

4. The Company was formed in November of 2004 by William O. Jenkins, Jr..
5. The Company is and always has been in the business of manufacturing and distributing modular homes in the Southeast Region of the United States. The primary customers for the modular homes are government entities and private developers.
6. The Company was initially capitalized by its parent company, Safeway Homes, LLC, a Mississippi Limited Liability Company. In addition, certain investors made investments in the Company evidenced by the Company's promissory notes. Those notes remain largely unpaid.
7. The Company purchased a vacant manufacturing facility and the land on which it was situated for \$1,280,000.00, which was "seller-financed" by Fleetwood Homes of Mississippi, borrowed from the seller and secured by the property. The Company also purchased from Fleetwood Homes of Mississippi equipment sufficient to start limited production and began marketing a line of modular homes.
8. It became apparent by the spring of 2008, that the downturn in the housing market, the sudden death of one of its founders, Terry Jenkins, and other factors, that income would not be sufficient to meet all obligations on a timely basis. Although the Company investigated refinancing possibilities, it found that this was not a feasible alternative. On September 1, 2008, the Company voluntarily filed a petition under Chapter 11 of the Bankruptcy Code to afford the Company an opportunity to reorganize its debts under the provisions of the Code.
9. The Company borrowed substantial sums to fund an expansion of its facilities to meet production requirements. Debt service and the high cost of raw materials rendered the Company cash short and unable to meet current and predicted obligations. When trade

creditors put the Company on a C.O.D. basis and it became apparent that refinancing options were not feasible. Moreover, the high volume of inventory which needed to be sold and the continuing payroll obligations with insufficient cash flow, necessitated the cessation of plant operations. Therefore, the decision was made to file for relief under Chapter 11.

Significant Events Subsequent to the Filing and the Sale Proceeds

10. The Company has been in Chapter 11 only a short time, during which it has continued to sell its inventory and to solicit new orders. Earlier this year, after the sale of some 75% of its inventory, it was determined that, if sales continued at the current strengthening pace, plant operations would need to be restarted. As such, the plant reopened with a limited crew on July 1, 2009. Although sales were very slow during 2008 and early 2009, the current per-month-sales and are a strong indication of future success provided that the proposed Plan of Reorganization is approved and confirmed.
11. The Company, to conserve resources, laid off all but two employees, shortly before filing. In addition, the Board members have voluntarily foregone all compensation and the President, Dan Hobbs, has allowed his compensation to accrue in accordance with the Court's direction regarding no negative cash flow.
12. Safeway's assets which are the subject of this Sale Motion include the real property described in Exhibit A and tangible personal property described in Schedule B attached hereto and incorporated herein by reference, and all claims against third parties relating to the Assets, whether choate or inchoate, known or unknown, contingent or noncontingent.
13. Safeway's assets which will be excluded from this Sale Motion, as outlined in the Asset Purchase Agreement ("APA") attached hereto as Exhibit C and incorporated herein by

reference, include:

- a. All cash, cash equivalents and short-term investments;
 - b. All accounts receivable and notes receivable, and claims, proofs of claim, choses of action, and rights of offset in regard thereto;
 - c. All minute books, stock records and corporate seals;
 - d. All Inventories;
 - e. Those rights relating to deposits and prepaid expenses and claims for refunds and rights to offset in respect thereof;
 - f. All insurance policies and rights thereunder;
 - g. All Contracts under which Seller has or may acquire any rights or benefits and all outstanding offers or solicitations made by or to Seller to enter into any Contract;
 - h. All computer hardware and software, data and records related to the operations of Seller, including client and customer lists and records, referral sources, product specifications, design information, color information, research and development reports and records, production reports and records, service and warranty records, equipment logs, operating guides and manuals, financial and accounting records, creative materials, advertising materials, promotional materials, studies, reports, correspondence and other similar documents and records;
 - i. All of the intangible rights and property of Seller, including any intellectual property, going concern value, goodwill, telephone, telecopy, website and e-mail addresses and listings; and
 - j. Valid and existing leasehold, contractual or license interests in the foregoing.
14. The only known secured claims related to the real estate assets of Safeway are those

secured claims held by Fleetwood Homes of Mississippi (“Fleetwood”) and Madison County Bank (“MCB”). There are no other known secured claims related to the Sale Assets.

