

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**BEAZER HOMES USA, INC.**  
(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**58-2086934**  
(I.R.S. Employer  
Identification Number)

**1000 Abernathy Road, Suite 1200**  
**Atlanta, GA 30328**  
**(770) 829-3700**  
(Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Registrant's Principal Executive Offices)

SEE TABLE OF ADDITIONAL REGISTRANTS

**JAMES O'LEARY**  
**Executive Vice President and**  
**Chief Financial Officer**  
**1000 Abernathy Road, Suite 1200**  
**Atlanta, GA 30328**  
**(770) 829-3700**  
(Name, Address, Including Zip Code, and Telephone  
Number, Including Area Code, of Agent For Service)

*Copies to:*  
**WILLIAM F. SCHWITTER, ESQ.**  
**MICHAEL K. CHERNICK, ESQ.**  
**Paul, Hastings, Janofsky & Walker LLP**  
**75 East 55th Street**  
**New York, New York 10022**  
**(212) 318-6000**

**Approximate date of commencement of proposed sale to the public:**  
From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered   | Amount to be registered | Proposed maximum offering price per Security(1) | Proposed maximum aggregate offering price | Amount of registration fee |
|--|-------------------------|---|---|----------------------------|
| 4 <sup>5</sup> /8% Convertible Senior Notes due 2024 | \$180,000,000           | 100%  | \$180,000,000                             | \$22,806                   |
| Guarantees(2)  | —                       | —   | —   | —                          |
| Common Stock(3)(4)                                   | 1,166,400               | —   | —   | —                          |
| Preferred Stock Purchase Rights(3)(5)                | 1,166,400               | —   | —   | —                          |

(1) Determined pursuant to Rule 457(i) under the Securities Act solely for purposes of calculating the registration fee.

(2) The 4<sup>5</sup>/8% Convertible Senior Notes due 2024 (the "Notes") are guaranteed by the Additional Registrants on a senior basis. No separate consideration will be paid in respect of the guarantees. Pursuant to Rule 457(n) under the Securities Act, no filing fee is required.

(3) This number represents the number of shares of common stock that are initially issuable upon conversion of the Notes registered hereby. For purposes of estimating the number of shares of common stock to be included in the registration statement upon the conversion of the Notes, we calculated the number of shares issuable upon conversion of the Notes based on a conversion rate of 6.48 shares per \$1,000 principal amount of the Notes (the initial conversion rate of the Notes). In addition to the shares set forth in the table, pursuant to Rule 416 of the Securities Act of 1933, as amended, this registration statement also shall cover any additional shares of common stock which become issuable in connection with the shares registered for sale hereby by reason of any stock dividend, stock split, recapitalization or similar antidilution provisions contained in the Notes.

(4) No additional consideration will be received for the common stock, and therefore, no registration fee is required pursuant to Rule 457(i).

(5) Rights are attached to and trade with the common stock of the Registrant. No additional consideration will be received for the common stock, and therefore, no registration fee is required pursuant to Rule 457(i).

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The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date, as the Commission, acting pursuant to said Section 8(a), may determine.

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**BEAZER HOMES USA, INC.**

**TABLE OF ADDITIONAL REGISTRANTS**

| <b>NAME</b>  | <b>STATE OF INCORPORATION/FORMATION</b> | <b>PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER</b> | <b>IRS EMPLOYER IDENTIFICATION NO.</b> |
|--|---|---|--|
| Beazer Homes Corp.                                   | TN                                      | 1531  | 62-0880780                             |
| Beazer/Squires Realty, Inc.                          | NC                                      | 1531  | 56-1807308                             |
| Beazer Homes Sales Arizona Inc.                      | DE                                      | 1531  | 86-0728694                             |
| Beazer Realty Corp.                                  | GA                                      | 1531  | 58-1200012                             |
| Beazer Mortgage Corporation                          | DE                                      | 1531  | 58-2203537                             |
| Beazer Homes Holdings Corp.                          | DE                                      | 1531  | 58-2222637                             |
| Beazer Homes Texas Holdings, Inc.                    | DE                                      | 1531  | 58-2222643                             |
| Beazer Homes Texas, L.P.                             | DE                                      | 1531  | 76-0496353                             |
| April Corporation                                    | CO                                      | 1531  | 84-1112772                             |
| Beazer SPE, LLC                                      | GA                                      | 1531  | not applied for(1)                     |
| Beazer Homes Investment Corp.                        | DE                                      | 1531  | 04-3617414                             |
| Beazer Realty, Inc.                                  | NJ                                      | 1531  | 22-3620212                             |
| Beazer Clarksburg, LLC                               | MD                                      | 1531  | not applied for(1)                     |
| Homebuilders Title Services of Virginia, Inc.        | VA                                      | 1531  | 54-1969702                             |
| Homebuilders Title Services, Inc.                    | DE                                      | 1531  | 58-2440984                             |
| Texas Lone Star Title, L.P.                          | TX                                      | 1531  | 58-2506293                             |
| Beazer Allied Companies Holdings, Inc.               | DE                                      | 1531  | 54-2137836                             |
| Crossmann Communities of North Carolina, Inc.        | NC                                      | 1531  | 35-2047531                             |
| Crossmann Communities of Ohio, Inc.                  | OH                                      | 1531  | 31-1390649                             |
| Crossmann Communities of Tennessee, LLC              | TN                                      | 1531  | 62-1713158                             |
| Crossmann Communities Partnership                    | IN                                      | 1531  | 35-1901790                             |
| Crossmann Investments, Inc.                          | IN                                      | 1531  | 35-2021870                             |
| Crossmann Management Inc.                            | IN                                      | 1531  | 35-2021871                             |
| Crossmann Mortgage Corp.                             | IN                                      | 1531  | 35-1898927                             |
| Cutter Homes Ltd.                                    | KY                                      | 1531  | 61-0915273                             |
| Deluxe Homes of Lafayette, Inc.                      | IN                                      | 1531  | 35-1683706                             |
| Deluxe Homes of Ohio, Inc.                           | OH                                      | 1531  | 35-2109586                             |
| Beazer Realty, Inc.<br>(formerly Merit Realty, Inc.) | IN                                      | 1531  | 35-1679596                             |
| Paragon Title, LLC                                   | IN                                      | 1531  | 35-2111763                             |
| Pinehurst Builders LLC                               | SC                                      | 1531  | 56-2097374                             |
| Trinity Homes LLC                                    | IN                                      | 1531  | 35-2027321                             |

The address, including zip code and telephone number, including area code, of the principal offices of the additional registrants listed above is: 1000 Abernathy Road, Suite 1200, Atlanta, GA 30328 and the telephone number at that address is (770) 829-3700.

(1) Does not have any employees.

The information in this prospectus is not complete and may be changed. The selling securityholders may not sell these securities or accept any offer to buy these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, dated August 4, 2004

**PROSPECTUS**



**\$180,000,000**

**Beazer Homes USA, Inc.**

**4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 and  
Common Stock Issuable Upon Conversion of the Notes**

We issued the notes in a private placement in June 2004. Selling securityholders identified in this prospectus may use this prospectus to resell from time to time up to \$180,000,000 aggregate principal amount of notes and the related guarantees and to resell shares of our common stock received by those selling securityholders upon conversion of the notes. The notes, the related guarantees and those shares of our common stock may be offered in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. The notes are not listed on any securities exchange. The common stock is listed on the New York Stock Exchange under the symbol "BZH." On August 3, 2004 the last reported sale price of the common stock on the New York Stock Exchange was \$94.76 per share.

The notes bear interest at the rate of 4<sup>5</sup>/<sub>8</sub>% per year. Interest on the notes is payable on June 15 and December 15 of each year, beginning on December 15, 2004. Beginning with the six-month interest period commencing on June 15, 2009, we will pay contingent interest during a six-month interest period if the average trading price of a note is above a specified level during a specified period prior to such six-month interest period as described in this prospectus.

The notes are convertible by holders into shares of our common stock at an initial conversion rate of 6.48 shares of our common stock per \$1,000 principal amount of notes (subject to adjustment in certain events), which is equal to an initial conversion price of \$154.32 per share, under the following circumstances: (1) during any calendar quarter, if the price of our common stock issuable upon conversion reaches specified thresholds during the previous calendar quarter as described in this prospectus, (2) subject to certain limitations, during the five business day period after any five consecutive trading day period in which the trading price per note for each day of that period was less than 98% of the product of the last reported sales price of our common stock and the conversion rate of the notes for each such day, (3) if we call the notes for redemption, (4) upon the occurrence of specified corporate transactions described in this prospectus or (5) during any period in which the credit ratings assigned to the notes are below the levels described in this prospectus.

The notes will mature on June 15, 2024. We may redeem some or all of the notes at any time on or after June 15, 2009 at the redemption prices described in this prospectus.

The notes are unsecured and rank equally with all of our existing and future unsecured indebtedness that is not, by its terms, expressly subordinated to the notes. The notes are guaranteed on an unsecured unsubordinated basis by each of our subsidiaries that guarantees our indebtedness under our credit facility and our outstanding senior notes. The guarantees rank equally with all of the subsidiary guarantors' existing and future unsecured indebtedness that is not, by its terms, expressly subordinated to the guarantees. Holders have the right to require us to purchase the notes at a purchase price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, including contingent interest and additional amounts, if any, on June 15, 2011, June 15, 2014 and June 15, 2019 or upon a fundamental change as described in this prospectus.

**Investing in the notes involves risks. See "Risk Factors" beginning on page 9.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

, 2004

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### INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We have "incorporated by reference" into this prospectus information we file with the SEC, which means we are disclosing important information to you by referring you to those documents. The information we incorporate by reference is considered to be part of this prospectus, unless we update or supersede that information by the information contained in this prospectus or the information we file subsequently that is incorporated by reference into this prospectus. We are incorporating by reference the following documents that we have filed with the SEC:

- our Annual Report on Form 10-K for the fiscal year ended September 30, 2003;
- our Quarterly Reports on Form 10-Q for the quarters ended December 31, 2003, March 31, 2004 and June 30, 2004; and
- The description of Beazer Homes USA, Inc.'s capital stock contained in the its Registration Statements on Form 8-A under Section 12 of the Exchange Act, filed on January 28, 1994 and June 21, 1996, respectively, including any amendment or report filed for the purpose of updating those descriptions.

We also incorporate by reference any future filings made with the SEC (excluding those filings made under items 9 or 12 of Form 8-K) under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 before termination of this offering.

We will provide each person to whom a copy of this prospectus is delivered a copy of any or all of the information that has been incorporated by reference in this prospectus, but not delivered in this prospectus. We will provide this information by first class mail at no cost upon written or oral request addressed to Investor Relations, Beazer Homes USA, Inc., 1000 Abernathy Road, Suite 1200, Atlanta, GA 30328; telephone number (770) 829-3700.

## PROSPECTUS SUMMARY

*This summary highlights selected information from this prospectus. The following summary information is qualified in its entirety by the information contained elsewhere or incorporated by reference in this prospectus. This summary is not complete and may not contain all of the information that you should consider before investing in the notes, the guarantees or our common stock. You should read the entire prospectus carefully, including the "Risk Factors" section beginning on page 9 of this prospectus and the financial statements and notes to these statements contained or incorporated by reference in this prospectus. Unless the context requires otherwise, all references to "we," "us," "our" and "Beazer Homes" refer to Beazer Homes USA, Inc. and its subsidiaries.*

### **Our Company**

We design, sell and build single family homes in the Southeastern, Western, Central, Mid-Atlantic and Midwestern regions of the United States and are one of the ten largest builders of single family homes in the nation based on home closings. Our Southeastern region includes Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee, our Western region includes Arizona, California, Colorado and Nevada, our Central region includes Texas, our Mid-Atlantic region includes Delaware, Maryland, New Jersey, Pennsylvania, Virginia and West Virginia and our Midwestern region includes Indiana, Kentucky and Ohio.

We design our homes to appeal primarily to entry-level and first time move-up homebuyers. Our objective is to provide our customers with homes that incorporate quality and value while seeking to maximize our return on invested capital. To achieve this objective, we have developed a business strategy which focuses on the following elements.

#### **Geographic Diversity and Growth Markets**

We compete in a large number of geographically diverse markets in an attempt to reduce our exposure to any particular regional economy. Most of the markets in which we operate have experienced significant population growth in recent years. Within these markets, we build homes in a variety of projects, typically with fewer than 150 homesites.

#### **Quality Homes for Entry-Level and First Time Move-Up Homebuyers**

We seek to maximize customer satisfaction by offering homes which incorporate quality materials, distinctive design features, convenient locations and competitive prices. We focus on entry-level and first time move-up homebuyers because we believe they represent the largest segment of the homebuilding market. During the fiscal quarter ended June 30, 2004, the average sales price of our homes sold was approximately \$244,200.

#### **Additional Products and Services for Homebuyers**

In order to maximize our profitability and provide our homebuyers with the additional products and services that they desire, we have incorporated design centers and mortgage origination operations into our business. Recognizing that homebuyers want to choose certain components of their new home, we offer limited customization through the use of design centers in most of our markets. These design centers allow the homebuyer to select certain non-structural customizations for their homes such as cabinetry, flooring, fixtures, appliances and wallcoverings. Additionally, recognizing the homebuyer's desire to simplify the financing process, we originate mortgages on behalf of our customers through our subsidiaries Beazer Mortgage Corporation, or Beazer Mortgage, and Crossmann Mortgage Corp., or Crossmann Mortgage. Beazer Mortgage and Crossmann Mortgage originate, process and broker mortgages to third party investors. Beazer Mortgage and Crossmann Mortgage generally do not retain

or service the mortgages that they broker. We also provide title services to our homebuyers in many of our markets.

### Decentralized Operations with Experienced Management

We believe our in-depth knowledge of our local markets enables us to better serve our customers. Our local managers, who have significant experience in both the homebuilding industry and the markets they serve, are responsible for operating decisions regarding design, construction and marketing. We combine these decentralized operations with a centralized corporate-level management which controls decisions regarding overall strategy, land acquisitions and financial matters.

### Conservative Land Policies

We seek to maximize our return on capital by limiting our investment in land and by focusing on inventory turnover. To implement this strategy and to reduce the risks associated with investments in land, we use options to control land whenever possible. In addition, we do not speculate in land which is not generally subject to entitlements providing basic development rights to the owner.

### Value Created

We evaluate our financial performance and the financial performance of our operations using **Value Created**, a variation of economic profit or economic value added. **Value Created** measures the extent to which we exceed our cost of capital. It is calculated as earnings before interest and taxes, or EBIT, less a charge for all of the capital employed multiplied by our estimate of our minimum weighted average cost of capital.

## SUMMARY OF THE NOTES

For a more complete description of the terms of the notes and the common stock issuable upon conversion of the notes, see "Description of the Notes" and "Description of Capital Stock."

|               |   |
|---------------|---|
| Issuer        | Beazer Homes USA, Inc.  |
| Notes Offered | \$180.0 million aggregate principal amount of 4 <sup>5</sup> / <sub>8</sub> % Convertible Senior Notes due 2024.  |
| Maturity      | June 15, 2024.  |
| Interest      | 4 <sup>5</sup> / <sub>8</sub> % per year on the principal amount, payable semiannually in arrears on each June 15 and December 15, beginning on December 15, 2004. We will also pay contingent interest and additional amounts on the notes under the circumstances described in this prospectus.   |
| Guarantees    | The notes are guaranteed by all of our subsidiaries (other than certain of our title and warranty subsidiaries) that are significant. The guarantees are unsecured obligations of the subsidiary guarantors ranking equally in right of payment with all of their existing and future unsecured indebtedness that is not, by its terms, expressly subordinated in right of payment to the guarantees. |
| Ranking       | The notes are unsecured and rank equally in right of payment with all of our existing and future unsecured indebtedness that is not, by its terms, expressly subordinated in right of payment to the notes.   |

|                     |  |
|---------------------|--|
|                     | <p>At June 30, 2004, we and the subsidiary guarantors had approximately \$1,124.1 million of outstanding indebtedness, substantially all of which was unsecured unsubordinated indebtedness ranking equally in right of payment with the notes and related subsidiary guarantees, and approximately \$317.8 million of available borrowings under our revolving credit facility.</p>   |
| Contingent Interest | <p>We will make additional payments of interest, referred to in this prospectus as "contingent interest," during any six-month period from June 15 to December 14 or from December 15 to June 14 commencing on or after June 15, 2009 for which the average trading price of the notes for the applicable five trading day reference period equals or exceeds 120% of the principal amount of the notes as of the day immediately preceding the first day of the applicable six-month interest period. The amount of contingent interest payable per note in respect of any six-month interest period will be equal to 0.25% of the average trading price of a note for the applicable five trading day reference period. The five trading day reference period means the five trading days ending on the second trading day immediately preceding the relevant six-month interest period. For more information about contingent interest, see "Description of the Notes—Contingent Interest."</p>   |
| Conversion Rights   | <p>Holder may convert their notes into shares of our common stock under any of the following circumstances:</p> <ol style="list-style-type: none"> <li data-bbox="630 504 1564 616">(1) during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter is greater than or equal to 120% of the conversion price on such last trading day, or</li> <li data-bbox="630 616 1564 873">(2) subject to certain limitations, during the five consecutive trading days after any five consecutive trading days in which the trading price per \$1,000 principal amount of notes for each day of that period is less than 98% of the product of the last reported sale price of our common stock and the conversion rate of the notes on each such day, provided that if the price of our common stock issuable upon conversion is between 100% and 120% of the conversion price, holders will be entitled to receive upon conversion only the value of the principal amount of the notes converted plus accrued and unpaid interest, including contingent interest and additional amounts owed, if any, or</li> <li data-bbox="630 873 1564 907">(3) if the notes have been called for redemption, or</li> </ol> |



- (4) upon the occurrence of specified corporate transactions described under "Description of the Notes—Conversion Rights—Conversion upon Specified Corporate Transactions," or
- (5) during any period in which the credit rating assigned to the notes by either Moody's or S&P is lower than B1 or B+, respectively, or the notes are no longer rated by at least one of these rating services or their successors.

For each \$1,000 principal amount of notes surrendered for conversion, you will receive 6.48 shares of our common stock. This represents an initial conversion price of \$154.32 per share of common stock. As described in this prospectus, the conversion rate may be adjusted for certain reasons, but it will not be adjusted for accrued and unpaid interest. Except as otherwise described in this prospectus, you will not receive any payment representing accrued and unpaid interest upon conversion of a note; however, we will continue to pay additional amounts, if any, on the notes and the common stock issued upon conversion thereof to the holder in accordance with the registration rights agreement. Notes called for redemption may be surrendered for conversion prior to the close of business on the second business day immediately preceding the redemption date.

Optional Redemption

Prior to June 15, 2009 the notes will not be redeemable. On or after June 15, 2009, we may redeem for cash all or part of the notes at any time, upon not less than 30 nor more than 60 days' notice before the redemption date by mail to the trustee under the indenture under which the notes will be issued, the paying agent and each holder of notes, at the redemption prices described in this prospectus, plus accrued and unpaid interest, including contingent interest and additional amounts owed, if any, to the redemption date. See "Description of the Notes—Optional Redemption."

Purchase of Notes by Us at the Option of the Holders

Holder have the right to require us to purchase all or any portion of the notes for cash on June 15, 2011, June 15, 2014 and June 15, 2019. In each case, we will pay a purchase price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, including contingent interest, if any, and any additional amounts owed, if any, to such purchase date. See "Description of the Notes—Purchase of Notes by Us at the Option of the Holder."

|  |   |
|--|---|
| Fundamental Change                         | If we undergo a Fundamental Change (as defined under "Description of the Notes—Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder") at any time prior to the maturity of the notes, holders will have the right, at their option, to require us to purchase for cash all of their notes or any portion of the principal amount thereof that is equal to \$1,000 or an integral multiple of \$1,000. The cash price we are required to pay is equal to 100% of the principal amount of the notes to be purchased plus accrued and unpaid interest, including contingent interest, if any, and additional amounts owed, if any, to the Fundamental Change purchase date. See "Description of the Notes—Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder." |
| Limitations on Mergers and Consolidations  | The notes were issued under an indenture that restricts our ability, with certain exceptions, to merge, consolidate or transfer substantially all of our assets. The indenture governing the notes does not contain any provisions that limit our ability to incur indebtedness, pay dividends, issue or repurchase any of our other securities, grant liens or otherwise restrict our and our subsidiaries' activities.  |
| Registration Rights                        | We have filed with the SEC a shelf registration statement, of which this prospectus is a part, for the resale of the notes and the related guarantees and the resale of shares of our common stock received upon conversion of the notes. We have agreed to keep the shelf registration statement effective until such time as specified in "Registration Rights." Additional amounts are payable on the notes and our common stock, as the case may be, during any period in which we are not in compliance with our obligations as specified in "Registration Rights."  |
| Use of Proceeds                            | We will not receive any proceeds from the resale of the notes or the shares of our common stock which are issuable upon conversion of the notes. We received net proceeds from the initial sale of the notes of approximately \$174.1 million, after deducting the initial purchasers' discounts and commissions and estimated offering expenses payable by us. We will use the net proceeds from the initial sale of the notes for general corporate purposes, including land acquisition and share repurchases from time to time under our previously announced repurchase program.   |
| Trustee, Paying Agent and Conversion Agent | SunTrust Bank.  |
| Risk Factors                               | You should consider carefully all of the information set forth in this prospectus and, in particular, you should evaluate the specific factors set forth under "Risk Factors," beginning on page 9, before deciding whether to invest in the notes, the guarantees and the common stock.  |

U.S. Federal Income Tax Considerations

We and each initial purchaser agreed in the indenture to treat the notes as contingent payment debt instruments for U.S. federal income tax purposes. As a holder of notes, you will agree to accrue original issue discount on a constant yield to maturity basis at a rate comparable to the rate at which we would borrow in a noncontingent, nonconvertible borrowing, 7.32% compounded semiannually, even though the notes will have a significantly lower stated yield to maturity. You will recognize taxable income in each year significantly in excess of interest payments (whether fixed or contingent) actually received that year. Additionally, you will generally be required to recognize ordinary income on the gain, if any, realized on a sale, exchange, conversion or redemption of the notes. In the case of a conversion, this gain will be measured by the fair market value of the stock received. A summary of the United States federal income tax consequences of ownership of the notes and our common stock is described in this prospectus under the heading "Material United States Federal Income Tax Considerations." Holders should consult their tax advisors as to the United States federal, state, local or other tax consequences of acquiring, owning and disposing of the notes and our common stock.

