to \$175,000, the Sales Directors are typically paid Sales Director Commissions ranging from approximately 0.4% to 0.8% of the gross revenue generated from sales in their respective communities. As of the Petition Date, approximately \$380,000 in Sales Director Commissions had accrued but not yet been paid,<sup>2</sup> with the total amounts of such commissions ranging from approximately \$9,500 to approximately \$185,000 per Sales Director.

Because the Sales Director Commissions represent a significant portion of the Sales Directors’ compensation, the Debtors are concerned that some Sales Directors will terminate their employment if the Sales Directors Commissions are not paid. If this were to occur, the Debtors believe that their business would be harmed due to the difficulty in hiring experienced replacements and the loss of revenues in the interim. Moreover, the Debtors are concerned that even if none of the Sales Directors terminate their employment, the Debtors’ ability to generate significant revenues from their inventory will be jeopardized because Sales Directors will not be sufficiently incentivized to continue making sales. Finally, the Debtors note that the payments contemplated under the Sales Directors’ Commissions Motion are de minimis compared to the revenue generated by the Sales Directors’ efforts, which the Debtors’ claim was approximately \$109 million in the second quarter of 2008 alone.

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<sup>1</sup> Pursuant to the Order Granting Debtors Motion for Authority to Pay Prepetition Wages, Compensation and Employee Benefits, dated August 6, 2008 (the “Wage Order”) [Docket No. 84], the Debtors were authorized to pay prepetition commissions owing to their sales representatives and to continue paying the salary of their Sales Directors. The Wage Order, however, did not address the payment of prepetition commissions due and owing to the Sales Directors.

<sup>2</sup> Sales Director Commissions are earned in part upon execution of a sale agreement, with the remainder earned upon closing. A portion of these commissions relates to home and tower sales for which a sales agreement has been executed but closing has not yet occurred.