15. Debtor has filed contemporaneously with this Sale Motion a Motion to Establish Bidding Procedures in Connection with this Sale Motion and to Establish the Time and Date of the Auction and Sale Hearing and Approval of Notice Procedures and Objection Deadline (“Bidding Procedures Motion”).
16. The Debtor believes that in the event the Sale Motion is approved, that the result will be a successful sale of the subject assets.
17. The Debtor asserts that any successful bidder will be a capable, competent buyer, and is, or will be, a good faith purchaser. The Debtor believes that a transaction with a successful Bidder will satisfy the Bankruptcy Code and case authority.
18. The APA attached hereto outlines a purchase price of One Million, Four Hundred Thousand Dollars (\$1,400,000.00). The purchase prices, pursuant to the APA, will be distributed as follows:
 - a. Ninety percent (90%) of the Purchase Price equal to \$1,260,000.00 shall be paid by Buyer at Closing in immediately available funds by wire transfer to Seller.
 - b. Ten percent (10%) of the Purchase Price, equal to \$140,000.00 (the “Escrow Funds”), shall be deposited by Buyer at Closing, by wire transfer of immediately available funds pursuant to wire instructions designated by the Escrow Agent, into a segregated account in accordance with the terms of the Escrow Agreement (“Escrow Account”).
 - c. On the first anniversary of the Closing Date, the balance of the Escrow Account,

including any interest accrued thereon, less any distributions in connection with any post-Closing claim, and less the fees and expenses of the Escrow Agent, shall be disbursed by the Escrow Agent in immediately available funds by wire transfer to Seller.

- d. Notwithstanding any other provision in the APA to the contrary, at Closing approximately 28.5% of the Purchase Price, equal to \$400,000.00, shall be paid to MCB in satisfaction of its' liens against Seller's equipment.
- e. Notwithstanding any other provision in the APA to the contrary, at Closing, all ad valorem taxes, including a prorated amount for the year 2009, shall be paid to the Holmes County Tax Collector. The approximate amount of these taxes is \$133,000.00, including interest and penalties.
- f. Notwithstanding any other provision in the APA to the contrary, at Closing, all approved administrative expenses of the Bankruptcy Estate shall be paid in full. The approximate amount of these expenses include:
 - i. Salary accrual to Dan Hobbs: \$96,000.00
 - ii. Attorney's Fees and Expenses: \$15,000.00
 - iii. Trustee's fees: \$6,500.00
- g. The balance of the sale proceeds will be paid to Fleetwood in satisfaction of its lien. The anticipated payment to Fleetwood is \$609,500.00 in full satisfaction of Fleetwood's lien on the real property. Moreover, Seller will assign its right to the Escrow Account, to Fleetwood, which will result, potentially, in an additional \$140,000.00 being paid to Fleetwood, or a total potential to Fleetwood approaching \$750,000.00.

19. If an entity makes a successful bid in excess of \$1,400,000.00, the excess of such bid above \$1,400,000.00 will be paid to Fleetwood, but in no event will such payment to Fleetwood exceed its secured claim.
20. The Debtor believes the Auction, as described in the Bid Procedures Order, will achieve the best price.
21. The Debtor reserves the right to seek, at the Sale Motion Hearing, approval of a sale transaction on terms different from those set forth herein. For example, the Debtor may seek to sell certain assets subject to, rather than free and clear of, existing liens, claims and encumbrances if the Debtor's secured creditors and the successful bidder agree to same. Any modifications sought shall not be materially less beneficial to the Debtor than as set forth herein, unless the Debtor in its discretion, reasonably determines that the then prevailing conditions require otherwise.
22. In addition to the relief set forth above, upon a hearing with respect to the Sale Motion, the Debtor requests entry of orders that will, *inter alia*, (i) exempt the proposed sale from transfer or similar taxes in accordance with Sections 105(a) and 1146(c) of the Bankruptcy Code, (ii) find that the prevailing purchaser of the subject assets has bid, negotiated and purchased in good faith, and (iii) waive the ten day stay period, if it exists, set forth in Bankruptcy Rule 6004(g).
23. A prompt sale of the subject assets will likely enable the Debtor to realize the maximum value for the subject assets. The Debtor believes that the terms and conditions set forth in the Sale Motion are fair and equitable to both buyer and seller, and thus reflect a transaction that will generate buyer interest and ultimately will result in a successful sale of the subject assets. The Debtor believes that any material delay in consummating the