Governing Law

The indenture, the notes and the guarantees are governed by, and construed in accordance with, the laws of the State of New York.

Book-Entry Form

The notes are issued in book-entry form and are represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of a nominee of DTC. Beneficial interests in any of the notes are shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.

Trading

The notes are not listed on any securities exchange or included in any automated quotation system. It is possible that an active trading market for the notes may not develop which may adversely affect the market price and liquidity of the notes. Our common stock is listed on the New York Stock Exchange under the symbol "BZH."

## SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

Our summary historical consolidated financial data set forth below as of and for each of the three years ended September 30, 2001, 2002 and 2003 are derived from our audited consolidated financial statements. Our summary historical consolidated financial data set forth below as of and for the nine months ended June 30, 2003 and 2004 are derived from our unaudited consolidated financial statements. These historical results are not necessarily indicative of the results to be expected in the future. You should also read our historical financial statements and related notes in our annual report on Form 10-K for the year ended September 30, 2003 and our quarterly reports on Form 10-Q for the quarters ended December 31, 2003, March 31, 2004 and June 30, 2004, as well as the sections of our annual report on Form 10-K and our quarterly reports on Form 10-Q incorporated herein by reference entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

|   | Fiscal Year Ended September 30, |              |              | Nine Months Ended<br>June 30, |              |
|---|---------------------------------|--------------|--------------|-------------------------------|--------------|
|   | 2001                            | 2002         | 2003         | 2003                          | 2004         |
| (\$ in thousands)                             |                                 |              |              |                               |              |
| <b>Statement of Operations Data:</b>          |                                 |              |              |                               |              |
| Total revenue                                 | \$ 1,805,177                    | \$ 2,641,173 | \$ 3,177,408 | \$ 2,137,485                  | \$ 2,695,968 |
| Operating income                              | 121,027                         | 193,174      | 279,155      | 186,521                       | 249,734      |
| Net income                                    | 74,876                          | 122,634      | 172,745      | 115,581                       | 155,724      |
| <b>Operating Data:</b>                        |                                 |              |              |                               |              |
| Number of new orders, net of cancellations(1) | 10,039                          | 13,610       | 16,316       | 12,454                        | 13,205       |
| Backlog at end of period(2)                   | 3,977                           | 6,519        | 7,426        | 8,578                         | 9,278        |
| Number of closings(3)                         | 9,059                           | 13,603       | 15,409       | 10,395                        | 11,353       |
| Average sales price per home closed           | \$ 195.3                        | \$ 190.8     | \$ 201.3     | \$ 201.0                      | \$ 232.1     |
| <b>Balance Sheet Data (end of period):</b>    |                                 |              |              |                               |              |
| Inventory                                     | \$ 844,737                      | \$ 1,364,133 | \$ 1,723,483 | \$ 1,654,336                  | \$ 2,352,869 |
| Total assets                                  | 995,289                         | 1,892,847    | 2,212,034    | 2,040,773                     | 2,976,031    |
| Total debt                                    | 395,238                         | 739,100      | 741,365      | 741,104                       | 1,124,067    |
| Stockholders' equity                          | 351,195                         | 799,515      | 993,695      | 925,966                       | 1,137,683    |
| <b>Supplemental Financial Data:</b>           |                                 |              |              |                               |              |
| Cash provided by (used in):                   |                                 |              |              |                               |              |
| Operating activities                          | \$ (25,578)                     | \$ 59,464    | \$ (41,049)  | \$ (98,413)                   | \$ (215,839) |
| Investing activities                          | (72,835)                        | (314,633)    | (6,552)      | (4,252)                       | (9,745)      |
| Financing activities                          | 140,091                         | 338,480      | (4,016)      | (6,968)                       | 351,839      |
| EBIT(4)                                       | 155,983                         | 245,060      | 340,980      | 229,193                       | 301,468      |
| EBITDA(4)                                     | 165,236                         | 254,513      | 354,200      | 238,790                       | 313,568      |
| Interest incurred(5)                          | 35,825                          | 51,171       | 65,295       | 49,618                        | 54,872       |
| EBIT/Interest incurred(4)(5)                  | 4.35x                           | 4.79x        | 5.22x        | 4.62x                         | 5.49x        |
| EBITDA/Interest incurred(4)(5)                | 4.61x                           | 4.97x        | 5.42x        | 4.81x                         | 5.71x        |
| Ratio of earnings to fixed charges(6)         | 4.13x                           | 4.56x        | 4.99x        | 4.41x                         | 5.23x        |

(1) New orders do not include homes in backlog from acquired operations.

(2) A home is included in "backlog" after a sales contract is executed and prior to the transfer of title to the purchaser. Because the closings of pending sales contracts are subject to contingencies, it is possible that homes in backlog will not result in closings.

(3) A home is included in "closings" when title is transferred to the buyer. Sales and cost of sales for a house are recognized at the date of closing.

(4) EBIT and EBITDA: EBIT (earnings before interest and taxes) equals net income before (a) previously capitalized interest amortized to costs and expense and (b) income taxes. EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated by adding depreciation and amortization for the period to EBIT. EBIT and EBITDA are not generally accepted accounting principles (GAAP) financial measures. EBIT and EBITDA should not be considered alternatives to net income determined in accordance with GAAP as an indicator of operating performance, nor an alternative to cash flows from operating activities determined in accordance with GAAP as a measure of liquidity. Because some analysts and companies may not calculate EBIT and EBITDA in the same manner as Beazer Homes, the EBIT and EBITDA information presented above may not be comparable to similar presentations by others.

EBITDA is a measure commonly used in the homebuilding industry and is presented to assist in understanding the ability of our operations to generate cash in addition to the cash needed to service existing interest requirements and ongoing tax obligations. By providing a measure of available cash, management believes that this non-GAAP measure enables holders of our outstanding senior indebtedness to better understand our cash performance and our ability to service our debt obligations as they currently exist and as additional indebtedness is incurred in the future. The measure is useful in budgeting and determining capital expenditure levels because it enables management to evaluate the amount of cash that will be available for discretionary spending.

A reconciliation of EBITDA and EBIT to cash provided/(used) by operations, the most directly comparable GAAP measure, is provided below for each period presented (in thousands):

|   | Fiscal Year Ended September 30, |                   |                   | Nine Months Ended June 30, |                   |
|---|---------------------------------|-------------------|-------------------|----------------------------|-------------------|
|   | 2001                            | 2002              | 2003              | 2003                       | 2004              |
| Net cash provided/(used) by operating activities              | \$ (25,578)                     | \$ 59,464         | \$ (41,049)       | \$ (98,413)                | \$ (215,839)      |
| Increase in inventory   | 153,668                         | 152,990           | 328,893           | 266,903                    | 442,822           |
| Provision for income taxes                                    | 47,872                          | 79,425            | 112,784           | 75,463                     | 99,561            |
| Interest amortized to cost of sales                           | 33,235                          | 43,001            | 55,451            | 38,149                     | 46,183            |
| (Increase)/decrease in accounts payable and other liabilities | (38,721)                        | (71,781)          | (96,224)          | 3,849                      | (63,609)          |
| Change in book overdraft                                      | (20,095)                        | —                 | —                 | —                          | —                 |
| Increase/(decrease) in accounts receivable and other assets   | 16,837                          | (2,010)           | 14,702            | (30,157)                   | 5,729             |
| Loss on extinguishment of debt                                | (1,202)                         | —                 | (7,570)           | (7,570)                    | —                 |
| Tax benefit from stock transactions                           | (3,837)                         | (12,235)          | (11,502)          | (7,441)                    | —                 |
| Other   | 3,057                           | 5,659             | (1,285)           | (1,993)                    | (1,279)           |
| <b>EBITDA</b>   | <b>165,236</b>                  | <b>254,513</b>    | <b>354,200</b>    | <b>238,790</b>             | <b>313,568</b>    |
| Less depreciation and amortization                            | 9,253                           | 9,453             | 13,220            | 9,597                      | 12,100            |
| <b>EBIT</b>   | <b>\$ 155,983</b>               | <b>\$ 245,060</b> | <b>\$ 340,980</b> | <b>\$ 229,193</b>          | <b>\$ 301,468</b> |

(5) All interest incurred is capitalized to inventory and subsequently amortized to cost of sales as homes are closed.

(6) Computed by dividing earnings by fixed charges. "Earnings" consist of (i) income from operations before income taxes, (ii) amortization of previously capitalized interest and (iii) fixed charges, exclusive of capitalized interest cost. "Fixed charges" consist of (i) interest incurred, (ii) amortization of deferred loan costs and (iii) that portion of operating lease rental expense (33%) deemed to be representative of interest.

## RISK FACTORS

You should carefully consider the risk factors described below, as well as the other information included or incorporated by reference in this prospectus prior to making a decision to invest in the notes.

### Risks Related to Our Business

***Our home sales and operating revenues could decline due to macro-economic and other factors outside of our control, such as changes in consumer confidence and declines in employment levels.***

Changes in national and regional economic conditions, as well as local economic conditions where we conduct our operations and where prospective purchasers of our homes live, may result in more caution on the part of homebuyers and consequently fewer home purchases. These economic uncertainties involve, among other things, conditions of supply and demand in local markets and changes in consumer confidence and income, employment levels, and government regulations. These risks and uncertainties may periodically have an adverse effect on consumer demand for and the pricing of our homes, which could cause our operating revenues to decline. A reduction in our revenues could in turn negatively affect the market price of our securities.

***A substantial increase in mortgage interest rates or unavailability of mortgage financing may reduce consumer demand for our homes.***

Virtually all purchasers of our homes finance their acquisitions through lenders providing mortgage financing. A substantial increase in mortgage interest rates or unavailability of mortgage financing would adversely affect the ability of prospective first time and move-up homebuyers to obtain financing for our homes, as well as adversely affect the ability of prospective move-up homebuyers to sell their current homes. As a result, our margins, revenues and cash flows may also be adversely affected.

***If we are unsuccessful in competing against our homebuilding competitors, our market share could decline or our growth could be impaired and, as a result, our financial results could suffer.***

Competition in the homebuilding industry is intense, and there are relatively low barriers to entry into our business. Increased competition could hurt our business, as it could prevent us from acquiring attractive parcels of land on which to build homes or make such acquisitions more expensive, hinder our market share expansion, and lead to pricing pressures on our homes that may adversely impact our margins and revenues. If we are unable to successfully compete, our financial results could suffer and the value of, or our ability to service, our debt, including the notes could be adversely affected. Our competitors may independently develop land and construct housing units that are superior or substantially similar to our products. Furthermore, some of our competitors have substantially greater financial resources and lower costs of funds than we do. Many of these competitors also have longstanding relationships with subcontractors and suppliers in the markets in which we operate. We currently build in several of the top markets in the nation and, therefore, we expect to continue to face additional competition from new entrants into our markets.

***We could experience a reduction in home sales and revenues or reduced cash flows due to our inability to acquire land for our housing developments if we are unable to obtain reasonably priced financing to support our homebuilding activities.***

The homebuilding industry is capital intensive, and homebuilding requires significant up-front expenditures to acquire land and begin development. Accordingly, we incur substantial indebtedness to finance our homebuilding activities. Although we believe that internally generated funds and available borrowings under our revolving credit facility will be available to fund our capital and other expenditures (including land purchases in connection with ordinary development activities), the

amounts available from such sources may not be sufficient. If such sources are not sufficient, we would seek additional capital in the form of equity or debt financing from a variety of potential sources, including additional bank financing and/or securities offerings. The amount and types of indebtedness which we may incur are limited by the terms of the indentures governing the notes and our other existing debt. See "Description of Other Existing Indebtedness." In addition, the availability of borrowed funds, especially for land acquisition and construction financing, may be greatly reduced nationally, and the lending community may require increased amounts of equity to be invested in a project by borrowers in connection with both new loans and the extension of existing loans. If we are not successful in obtaining sufficient capital to fund our planned capital and other expenditures, we may be unable to acquire land for our housing developments. Additionally, if we cannot obtain additional financing to fund the purchase of land under our option contracts, we may incur contractual penalties and fees.

***Our substantial indebtedness could adversely affect our financial condition, limit our growth and make it more difficult for us to satisfy our debt obligations.***

As of June 30, 2004, we had approximately \$1,124.1 million of indebtedness outstanding net of unamortized discount of approximately \$15.0 million. Our substantial indebtedness could have important consequences to us and the holders of the notes, including among other things,

- cause us to be unable to satisfy our obligations under our existing or new debt agreements;
- make us more vulnerable to adverse general economic and industry conditions;
- make it difficult to fund future working capital, land purchases, acquisitions, general corporate purposes or other purposes; and
- cause us to be limited in our flexibility in planning for, or reacting to, changes in our business.

In addition, subject to restrictions in our existing debt instruments, we may incur additional indebtedness. In particular, as of June 30, 2004, we had available borrowings of approximately \$317.8 million under our revolving credit facility. If new debt is added to our current debt levels, the related risks that we now face could intensify. Our growth plans and our ability to make payments of principal or interest on, or to refinance our indebtedness, including the notes, will depend on our future operating performance and our ability to enter into additional debt and/or equity financings. If we are unable to generate sufficient cash flows in the future to service our debt, we may be required to refinance all or a portion of our existing debt, including the notes, to sell assets or to obtain additional financing. We may not be able to do any of the foregoing on terms acceptable to us, if at all.

***Changes in government regulations could restrict our business activities, increase our operating expenses and cause our revenues to decline.***

Regulatory requirements could cause us to incur significant liabilities and operating expenses and could restrict our business activities. We are subject to local, state and federal statutes and rules regulating, among other things certain developmental matters, building and site design, and matters concerning the protection of health and the environment. Our operating expenses may be increased by governmental regulations such as building permit allocation ordinances and impact and other fees and taxes, which may be imposed to defray the cost of providing certain governmental services and improvements. Other governmental regulations, such as building moratoriums and "no growth" or "slow growth" initiatives, which may be adopted in communities which have developed rapidly, may cause delays in home projects or otherwise restrict our business activities resulting in reductions in our revenues. Any delay or refusal to grant us necessary licenses, permits and approvals from government agencies could have an adverse effect on our operations.

***We may incur additional operating expenses due to compliance programs or fines, penalties and remediation costs pertaining to environmental regulations within our markets.***

We are subject to a variety of local, state and federal statutes, ordinances, rules and regulations concerning the protection of health and the environment. The particular environmental laws which apply to any given community vary greatly according to the community site, the site's environmental conditions and the present and former use of the site. Environmental laws may result in delays, may cause us to implement time consuming and expensive compliance programs and may prohibit or severely restrict development in certain environmentally sensitive regions or areas. In May 2004 the United States Environmental Protection Agency (the "EPA") announced that it intends to focus its storm water runoff compliance efforts on large national and residential builders, which may lead to the incurrence of additional costs to respond to EPA inquiries and the adoption of additional compliance programs to address any concerns raised by the EPA. We expect that increasingly stringent requirements will be imposed on homebuilders in the future. In addition, environmental regulations can have an adverse impact on the availability and price of certain raw materials such as lumber. Our projects in California are especially susceptible to restrictive government regulations and environmental laws.

***We may be subject to significant potential liabilities as a result of construction defect, product liability and warranty claims made against us.***

As a homebuilder, we have been and continue to be subject to construction defect, product liability and home warranty claims, including moisture intrusion and related mold claims, arising in the ordinary course of business. These claims are common to the homebuilding industry and can be costly.

We and certain of our subsidiaries have been and continue to be named as defendants in various construction defect claims, complaints and other legal actions that include claims related to moisture intrusion and mold. Furthermore, plaintiffs in certain of these legal proceedings (including cases in our Midwestern and Western markets) are seeking class action status with potential class sizes that vary from case to case. Class action lawsuits can be costly to defend and if we were to lose any certified class action suit, it could result in substantial potential liability for us. We record reserves for such matters in accordance with accounting principles generally accepted in the United States of America. With the exception of the matters discussed below, we do not believe that material additional losses related to such matters are reasonably possible.

As of June 30, 2004, our subsidiary, Trinity Homes LLC, had received 901 construction defect and warranty complaints related to water intrusion. As of June 30, 2004, there were 10 pending lawsuits related to these complaints. One of these suits is a putative class action suit that was filed in Indiana in August 2003 against Trinity and Beazer Homes Investment Corp., another one of our subsidiaries and Trinity's parent. As part of that case, the plaintiffs are asserting that Trinity and Beazer Homes Investment Corp. violated applicable building codes. The complaint attempts to define the purported class to include all owners of a residential structure in Indiana constructed and marketed by Trinity and Beazer Homes Investment Corp. in which a one-inch gap with a vapor barrier does not exist between an exterior brick veneer wall and the surface of the underlying exterior wall. Excluded from the class are any residents who suffer personal injuries caused by mold infestation. No monetary amount was stated in this claim. No hearing on class certification has been held at this time and no hearing for such certification is currently scheduled. Either no or immaterial monetary amounts were stated in the other nine lawsuits pending at June 30, 2004.

The parties in the putative class action have engaged in a series of mediation conferences and have reached an agreement in principle for a settlement of the case. The parties are currently drafting detailed settlement documents. The agreement in principle contemplates a settlement that would establish an agreed protocol and process for assessment and remediation of the homes. The court has



ordered the parties to present any definitive settlement documents to the court by August 6, 2004. Although an agreement in principle has been reached, the terms of the final settlement are subject to, among other things, review and approval by the court and the parties to the suit. It is anticipated that the process of review and approval of the settlement will not be completed for several months and thus it is possible that a final settlement will ultimately not be reached.

Although we have obtained insurance for construction defect claims, such policies may not be available or adequate to cover any liability for damages, the cost of repairs, and/or the expense of litigation surrounding current claims, and future claims may arise out of uninsurable events or circumstances not covered by insurance and not subject to effective indemnification agreements with our subcontractors.

***Our operating expenses could increase if we are required to pay higher insurance premiums or litigation costs for claims involving construction defect and product liability claims, which could cause our net income to decline.***

The costs of insuring against construction defect and product liability claims are high, and the amount and scope of coverage offered by insurance companies is currently limited. This coverage may be further restricted and may become more costly.

Increasingly in recent years, lawsuits (including class action lawsuits) have been filed against builders, asserting claims of personal injury and property damage caused by the presence of mold in residential dwellings. Our insurance may not cover all of the claims, including personal injury claims, arising from the presence of mold, or such coverage may become prohibitively expensive. If we are not able to obtain adequate insurance against these claims, we may experience losses that could reduce our net income.

Historically builders have recovered from subcontractors and their insurance carriers a significant portion of the construction defect liabilities and costs of defense that the builders have incurred. Insurance coverage available to subcontractors for construction defects is becoming increasingly expensive, and the scope of coverage is restricted. If we cannot effectively recover from our subcontractors or their carriers, we may suffer greater losses which could decrease our net income.

Builders' ability to recover against any available insurance policy depends upon the continued solvency and financial strength of the insurance carrier that issued the policy. Many of the states in which we build homes have lengthy statutes of limitations applicable to claims for construction defects. To the extent that any carrier providing insurance coverage to us or our subcontractors becomes insolvent or experiences financial difficulty in the future, we may be unable to recover on those policies and our net income may decline.

***We are dependent on the services of certain key employees, and the loss of their services could hurt our business.***

Our future success depends upon our ability to attract, train, assimilate and retain skilled personnel. If we are unable to retain our key employees or attract, train, assimilate or retain other skilled personnel in the future, it could hinder our business strategy and impose additional costs of identifying and training new individuals. Competition for qualified personnel in all of our operating markets is intense. A significant increase in the number of our active communities would necessitate the hiring of a significant number of additional construction managers, which are in short supply in our markets.

***We are dependent on the continued availability and satisfactory performance of our subcontractors, which, if unavailable, could have a material adverse effect on our business.***

We conduct our construction operations only as a general contractor. Virtually all construction work is performed by unaffiliated third-party subcontractors. As a consequence, we depend on the continued availability of and satisfactory performance by these subcontractors for the construction of our homes. There may not be sufficient availability of and satisfactory performance by these unaffiliated third-party subcontractors. In addition, inadequate subcontractor resources could have a material adverse effect on our business.

***We experience fluctuations and variability in our operating results on a quarterly basis and, as a result, our historical performance may not be a meaningful indicator of future results.***

Our operating results in a future quarter or quarters may fall below expectations of securities analysts or investors and, as a result, the market value of our securities may fluctuate. While we have reported positive annual net income for each of the past five fiscal years, we historically have experienced, and expect to continue to experience, variability in home sales and net earnings on a quarterly basis. As a result of such variability, our historical performance may not be a meaningful indicator of future results. Our quarterly results of operations may continue to fluctuate in the future as a result of a variety of both national and local factors, including, among others,

- the timing of home closings and land sales;
- our ability to continue to acquire additional land or secure option contracts to acquire land on acceptable terms;
- conditions of the real estate market in areas where we operate and of the general economy;
- seasonal home buying patterns; and
- other changes in operating expenses, including the cost of labor and raw materials, personnel and general economic conditions.

***The occurrence of natural disasters could increase our operating expenses and reduce our revenues and cash flows.***

The climates and geology of many of the states in which we operate, including California, Florida, Georgia, North Carolina, South Carolina, Tennessee and Texas, present increased risks of natural disasters. To the extent that hurricanes, severe storms, earthquakes, droughts, floods, wildfires or other natural disasters or similar events occur, our homes under construction or our building lots in such states could be damaged or destroyed, which may result in losses exceeding our insurance coverage. Any of these events could increase our operating expenses, impair our cash flows and reduce our revenues, which could in turn negatively affect the market price of our securities.

***Future terrorist attacks against the United States or increased domestic or international instability could have an adverse effect on our operations.***

Adverse developments in the war on terrorism, future terrorist attacks against the United States, or any outbreak or escalation of hostilities between the United States and any foreign power, including the armed conflict with Iraq, may cause disruption to the economy, our company, our employees and our customers, which could adversely affect our revenues, operating expenses, and financial condition.

## Risks Related to the Securities

### ***We may be unable to generate sufficient cash to service our debt obligations and make payments on the notes.***

Our ability to pay our expenses and to pay the principal of and interest on the notes and our other debt depends on our ability to generate positive cash flows in the future. Our operations may not generate cash flows in an amount sufficient to enable us to pay the principal of and interest on our debt (including the notes) or to fund other liquidity needs.

Our annual debt service obligations vary from year to year, principally due to the variable interest rates on our revolving credit facility and term loan and our level of borrowings under the revolving credit facility. As of June 30, 2004, our annual debt service obligations were approximately \$86.8 million. A change of one percentage point in the annual interest rate applicable to our \$200.0 million of variable rate debt outstanding on June 30, 2004, would result in a fluctuation of approximately \$1.5 million in our annual interest expense.

If we do not have sufficient cash flows from operations, we may be required to incur additional indebtedness, refinance all or part of our existing debt (including the notes) or sell assets. Our ability to borrow funds under our revolving credit facility in the future will depend on our meeting the financial covenants in such revolving credit facility, and sufficient borrowings may not be available to us. In addition, the terms of existing or future debt agreements may restrict us from effecting any of these alternatives. Any inability to generate sufficient cash flows or refinance our debt on favorable terms could significantly adversely affect our financial condition, the value of the notes and our ability to pay the principal of and interest on our debt, including the notes.

### ***We may be unable to meet our debt service obligations, including under the notes, if our subsidiaries are unable to make distributions to us.***

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations depends upon our receipt of dividends from our subsidiaries. Subject to the restrictions contained in our other outstanding debt, future borrowings by our subsidiaries could contain restrictions or prohibitions on the payment of dividends by our subsidiaries to us. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay us as dividends on their capital stock.

### ***Our indentures and our other debt instruments impose significant operating and financial restrictions which may limit our ability to operate our business.***

The indentures for our outstanding notes and our other debt instruments impose significant operating and financial restrictions on us. These restrictions will limit our ability to, among other things:

- borrow money;
- pay dividends or make distributions on, or purchase or redeem, stock;
- make investments and extend credit;
- engage in transactions with our affiliates;
- consummate certain asset sales;
- consolidate or merge with another entity or sell, transfer, lease, or otherwise dispose of all or substantially all of our assets; and
- create liens on our assets.

It is possible that these covenants will adversely affect our ability to finance our future operations or capital needs or to pursue available business opportunities.

In addition, the indentures governing our outstanding notes and our other debt instruments require us to maintain specified financial ratios and satisfy certain financial condition tests which may require that we take action to reduce our debt or to act in a manner contrary to our business objectives in order to avoid an event of default. Events beyond our control, including changes in general economic and business conditions, may affect our ability to meet those financial ratios and financial condition tests. It is possible that we will not meet those tests and that any failure to meet those tests will not be waived. A breach of any of these covenants or our inability to maintain the required financial ratios could result in a default under the related indebtedness. If a default occurs, some or all of our outstanding debt, together with accrued interest and other fees, could be declared immediately due and payable.

***If a court voids the guarantees or finds them unenforceable, note holders may only submit creditor claims against us and any subsidiary guarantors whose obligations are not set aside.***

The notes are guaranteed by all of our existing and future subsidiaries (other than certain of our title and warranty subsidiaries) that are significant. The guarantee of any particular subsidiary guarantor may be subject to review and possible avoidance under U.S. federal bankruptcy law and comparable provisions of state fraudulent conveyance and fraudulent transfer laws if a bankruptcy or reorganization case is commenced by or against such subsidiary guarantor or a lawsuit is commenced or a judgment is obtained by an unpaid creditor of such subsidiary guarantor. If a guarantee is voided as a fraudulent conveyance or fraudulent transfer or found to be unenforceable for any other reason, you will not have a claim against that subsidiary guarantor and will only be a creditor of ours or any subsidiary guarantor whose obligation was not set aside or found to be unenforceable.

***The notes are unsecured and effectively subordinated to any secured indebtedness that we or the subsidiary guarantors may incur, which means note holders may recover less than the lenders of secured debt in the event of our bankruptcy or liquidation.***

The notes are our unsecured obligations. While we and the subsidiary guarantors currently do not have any material secured debt, the indenture governing the notes does not restrict our or our subsidiaries' ability to incur debt or to secure indebtedness without equally and ratably securing the notes. If we become insolvent or are liquidated, or if payment under any of our secured debt obligations is accelerated, our lenders would be entitled to exercise the remedies available to a secured lender under collateral before the holders of the notes. As a result, the notes will be effectively subordinated to any secured indebtedness we may incur in the future to the extent of the value of the assets securing that indebtedness, and the holders of the notes may recover ratably less than the lenders of our secured debt in the event of our bankruptcy or liquidation. In addition, the guarantees of the subsidiary guarantors will also be unsecured. Any secured indebtedness that these subsidiaries may incur will similarly be effectively senior to such guarantee obligations.

***The price of our common stock may fluctuate widely in the future, which would affect the market value of the notes.***

We expect that the market price of our notes will be significantly affected by the market price of our common stock. This may result in greater volatility in the market price of the notes than would be expected for nonconvertible debt securities. The market price of our common stock will likely continue to fluctuate in response to factors including the following, many of which are beyond our control:

- quarterly fluctuations in our operating and financial results;
- changes in financial estimates and recommendations by financial analysts;

- changes in the ratings of our notes or other securities;
- developments related to litigation or regulatory proceedings involving us;
- fluctuations in the stock prices and operating results of our competitors;
- dispositions, acquisitions and financings; and
- general conditions in the industries in which we operate.

The stock markets in general, including the New York Stock Exchange, recently have experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may affect adversely the market prices of our notes and our common stock.

***We may not have the ability to raise the funds necessary to purchase the notes upon a Fundamental Change or other purchase date, as required by the indenture governing the notes.***

On June 15, 2011, June 15, 2014 and June 15, 2019, holders of the notes may require us to purchase their notes for cash. In addition, holders of the notes also may require us to purchase their notes upon a Fundamental Change as described under "Description of the Notes—Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder." A Fundamental Change also may constitute an event of default under, and result in the acceleration of the maturity of, other indebtedness under another indenture or other agreement, including our credit facility. A default under our revolving credit facility and term loan would result in an event of default under the indentures governing our outstanding senior notes and notes offered hereby if the lenders were to accelerate the indebtedness under our revolving credit facility and term loan. The indentures governing our outstanding senior notes may require us to purchase such notes at price equal to 101% of the principal amount thereof plus accrued and unpaid interest upon the occurrence of a Fundamental Change.

If a Fundamental Change occurs, we may not have sufficient financial resources, or be able to arrange financing, to pay the purchase price for the notes tendered by holders or to satisfy our obligations under our other debt instruments. The source of funds for any purchase of notes pursuant to a purchase of notes by us at the option of a holder or a Fundamental Change will be our available cash or cash generated from our operations or other sources, including borrowing, sales of assets or sales of equity. If we did not have sufficient cash on hand, we could seek to refinance the indebtedness under our credit facility, our outstanding senior notes or obtain a waiver from the lenders or the holders of our outstanding senior notes. However, we may not be able to obtain a waiver or refinance our indebtedness on commercially reasonable terms, if at all. In addition, the terms of our credit facility limit our ability to purchase the notes and any of our future debt agreements may contain similar restrictions and provisions. If the holders of the notes exercise their right to require us to repurchase the notes pursuant to a purchase of notes by us at the option of a holder or a Fundamental Change, the financial effect of this repurchase could cause a default under our other debt, even if the Fundamental Change itself would not cause a default. Failure by us to purchase the notes when required will result in an event of default with respect to the notes.

***Note holders may not be entitled to require us to repurchase the notes in connection with certain transactions because the term "all or substantially all" in the context of a Fundamental Change has no clearly established meaning under the relevant law.***

One of the ways a Fundamental Change can occur under the indenture governing the notes is upon a sale of all or substantially all of our assets. The meaning of the phrase "all or substantially all" as used in that definition varies according to the facts and circumstances of the subject transaction, has no clearly established meaning under applicable law and is subject to judicial interpretation.

Accordingly, in certain circumstances there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a person and therefore it may be unclear whether a Fundamental Change has occurred and whether you have the right to require us to repurchase the notes.

***We could enter into transactions that would not constitute a Fundamental Change giving rise to an obligation to repurchase the notes, but that could substantially increase the amount of our indebtedness.***

The holders of notes have limited rights to require us to purchase or redeem the notes in the event of a takeover, recapitalization or similar restructuring unless such transaction results in a "Fundamental Change" as such term is defined in the indenture governing the notes. Consequently, the Fundamental Change provisions of the indenture may not afford the holders of the notes any protection in a highly leveraged transaction, including a transaction initiated by us, if the transaction does not result in a Fundamental Change or otherwise result in an event of default under the indenture. Such transactions could affect our capital structure or credit ratings or otherwise adversely affect the holders of the notes by affecting the value of the notes or the note holders' access to our and our subsidiaries' assets for repayment.

***You should consider the United States federal income tax consequences of owning the notes.***

We are treating the notes as indebtedness for United States federal income tax purposes and take the position that the notes are subject to the special regulations governing contingent payment debt instruments (which we refer to as the "CPDI regulations"). Under the CPDI regulations, you will be required to include amounts in income, as original issue discount, in advance of cash you receive on a note, and to accrue interest on a constant yield to maturity basis at a rate comparable to the rate at which we would borrow in a noncontingent, nonconvertible fixed rate borrowing, 7.32% compounded semiannually, even though the notes will have a materially lower stated fixed rate of interest. As a result, you will recognize taxable income significantly in excess of cash received while the notes are outstanding. In addition, you will recognize ordinary income upon a sale, exchange, conversion, redemption or repurchase of the notes at a gain. In computing such gain, the amount realized by you will include, in the case of a conversion, the amount of cash and the fair market value of shares of our common stock received. To understand how this may affect you, you should seek advice from your own tax advisor prior to purchasing these notes. Please read "Material United States Federal Income Tax Considerations" in this prospectus.

Legislation has been proposed regarding the manner in which holders of certain convertible debt instruments with contingent payments are required to take into account amounts such as original issue discount and contingent interest with respect to such instruments. A different treatment of the notes could affect the amount, timing and character of income, gain or loss with respect to an investment in the notes. We cannot predict whether any such legislation will be enacted, what the specific terms or effective date of any such legislation will be, or how, if at all, such legislation could have an adverse effect on the notes. You should seek advice from your own tax advisor as to the potential consequences of any such legislation on the notes.

***If you hold notes, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.***

If you hold notes, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting the common stock. You will only be entitled to rights in the common stock if and when we deliver shares of common stock to you upon conversion of your notes and in limited cases under the conversion rate adjustments of the notes. For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws

requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of the common stock to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

***We may issue preferred stock and additional shares of common stock and thereby materially and adversely affect the price of our common stock.***

Our organizational documents allow us to issue preferred stock with rights senior to those of our common stock without any further vote or action by our stockholders. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to the holders of our common stock or could adversely affect the rights and powers, including voting rights, of the holders of our common stock. In some circumstances, the issuance of preferred stock could have the effect of decreasing the market price of our common stock. Additionally, we are not restricted from issuing additional common stock during the life of the notes and have no obligation to consider your interests for any reason. If we issue additional shares of common stock, it may materially and adversely affect the price of our common stock and, in turn, the price of the notes.

***Anti-takeover provisions in our organizational documents and Delaware law make any change in the control of our company more difficult.***

We are subject to provisions of the Delaware corporation law that, in general, prohibit any business combination with a beneficial owner of 15% or more of our common stock for five years unless the holder's acquisition or our stock was approved in advance by our board of directors. Further, we have adopted a stockholder rights plan which is designed to prevent, or make more expensive, a hostile takeover of Beazer Homes. Under our plan, once an acquirer acquires more than 20% of our common stock, rights to purchase shares of preferred stock that attach to each share of common stock that we issue become exercisable by all common stockholders other than the acquirer, diluting substantially the value of the common stock previously purchased by the acquirer.

***There is no established trading market for the notes, which means there are uncertainties regarding the ability of a holder to dispose of the notes and the potential sale price.***

There is no established trading market for the new notes, which means you may be unable to sell your notes at a particular time and the prices that you receive when you sell your notes might not be favorable. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for quotation on any automated dealer quotation systems. The initial purchasers of the notes have advised us that they intend to make a market in the notes, but they are not obligated to do so. Each such initial purchaser may discontinue any market making in the notes at any time, in its sole discretion. As a result, an active trading market for the notes may not develop.

The trading market for the notes may not be liquid. Future trading prices of the notes will depend on many factors, including

- our operating performance and financial condition; and
- the market for similar securities.

Historically, the market for convertible securities has been subject to disruptions that have caused volatility in prices. It is possible that the market for the notes will be subject to disruptions, which could reduce the market price of our securities.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent our expectations or beliefs concerning future events, and it is possible that the results described in this prospectus will not be achieved. These forward-looking statements can generally be identified by the use of statements that include words such as "estimate," "project," "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will," "goal," "target" or other similar words or phrases. All forward-looking statements are based upon information available to us on the date of this prospectus. Except as may be required under applicable law, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from the results discussed in the forward-looking statements, including, among other things, the matters discussed in this prospectus in the sections captioned: "Summary" and "Risk Factors." Additional information about factors that could lead to material changes in performance is contained in our filings with the Securities and Exchange Commission, referred to in this prospectus as the SEC. Such factors may include:

- economic changes nationally or in our local markets;
- volatility of mortgage interest rates and inflation;
- increased competition;
- shortages of skilled labor or raw materials used in the production of houses;
- increased prices for labor, land and raw materials used in the production of houses;
- increased land development costs on projects under development;
- the cost and availability of insurance, including the availability of insurance for the presence of mold;
- the impact of construction defect and home warranty claims;
- any delays in reacting to changing consumer preference in home design;
- terrorist acts and other acts of war;
- changes in consumer confidence;
- delays or difficulties in implementing initiatives to reduce our production and overhead cost structure;
- delays in land development or home construction resulting from adverse weather conditions;
- potential delays or increased costs in obtaining necessary permits as a result of changes to, or complying with, laws, regulations or governmental policies;
- changes in accounting policies, standards, guidelines or principles, as may be adopted by regulatory agencies as well as the Financial Accounting Standards Board;
- the failure of our improvement plan for the Midwest to achieve desired results; or
- other factors over which we have little or no control.

Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the



occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all such factors.

### USE OF PROCEEDS

We will not receive any proceeds from the resale by the selling securityholders of the notes or the shares of our common stock which are issuable upon conversion of the notes. We received net proceeds from the sale of the notes of approximately \$174.1 million, after deducting the initial purchasers' discounts and commissions and estimated offering expenses payable by us. We will use the net proceeds from the sale of the notes for general corporate purposes, including land acquisition and share repurchases from time to time under our previously announced repurchase program.

### RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical ratios of earnings to fixed charges for the periods indicated. The historical ratios are prepared on a consolidated basis in accordance with GAAP, and, therefore, reflect all consolidated earnings and fixed charges.

The ratio of earnings to fixed charges for each of the periods is determined by dividing earnings by fixed charges. Earnings consist of income from operations before income taxes, amortization of previously capitalized interest and fixed charges, exclusive of capitalized interest cost. Fixed charges consist of interest incurred, amortization of deferred loan costs and that portion of operating lease rental expense (33%) deemed to be representative of interest.

|                                    | Fiscal Year Ended September 30, |       |       |       |       | Nine Months Ended<br>June 30, 2004 |
|------------------------------------|---------------------------------|-------|-------|-------|-------|------------------------------------|
|                                    | 1999                            | 2000  | 2001  | 2002  | 2003  |                                    |
| Ratio of earnings to fixed charges | 3.06x                           | 3.08x | 4.13x | 4.56x | 4.99x | 5.23x                              |

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of June 30, 2004. This table should be read in conjunction with our historical financial statements and related notes in our annual report on Form 10-K for the year ended September 30, 2003 and our quarterly reports on Form 10-Q for the quarters ended December 31, 2003, March 31, 2004 and June 30, 2004, as well as the sections of our annual report on Form 10-K and our quarterly reports on Form 10-Q incorporated herein by reference entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

|  | As of<br>June 30, 2004 |
|--|------------------------|
|  | (\$ in thousands)      |
| <b>Cash and cash equivalents</b>   | \$ 199,627             |
| <b>Debt:</b>   |                        |
| Revolving credit facility(1)   | \$ —                   |
| Term loan  | 200,000                |
| 8 <sup>5</sup> / <sub>8</sub> % Senior notes due 2011 (net of discount of \$2,367)   | 197,633                |
| 8 <sup>3</sup> / <sub>8</sub> % Senior notes due 2012 (net of discount of \$5,484)   | 344,516                |
| 6 <sup>1</sup> / <sub>2</sub> % Senior notes due 2013 (net of discount of \$1,789)   | 198,211                |
| 4 <sup>5</sup> / <sub>8</sub> % Convertible senior notes due 2024 (net of discount of \$5,400)                             | 174,600                |
| Other notes payable  | 9,107                  |
|  | 1,124,067              |
| Total debt   | 1,124,067              |
| <b>Stockholders' equity:</b>   |                        |
| Preferred stock, \$.01 par value; 5,000,000 shares authorized and no shares issued and outstanding                         | —                      |
| Common stock, \$.01 par value; 30,000,000 shares authorized; 17,650,822 shares issued and 13,512,946 shares outstanding(2) | 177                    |
| Additional paid-in capital   | 579,409                |
| Retained earnings  | 662,982                |
| Treasury stock (4,137,876 shares)  | (88,150)               |
| Unearned restricted stock  | (15,484)               |
| Accumulated other comprehensive loss   | (1,251)                |
|  | 1,137,683              |
| Total stockholders' equity   | 1,137,683              |
| Total capitalization   | \$ 2,261,750           |

(1) As of June 30, 2004, there were no outstanding borrowings under our revolving credit facility. At that date, we had available borrowings of \$317.8 million under our revolving credit facility.

(2) Excludes an aggregate of 897,005 shares of our common stock reserved for outstanding options and restricted stock units under our Amended and Restated 1994 Stock Incentive Plan, Amended and Restated 1999 Stock Incentive Plan and our Non-Employee Director Stock Option Plan. The number of common shares issued and outstanding shown above excludes the shares of our common stock reserved for issuance upon a conversion of the notes.

## DESCRIPTION OF OTHER EXISTING INDEBTEDNESS

### The revolving credit facility; the term loan

We entered into an amended and restated credit facility, dated as of May 28, 2004, among Beazer Homes, Bank One, NA, as agent, and the other banks party thereto which provides for a four-year revolving line of credit and a \$200.0 million term loan.

The revolving credit facility provides for up to \$550.0 million of unsecured borrowings, which may be increased to \$800.0 million under certain circumstances. Borrowings under the revolving credit facility generally bear interest at a fluctuating rate based upon the corporate base rate of interest announced by Bank One, NA or LIBOR. All outstanding borrowings under the revolving credit facility will be due on June 1, 2008.

Available borrowings under the revolving credit facility are limited to certain percentages of homes under contract, unsold homes, land and accounts receivable. At June 30, 2004, we had no borrowings outstanding and had available borrowings of approximately \$317.8 million under our revolving credit facility.

The term loan matures in June 2008 and extends and amends our \$200 million term loan that was scheduled to mature in June 2007. The term loan bears interest at a fluctuating rate based upon the corporate base rate of interest announced by Bank One, NA or LIBOR.

Our credit facility contains operating and financial covenants applicable to the revolving credit facility and the term loan. These financial covenants are based on definitions contained in the credit facility. The financial covenants provide that our:

- minimum consolidated tangible net worth may not be less than \$662.0 million plus 50% of net income earned after March 31, 2004 plus 50% of the net proceeds received after March 31, 2004 from the sale or issuance of our common equity. However, if we consummate an acquisition for a total consideration of \$100.0 million or more, then our consolidated tangible net worth may not be less than 80% of our consolidated tangible net worth immediately following the acquisition plus 50% of net income earned after the acquisition plus 50% of the net proceeds received after the acquisition from the sale or issuance of our common equity;
- ratio of consolidated debt to consolidated net worth may not exceed 2.25 to 1 at any time our interest coverage ratio is at least 2.5 to 1. If our interest coverage ratio is less than 2.5 to 1, then our ratio of consolidated debt to consolidated net worth may not exceed 2.0 to 1;
- outstanding borrowing base debt may not exceed the borrowing base at any time the revolving credit facility and the term loan do not have an S&P rating of BBB- or higher or a Moody's rating of Baa3 or higher;
- interest coverage ratio must be at least 2.0 to 1.0; and
- ratio of adjusted land value to the sum of our consolidated tangible net worth plus 50% of our consolidated subordinated debt may not exceed 1.0 to 1.0.

For purposes of the last covenant described above, "adjusted land value" is defined as the book value of land owned by us and our subsidiaries, less (i) the sum of (a) the book value of finished lots subject to bona fide contracts of sale with persons who are not our affiliates and (b) the lesser of (x) the product of the number of housing units with respect to which we and our subsidiaries entered into contracts of sale during the six-month period ending on the measurement date multiplied by the average book value of all finished lots as of such date and (y) forty percent of consolidated tangible net worth as of such date.

We expect to comply with each of the financial and operational covenants in our amended and restated credit facility.

Neither the revolving credit facility nor the term loan restricts distributions to us by our subsidiaries.

### **The 8<sup>5</sup>/8% senior notes**

In May 2001, we issued \$200.0 million principal amount of our 8<sup>5</sup>/8% Senior Notes, which mature on May 15, 2011. All of our 8<sup>5</sup>/8% Senior Notes are currently outstanding. Interest on the 8<sup>5</sup>/8% Senior Notes is payable semiannually. We are permitted, at our option, to redeem the 8<sup>5</sup>/8% Senior Notes in whole or in part at any time after May 15, 2006, at a redemption price initially at 104.3125% of the principal amount, declining ratably to 100% of the principal amount thereof on or after May 15, 2009, in each case together with accrued interest. The 8<sup>5</sup>/8% Senior Notes are unsecured and rank *pari passu* with, or senior in right of payment to, all our other existing and future indebtedness.

The indenture governing the 8<sup>5</sup>/8% Senior Notes contains certain restrictive covenants, including covenants which restrict our ability and our subsidiaries ability from (i) declaring any dividends or making other distributions on, or redeeming our equity securities, including our common stock; (ii) redeeming or otherwise acquiring any of our subordinated indebtedness or certain indebtedness of our subsidiaries; (iii) making certain investments; (iv) incurring additional indebtedness; (v) selling or leasing assets or property not in the ordinary course of business; (vi) undergoing certain fundamental changes (such as mergers, consolidations and liquidations); (vii) creating certain liens; (viii) entering into certain transactions with affiliates; and (ix) imposing additional future restrictions on upstream payments from certain subsidiaries, all as set forth in the indenture governing the 8<sup>5</sup>/8% Senior Notes. In addition, the indenture governing the 8<sup>5</sup>/8% Senior Notes provides that in the event of defined changes in control or if our consolidated tangible net worth falls below a specified level or, in certain circumstances, upon sale of assets, we are required to make an offer to repurchase certain specific amounts of outstanding 8<sup>5</sup>/8% Senior Notes.