proposed sale of the subject assets will result in a reduction in the value of the subject assets. Therefore, the Debtor submits that the proposed sale of the subject assets is justified and should be approved by the Court.

Argument and Authorities

24. Section 363(b) of the Bankruptcy Code provides that a Debtor-in-Possession, after notice and a hearing, may sell property of the estate outside the ordinary course of business. 11 U.S.C. §§ 363(b) and 1107(a).
25. Courts, including the Fifth Circuit, have uniformly held that approval of a proposed sale of property under Section 363(b)(1) is appropriate where the transaction is consistent with the Debtor's reasonable business judgment. *In re: Continental Airlines, Inc.* 780 F.2d 1223 (5th Cir. 1986).
26. The Debtors and their professionals have carefully considered and analyzed the Sale Motion and Bidding Procedures Motion and believe that it will result in the maximum benefit to the Estate and the Creditors. The proposed Sale Procedures set forth in detail in the Bid Procedures Motion have been designed to achieve a successful bid. In the Debtor's informed, reasonable business judgment, these procedures and a successful bid in accordance with these procedures will result in the maximization of the value of the subject assets and be in the best interest of the Estate and all creditors.
27. The proposed sale outside of a plan context is warranted in this case in that the terms of the proposed sale will not restrict any creditor or any party in interest from objecting to the Plan.
28. Accordingly, the proposed sale of the Assets described herein is consistent with the Debtor's business judgment, in the best interest of the estate and the creditors, and will

not impermissibly dictate any potential reorganization plan terms, and thus the sale should be approved.

29. Bankruptcy Code Section 363(f) provides that a debtor may sell or otherwise transfer property outside the ordinary course of business free and clear of any interest in such property if:

- a. Applicable non-bankruptcy law permits sale of such property free and clear of such interest;
- b. Such entity consents;
- c. Such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- d. Such interest is in bona fide dispute; or
- e. Such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. 363(f).

30. Because Section 363(f) is drafted in the disjunctive, only one of the conditions set forth in that statute needs to be met for a sale free and clear of interests to occur.

31. Under Section 363(f)(5), a bankruptcy debtor may sell estate property free and clear of interests where such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest. In the instant case, Fleetwood, would not receive more money in a liquidation proceeding and, is therefore, subject to be crammed down under the Chapter 11 Plan, if approved. Fleetwood will have an opportunity to object to this Sale Motion and the Bidding Procedures and, moreover, will have an opportunity to bid on the property at the full amount it is owed pursuant to 363(k).

WHEREFORE, PREMISES CONSIDERED, Safeway respectfully requests that this Court will authorize the Debtor to sell the subject assets outside the ordinary course of business and for such other general and specific relief as this Court may deem just.

Dated: August 17, 2009.

Respectfully submitted,
Safeway Homes of Lexington, LLC

BY: s/John D. Moore
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Prepared and presented by:

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CERTIFICATE OF SERVICE

I, John D. Moore, do hereby certify that I have this day caused to be served via Notice of Electronic Filing, a true and correct copy of the above and foregoing to the following:

Ronald H. McAlpin, Esq.
Office of the United States Trustee
100 West Capitol Street, Ste. 706
Jackson, Mississippi 39269

This the 17th day of August, 2009.

s/John D. Moore
JOHN D. MOORE