### **The 8<sup>3</sup>/8% senior notes**

In April 2002, we issued \$350.0 million principal amount of our 8<sup>3</sup>/8% Senior Notes, which mature on April 15, 2012. All of our 8<sup>3</sup>/8% Senior Notes are currently outstanding. Interest on the 8<sup>3</sup>/8% Senior Notes is payable semiannually. We are permitted, at our option, to redeem the 8<sup>3</sup>/8% Senior Notes in whole or in part at any time after April 15, 2007, at the redemption prices initially at 104.188% of the principal amount, declining ratably to 100% of the principal amount thereof on or after April 15, 2010, in each case together with accrued interest. A portion of the 8<sup>3</sup>/8% Senior Notes may also be redeemed prior to April 2005 under certain conditions. The 8<sup>3</sup>/8% Senior Notes are unsecured and rank *pari passu* with, or senior in right of payment to, all our other existing and future indebtedness.

The indenture governing the 8<sup>3</sup>/8% Senior Notes contains certain restrictive covenants, including covenants which restrict our ability and our subsidiaries ability from (i) declaring any dividends or making other distributions on, or redeeming our equity securities, including our common stock; (ii) redeeming or otherwise acquiring any of our subordinated indebtedness or certain indebtedness of our subsidiaries; (iii) making certain investments; (iv) incurring additional indebtedness; (v) selling or leasing assets or property not in the ordinary course of business; (vi) undergoing certain fundamental changes (such as mergers, consolidations and liquidations); (vii) creating certain liens; (viii) entering into certain transactions with affiliates; and (ix) imposing additional future restrictions on upstream payments from certain subsidiaries, all as set forth in the indenture governing the 8<sup>3</sup>/8% Senior Notes. In addition, the indenture governing the 8<sup>3</sup>/8% Senior Notes provides that in the event of defined changes in control or if our consolidated tangible net worth falls below a specified level or, in certain

circumstances, upon the sale of assets, we are required to make an offer to repurchase certain specific amounts of outstanding 8<sup>3</sup>/<sub>8</sub>% Senior Notes.

### **The 6<sup>1</sup>/<sub>2</sub>% senior notes**

In November 2003 we issued \$200.0 million principal amount of our 6<sup>1</sup>/<sub>2</sub>% Senior Notes which mature on November 15, 2013. We are permitted, at our option, to redeem the 6<sup>1</sup>/<sub>2</sub>% Senior Notes in whole or in part at any time after November 2008, initially at 103.250% of the principal amount, declining ratably to 100% of the principal amount thereof on or after November 15, 2011, in each case together with accrued interest. We may redeem the 6<sup>1</sup>/<sub>2</sub>% Senior Notes, in whole or in part, at any time before November 15, 2008 at a redemption price equal to the principal amount thereof plus a "make-whole" premium, plus accrued and unpaid interest. A portion of such notes may also be redeemed prior to November 15, 2006 under certain conditions. The 6<sup>1</sup>/<sub>2</sub>% Senior Notes are unsecured and rank *pari passu* with, or senior in right of payment to, all our other existing and future indebtedness.

The indenture governing the 6<sup>1</sup>/<sub>2</sub>% Senior Notes contains certain restrictive covenants, including covenants which restrict our ability and our subsidiaries ability from (i) declaring any dividends or making other distributions on, or redeeming our equity securities, including our common stock; (ii) redeeming or otherwise acquiring any of our subordinated indebtedness or certain indebtedness of our subsidiaries; (iii) making certain investments; (iv) incurring additional indebtedness; (v) selling or leasing assets or property not in the ordinary course of business; (vi) undergoing certain fundamental changes (such as mergers, consolidations and liquidations); (vii) creating certain liens; (viii) entering into certain transactions with affiliates; and (ix) imposing additional future restrictions on upstream payments from certain subsidiaries, all as set forth in the indenture governing the 6<sup>1</sup>/<sub>2</sub>% Senior Notes. In addition, the indenture governing the 6<sup>1</sup>/<sub>2</sub>% Senior Notes provides that in the event of defined changes in control or if our consolidated tangible net worth falls below a specified level or, in certain circumstances, upon the sale of assets, we are required to make an offer to repurchase certain specific amounts of outstanding 6<sup>1</sup>/<sub>2</sub>% Senior Notes.

All of our subsidiaries (other than certain of our title and warranty subsidiaries) that are significant are full and unconditional guarantors of our 8<sup>5</sup>/<sub>8</sub>% Senior Notes, 8<sup>3</sup>/<sub>8</sub>% Senior Notes and 6<sup>1</sup>/<sub>2</sub>% Senior Notes and our obligations under our revolving credit facility and the term loan. Each significant subsidiary is a 100% owned subsidiary of ours. Certain of our title and warranty subsidiaries do not guarantee our senior notes or our credit facility, and will not guarantee the notes offered hereby.

## DESCRIPTION OF THE NOTES

Definitions for certain defined terms may be found under "Certain Definitions" appearing below. References in this description of the notes to "we," "our," "ours," "us" and the "Company" refer to Beazer Homes USA, Inc. only and not to any of its subsidiaries unless the context otherwise requires.

The notes are issued under an indenture, dated as of June 8, 2004, among the Company, the Guarantors and SunTrust Bank, as trustee. The following summaries of certain provisions of the indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the indenture, including the definitions of certain terms therein. Wherever particular sections or defined terms of the indenture not otherwise defined herein are referred to, such sections or defined terms shall be incorporated herein by reference.

### General

The notes are general unsecured senior obligations of the Company in the aggregate principal amount of \$180.0 million and will mature on June 15, 2024. The notes are issued in registered form without coupons only in denominations of \$1,000 and integral multiples of \$1,000.

Interest on the notes accrues at the rate of  $4\frac{5}{8}\%$  per year. We will pay interest on the notes in arrears on each June 15 and December 15, beginning December 15, 2004, to the person or persons in whose names the notes are registered at the close of business on the June 1 or December 1 immediately preceding the relevant interest payment date, except that we will pay interest payable at maturity or on a repurchase or redemption date to the person or persons to whom principal is payable. If any date on which interest is payable is not a business day, we will pay interest on the next business day (without any interest or other payment due on the delay). Interest on the notes is calculated on the basis of a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed. If the maturity date or any redemption date or purchase date (including upon the occurrence of a Fundamental Change, as described below) for the notes falls on a day that is not a business day, we will pay the interest and principal payable on the next business day (without any interest or other payment due on the delay). The term "business day," when used with respect to any place of payment for the notes, means a day other than a Saturday or a Sunday, a legal holiday or a day on which banking institutions or trust companies in that place of payment are authorized or obligated by law to close.

In addition, we will pay contingent interest and additional amounts on the notes under the circumstances described below under "Contingent Interest" and "Registration Rights."

Interest payments for the notes will include accrued interest from and including the date of issue or from and including the last date in respect of which interest has been paid, as the case may be, to, but excluding, the interest payment date or the date of maturity, as the case may be.

Holders may present notes for conversion at the office of the conversion agent and may present notes for exchange or for registration of transfer at the office or agency maintained by us for that purpose in the Borough of Manhattan, The City of New York. We will not charge a service charge for any exchange or registration of transfer of notes. However, we may require payment of a sum sufficient to cover any tax or other governmental charge payable for the registration of transfer or exchange. The trustee serves as the initial conversion agent, paying agent, registrar and transfer agent for the notes. At any time, we may designate additional paying agents and transfer agents. However, at all times we are required to maintain a paying agent and transfer agent for the notes in the Borough of Manhattan, The City of New York.

Any monies deposited with the trustee or any paying agent or then held by us in trust for the payment of principal, premium, if any, and interest (including contingent interest and additional amounts, if any) on the notes that remains unclaimed for two years after the date the payments became

due and payable, shall, at our request, be repaid to us or released from trust, as applicable, and the holder of the note shall thereafter look, as a general unsecured creditor, only to us for payment thereof.

### **The Subsidiary Guarantees**

The notes are guaranteed by each of our subsidiaries that guarantees our indebtedness under our amended and restated credit facility or our publicly traded (including in the Rule 144A market) indebtedness, including, without limitation, our other outstanding senior notes, or whose property secures such indebtedness. We refer to such indebtedness herein as "applicable indebtedness." The Subsidiary Guarantors comprise all of our subsidiaries (other than certain of our title and warranty subsidiaries) that are significant. Each of the Subsidiary Guarantors (so long as they remain our subsidiaries) unconditionally guarantee on a joint and several basis all of our obligations under the notes, including our obligations to pay principal, premium, if any, and interest (including contingent interest and additional amounts, if any) with respect to the notes. The subsidiary guarantees are unsecured obligations of the Subsidiary Guarantors ranking equally in right of payment with all existing and future unsecured indebtedness of the Subsidiary Guarantors that is not, by its terms, expressly subordinated in right of payment to the subsidiary guarantees. Except as provided in "Limitations on Mergers and Consolidations" below, we are not restricted from selling or otherwise disposing of any of the Subsidiary Guarantors.

The indenture provides that each subsidiary (other than certain of our title and warranty subsidiaries or, in our discretion, any subsidiary the assets of which have a book value of not more than \$5.0 million) is a Subsidiary Guarantor and, at our discretion, any other subsidiary may be a Subsidiary Guarantor.

Upon the release of a guarantee by a Subsidiary Guarantor under all then outstanding applicable indebtedness, the subsidiary guarantee of such Subsidiary Guarantor under the indenture will be released and discharged. In the event that any such released Subsidiary Guarantor thereafter guarantees any applicable indebtedness (or if any released guarantee under any applicable indebtedness is reinstated or renewed), then any such released Subsidiary Guarantor will guarantee the notes on the terms and conditions set forth in the indenture.

### **Ranking**

The notes are our general, unsecured and unsubordinated obligations. The subsidiary guarantees are general, unsecured and unsubordinated obligations of the Subsidiary Guarantors. The notes and the subsidiary guarantees rank equally in right of payment with all of our and the Subsidiary Guarantors' other existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of our and our Subsidiary Guarantors' future subordinated debt. In addition, the notes effectively rank junior to any secured indebtedness that we or the Subsidiary Guarantors may incur to the extent of the value of the assets securing such indebtedness. Substantially all of the operations of the Company are conducted through the Subsidiary Guarantors, which comprise all of the significant subsidiaries of the Company. As a result, the Company is dependent upon the earnings and cash flow of the Subsidiary Guarantors to meet its obligations, including obligations with respect to the notes.

As of June 30, 2004, we and the Subsidiary Guarantors had outstanding approximately \$1,124.1 million of unsecured and unsubordinated indebtedness ranking equally in right of payment with the notes, and approximately \$317.8 million of available borrowings under our amended and restated revolving credit facility. The indenture will not limit the amount of indebtedness we or our subsidiaries may incur.

## Contingent Interest

We will pay contingent interest to the holders of notes during any six-month interest period from June 15 to December 14 or from December 15 to June 14 commencing on or after June 15, 2009 for which the average trading price of a note for the applicable five trading day reference period equals or exceeds 120% of the principal amount of the note as of the day immediately preceding the first day of the applicable six-month interest period. The five trading day reference period means the five trading days ending on the second trading day immediately preceding the relevant six-month interest period.

During any period when contingent interest shall be payable, the contingent interest payable per note in respect of any six-month interest period will equal 0.25% of the average trading price of the note for the applicable five trading day reference period.

The record date and payment date for contingent interest, if any, will be the same as the regular record date and payment date for the semiannual interest payments on the notes.

The "trading price" of the notes on any date of determination means the average of the secondary market bid quotations per \$1,000 principal amount of notes obtained by the bid solicitation agent for \$5.0 million principal amount of notes at approximately 4:00 p.m., New York City time, on such determination date from three unaffiliated, nationally recognized securities dealers we select, provided that if:

- at least three such bids are not obtained by the bid solicitation agent, or
- in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the notes,

then the trading price of the notes will equal (a) the then applicable conversion rate of the notes multiplied by (b) the average last reported sale price of our common stock for the five trading days ending on such determination date.

The "last reported sale price" of our common stock on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average asked prices) on that date as reported in composite transactions for the principal U.S. securities exchange on which our common stock is traded (which is presently the New York Stock Exchange) or, if our common stock is not listed on a U.S. national or regional securities exchange, as reported by the Nasdaq National Market.

If our common stock is not listed for trading on a U.S. national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the "last reported sale price" will be the last quoted bid price for our common stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization.

If our common stock is not so quoted, the "last reported sale price" will be the average of the midpoint of the last bid and ask prices for our common stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose.

The bid solicitation agent will initially be the trustee. We may change the bid solicitation agent, but the bid solicitation agent will not be our affiliate. The bid solicitation agent will solicit bids from nationally recognized securities dealers that are believed by us to be willing to bid for the notes.

We will notify the holders of the notes upon a determination that they will be entitled to receive contingent interest during a six-month interest period. In connection with providing such notice, we will issue a press release and publish a notice containing information regarding the contingent interest determination in a newspaper of general circulation in The City of New York or publish the information on our web site or through such other public medium as we may use at that time.



## Optional Redemption

No sinking fund is provided for the notes. Prior to June 15, 2009, the notes will not be redeemable. On or after June 15, 2009, we may redeem for cash all or part of the notes at any time, upon not less than 30 nor more than 60 days' notice before the redemption date by mail to the trustee, the paying agent and each holder of notes, at the following redemption prices (expressed in percentages of the principal amount thereof) together, in each case, with accrued and unpaid interest (including contingent interest and additional amounts, if any) to the date fixed for redemption, if redeemed during the 12-month period beginning on June 15 of each year indicated below:

| Year                | Percentage |
|---------------------|------------|
| 2009                | 101.321%   |
| 2010                | 100.661%   |
| 2011 and thereafter | 100.000%   |

If we decide to redeem fewer than all of the outstanding notes, the trustee will select the notes to be redeemed (in principal amounts of \$1,000 or integral multiples thereof) by lot, on a pro rata basis or by another method the trustee considers fair and appropriate.

If the trustee selects a portion of your note for partial redemption and you convert a portion of the same note, the converted portion will be deemed to be from the portion selected for redemption.

In the event of any redemption in part, we will not be required to:

- issue, register the transfer of or exchange any note during a period of 15 days before the mailing of the redemption notice, or
- register the transfer of or exchange any note so selected for redemption, in whole or in part, except the unredeemed portion of any note being redeemed in part.

## Conversion Rights

Subject to the conditions and during the periods and under the circumstances described below, holders may convert each of their notes into shares of our common stock initially at a conversion rate of 6.48 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of \$154.32 per share of common stock) at any time prior to the close of business on June 15, 2024. The conversion rate and the equivalent conversion price in effect at any given time are referred to as the "applicable conversion rate" and the "applicable conversion price," respectively, and will be subject to adjustment as described below. A holder may convert fewer than all of such holder's notes so long as the notes converted are an integral multiple of \$1,000 principal amount.

Except as otherwise described below, you will not receive any cash payment representing accrued and unpaid interest (including contingent interest, if any) upon conversion of a note, and we will not adjust the conversion rate to account for the accrued and unpaid interest (including contingent interest, if any). Upon conversion we will deliver to you a fixed number of shares of our common stock and any cash payment to account for fractional shares. The cash payment for fractional shares will be based on the last reported sale price of our common stock on the trading day immediately prior to the conversion date. Delivery of shares of common stock will be deemed to satisfy our obligation to pay the principal amount of the notes, including accrued and unpaid interest (including contingent interest, if any). Accrued and unpaid interest (including contingent interest, if any) will be deemed paid in full rather than canceled, extinguished or forfeited. Notwithstanding conversion of any notes, the holders of the notes and any common stock issuable upon conversion thereof will continue to be entitled to receive additional amounts in accordance with the registration rights agreement. See "Registration Rights."

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of our common stock upon the conversion, unless the tax is due because the holder requests the shares to be issued or delivered to a person other than the holder, in which case the holder will pay that tax.

If a holder wishes to exercise its conversion right, such holder must deliver an irrevocable conversion notice, together, if the notes are in certificated form, with the certificated security, to the conversion agent along with appropriate endorsements and transfer documents, if required, and pay any transfer or similar tax, if required. The conversion agent will, on the holder's behalf, convert the notes into shares of our common stock. Holders may obtain copies of the required form of the conversion notice from the conversion agent. A certificate for the number of full shares of our common stock into which any notes are converted, together with any cash payment for fractional shares, will be delivered through the conversion agent as soon as practicable, but no later than the fifth business day, following the conversion date.

If a holder has already delivered a purchase notice as described under either "—Purchase of Notes by Us at the Option of the Holder" or "Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder" with respect to a note, however, the holder may not surrender that note for conversion until the holder has withdrawn the purchase notice in accordance with the indenture.

Holders of notes at the close of business on a regular record date will receive payment of interest, including contingent interest, if any, payable on the corresponding interest payment date notwithstanding the conversion of such notes at any time after the close of business on such regular record date. Notes surrendered for conversion by a holder during the period from the close of business on any regular record date to the opening of business on the immediately following interest payment date must be accompanied by payment of an amount equal to the interest, including contingent interest, if any, that the holder is to receive on the notes; provided, however, that no such payment need be made if (1) we have specified a redemption date that is after a record date and on or prior to the immediately following interest payment date, (2) we have specified a purchase date following a Fundamental Change that is during such period or (3) any overdue interest (including overdue contingent interest, if any) exists at the time of conversion with respect to such notes to the extent of such overdue interest. The holders of the notes and any common stock issued upon conversion thereof will continue to be entitled to receive additional amounts in accordance with the registration rights agreement.

Holders may surrender their notes for conversion into shares of our common stock prior to stated maturity only under the circumstances described below. For a discussion of the federal income tax consequences of a conversion of the notes into our common stock, see "Material United States Federal Income Tax Considerations."

**Conversion Upon Satisfaction of Sale Price Condition.** A holder may surrender any of its notes for conversion into shares of our common stock in any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter is greater than or equal to 120% of the applicable conversion price.

**Conversion Upon Satisfaction of Trading Price Condition.** A holder may surrender any of its notes for conversion into shares of our common stock during the five business day period after any five consecutive trading day period in which the "trading price" per note, as determined following a request by a holder of notes in accordance with the procedures described below, for each day of that period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate for each day during such period; provided that if, on the date of any such conversion, the last reported sale price of our common stock is between 100% and 120% of the applicable conversion price, then such holder will receive, in lieu of common stock based on the

applicable conversion rate, cash, common stock or a combination of cash and common stock, at our option, with a value equal to the principal amount of the notes converted, plus accrued and unpaid interest, including contingent and additional interest, if any, to the conversion date, which we refer to as a "Principal Value Conversion." If a holder surrenders notes for conversion and it is a Principal Value Conversion, we will notify such holder by the second trading day following the conversion date whether we will pay all or a portion of the principal amount plus accrued and unpaid interest, including contingent interest, if any, in cash, common stock or a combination of cash and common stock, and in what percentage. Any common stock delivered upon a Principal Value Conversion will be valued at the average of the last reported sale prices of our common stock for each of the five trading days commencing on the third trading day following the conversion date. We will pay you any portion of the principal amount plus accrued and unpaid interest to be paid in cash and deliver common stock with respect to any portion of the principal amount plus accrued and unpaid interest to be paid in common stock, no later than the fifth business day following the determination of the average last reported sale price as described in the preceding sentence.

The "trading price" of the notes on any date of determination means the average of the secondary market bid quotations per note obtained by the trustee for \$5.0 million original principal amount of the notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; provided that if three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the trustee, that one bid shall be used. If the trustee cannot reasonably obtain at least one bid for \$5.0 million original principal amount of the notes from a nationally recognized securities dealer, or in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the notes, then the trading price per note will be deemed to be less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate.

In connection with any conversion upon satisfaction of the above trading pricing condition, the trustee shall have no obligation to determine the trading price of the notes unless we have requested such determination, and we shall have no obligation to make such request unless you provide us with reasonable evidence that the trading price per note would be less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate. At such time, we shall instruct the trustee to determine the trading price of the notes beginning on the next trading day and on each successive trading day until the trading price per note is greater than or equal to 98% of the product of the last reported sale price of our common stock and the applicable conversion rate as of such trading day.

**Conversion Upon Redemption.** If we redeem the notes, holders may convert notes into our common stock at any time prior to the close of business on the second business day immediately preceding the redemption date, even if the notes are not otherwise convertible at such time.

**Conversion Upon Specified Corporate Transactions.** If we elect to:

- distribute to all holders of our common stock certain rights entitling them to purchase, for a period expiring within 60 days after the date of the distribution, shares of our common stock at less than the last reported sale price of a share of our common stock on the trading day immediately preceding the declaration date of the distribution, or
- distribute to all holders of our common stock our assets, debt securities or certain rights to purchase our securities, which distribution has a per share value as determined by our board of directors exceeding 5% of the last reported sale price of a share of our common stock on the trading day immediately preceding the declaration date for such distribution,

we must notify the holders of the notes at least 20 business days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their notes for conversion at any time until the earlier of the close of business on the business day immediately prior to the ex-dividend date or our announcement that such distribution will not take place, even if the notes are not otherwise convertible at such time; provided, however, that a holder may not exercise this right to convert if the holder may participate in the distribution without conversion. The "ex-dividend date" is the first date upon which a sale of the common stock does not automatically transfer the right to receive the relevant dividend from the seller of the common stock to its buyer.

In addition, if we are party to a consolidation, merger or binding share exchange pursuant to which our common stock would be converted into cash or property other than securities, a holder may surrender notes for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual effective date of such transaction. If we engage in certain reclassifications of our common stock or are a party to a consolidation, merger, binding share exchange or transfer of all or substantially all of our assets pursuant to which our common stock is converted into cash, securities or other property, then at the effective time of the transaction, the right to convert a note into our common stock will be changed into a right to convert a note into the kind and amount of cash, securities or other property which the holder would have received if the holder had converted its notes immediately prior to the transaction. If we engage in any transaction described in the preceding sentence, the conversion rate will not be adjusted. If the transaction also constitutes a Fundamental Change, as defined below, a holder can require us to purchase all or a portion of its notes as described below under "—Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder."

**Conversion Upon Credit Ratings Event.** A holder may convert notes into our common stock during any period in which the credit ratings assigned to the notes by either Moody's Investors Service, Inc. and Standard & Poor's Ratings Services is lower than B1 or B+, respectively, or the notes are no longer rated by at least one of these ratings services or their successors.

**Conversion Rate Adjustments.** The conversion rate will be subject to adjustment, without duplication, upon the occurrence of any of the following events:

- (1) the payment of dividends and other distributions on our common stock payable exclusively in shares of our common stock,
- (2) the issuance to all holders of our common stock of rights or warrants that allow the holders to purchase shares of our common stock for a period expiring within 60 days from the date of issuance of the rights or warrants at less than the market price on the record date for the determination of shareholders entitled to receive the rights or warrants,
- (3) subdivisions or combinations of our common stock,
- (4) distributions to all holders of our common stock of our assets, debt securities, shares of our capital stock or rights or warrants to purchase our securities (excluding (A) any dividend, distribution or issuance covered by clause (1) or (2) above and (B) any dividend or distribution paid exclusively in cash), in which event the conversion rate will be adjusted by multiplying: the conversion rate by a fraction, the numerator of which is the current market price of our common stock and the denominator of which is the current market price of our common stock minus the fair market value, as determined by our board of directors, except as described in the following paragraph, of the portion of those assets, debt securities, shares of capital stock or rights or warrants so distributed applicable to one share of common stock.

In the event that we make a distribution to all holders of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate will be adjusted based on the market value of the securities so distributed relative

to the market value of our common stock, in each case based on the average of the closing sales prices of those securities for each of the 10 trading days commencing on and including the fifth trading day after the date on which "exdistribution trading" commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted.

(5) distributions by us consisting exclusively of cash to all holders of our common stock, excluding any quarterly cash dividend on our common stock to the extent that the aggregate cash dividend per share of our common stock in any quarter does not exceed \$0.10 (the "dividend threshold amount"); the dividend threshold amount is subject to adjustment on the same basis as the conversion rate, provided that no adjustment will be made to the dividend threshold amount for any adjustment made to the conversion rate pursuant to this clause (5), in which event the conversion rate will be adjusted by multiplying: the conversion rate by a fraction, the numerator of which will be the current market price of our common stock and the denominator of which will be the current market price of our common stock minus the amount per share of such dividend increase (as determined below) or distribution.

If an adjustment is required to be made under this clause (5) as a result of a distribution that is a quarterly dividend, the adjustment would be based upon the amount by which the distribution exceeds the dividend threshold amount (the dividend increase). If an adjustment is required to be made under this clause (5) as a result of a distribution that is not a quarterly dividend, the adjustment would be based upon the full amount of the distribution.

(6) a payment by us or one of our subsidiaries in respect of a tender offer or exchange offer for our common stock to the extent that the cash and value of any other consideration included in the payment per share of our common stock exceeds the last reported sale price of our common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, in which event the conversion rate will be adjusted by multiplying: the conversion rate by a fraction, the numerator of which will be the sum of (x) the fair market value, as determined by our board of directors, of the aggregate consideration payable for all shares of our common stock we purchase in such tender or exchange offer and (y) the product of the number of shares of our common stock outstanding less any such purchased shares and the last reported sale price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer and the denominator of which will be the product of the number of shares of our common stock outstanding, including any such purchased shares, and the last reported sale price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer.

Notwithstanding the foregoing, in the event of an adjustment pursuant to clauses (5) or (6) above, in no event will the conversion rate exceed 10.0766, subject to adjustment pursuant to clauses (1), (2), (3) and (4) above.

To the extent that we have a rights plan in effect upon conversion of the notes into common stock, the holder will receive, in addition to the common stock, the rights under the rights plan unless the rights have separated from the common stock prior to the time of conversion, in which case the conversion rate will be adjusted at the time of separation as if we distributed to all holders of our common stock our assets, debt securities, shares of our capital stock or rights or warrants to purchase our securities as described in clause (4) above.

In addition to these adjustments, we may increase the conversion rate as our board of directors considers advisable to avoid or diminish any income tax to holders of our common stock or rights to purchase our common stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. We may also, from time to time, to the extent permitted by applicable law, increase the conversion rate by any amount for any period of at

least 20 business days if our board of directors has determined that such increase would be in our best interests. If our board of directors makes such a determination, it will be conclusive. We will give holders of notes at least 15 days' notice of such an increase in the conversion rate.

As used in this Description of the Notes, "current market price" means the average of the last reported sale prices per share of our common stock for the 20 trading day period ending on the applicable date of determination (if the applicable date of determination is a trading day or, if not, then on the last trading day prior to the applicable date of determination), appropriately adjusted to take into account the occurrence, during the period commencing on the first of the trading days during the 20 trading day period and ending on the applicable date of determination, of any event that would result in an adjustment of the conversion rate under the indenture.

The applicable conversion rate will not be adjusted:

- upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan,
- upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries,
- upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet and outstanding as of the date the notes were first issued,
- for a change in the par value of the common stock or
- for accrued and unpaid interest, including contingent interest or additional amounts, if any.

No adjustment in the applicable conversion rate will be required unless the adjustment would require an increase or decrease of at least 1% of the applicable conversion rate. If the adjustment is not made because the adjustment does not change the applicable conversion rate by more than 1%, then the adjustment that is not made will be carried forward and taken into account in any future adjustment.

In the event of:

- a taxable distribution to holders of shares of common stock which results in an adjustment of the conversion rate or
- an increase in the conversion rate at our discretion,

The holders of the notes may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a dividend. In addition, non-U.S. holders of notes in certain circumstances may be deemed to have received a distribution subject to U.S. federal withholding tax requirements. See "Material United States Federal Income Tax Considerations."

#### **Purchase of Notes by Us at the Option of the Holder**

Holders have the right to require us to purchase the notes on June 15, 2011, June 15, 2014 and June 15, 2019 (each, a "purchase date"). Any note purchased by us on a purchase date will be paid for in cash. We will be required to purchase any outstanding notes for which a holder delivers a written purchase notice to the paying agent. This notice must be delivered during the period beginning at any time from the opening of business on the date that is 20 business days prior to the relevant purchase date until the close of business on the business day prior to the purchase date. If the purchase notice is given and withdrawn during such period, we will not be obligated to purchase the related notes. Our

purchase obligation will be subject to some additional conditions as described in the indenture. Also, as described in the "Risk Factors" section of this prospectus under the caption "Risks Related to the Securities," we may not have the ability to raise the funds necessary to purchase the notes upon a Fundamental Change or other purchase date, as required by the indenture governing the notes," we may not have funds sufficient to purchase the notes when we are required to do so. Our failure to purchase the notes when we are required to do so will constitute an event of default under the indenture with respect to the notes.

The purchase price payable will be equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, including contingent interest and additional amounts, if any, to such purchase date. For a discussion of the United States federal income tax treatment of a holder receiving cash, see "Material United States Federal Income Tax Considerations."

On or before the 20th business day prior to each purchase date, we will provide to the trustee, the paying agent and to all holders of the notes at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, a notice stating, among other things:

- the purchase price,
- the name and address of the paying agent and the conversion agent, and
- the procedures that holders must follow to require us to purchase their notes.

In connection with providing such notice, we will issue a press release and publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on our web site or through such other public medium as we may use at that time.

A notice electing to require us to purchase your notes must state:

- if certificated notes have been issued, the certificate numbers of the notes,
- the portion of the principal amount of notes to be purchased, in integral multiples of \$1,000, and
- that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture.

If the notes are not in certificated form, your notice must comply with appropriate DTC procedures.

No notes may be purchased at the option of holders if there has occurred and is continuing an event of default other than an event of default that is cured by the payment of the purchase price of the notes.

You may withdraw any purchase notice in whole or in part by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the purchase date. The notice of withdrawal must state:

- the principal amount of the withdrawn notes,
- if certificated notes have been issued, the certificate numbers of the withdrawn notes, and
- the principal amount, if any, which remains subject to the purchase notice.

If the notes are not in certificated form, your notice must comply with appropriate DTC procedures.

You must either effect book-entry transfer or deliver the notes, together with necessary endorsements, to the office of the paying agent after delivery of the purchase notice to receive payment of the purchase price. You will receive payment promptly following the later of the purchase date or

the time of book-entry transfer or the delivery of the notes. If the paying agent holds money or securities sufficient to pay the purchase price of the notes on the business day following the purchase date, then:

- the notes will cease to be outstanding and interest, including contingent interest, will cease to accrue (whether or not book-entry transfer of the notes is made or whether or not the note is delivered to the paying agent), and
- all other rights of the holder will terminate (other than the right to receive the purchase price upon delivery or transfer of the notes).

#### **Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder**

If a Fundamental Change (as defined below in this section) occurs at any time prior to maturity, holders will have the right, at their option, to require us to purchase any or all of their notes for cash, or any portion of the principal amount thereof, that is equal to \$1,000 or an integral multiple of \$1,000. The cash price we are required to pay is equal to 100% of the principal amount of the notes to be purchased plus accrued and unpaid interest, including contingent interest and additional amounts, if any, to the Fundamental Change purchase date. For a discussion of the United States federal income tax treatment of a holder receiving cash, see "Material United States Federal Income Tax Considerations."

A "Fundamental Change" will be deemed to have occurred at the time after the date the notes were originally issued that any of the following occurs:

(1) our common stock or other common stock into which the notes are convertible is neither listed for trading on a United States national securities exchange nor approved for trading on the Nasdaq National Market or another established automated over-the-counter trading market in the United States,

(2) a "person" or "group" within the meaning of Section 13(d) of the Securities Exchange Act of 1934 other than us, our subsidiaries or our or their employee benefit plans, files a Schedule TO or any schedule, form or report under the Securities Exchange Act of 1934 disclosing that such person or group has become the direct or indirect ultimate "beneficial owner," as defined in Rule 13d-3 under the Securities Exchange Act of 1934, of our common equity representing more than 50% of the voting power of our common equity entitled to vote generally in the election of directors,

(3) consummation of any share exchange, consolidation or merger of us pursuant to which our common stock will be converted into cash, securities or other property or any sale, lease, conveyance or other disposition of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, as an entirety or substantially as an entirety, to any person other than us or one or more of our subsidiaries in one transaction or a series of transactions; provided, however, that a transaction where the holders of our common equity immediately prior to such transaction own directly or indirectly, 50% or more of the aggregate voting power of all classes of common equity of the continuing or surviving corporation or transferee entitled to vote generally in the election of directors immediately after such event shall not be a Fundamental Change, or

(4) continuing directors (as defined below in this section) cease to constitute at least a majority of our board of directors.

A Fundamental Change will not be deemed to have occurred in respect of any of the foregoing, however, if either:

(1) the last reported sale price of our common stock for any five trading days within the 10 consecutive trading days ending immediately before the later of the Fundamental Change or the



public announcement thereof, equals or exceeds 105% of the conversion price of the notes in effect immediately before the Fundamental Change or the public announcement thereof, or

(2) at least 90% of the consideration, excluding cash payments for fractional shares, in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with a Fundamental Change (these securities being referred to as "publicly traded securities") and as a result of this transaction or transactions the notes become convertible into such publicly traded securities, excluding cash payments for fractional shares.

For purposes of the above paragraph the term capital stock of any person means any and all shares (including ordinary shares or American Depositary Shares), interests, participations or other equivalents however designated of corporate stock or other equity participations, including partnership interests, whether general or limited, of such person and any rights (other than debt securities convertible or exchangeable into an equity interest), warrants or options to acquire an equity interest in such person.

"Continuing director" means a director who either was a member of our board of directors on the date of the issuance of the notes or who becomes a member of our board of directors subsequent to that date and whose appointment, election or nomination for election by our stockholders is duly approved with the affirmative vote of at least a majority of the continuing directors on our board of directors at the time of such approval.

On or before the 30th day after the occurrence of a Fundamental Change, we will provide to all holders of the notes and the trustee and paying agent a notice of the occurrence of the Fundamental Change and of the resulting purchase right. Such notice shall state, among other things:

- the events causing a Fundamental Change,
- the date of the Fundamental Change,
- the last date on which a holder may exercise the purchase right,
- the Fundamental Change purchase price,
- the Fundamental Change purchase date,
- the name and address of the paying agent and the conversion agent,
- the conversion rate and any adjustments to the conversion rate,
- the notes with respect to which a Fundamental Change purchase notice has been given by the holder may be converted only if the holder withdraws the Fundamental Change purchase notice in accordance with the terms of the indenture, and
- the procedures that holders must follow to require us to purchase their notes.

Simultaneously with providing such notice, we will issue a press release and publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on our web site or through such other public medium as we may use at that time.

To exercise the purchase right, holders must deliver, on or before the 35th day after the date of our notice of a Fundamental Change, subject to extension to comply with applicable law, the notes to be purchased, duly endorsed for transfer, together with a written purchase notice and the form entitled "Form of Fundamental Change Purchase Notice" duly completed, to the paying agent. Their purchase notice must state:

- if certificated, the certificate numbers of their notes to be delivered for purchase,

- the portion of the principal amount of notes to be purchased, which must be \$1,000 or an integral multiple thereof, and
- that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture.

If the notes are not in certificated form, their notice must comply with appropriate DTC procedures.

Holders may withdraw any purchase notice (in whole or in part) by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the Fundamental Change purchase date. The notice of withdrawal shall state:

- the principal amount of the withdrawn notes,
- if certificated notes have been issued, the certificate numbers of the withdrawn notes, and
- the principal amount, if any, which remains subject to the purchase notice.

If the notes are not in certificated form, their notice must comply with appropriate DTC procedures.

We will be required to purchase the notes no later than 35 business days after the date of our notice of the occurrence of the relevant Fundamental Change subject to extension to comply with applicable law. Holders will receive payment of the Fundamental Change purchase price promptly following the later of the Fundamental Change purchase date or the time of book-entry transfer or the delivery of the notes. If the paying agent holds money or securities sufficient to pay the Fundamental Change purchase price of the notes on the business day following the Fundamental Change purchase date, then:

- the notes will cease to be outstanding and interest, including contingent interest and additional amounts, if any, will cease to accrue (whether or not book-entry transfer of the notes is made or whether or not the note is delivered to the paying agent), and
- all other rights of the holder will terminate (other than the right to receive the Fundamental Change purchase price upon delivery or transfer of the notes).

The rights of the holders to require us to purchase their notes upon a Fundamental Change could discourage a potential acquirer of us. The Fundamental Change purchase feature, however, is not the result of management's knowledge of any specific effort to accumulate shares of our common stock, to obtain control of us by any means or part of a plan by management to adopt a series of anti-takeover provisions. Instead, the Fundamental Change purchase feature is a standard term contained in other offerings of debt securities similar to the notes that have been marketed by certain of the initial purchasers. The terms of the Fundamental Change purchase feature resulted from negotiations between the initial purchasers and us.

The term Fundamental Change is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the requirement that we offer to purchase the notes upon a Fundamental Change may not protect holders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

No notes may be purchased at the option of holders upon a Fundamental Change if there has occurred and is continuing an event of default other than an event of default that is cured by the payment of the Fundamental Change purchase price of the notes.

The definition of Fundamental Change includes a phrase relating to the conveyance, transfer, sale, lease or disposition of "all or substantially all" of our consolidated assets. There is no precise, established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a

holder of the notes to require us to purchase its notes as a result of the conveyance, transfer, sale, lease or other disposition of less than all of our assets may be uncertain.

If a Fundamental Change were to occur, we may not have enough funds to pay the Fundamental Change purchase price. See "Risk Factors" under the caption "Risks Related to the Securities—We may not have the ability to raise the funds necessary to purchase the notes upon a Fundamental Change or other purchase date, as required by the indenture governing the notes." Our failure to purchase the notes when required following a Fundamental Change will constitute an event of default under the indenture with respect to the notes. In addition, we have, and may in the future incur, other indebtedness with similar change in control provisions permitting holders to accelerate or to require us to purchase our indebtedness upon the occurrence of similar events or on some specific dates.

### **Limitations on Mergers and Consolidations**

We will be bound by certain restrictions under the indenture. The indenture does not contain any provisions that would limit our ability to incur indebtedness, pay dividends, issue or repurchase any of our other securities, grant liens or otherwise restrict our and our subsidiaries' activities. The indenture also does not protect holders of the notes in the event of a sudden and significant decline in our credit quality or a takeover, recapitalization or highly leveraged or similar transaction involving us, except to the extent described below and under "—Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder" and "—Conversion Rights—Conversion Upon Specified Corporate Transactions." Accordingly, we could in the future enter into transactions that could increase the amount of indebtedness outstanding at that time or otherwise affect our capital structure or credit rating.

The indenture provides that neither the Company nor any Subsidiary Guarantor will consolidate or merge with or into, or sell, lease, convey or otherwise dispose of all or substantially all of its assets (including, without limitation, by way of liquidation or dissolution), or assign any of its obligations under the notes, the subsidiary guarantees or the indenture (as an entirety or substantially in one transaction or series of related transactions), to any person or permit any of its subsidiaries to do any of the foregoing (in each case other than with the Company or another subsidiary of the Company) unless:

- (i) the person formed by or surviving such consolidation or merger (if other than the Company or such Subsidiary Guarantor, as the case may be), or to which such sale, lease, conveyance or other disposition or assignment will be made (collectively, the "Successor"), is a solvent corporation or other legal entity organized and existing under the laws of the United States or any state thereof or the District of Columbia, and the Successor assumes by supplemental indenture in a form reasonably satisfactory to the trustee all of the obligations of the Company or such Subsidiary Guarantor, as the case may be, under the notes or such Subsidiary Guarantor's subsidiary guarantee, as the case may be, and the indenture,
- (ii) immediately after giving effect to such transaction, no Default or Event of Default has occurred and is continuing, and
- (iii) immediately after giving effect to such transaction and the use of any net proceeds therefrom, on a pro forma basis, the consolidated tangible net worth of the Company or the Successor (in the case of a transaction involving the Company), as the case may be, would be at least equal to the consolidated tangible net worth of the Company immediately prior to such transaction.

The foregoing provisions shall not apply to a transaction involving the consolidation or merger of a Subsidiary Guarantor with or into another person, or the sale, lease, conveyance or other disposition of all or substantially all of the assets of such Subsidiary Guarantor, that results in such Subsidiary

Guarantor being released from its subsidiary guarantee as provided under "The Subsidiary Guarantees" above.

Certain of these transactions could constitute a Fundamental Change (as defined above) permitting a holder to require us to purchase the notes of such holder as described above.

#### *Certain Definitions*

Set forth below is a summary of certain of the defined terms used in the indenture. Other terms used below have specific definitions ascribed to them in the indenture. Reference is made to the indenture for the full definition of all such terms.

"Indebtedness" of any person at any date means, without duplication,

- (a) all indebtedness of such person for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such person or only to a portion thereof);
- (b) all obligations of such person evidenced by bonds, debentures, notes or other similar instruments;
- (c) all fixed obligations of such person in respect of letters of credit or other similar instruments (or reimbursement obligations with respect thereto), other than standby letters of credit issued for the benefit of, or surety and performance bonds issued by, such person in the ordinary course of business;
- (d) all obligations of such person with respect to hedging obligations (other than those that fix or cap the interest rate on variable rate Indebtedness or that fix the exchange rate in connection with Indebtedness denominated in a foreign currency);
- (e) all obligations of such person to pay the deferred and unpaid purchase price of property or services, including, without limitation, all conditional sale obligations of such person and all obligations under any title retention agreement; provided, however, that (i) any obligations described in this clause (e) which are non-interest bearing and which have a maturity of not more than six months from the date of incurrence thereof shall not constitute Indebtedness and (ii) trade payables and accrued expenses incurred in the ordinary course of business shall not constitute Indebtedness;
- (f) all capitalized lease obligations of such person;
- (g) all Indebtedness of others secured by a lien on any asset of such person, whether or not such Indebtedness is assumed by such person; and
- (h) all Indebtedness of others guaranteed by, or otherwise the liability of, such person to the extent of such guarantee or liability.

The amount of Indebtedness of any person at any date will be

- (i) the outstanding balance at such date of all unconditional obligations as described above,
- (ii) the maximum liability of such person for any contingent obligations under clause (h) above and
- (iii) in the case of clause (g) (if the Indebtedness referred to therein is not assumed by such person), the lesser of the (A) fair market value of all assets subject to a lien securing the Indebtedness of others on the date that the lien attaches and (B) amount of the Indebtedness secured.

"Material Subsidiary" means any subsidiary of the Company which accounted for 5% or more of the Consolidated Net Tangible Assets of the Company on a consolidated basis for the fiscal year ending immediately prior to any default or Event of Default.

"Non-Recourse Indebtedness" with respect to any person means Indebtedness of such person for which (i) the sole legal recourse for collection of principal and interest on such Indebtedness is against the specific property identified in the instruments evidencing or securing such Indebtedness and such property was acquired with the proceeds of such Indebtedness or such Indebtedness was incurred within 90 days after the acquisition of such property and (ii) no other assets of such person may be realized upon in collection of principal or interest on such Indebtedness.

"Subsidiary Guarantors" means each of (i) Beazer Allied Companies Holdings, Inc., a Delaware corporation, Beazer Homes Corp., a Tennessee corporation, Beazer/ Squires Realty, Inc., a North Carolina corporation, Beazer Homes Sales Arizona Inc., a Delaware corporation, Beazer Realty Corp., a Georgia corporation, Beazer Mortgage Corporation, a Delaware corporation, Beazer Homes Holdings Corp., a Delaware corporation, Beazer Homes Texas Holdings, Inc., a Delaware corporation, Beazer Homes Texas, L.P., a Delaware limited partnership, April Corporation, a Colorado corporation, Beazer SPE, LLC, a Georgia limited liability company, Beazer Homes Investment Corp., a Delaware corporation, Beazer Realty, Inc., a New Jersey corporation, Beazer Clarksburg, LLC, a Maryland limited liability company, Homebuilders Title Services of Virginia, Inc., a Virginia corporation, Homebuilders Title Services, Inc., a Delaware corporation, Texas Lone Star Title, L.P., a Texas limited partnership, Crossmann Communities of North Carolina, Inc., a North Carolina corporation, Crossmann Communities of Ohio, Inc., an Ohio corporation, Crossmann Communities of Tennessee, LLC, a Tennessee limited liability company, Crossmann Communities Partnership, an Indiana general partnership, Crossmann Investments, Inc., an Indiana corporation, Crossmann Management Inc., an Indiana corporation, Crossmann Mortgage Corp., an Indiana corporation, Cutter Homes Ltd., a Kentucky corporation, Deluxe Homes of Lafayette, Inc., an Indiana corporation, Deluxe Homes of Ohio, Inc., an Ohio corporation, Beazer Realty, Inc. (fka Merit Realty, Inc), an Indiana corporation, Paragon Title, LLC, an Indiana limited liability company, Pinehurst Builders LLC, a South Carolina limited liability company, and Trinity Homes LLC, an Indiana limited liability company, and (ii) each of the Company's subsidiaries that becomes a guarantor of the notes pursuant to the provisions of the indenture.

#### **Events of Default**

The following are "Events of Default" under the indenture:

- (a) the failure by the Company to pay interest on any note when the same becomes due and payable and the continuance of any such failure for a period of 30 days;
- (b) the failure by the Company to pay the principal or premium of any note when the same becomes due and payable at maturity, upon acceleration or otherwise;
- (c) the failure by the Company or any of its subsidiaries to comply with any of its agreements or covenants in, or provisions of, the notes, the Subsidiary Guarantees or the indenture and such failure continues for the period and after the notice specified below;
- (d) the acceleration of any Indebtedness (other than Non-Recourse Indebtedness) of the Company or any of its subsidiaries that has an outstanding principal amount of \$25.0 million or more in the aggregate;
- (e) the failure by the Company or any of its subsidiaries to make any principal or interest payment in respect of Indebtedness (other than Non-Recourse Indebtedness) of the Company or any of its subsidiaries with an outstanding aggregate amount of \$25.0 million or more within five days of such principal or interest payment becoming due and payable (after giving effect to any

applicable grace period set forth in the documents governing such Indebtedness); provided, that if such failure to pay shall be remedied, waived or extended, then the Event of Default hereunder shall be deemed likewise to be remedied, waived or extended without further action by the Company;

(f) a final judgment or judgments that exceed \$25.0 million or more in the aggregate, for the payment of money, having been entered by a court or courts of competent jurisdiction against the Company or any of its subsidiaries and such judgment or judgments is not satisfied, stayed, annulled or rescinded within 60 days of being entered;

(g) the Company or any Material Subsidiary pursuant to or within the meaning of any bankruptcy law:

- (i) commences a voluntary case,
- (ii) consents to the entry of an order for relief against it in an involuntary case,
- (iii) consents to the appointment of a custodian of it or for all or substantially all of its property, or
- (iv) makes a general assignment for the benefit of its creditors;

(h) a court of competent jurisdiction enters an order or decree under any bankruptcy law that:

- (i) is for relief against the Company or any Material Subsidiary as debtor in an involuntary case,
- (ii) appoints a custodian of the Company or any Material Subsidiary or a custodian for all or substantially all of the property of the Company or any Material Subsidiary, or
- (iii) orders the liquidation of the Company or any Material Subsidiary and the order or decree remains unstayed and in effect for 60 days; or

(i) any subsidiary guarantee ceases to be in full force and effect (other than in accordance with the terms of such subsidiary guarantee and the indenture) or is declared null and void and unenforceable or found to be invalid or any Subsidiary Guarantor denies its liability under its subsidiary guarantee (other than by reason of release of a Subsidiary Guarantor from its subsidiary guarantee in accordance with the terms of the indenture and the subsidiary guarantee).

A default as described in clause (c) above will not be deemed an Event of Default until the trustee notifies the Company, or the holders of at least 25% in principal amount of the then outstanding notes notify the Company and the trustee, of the default and the Company does not cure the default within 60 days after receipt of the notice. The notice must specify the default, demand that it be remedied and state that the notice is a "Notice of Default." If such a default is cured within such time period, it ceases.

If an Event of Default (other than an Event of Default specified in clauses (g) and (h) above) shall have occurred and be continuing under the indenture, the trustee by notice to the Company, or the holders of at least 25% in principal amount of the notes then outstanding by notice to the Company and the trustee, may declare all notes to be due and payable immediately. Upon such declaration of acceleration, the amounts due and payable on the notes, as determined pursuant to the provisions of the "Acceleration" section of the indenture, will be due and payable immediately. If an Event of Default with respect to the Company specified in clauses (g) and (h) above occurs, such an amount will ipso facto become and be immediately due and payable without any declaration, notice or other act on the part of the trustee and the Company or any holder. The holders of a majority in principal amount of the notes then outstanding by written notice to the trustee and the Company may

waive such default or Event of Default (other than any default or Event of Default in payment of principal or interest) on the notes under the indenture. Holders of a majority in principal amount of the then outstanding notes may rescind an acceleration and its consequence (except an acceleration due to nonpayment of principal or interest on the notes) if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived.

The holders may not enforce the provisions of the indenture, the notes or the subsidiary guarantees except as provided in the indenture. Subject to certain limitations, holders of a majority in principal amount of the notes then outstanding may direct the trustee in its exercise of any trust or power; provided, however, that such direction does not conflict with the terms of the indenture. The trustee may withhold from the holders notice of any continuing default or Event of Default if the trustee determines that withholding such notice is in the holders' interest.

The Company is required to deliver to the trustee a quarterly statement regarding compliance with the indenture, and include in such statement, if any officer of the Company is aware of any default or Event of Default, a statement specifying such default or Event of Default and what action the Company is taking or proposes to take with respect thereto. In addition, the Company is required to deliver to the trustee prompt written notice of the occurrence of any default or Event of Default and any other development, financial or otherwise, which might materially affect its business, properties or affairs or the ability of the Company to perform its obligations under the indenture.

#### **Legal Defeasance and Covenant Defeasance**

The notes are not subject to any defeasance provisions under the indenture.

#### **Amendment, Supplement and Waiver**

Subject to certain exceptions, the indenture or the notes may be amended or supplemented with the consent (which may include consents obtained in connection with a tender offer or exchange offer for notes) of the holders of at least a majority in principal amount of the notes then outstanding, and any existing Default or Event of Default (other than any continuing Default or Event of Default in the payment of interest on or the principal of the notes) under, or compliance with any provision of, the indenture may be waived with the consent (which may include consents obtained in connection with a tender offer or exchange offer for notes) of the holders of a majority in principal amount of the notes then outstanding. Without the consent of any holder, the Company, the Subsidiary Guarantors and the trustee may amend the indenture or the notes or waive any provision of the indenture to cure any ambiguity, defect or inconsistency; to comply with the "Limitations on Mergers and Consolidations" section set forth in the indenture; to provide for uncertificated notes in addition to certificated notes; to make any change that does not adversely affect the legal rights under the indenture of any holder; to comply with or qualify the indenture under the Trust Indenture Act; or to reflect a Subsidiary Guarantor ceasing to be liable on the subsidiary guarantees because it is no longer a subsidiary of the Company.

Without the consent of each holder affected, the Company may not

- (a) reduce the amount of notes whose holders must consent to an amendment, supplement or waiver,
- (b) reduce the rate of or change the time for payment of interest, including default interest, on any note, or alter the manner of calculation or rate of contingent interest or additional amounts,
- (c) reduce the principal of or change the fixed maturity of any note or alter the provisions with respect to redemption set forth under "Optional Redemption," or with respect to mandatory offers to repurchase notes pursuant to the provisions described under "Fundamental Change

Requires Purchase of Notes by Us at Option of the Holder" and "Purchase of Notes by Us at the Option of the Holder,"

- (d) make any note payable in money other than that stated in the note,
- (e) make any change in the sections of the indenture pertaining to waivers of defaults or amendments that require unanimous consent,
- (f) modify the ranking or priority of the notes or any subsidiary guarantee,
- (g) release any Subsidiary Guarantor from any of its obligations under its subsidiary guarantee or the indenture other than in accordance with the terms of the indenture,
- (h) make any change that adversely affects the right to convert the notes or any change that raises the then applicable conversion price or lowers the then applicable conversion rate,
- (i) waive a continuing default or Event of Default in the payment of principal of or interest on the notes, or
- (j) make any changes to the foregoing provisions.

The right of any holder to participate in any consent required or sought pursuant to any provision of the indenture (and the obligation of the Company to obtain any such consent otherwise required from such holder) may be subject to the requirement that such holder shall have been the holder of record of any notes with respect to which such consent is required or sought as of a date identified by the trustee in a notice furnished to holders in accordance with the terms of the indenture.

### **Book-Entry System**

We issued the notes in the form of global securities. The global securities were deposited with, or on behalf of, DTC and registered in the name of a nominee of DTC. The notes and related guarantees sold pursuant to this prospectus will be represented by one or more unrestricted global securities. Except under circumstances described below, the notes and related guarantees will not be issued in definitive form.

Ownership of beneficial interests in a global security is limited to persons that have accounts with DTC or its nominee ("participants") or persons that may hold interests through participants. Ownership of beneficial interests in a global security is shown on, and the transfer of that ownership is effected only through, records maintained by DTC or its nominee (with respect to interests of persons other than participants). The laws of some states require that some purchasers of securities take physical delivery of the securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a global security.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, is considered the sole owner or holder of the notes represented by that global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security are not be entitled to have notes represented by that global security registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the owners or holders thereof under the indenture. Principal and interest payments, if any, on notes registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the relevant global security. Neither we, the trustee, any paying agent or the security registrar for the notes has any responsibility or liability for any aspect of the records relating to nor payments made on account of beneficial interests in a global security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest will credit immediately participants' accounts with payments in amounts proportionate to their respective



beneficial interests in the principal amount of the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a global security held through these participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participants.

Beneficial owners of interests in global securities who desire to convert their interests into common stock should contact their brokers or other participants or indirect participants through whom they hold such beneficial interests to obtain information on procedures, including proper forms and cut-off times, for submitting requests for conversion.

Unless and until they are exchanged in whole or in part for notes in definitive form, the global securities may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC. Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds.

If DTC at any time is unwilling or unable to continue as a depository, defaults in the performance of its duties as depository or ceases to be a clearing agency registered under the Securities Exchange Act of 1934 or other applicable statute or regulation, and a successor depository is not appointed by us within 90 days, we will issue notes in definitive form in exchange for the global securities relating to the notes. In addition, we may at any time and in our sole discretion determine not to have the notes or portions of the notes represented by one or more global securities and, in that event, will issue individual notes in exchange for the global security or securities representing the notes. Further, if we so specify with respect to any notes, an owner of a beneficial interest in a global security representing the notes may, on terms acceptable to us and the depository for the global security, receive individual notes in exchange for the beneficial interest. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery in definitive form of notes represented by the global security equal in principal amount to the beneficial interest, and to have the notes registered in its name. Notes so issued in definitive form will be issued as registered notes in denominations of \$1,000 and integral multiples thereof, unless otherwise specified by us. Such notes will be subject to certain restrictions on registration of transfers as described under "Transfer Restrictions" and will bear the legend set forth thereunder.

### **The Trustee**

SunTrust Bank is the initial trustee, conversion agent, paying agent, transfer agent and registrar with respect to the notes.

### **Governing Law**

The indenture, the notes and the subsidiary guarantees are governed by, and construed in accordance with, the laws of the State of New York of the United States of America.

## REGISTRATION RIGHTS

We and the Subsidiary Guarantors entered into a registration rights agreement with the initial purchasers pursuant to which we have, at our expense, for the benefit of the holders, filed with the SEC a shelf registration statement, of which this prospectus is a part, covering resales of the notes and the related guarantees as well as shares of our common stock received upon conversion of the notes. Under this agreement we will use our reasonable commercial efforts to cause the shelf registration statement to:

- on or prior to the 90th day after the earliest date of original issuance of the notes, be filed with the SEC covering resales of the notes and the common stock issuable upon conversion thereof,
- be declared effective under the Securities Act of 1933 no later than 180 days after the earliest date of original issuance of the notes; and
- remain effective after its effective date until the earliest to occur of the following: all securities covered by the registration statement have been sold pursuant to an effective registration statement, the date on which all registrable securities have been sold pursuant to Rule 144 under the Securities Act of 1933, such time as there are no longer any registrable securities outstanding, and the second anniversary of the last date of original issuance of the notes.

We refer to the notes and the common stock issuable upon conversion thereof as registrable securities. We are permitted to suspend the effectiveness of the shelf registration statement or the use of the prospectus that is part of the shelf registration statement during specified periods (not to exceed 45 consecutive days or an aggregate of 90 days in any consecutive 12-month period) in specified circumstances, including circumstances relating to pending corporate developments, without being required to pay additional amounts. We need not specify the nature of the event giving rise to a suspension in any notice to the holders of the notes of the existence of a suspension.

If:

- the shelf registration statement is not filed with the SEC within 90 days following the earliest date of original issuance of the notes,
- the shelf registration statement is not declared effective by the SEC within 180 days following the earliest date of original issuance of the notes,
- after the effectiveness of the shelf registration statement, we fail to file a prospectus supplement or report with the SEC within five business days (or, if a post-effective amendment is required, within 10 business days) after a holder provides us with the questionnaire referred to below, if such filing is necessary to enable the holder to deliver the prospectus to purchasers of such holder's registrable securities,
- the registration statement ceases to be effective or fails to be usable (other than as permitted in the suspension periods as described above) without being succeeded within 30 days by a post-effective amendment, prospectus supplement, additional registration statement (filed and declared effective) or report filed with the SEC pursuant to the Securities Exchange Act of 1934 that cures the failure of the registration statement to be effective or usable, or
- aggregate duration of any suspension periods in any period exceeds the limits described above,

then, in each case, we will pay additional amounts, until such failure is cured, to all holders of notes equal to 0.25% of the aggregate principal amount of notes per annum for the first 90 days following such failure, increasing by 0.25% per annum at the beginning of each subsequent 90-day period. With respect to shares of common stock issued upon conversion of the notes, we will pay additional amounts equal to 0.25% per annum of the then applicable conversion price for the first 90 days, increasing by 0.25% per annum at the beginning of each subsequent 90-day period. Additional amounts on the

registrable securities will not, however, exceed 0.5% per annum at any time. Any additional amounts due will be payable in cash semiannually in arrears on the same dates as the interest payment dates for the notes.

The term "applicable conversion price" means, as of any date of determination, \$1,000 principal amount of notes as of such date of determination divided by the conversion rate in effect as of such date of determination or, if no notes are then outstanding, the conversion rate that would be in effect were notes then outstanding.

A holder who elects to sell any securities pursuant to the shelf registration statement:

- will be required to be named as a selling securityholder,
- will be required to deliver a prospectus to purchasers,
- will be subject to the civil liability provisions under the Securities Act of 1933 in connection with any sales, and
- will be bound by the provisions of the registration rights agreement which are applicable to the holder, including certain indemnification obligations.

## DESCRIPTION OF CAPITAL STOCK

The following descriptions are summaries of the material terms of our common stock, preferred stock, rights agreement, articles of incorporation and bylaws. This summary is qualified by reference to our amended and restated certificate of incorporation and amended, restated bylaws and rights agreement each as amended to date, copies of which we have previously filed with the SEC, and by provisions of applicable law. Our authorized capital stock consists of 35,000,000 shares of stock, including:

- 30,000,000 shares of common stock, \$0.01 par value per share, of which 13,512,946 shares were issued and outstanding as of July 31, 2004; and
- 5,000,000 shares of preferred stock, \$0.01 par value per share, of which no shares are currently issued or outstanding.

### Common Stock

Holders of our common stock are entitled to one vote per share with respect to each matter submitted to a vote of our stockholders, subject to voting rights that may be established for shares of our preferred stock, if any. Except as may be provided in connection with our preferred stock or as otherwise may be required by law or our restated certificate of incorporation, our common stock is the only capital stock entitled to vote in the election of directors. Our common stock does not have cumulative voting rights.

Subject to the rights of holders of our preferred stock, if any, holders of our common stock are entitled to receive dividends and distributions lawfully declared by our board of directors. If we liquidate, dissolve, or wind up our business, whether voluntarily or involuntarily, holders of our common stock will be entitled to receive any assets available for distribution to our stockholders after we have paid or set apart for payment the amounts necessary to satisfy any preferential or participating rights to which the holders of each outstanding series of preferred stock are entitled by the express terms of such series of preferred stock.

The outstanding shares of our common stock are fully paid and nonassessable. Our common stock does not have any preemptive, subscription or conversion rights. We may issue additional shares of our authorized but unissued common stock as approved by our board of directors from time to time, without stockholder approval, except as may be required by applicable stock exchange requirements.

### Preferred Stock

Our board of directors has been authorized to provide for the issuance of shares of our preferred stock in multiple series without the approval of stockholders. With respect to each series of our preferred stock, our board of directors has the authority to fix the following terms:

- the designation of the series;
- the number of shares within the series;
- whether dividends are cumulative and, if cumulative, the dates from which dividends are cumulative;
- the rate of any dividends, any conditions upon which dividends are payable, and the dates of payment of dividends;
- whether there are any limitations on the declaration or payment of dividends on common stock while any series of preferred stock is outstanding;
- whether the shares are redeemable, the redemption price and the terms of redemption;

- the amount payable to you for each share you own if we dissolve or liquidate;
- whether the shares are convertible or exchangeable, the price or rate of conversion or exchange, and the applicable terms and conditions;
- whether the shares will be subject to a purchase, retirement or sinking fund and the manner in which such fund shall be applied to the redemption of the shares;
- voting rights applicable to the series of preferred stock; and
- any other rights, preferences or limitations of such series.

Our ability to issue preferred stock, or rights to purchase such shares, could discourage an unsolicited acquisition proposal. For example, we could impede a business combination by issuing a series of preferred stock containing class voting rights that would enable the holders of such preferred stock to block a business combination transaction. Alternatively, we could facilitate a business combination transaction by issuing a series of preferred stock having sufficient voting rights to provide a required percentage vote of the stockholders. Additionally, under certain circumstances, our issuance of preferred stock could adversely affect the voting power of the holders of our common stock. Although our board of directors is required to make any determination to issue any preferred stock based on its judgment as to the best interests of our stockholders, our board of directors could act in a manner that would discourage an acquisition attempt or other transaction that some, or a majority, of our stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over prevailing market prices of such stock. Our board of directors does not at present intend to seek stockholder approval prior to any issuance of currently authorized stock, unless otherwise required by law or applicable stock exchange requirements.

### **Rights Agreement**

Attached to each share of our common stock is one preferred share purchase right. Each right entitles the registered holder to purchase from us one one-hundredth of a share of Series B Junior Participating Preferred Stock, par value \$0.01, at a price of \$80.00 per one one-hundredth of a share of Series B Junior Participating Preferred Stock, subject to adjustment. The rights expire on June 24, 2006, unless the final expiration date is extended or unless the rights are earlier redeemed by us.

The rights represented by the certificates for our common stock are not exercisable, and are not separately transferable from the common stock, until the earlier of:

- ten days after a person or group, called an "acquiring person", acquires beneficial ownership of 20% or more of our common stock; or
- ten business days, or a later date determined by the board of directors, after the commencement or first public announcement of an intention to make a tender or exchange offer that would result in a person or group beneficially owning 20% or more of our outstanding common stock.

The earlier of these two dates is called the "distribution date." Separate certificates for the rights will be mailed to holders of record of our common stock as of the distribution date. The rights could then begin trading separately from our common stock.

Generally, in the event that a person or group becomes an acquiring person, each right, other than the rights owned by the acquiring person, will entitle the holder to receive, upon exercise of the right, common stock having a value equal to two times the exercise price of the right. In the event that we are acquired in a merger, consolidation, or other business combination transaction or more than 50% of our assets, cash flow or earning power is sold or transferred, each right, other than the rights owned by an acquiring person, will entitle the holder to receive, upon the exercise of the right, common stock of the surviving corporation having a value equal to two times the exercise price of the right.

At any time after the acquisition by the acquiring person of beneficial ownership of 20% or more of the outstanding shares of our common stock and before the acquisition by the acquiring person of 50% or more of the voting power of the outstanding shares of our common stock, the board of directors may exchange the rights, other than rights owned by the acquiring person, which would have become void, in whole or in part, at an exchange ratio of one share of our common stock per right, subject to adjustment.

The rights are redeemable in whole, but not in part, at \$0.01 per right until any person or group becomes an acquiring person. The ability to exercise the rights terminates at the time that the board of directors elects to redeem the rights. Until a right is exercised, the holder thereof will not have rights as a stockholder of the company, including the right to vote and to receive dividends.

The number of outstanding rights, the exercise price payable, and the number of shares of Series B Junior Participating Preferred Stock or other securities or property issuable upon exercise of the rights are subject to customary adjustments from time to time to prevent dilution.

The rights have certain anti-takeover effects. The rights may cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors. The rights should not interfere with any merger or other business combination that our board of directors approves.

The shares of Series B Junior Participating Preferred Stock purchasable upon exercise of the rights will rank junior to all other series of our preferred stock, if any, or any similar stock that specifically provides that it ranks prior to the shares of Series B Junior Participating Preferred Stock. The shares of Series B Junior Participating Preferred Stock will be nonredeemable. Each share of Series B Junior Participating Preferred Stock will be entitled to a minimum preferential quarterly dividend of \$1.00 per share, if, as and when declared, but will be entitled to an aggregate dividend of 100 times the dividend declared per share of our common stock. In the event of liquidation, the holders of the shares of Series B Junior Participating Preferred Stock will be entitled to a minimum preferential liquidation payment of \$100 per share, but will be entitled to an aggregate payment of 100 times the payment made per share of our common stock. Each share of Series B Junior Participating Preferred Stock will have 100 votes, voting together with our common stock. In the event of any merger, consolidation or other transaction in which our common stock is exchanged, each share of Series B Junior Participating Preferred Stock will be entitled to receive 100 times the amount and type of consideration received per share of our common stock. These rights are protected by customary antidilution provisions. Because of the nature of the Series B Junior Participating Preferred Stock's dividend, liquidation and voting rights, the value of the interest in a share of Series B Junior Participating Preferred Stock purchasable upon the exercise of each right should approximate the value of one share of our common stock.

The description of the rights contained in this section does not describe every aspect of the rights. The rights agreement dated as of June 21, 1996 between us and the rights agent, contains the full legal text of the matters described in this section. See "Where You Can Find More Information" for information on how to obtain a copy.

#### **Limitation on Directors' Liability**

Our amended and restated certificate of incorporation provides, as authorized by Section 102(b)(7) of the Delaware General Corporation Law, that our directors will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omission not in good faith or which involve intentional misconduct or a knowing violation of law;

- for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

The inclusion of this provision in our amended and restated certificate of incorporation may have the effect of reducing the likelihood of derivative litigation against directors, and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited us and our stockholders.

### **Section 203 of the Delaware General Corporation Law**

Section 203 of the Delaware General Corporation Law prohibits a defined set of transactions between a Delaware corporation, such as us, and an "interested stockholder." An interested stockholder is defined as a person who, together with any affiliates or associates of such person, beneficially owns, directly or indirectly, 15% or more of the outstanding voting shares of a Delaware corporation. This provision may prohibit business combinations between an interested stockholder and a corporation for a period of three years after the date the interested stockholder becomes an interested stockholder. The term "business combination" is broadly defined to include mergers, consolidations, sales or other dispositions of assets having a total value in excess of 10% of the consolidated assets of the corporation, and some other transactions that would increase the interested stockholder's proportionate share ownership in the corporation.

This prohibition is effective unless:

- the business combination is approved by the corporation's board of directors prior to the time the interested stockholder becomes an interested stockholder,
- the interested stockholder acquired at least 85% of the voting stock of the corporation, other than stock held by directors who are also officers or by qualified employee stock plans, in the transaction in which it becomes an interested stockholder, or
- the business combination is approved by a majority of the board of directors and by the affirmative vote of 66<sup>2</sup>/<sub>3</sub>% of the outstanding voting stock that is not owned by the interested stockholder.

### **Special Bylaw Provisions**

Our amended and restated bylaws contain provisions requiring that advance notice be delivered to us of any business to be brought by a stockholder before an annual meeting of stockholders and providing for certain procedures to be followed by stockholders in nominating persons for election to our board of directors. Generally, such advance notice provisions provide that the stockholder must give written notice to our Secretary not less than 120 days nor more than 150 days before the scheduled date of the annual meeting of our stockholders. The notice must set forth specific information regarding such stockholder and such business or director nominee, as described in the bylaws. Such requirement is in addition to those set forth in the regulations adopted by the SEC under the Securities Exchange Act of 1934.

### **Transfer Agent and Registrar**

American Stock Transfer & Trust Company serves as the registrar and transfer agent for the common stock.

### **Stock Exchange Listing**

Our common stock is listed on the New York Stock Exchange. The trading symbol for our common stock is "BZH."

## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

### General

This is a summary of material United States federal income tax consequences relevant to holders of the notes. This summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (including retroactive changes) or possible differing interpretations. The discussion below deals only with holders who hold the notes (and the shares of our common stock acquired upon conversion of the notes) as capital assets. The discussion does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, tax exempt entities, persons holding the notes (or our common stock acquired upon conversion of a note) in a tax deferred or tax-advantaged account or persons holding the notes or shares of common stock as a hedge against currency risks, as a position in a "straddle" or as part of a "hedging" or "conversion" transaction for tax purposes.

We do not address all of the tax consequences that may be relevant to an investor in the notes. In particular, we do not address:

- the United States federal income tax consequences to shareholders in, or partners or beneficiaries of, an entity that is a holder of the notes (or our common stock acquired upon conversion of a note);
- the United States federal estate, gift or alternative minimum tax consequences of the purchase, ownership or disposition of the notes (or our common stock acquired upon conversion of a note);
- the United States federal income tax consequences to holders whose functional currency is not the United States dollar; or
- any state, local or foreign tax consequences of the purchase, ownership or disposition of the notes (or our common stock acquired upon conversion of a note).

Persons considering the purchase of the notes should consult their own tax advisors concerning the application of the United States federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the notes (or our common stock acquired upon conversion of a note) arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

For purposes of the discussion that follows, a U.S. holder is a beneficial owner of the notes (or our common stock acquired upon conversion of a note) that for U.S. federal income tax purposes is:

- an individual citizen or resident of the United States;
- a corporation, including any entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate if its income is subject to United States federal income taxation regardless of its source; or
- a trust (1) that is subject to the primary supervision of a United States court and the control of one or more United States persons or (2) that has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

Except in the case of a partnership, a non-U.S. holder is a beneficial owner of the notes (or our common stock acquired upon conversion of a note) other than a U.S. holder. If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of the notes (or our common stock acquired upon conversion of a



note), the United States federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. A holder of the notes (or our common stock acquired upon conversion of a note) that is a partnership and partners in such partnership should consult their individual tax advisors about the United States federal income tax consequences of holding and disposing of the notes (or our common stock acquired upon conversion of a note).

No statutory or judicial authority directly addresses the treatment of the notes or instruments similar to the notes for United States federal income tax purposes. The Internal Revenue Service (the "IRS") has recently issued a revenue ruling with respect to instruments similar to the notes. To the extent it addresses the issues, this ruling supports certain aspects of the treatment described below. No ruling has been or is expected to be sought from the IRS with respect to the United States federal income tax consequences to the holders of the notes. The IRS would not be precluded from taking contrary positions. As a result, it is possible that the IRS will not agree with all of the tax characterizations and the tax consequences described below. In addition, legislation has been proposed regarding the tax treatment of certain convertible debt instruments with contingent payments. A different treatment of the notes could affect the amount, timing and character of income, gain or loss with respect to an investment in the notes. We cannot predict whether any such legislation will be enacted, what the specific terms or effective date of any such legislation will be, or how, if at all, such legislation could have an adverse effect on the notes.

We urge prospective investors to consult their own tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the notes and our common stock in light of their own particular circumstances, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in United States federal or other tax laws.

### **Classification of the Notes**

We intend to treat the notes as indebtedness for United States federal income tax purposes and intend to take the position that the notes will be subject to the special regulations governing contingent payment debt instruments (which we refer to as the "CPDI regulations"). Pursuant to the terms of the indenture, we and each holder of the notes agree, for United States federal income tax purposes, to treat the notes as debt instruments that are subject to the CPDI regulations, and the remainder of this discussion assumes that the notes will be so treated.

In addition, under the indenture, each holder will be deemed to have agreed to treat the fair market value of our common stock received by such holder upon conversion as a contingent payment and to accrue interest with respect to the notes as original issue discount for United States federal income tax purposes according to the "noncontingent bond method," set forth in section 1.1275-4(b) of the CPDI regulations, using the comparable yield (as defined below) compounded semiannually and the projected payment schedule (as defined below) determined by us. Notwithstanding the issuance of the recent revenue ruling referred to above, the application of the CPDI regulations to instruments such as the notes is uncertain in several respects, and, as a result, it is possible that the IRS or a court will not agree with the treatment described herein. Any differing treatment could affect the amount, timing and character of income, gain or loss in respect of an investment in the notes. In particular, a holder might be required to accrue interest income at a higher or lower rate, might not recognize income, gain or loss upon conversion of the notes into shares of our common stock, and might recognize capital gain or loss upon a taxable disposition of the notes. Holders should consult their tax advisors concerning the tax treatment of holding and disposing of the notes.

## Treatment of U.S. Holders

### *Accrual of Interest on the Notes*

Pursuant to the CPDI regulations, a U.S. holder will be required to accrue interest income on the notes, which we sometimes refer to as original issue discount, in the amounts described below, regardless of whether the U.S. holder uses the cash or accrual method of tax accounting. Accordingly, U.S. holders will likely be required to include interest in taxable income in each year in excess of the accruals on the notes for non-tax purposes (i.e., in excess of the stated semiannual cash interest payable on the notes and any contingent interest payments actually received in that year).

The CPDI regulations provide that a U.S. holder must accrue an amount of ordinary interest income as original issue discount for United States federal income tax purposes for each accrual period prior to and including the maturity date of the notes that equals:

- (1) the product of (i) the adjusted issue price (as defined below) of the notes as of the beginning of the accrual period and (ii) the comparable yield (as defined below) of the notes, adjusted for the length of the accrual period;
- (2) divided by the number of days in the accrual period; and
- (3) multiplied by the number of days during the accrual period that the U.S. holder held the notes.

The notes' issue price is the first price at which a substantial amount of the notes is sold to the public, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The adjusted issue price of a note is its issue price increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below, and decreased by the amount of any projected payments (as defined below) previously made (including payments of stated cash interest) with respect to the notes.

Unless certain conditions are met, the term "comparable yield" means the annual yield we would pay, as of the initial issue date, on a noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise comparable to those of the notes. We intend to take the position that the comparable yield for the notes is 7.32%, compounded semiannually. The precise manner of calculating the comparable yield, however, is not entirely clear. If the comparable yield were successfully challenged by the IRS, the redetermined yield could differ materially from the comparable yield provided by us. Moreover, the projected payment schedule could differ materially from the projected payment schedule provided by us.

The CPDI regulations require that we provide to U.S. holders, solely for United States federal income tax purposes, a schedule of the projected amounts of payments, which we refer to as projected payments, on the notes. This schedule must produce the comparable yield. The projected payment schedule includes the semiannual stated cash interest payable on the notes at the rate of  $4\frac{5}{8}\%$  per annum, estimates for certain contingent interest payments and an estimate for a payment at maturity taking into account the conversion feature. In this connection, the fair market value of any common stock (and cash, if any) received by a holder upon conversion will be treated as a contingent payment.

The comparable yield and the schedule of projected payments will be set forth in the indenture. U.S. holders may also obtain the projected payment schedule by submitting a written request for such information to: Beazer Homes USA, Inc., 1000 Abernathy Road, Suite 1200, Atlanta, Georgia 30328, Attention: Investor Relations.

The comparable yield and the schedule of projected payments are not determined for any purpose other than for the determination of a U.S. holder's interest accruals and adjustments thereof in respect

of the notes for United States federal income tax purposes and do not constitute a projection or representation regarding the actual amounts payable on the notes.

Amounts treated as interest under the CPDI regulations are treated as original issue discount for all purposes of the Internal Revenue Code of 1986, as amended (which we refer to as the "Code").

#### *Adjustments to Interest Accruals on the Notes*

As noted above, the projected payment schedule includes amounts attributable to the stated semiannual cash interest payable on the notes. Accordingly, the receipt of the stated semiannual cash interest payments will not be separately taxable to U.S. holders. If, during any taxable year, a U.S. holder receives actual payments with respect to the notes for that taxable year that in the aggregate exceed the total amount of projected payments for that taxable year, the U.S. holder will incur a "net positive adjustment" under the CPDI regulations equal to the amount of such excess. The U.S. holder will treat a "net positive adjustment" as additional interest income. For this purpose, the payments in a taxable year include the fair market value of property received in that year, including the fair market value of our common stock received upon conversion.

If a U.S. holder receives in a taxable year actual payments with respect to the notes for that taxable year that in the aggregate are less than the amount of projected payments for that taxable year, the U.S. holder will incur a "net negative adjustment" under the CPDI regulations equal to the amount of such deficit. This adjustment will (a) first reduce the U.S. holder's interest income on the notes for that taxable year and (b) to the extent of any excess after the application of (a), give rise to an ordinary loss to the extent of the U.S. holder's interest income on the notes during prior taxable years, reduced to the extent such interest was offset by prior net negative adjustments. Any negative adjustment in excess of the amounts described in (a) and (b) will be carried forward and treated as a negative adjustment in the succeeding taxable year and will offset future interest income accruals in respect of the notes or will reduce the amount realized on the sale, exchange, purchase by us at the holder's option, conversion, redemption or retirement of the notes.

If a U.S. holder were to purchase a note at a discount or premium to the adjusted issue price, the discount would be treated as a positive adjustment under the CPDI regulations and the premium would be treated as a negative adjustment under the CPDI regulations. The U.S. holder must reasonably allocate the adjustment over the remaining term of the note by reference to the accruals of original issue discount at the comparable yield or to the projected payments. It may be reasonable to allocate the adjustment over the remaining term of the note pro rata with the accruals of original issue discount at the comparable yield. U.S. holders should consult their own tax advisors regarding these adjustments.

#### *Sale, Exchange, Conversion or Redemption of the Notes*

Generally, the sale or exchange of a note, the purchase of a note by us at the holder's option or the redemption or retirement of a note for cash will result in taxable gain or loss to a U.S. holder. As described above, our calculation of the comparable yield and the schedule of projected payments for the notes include the receipt of common stock upon conversion as a contingent payment with respect to the notes. Accordingly, we intend to treat the receipt of our common stock by a U.S. holder upon the conversion of a note as a contingent payment under the CPDI regulations. Under this treatment, conversion also would result in taxable gain or loss to the U.S. holder. As described above, holders will be deemed to have agreed to be bound by our determination of the comparable yield and the schedule of projected payments.

The amount of gain or loss on a taxable sale, exchange, purchase by us at the holder's option, conversion, redemption or retirement would be equal to the difference between (a) the amount of cash plus the fair market value of any other property received by the U.S. holder, including the fair market value of any of our common stock received, and (b) the U.S. holder's adjusted tax basis in the note. A

U.S. holder's adjusted tax basis in a note will generally be equal to the U.S. holder's original purchase price for the note, increased by any interest income previously accrued by the U.S. holder (determined without regard to any adjustments to interest accruals described in "—Adjustments to Interest Accruals on the Notes" above), and decreased by the amount of any projected payments that have been previously made in respect of the notes to the U.S. holder (without regard to the actual amount paid). Gain recognized upon a sale, exchange, purchase by us at the holder's option, conversion, redemption or retirement of a note will generally be treated as ordinary interest income; any loss will be ordinary loss to the extent of interest previously included in income, and thereafter, capital loss (which will be long-term if the note is held for more than one year). The deductibility of net capital losses by individuals and corporations is subject to limitations.

A U.S. holder's tax basis in our common stock received upon a conversion of a note will equal the then current fair market value of such common stock. The U.S. holder's holding period for the common stock received will commence on the day immediately following the date of conversion.

#### *Constructive Dividends*

The conversion rate of the notes will be adjusted in certain circumstances. If we make a distribution of property to our stockholders that is taxable as a dividend for U.S. federal income tax purposes and the conversion rate of the notes is increased in accordance with the antidilution provisions of the notes or due to an increase in the dividend rate on the common stock, such increase may be treated as a taxable deemed dividend to the holder of the notes. This may result even though the holder of the notes has not received any cash or property as a result of the adjustment to the conversion rate. For example, an increase in the conversion rate in the event of distributions of our debt or assets or in the event of an extraordinary cash dividend may result in deemed dividend treatment to holders of the notes. Generally, an increase in the conversion rate in the event of stock dividends or the distribution of rights to subscribe for common stock would not result in deemed dividend treatment.

#### *Additional Amounts*

We may be required to make payments of additional amounts if the shelf registration statement is not timely filed or made effective or if the prospectus is unavailable for periods in excess of those permitted by the registration rights agreement, as described under "Registration Rights." We intend to take the position for United States federal income tax purposes that any such additional payments should be taxable to U.S. holders as additional ordinary income when received or accrued, in accordance with their method of tax accounting. Our determination is binding on holders of the notes, unless they explicitly disclose that they are taking a different position to the IRS on their tax returns for the year during which they acquire the note. The IRS could take a contrary position from that described above, which could affect the timing and character of U.S. holders' income from the notes with respect to the payments of additional amounts.

U.S. holders should consult their tax advisors concerning the appropriate tax treatment of the payment of any additional amounts with respect to the notes.

#### *Dividends on Common Stock*

If, after a U.S. holder converts a note into our common stock, we make distributions on our common stock, the distributions will constitute dividends taxable to the holder as ordinary income for United States federal income tax purposes to the extent of our current or accumulated earnings and profits as determined under United States federal income tax principles. To the extent that the U.S. holder receives distributions on shares of common stock that would otherwise constitute dividends for United States federal income tax purposes but that exceed our current and accumulated earnings and

profits, such distributions will be treated first as a non-taxable return of capital reducing the holder's tax basis in the shares of common stock. Any such distributions in excess of the U.S. holder's tax basis in the shares of common stock will generally be treated as capital gain. Subject to applicable limitations, distributions on our common stock constituting dividends paid to holders that are United States corporations will qualify for the dividends received deduction.

Pursuant to recently enacted legislation, dividends on our common stock paid to certain U.S. holders (including individuals) may qualify for preferential United States federal income tax rates.

#### *Sale of Common Stock*

A U.S. holder generally will recognize capital gain or loss on a sale or exchange of our common stock. The U.S. holder's gain or loss will equal the difference between the proceeds received by the holder and the holder's tax basis in the common stock, which will generally be the fair market value of the common stock at the time of the conversion. The proceeds received by a U.S. holder will include the amount of any cash and the fair market value of any other property received for the common stock. The gain or loss recognized by a U.S. holder on a sale or exchange of common stock will be long-term capital gain or loss if the holder's holding period for the common stock is more than one year. Long-term capital gains of noncorporate taxpayers are generally taxed at a lower maximum marginal tax rate than the maximum marginal tax rate applicable to ordinary income. The deductibility of net capital losses by individuals and corporations is subject to limitations.

#### **Treatment of Non-U.S. Holders**

##### *Ownership of the Notes*

Except as described in "—Effectively Connected Income" below, all payments and accruals of interest on the notes with respect to a non-U.S. holder, including interest payments and a payment in common stock pursuant to a conversion, will be exempt from United States income and withholding tax provided that: (i) such non-U.S. holder does not own, actually, indirectly or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership, and is not a bank whose receipt of interest on the notes is described in section 881(c)(3)(A) of the Code, (ii) the statement requirement described below has been fulfilled with respect to the beneficial owner, as discussed below, and (iii) such payments and gain are not effectively connected with the conduct by such non-U.S. holder of a trade or business in the United States. However, if a non-U.S. holder were deemed to have received a constructive dividend (see "—Constructive Dividends" above), the non-U.S. holder will generally be subject to United States federal withholding tax at a 30% rate, subject to a reduction by an applicable treaty, on the taxable amount of such dividend (see "—Ownership of Common Stock" below).

The statement requirement referred to in the preceding paragraph will be fulfilled if the beneficial owner of a note certifies on IRS Form W-8BEN (or successor form), under penalties of perjury, that it is not a United States person and provides its name and address or otherwise satisfies applicable documentation requirements.

##### *Ownership of Common Stock*

If, after a non-U.S. holder converts a note into common stock, we make distributions on our common stock, the distributions will constitute a dividend for United States federal income tax purposes to the extent of our current or accumulated earnings and profits as determined under United States federal income tax principles. Except as described in "—Effectively Connected Income" below, dividends paid on common stock held by a non-U.S. holder will be subject to United States federal withholding tax at a rate of 30% or lower treaty rate, if applicable. A non-U.S. holder generally will be

required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN, upon which the non-U.S. holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate with respect to such payments.

#### *Adjustments to Conversion Rate*

A non-U.S. holder may be subject to United States federal withholding tax at a rate of 30% or lower treaty rate, if applicable, on income attributable to an adjustment to the conversion rate of the notes.

#### *Disposition of Notes or Common Stock*

Any gain or income realized by a non-U.S. holder on the sale, exchange, conversion, redemption or other disposition of the notes (other than gain attributable to accrued contingent interest payments) or common stock generally will not be subject to United States federal income tax unless:

- that gain or income is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States;
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a "U.S. real property holding corporation" for United States federal income tax purposes and our common stock is no longer regularly traded on an established securities market, or our common stock is so traded and the non-U.S. holder owns or has owned more than 5% of our outstanding notes or more than 5% of our outstanding common stock.

#### *Effectively Connected Income*

If a non-U.S. holder is engaged in a trade or business in the United States (or, if a tax treaty applies, if the non-U.S. holder maintains a permanent establishment within the United States) and contingent interest or other interest or original issue discount on the notes, dividends on the common stock, or gain from a sale, redemption, conversion or other disposition of the notes or the common stock, as the case may be, is effectively connected with the conduct of that trade or business (or if a treaty applies, of that permanent establishment), the non-U.S. holder will be subject to United States federal income tax on such effectively connected income and gain on a net income basis in the same manner as if the non-U.S. holder were a U.S. holder (and, if the non-U.S. holder is a foreign corporation, it may be subject to a 30% branch profits tax). In such a case, the non-U.S. holder would not be subject to the withholding tax described above, provided that the holder provides a properly executed IRS Form W-8ECI (or a suitable substitute form) stating that such payments are not subject to withholding tax because they are effectively connected with the holder's conduct of a trade or business in the United States.

#### **Backup Withholding Tax and Information Reporting**

A U.S. holder may be subject to United States federal backup withholding tax at the applicable statutory rate with respect to payments of principal, premium, if any, and interest (including original issue discount and a payment in common stock pursuant to a conversion of the notes) on the notes, the payments of dividends on our common stock, and the proceeds of dispositions of the notes or our common stock, if the U.S. holder fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable United States backup withholding certification requirements. A non-U.S. holder may be subject to United States backup withholding tax on payments on the notes or our common stock and the proceeds from a sale or other disposition of the notes or our common

stock unless the non-U.S. holder complies with certification procedures to establish that it is not a United States person. Any amounts so withheld will be allowed as a credit against a holder's United States federal income tax liability and may entitle a holder to a refund, provided the required information is timely furnished to the IRS. Payments on the notes and our common stock, as well as the proceeds from a sale or other disposition, may be subject to information reporting. Holders of the notes should consult their tax advisors concerning the application of the backup withholding and information reporting rules in their particular circumstances.

## SELLING SECURITYHOLDERS

We originally issued the notes in transactions exempt from or not subject to registration under the Securities Act of 1933. The notes and related guarantees and the common stock issuable upon conversion of the notes that may be offered under this prospectus will be offered by the selling securityholders, which includes their donees, pledgees, transferees and other successors-in-interest. Only those notes and shares of common stock issuable upon conversion thereof listed below may be offered for resale by the selling holders pursuant to this prospectus.

The following table sets forth certain information, as of August 3, 2004, about the principal amount of notes beneficially owned by each selling security holder and the number of shares of common stock issuable upon conversion of those notes that may be offered from time to time pursuant to this prospectus.

The percentage of notes outstanding beneficially owned by each selling security holder is based on \$180.0 million aggregate principal amount of notes outstanding. The number of shares of common stock owned prior to the offering does not include shares of common stock issuable upon conversion of the notes. The number of shares of common stock shown in the table below as shares that may be sold assumes conversion of the full amount of notes held by such holder at the initial conversion rate of 6.48 shares per \$1,000 principal amount of notes. This conversion rate is subject to adjustment as described under "Description of the Notes—Conversion Rights." Accordingly, the number of shares of common stock issuable upon conversion of the notes and thus that may be sold hereunder may increase or decrease from time to time. Under the terms of the indenture, fractional shares will not be issued upon conversion of the notes. Cash will be paid instead of fractional shares, if any.

| Name   | Principal Amount of Notes Beneficially Owned and Offered(1) | Number of Shares of Common Stock Beneficially Owned Prior to Offering(2) | Number of Shares of Common Stock Offered Upon Conversion of the Notes(3) | Number of Shares of Common Stock Owned Following the Offering(1) | Percentage of Common Stock Owned Following the Offering(1)(4) |
|--|---|--|--|--|---|
| UBS O'Connor LLC f/b/o O'Connor Global Convertible Arbitrage Master Ltd. | \$ 4,000,000  | 25,920   | 25,920   | —  | —   |
| Convertible Securities Fund  | \$ 55,000   | 356  | 356  | —  | —   |
| Nations Convertible Securities Fund                                      | \$ 3,945,000  | 25,564   | 25,564   | —  | —   |
| Excelsior Master Fund L.P.   | \$ 600,000  | 3,888  | 3,888  | —  | —   |
| Maystone Continuum Master Fund, LTD                                      | \$ 1,500,000  | 9,720  | 9,720  | —  | —   |
| Nomura Securities International  | \$ 6,000,000  | 41,880   | 38,880   | 3,000  | *   |
| Mariner LDC  | \$ 1,500,000  | 9,720  | 9,720  | —  | —   |
| JMG Capital Partners, LP   | \$ 1,500,000  | 9,720  | 9,720  | —  | —   |
| JMG Triton Offshore Fund, LTD.   | \$ 1,500,000  | 9,720  | 9,720  | —  | —   |
| National Benefit Life Insurance Company                                  | \$ 79,000   | 512  | 512  | —  | —   |
| Primerica Life Insurance Company   | \$ 729,000  | 4,724  | 4,724  | —  | —   |
| Travelers Insurance Company Separate Account TLAC                        | \$ 125,000  | 810  | 810  | —  | —   |
| Travelers Insurance Company — Life                                       | \$ 2,694,000  | 17,457   | 17,457   | —  | —   |
| Travelers Life and Annuity Company                                       | \$ 223,000  | 1,445  | 1,445  | —  | —   |
| Travelers Series Trust Convertible Bond Portfolio                        | \$ 1,175,000  | 7,614  | 7,614  | —  | —   |
| United Healthcare Insurance Company                                      | \$ 775,000  | 5,022  | 5,022  | —  | —   |
| United Healthcare Insurance Company of CT—AARP                           | \$ 200,000  | 1,296  | 1,296  | —  | —   |
| Universal Investment Gesellschaft MBH, Ref. Aventis                      | \$ 1,900,000  | 12,312   | 12,312   | —  | —   |
| HBK Master Fund, LP  | \$ 4,000,000  | 25,920   | 25,920   | —  | —   |
| Argent Classic Convertible Arbitrage Fund (Bermuda) Ltd.                 | \$ 1,480,000  | 9,590  | 9,590  | —  | —   |
| Xavex Convertible Arbitrage 10 Fund                                      | \$ 140,000  | 907  | 907  | —  | —   |
| Argent Classic Convertible Arbitrage Fund L.P.                           | \$ 310,000  | 2,009  | 2,009  | —  | —   |
| Argent Classic Convertible Arbitrage Fund II, L.P.                       | \$ 70,000   | 454  | 454  | —  | —   |
| DEAM Convertible Arbitrage   | \$ 300,000  | 1,944  | 1,944  | —  | —   |
| BTOP — Multistrategy Master Portfolio Ltd.                               | \$ 1,400,000  | 9,072  | 9,072  | —  | —   |
| Pyramid Equity Strategies Fund   | \$ 300,000  | 1,944  | 1,944  | —  | —   |
| DaimlerChrysler Corp. Emp #1 Pension Plan dtd 4/1/89                     | \$ 3,640,000  | 23,587   | 23,587   | —  | —   |



|  |    |             |         |         |   |   |
|--|----|-------------|---------|---------|---|---|
| State Street Bank Custodian for GE Pension Trust   | \$ | 1,900,000   | 12,312  | 12,312  | — | — |
| Franklin and Marshall College  | \$ | 210,000     | 1,361   | 1,361   | — | — |
| American Modern Home Insurance Co.   | \$ | 1,000,000   | 6,480   | 6,480   | — | — |
| American Family Home Insurance Co.   | \$ | 500,000     | 3,240   | 3,240   | — | — |
| Cincinnati Insurance Company   | \$ | 3,800,000   | 24,624  | 24,624  | — | — |
| Harry and Violet Turner Charitable Trust   | \$ | 200,000     | 1,296   | 1,296   | — | — |
| CNH CA Master Account, L.P.  | \$ | 1,000,000   | 6,480   | 6,480   | — | — |
| Advisory Convertible Arbitrage Fund (I) L.P.   | \$ | 1,000,000   | 6,480   | 6,480   | — | — |
| Northern Income Equity Fund  | \$ | 1,500,000   | 9,720   | 9,720   | — | — |
| Deephaven Domestic Convertible Trading Ltd   | \$ | 2,835,000   | 18,371  | 18,371  | — | — |
| Sphinx Convertible Arbitrage Fund SPC  | \$ | 165,000     | 1,069   | 1,069   | — | — |
| HFR CA Select Fund   | \$ | 500,000     | 3,240   | 3,240   | — | — |
| San Diego County Employee Retirement Association   | \$ | 1,750,000   | 11,340  | 11,340  | — | — |
| Zazove Convertible Arbitrage Fund, L.P.  | \$ | 5,500,000   | 35,640  | 35,640  | — | — |
| Zazove Hedged Convertible Fund, L.P.   | \$ | 2,750,000   | 17,280  | 17,280  | — | — |
| Institutional Benchmarks Master Fund, Ltd.   | \$ | 1,500,000   | 9,720   | 9,720   | — | — |
| Royal Bank of Canada   | \$ | 3,500,000   | 22,680  | 22,680  | — | — |
| All other holders of notes or future transferees, pledges or donees of such holders (5)(6) | \$ | 110,770,000 | 717,790 | 717,790 | — | — |

\* Less than 1%

- (1) We have assumed that all of the notes and/or all of the common stock into which the notes are convertible will be sold.
- (2) Includes shares of common stock issuable upon conversion of the notes
- (3) Assumes conversion of all of the holder's notes at the initial conversion rate of 6.48 shares per note. The initial conversion rate is subject to adjustment as described under "Description of the Notes—Conversion Rate Adjustments." As a result, the amount of common stock issuable upon conversion of the notes may increase or decrease in the future.
- (4) Calculated based on Rule 13d-3(d)(i) under the Securities Exchange Act of 1934, as amended, using 13,512,946 shares of common stock outstanding on June 30, 2004. In calculating this amount, we treated as outstanding the number of shares of common stock issuable upon conversion of the notes and included these shares in both the numerator and the denominator of the calculation. However, we did not assume the conversion of any other holder's notes, and thus these shares were not included in the calculation.
- (5) Information about other selling securityholders will be set forth in an amendments or supplements to this prospectus, if required.
- (6) Assumes that any other holders of notes, or any future transferees, pledges, donees or successors of or from any such other holders of debentures, do not beneficially own any common stock other than the common stock issuable upon conversion of the debentures.

The preceding table has been prepared based upon the information furnished to us by the selling securityholders. The selling securityholders identified above may have sold, transferred or otherwise disposed of some or all of their notes since the date on which the information in the preceding table is presented in transactions exempt from or not subject to the registration requirements of the Securities Act of 1933. Information concerning the selling security holders may change from time to time and, if necessary, we will supplement this prospectus accordingly. We cannot give an estimate as to the amount of the notes or common stock issuable upon conversion thereof that will be held by the selling security holders upon the termination of this offering because the selling security holders may offer some or all of their notes or common stock pursuant to the offering contemplated by this prospectus. See "Plan of Distribution."

To our knowledge, other than their ownership of the securities described above, none of the selling holders has, or has had within the past three years, any position, office or other material relationship with us or any of our predecessors or affiliates.

## PLAN OF DISTRIBUTION

We will not receive any of the proceeds of the sale of the notes, the related guarantees and the common stock offered by this prospectus. We are registering the notes, the related guarantees and the shares of common stock issuable upon conversion of the notes covered by this prospectus to permit securityholders to conduct public secondary trading of these securities from time to time after the date of this prospectus. The aggregate proceeds to the selling securityholders from the sale of the notes and the related guarantees or common stock will be the purchase price of the notes and the related guarantees or common stock less any discounts and commissions. A selling securityholder reserves the right to accept and, together with their agents, to reject, any proposed purchases of notes and the related guarantees or common stock to be made directly or through agents.

The notes, the related guarantees and the common stock offered by this prospectus may be sold from time to time to purchasers:

- directly by the selling securityholders and their successors, which includes their donees, pledgees or transferees or their successors-in-interest; or
- through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, commissions or agent's commissions from the selling securityholders or the purchasers of the notes, the related guarantees and the common stock. These discounts, concessions or commissions may be in excess of those customary in the types of transactions involved.

The selling securityholders and any underwriters, broker-dealers or agents who participate in the distribution of the notes, the related guarantees and the common stock may be deemed to be "underwriters" within the meaning of the Securities Act of 1933. As a result, any profits on the sale of the notes, the related guarantees and the common stock by selling securityholders and any discounts, commissions or agent's commissions received by any such broker-dealers or agents may be deemed to be underwriting discounts and commissions under the Securities Act of 1933. Selling securityholders who are "underwriters" within the meaning of the Securities Act of 1933 will be subject to prospectus delivery requirements of the Securities Act of 1933. If the selling securityholders were deemed to be underwriters, the selling security holders may be subject to certain statutory liabilities of the Securities Act of 1933 and the Securities Exchange Act of 1934. If the notes, the related guarantees and the common stock are sold through underwriters, broker-dealers or agents, the selling securityholders will be responsible for underwriting discounts or commissions or agent's commissions.

The notes, the related guarantees and the common stock may be sold in one or more transactions at:

- fixed prices;
- prevailing market prices at the time of sale;
- prices related to such prevailing market prices;
- varying prices determined at the time of sale; or
- negotiated prices.

These sales may be effected in one or more transactions:

- on any national securities exchange or quotation service on which the notes, the related guarantees and common stock may be listed or quoted at the time of the sale;
- in the over-the-counter market;
- in transactions otherwise than on such exchanges or services or in the over-the-counter market;
- through the writing of options (including the issuance by the selling security holders of derivative securities), whether the options or such other derivative securities are listed on an options exchange or otherwise;

- through the settlement of short sales; or
- through any combination of the foregoing.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade.

In connection with the sales of the notes, the related guarantees and the common stock issuable upon conversion thereof or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers or other financial institutions that in turn may engage in short sales of the notes and the related guarantees or the common stock in the course of hedging their positions, sell the notes, the related guarantees and common stock short and deliver the notes, the related guarantees and common stock to close out short positions, loan or pledge notes and the related guarantees or the common stock to broker-dealers or other financial institutions that in turn may sell the notes, the related guarantees and the common stock, enter into option or other transactions with broker-dealers or other financial institutions that require the delivery to the broker-dealer or other financial institution of the notes and the related guarantees or the common stock, which the broker-dealer or other financial institution may resell pursuant to the prospectus, or enter into transactions in which a broker-dealer makes purchases as a principal for resale for its own account or through other types of transactions.

To our knowledge, there are currently no plans, arrangements or understandings between any selling securityholders and any underwriter, broker-dealer or agent regarding the sale of the notes, the related guarantees and the common stock by the selling securityholders.

Our common stock trades on the New York Stock Exchange under the symbol "BZH." We do not intend to apply for listing of the notes and the related guarantees on any securities exchange or for inclusion of the notes and the related guarantees in any automated quotation system. Accordingly, it is possible that an active trading market for the notes and the related guarantees may not develop which may adversely affect the market price and liquidity of the notes and the related guarantees. See "Risk Factors—Risks Related to the Securities—There Is No Established Trading Market for the Notes, Which Means There Are Uncertainties Regarding the Ability of a Holder to Dispose of the Notes and the Potential Sale Price."

It is possible that a selling securityholder will not sell any or all of the notes, the related guarantees or the common stock pursuant to this prospectus. Further, it is possible that any such selling securityholder will transfer, devise or gift the notes, the related guarantees and the common stock by other means not described in this prospectus. In addition, any notes, guarantees or common stock covered by this prospectus that qualify for sale pursuant to Rule 144 or Rule 144A of the Securities Act of 1933 may be sold under Rule 144 or Rule 144A rather than under this prospectus. The notes, the related guarantees and the common stock may be sold in some states only through registered or licensed brokers or dealers. In addition, in some states the notes, the related guarantees and common stock may not be sold unless they have been registered or qualified for sale or an exemption from registration or qualification is available and complied with.

The selling securityholders and any other person participating in the sale of notes, the related guarantees or the common stock will be subject to the Securities Exchange Act of 1934. The Securities Exchange Act of 1934 rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the notes, the related guarantees and the common stock by the selling securityholders and any other such person. In addition, Regulation M may restrict the ability of any person engaged in the distribution of the notes, the related guarantees and the common stock to engage in market-making activities with respect to the particular notes, the related guarantees and the common stock being distributed. This may affect the marketability of the notes, the related guarantees and the common stock and the ability of any person or entity to engage in market-making activities with respect to the notes, the related guarantees and the common stock.

We have agreed to indemnify the selling securityholders against certain liabilities, including liabilities under the Securities Act of 1933.

We have agreed to pay substantially all of the expenses incidental to the registration, offering and sale of the notes, the related guarantees and common stock to the public other than commissions, fees and discounts of underwriters, brokers, dealers and agents.

### **LEGAL MATTERS**

The enforceability of the notes and the guarantees and the validity of the common stock issuable upon conversion of the notes and other matters will be passed upon for us by Paul, Hastings, Janofsky & Walker LLP. Certain legal matters as to the guarantees given by the Subsidiary Guarantors will be passed upon by the following law firms: Tune, Entrekin & White, P.C.; Bellamy, Rutenberg, Copeland, Epps, Gravely & Bowers, P.A.; Rothgerber Johnson & Lyons LLP; Gibbons, Del Deo, Dolan, Griffinger & Vecchione, P.C.; Fossett & Brugger, Chartered; Young, Goldman & Van Beek, P.C.; Finney, Stagnaro, Saba & Klusmeier Co., L.P.A.; Barnes & Thornburg LLP; and McBrayer, McGinnis, Leslie & Kirkland, PLLC.

### **EXPERTS**

The consolidated financial statements incorporated in this prospectus by reference from the Beazer Homes USA, Inc. Annual Report on Form 10-K for the year ended September 30, 2003, have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of Financial Accounting Standards Board Interpretation No. 46), which is incorporated herein by reference and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

### **WHERE YOU CAN FIND MORE INFORMATION**

We file reports and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20559. You may obtain further information regarding the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. Our filings are also available to the public on the SEC's Internet site located at <http://www.sec.gov>. Our SEC filings are also available free of charge from our website at [www.beazer.com](http://www.beazer.com). Information contained on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

While the notes and the common stock issuable upon conversion thereof remain outstanding, and if we are not required to file reports under the Securities Exchange Act of 1934, we will furnish to you or any prospective purchaser designated by you, upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, to allow you to comply with Rule 144A in connection with resales of the notes and the common stock issuable upon conversion thereof.

\$180,000,000

**Beazer Homes USA, Inc.**

**4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024**



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**PROSPECTUS**

**, 2004**

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**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution**

The expenses payable by us in connection with the registration of the securities being registered (other than underwriting discounts and commissions) are estimated as set forth below:

|                                   |           |                |
|-----------------------------------|-----------|----------------|
| Registration statement filing fee | \$        | 22,806         |
| Trustee's fees and expenses*      |           | 10,000         |
| Accounting fees and expenses*     |           | 10,000         |
| Legal fees and expenses*          |           | 50,000         |
| Printing and engraving costs*     |           | 20,000         |
| Miscellaneous*                    |           | 2,200          |
|                                   |           | <hr/>          |
| <b>TOTAL</b>                      | <b>\$</b> | <b>115,006</b> |

\* Estimated pursuant to instruction to Rule 511 of Regulation S-K.

**Item 15. Indemnification of Officers and Directors.**

**Indemnification of the Officers and Directors of Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc.**

Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc. are corporations organized under the laws of the State of Delaware.

Section 102(b)(7) of the Delaware General Corporation Law, the DGCL, enables a corporation incorporated in the State of Delaware to eliminate or limit, through provisions in its certificate of incorporation, the personal liability of a director for violations of the director's fiduciary duties, except (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) any liability imposed pursuant to Section 174 of the DGCL (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director derived an improper personal benefit.

Section 145 of the DGCL provides that a corporation incorporated in the State of Delaware may indemnify any person or persons, including officers and directors, who are, or are threatened to be made, parties to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such officer, director, employee, or agent acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, for criminal proceedings, had no reasonable cause to believe that the challenged conduct was unlawful. A corporation incorporated in the State of Delaware may indemnify officers and directors in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or

otherwise in the defense of any action referred to above, the corporation must provide indemnification against the expenses that such officer or director actually and reasonably incurred.

Section 145(g) of the DGCL authorizes a corporation incorporated in the State of Delaware to provide liability insurance for directors and officers for certain losses arising from claims or charges made against them while acting in their capacities as directors or officers of the corporation.

The certificates of incorporation of Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc. provide that no director shall be personally liable to the corporation or its stockholders for violations of the director's fiduciary duties, except to the extent that a director's liability may not be limited as described above in the discussion of Section 102(b)(7) of the DGCL.

The bylaws of Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc. provide that the corporation shall indemnify each person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (an "Indemnitee"), against expenses (including attorneys' and other professionals' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Indemnitee in connection with such action, suit or proceeding, if the Indemnitee acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The corporation shall indemnify an Indemnitee in an action by or in the right of the corporation under the same conditions, except that no indemnification shall be made in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudged liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application, that despite the adjudication of liability, but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

The bylaws of Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc. provide that any indemnification pursuant to the bylaws (except indemnification ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination the indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct described above. However, to the extent that an Indemnitee is successful on the merits or otherwise in the defense of any action, suit or proceeding described above, or in the defense of any claim, issue or matter therein, the Indemnitee shall be indemnified against reasonable expenses (including attorneys' and other professionals' fees) actually and reasonably incurred by the Indemnitee in connection therewith, without the necessity of authorization in the specific case.

Furthermore, the bylaws of Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc. provide that the expenses (including attorney's and other professionals' fees) incurred by an officer or director in defending any threatened or pending civil, criminal, administrative or investigative action, suit or proceeding may, but shall not be required to, be paid by the corporation in advance of the final disposition of the suit, action or proceeding upon receipt of an undertaking by or on behalf of such officer or director to repay such amount if it shall ultimately be determined that such person is not entitled to indemnification by the corporation pursuant to the bylaws.

The bylaws of Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc. also provide that the indemnification and advancement of expenses provided in the bylaws shall not be deemed to be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any other provision of the bylaws, agreement or contract, by vote of the stockholders or of the disinterested directors or pursuant to the direction of any court of competent jurisdiction.

In addition, the bylaws of Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc. provide that the corporation may purchase and maintain liability insurance for directors and officers for certain losses arising from claims or charges made against them while acting in their capacities as directors or officers of the corporation.

#### **Indemnification of the Officers and Directors of Beazer Homes Investment Corp. and Beazer Allied Companies Holdings, Inc.**

Beazer Homes Investment Corp. and Beazer Allied Companies Holdings, Inc. are corporations organized under the laws of the State of Delaware. For a description of the provisions of the DGCL addressing the indemnification of directors and officers see the discussion in "Indemnification of Officers and Directors of Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc." above.

The certificates of incorporation of Beazer Homes Investment Corp. and Beazer Allied Companies Holdings, Inc. provide that no director shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability thereof is not permitted under the DGCL. The bylaws of these entities provide that the corporation shall indemnify members of the board of directors to the fullest extent permitted by the DGCL and that the corporation may, if authorized by the board of directors, indemnify its officers, employees, agents and any and all other persons who may be indemnified by the corporation against any and all expenses and liabilities to the extent permitted by law.

#### **Indemnification of the Officers and Directors of Homebuilders Title Services, Inc.**

Homebuilders Title Services, Inc. is a corporation organized under the laws of the State of Delaware. For a description of the provisions of the DGCL addressing the indemnification of directors and officers see the discussion in "Indemnification of Officers and Director of Beazer Homes USA, Inc., Beazer Mortgage Corporation, Beazer Homes Holding Corp., Beazer Homes Sales Arizona, Inc. and Beazer Homes Texas Holdings, Inc." above.

The certificate of incorporation of Homebuilders Title Services, Inc. provides that that no director shall be personally liable to the corporation or its stockholders for violations of the director's fiduciary duties to the fullest extent permitted by the DGCL.

The bylaws of Homebuilders Title Services, Inc. provide that the corporation shall indemnify any director or officer who is or was a party or is threatened to be made a party to any threatened, pending or completed action suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding and/or the defense or settlement of such action or suit if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The



corporation shall indemnify officers and directors in an action by or in the right of the corporation under the same conditions, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged liable to the corporation unless and only to the extent that a court in which such action or suit is brought determines that such person is fairly and reasonably entitled to indemnity.

Furthermore, the bylaws of Homebuilders Title Services, Inc. provide that the expenses incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it is ultimately determined that such director or officer is not entitled to be indemnified by the corporation. The indemnification and advancement of expenses provided in the bylaws shall not be deemed to be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any other provision of the bylaws, agreement, contract or by vote of the stockholders or of the disinterested directors.

#### **Indemnification of the General Partner of Beazer Homes Texas, L.P.**

Beazer Homes Texas, L.P. is a limited partnership organized under the laws of the State of Delaware. Pursuant to Section 17-108 of the Delaware Revised Uniform Limited Partnership Act (the "Act"), a limited partnership may, subject to the standards set forth in the partnership agreement, indemnify and hold harmless any partner or other person from and against any and all claims and demands.

Pursuant to the agreement of limited partnership of Beazer Homes Texas, L.P., neither the general partner nor any affiliate of the general partner shall have any liability to the limited partnership or any partner for any loss suffered by the limited partnership which arises out of any action or inaction of the general partner, so long as the general partner or its affiliates in good faith has determined that such action or inaction did not constitute fraud or misconduct. The general partner and its affiliates shall be indemnified by the limited partnership to the fullest extent permitted by law against any losses, judgments, liabilities, damages, expenses and amounts paid in settlement of any claims sustained in connection with acts performed or omissions that are within the scope of the limited partnership agreement, provided that such claims are not the result of fraud or willful misconduct. The limited partnership may advance to the general partner or its affiliates any amounts required to defend any claim for which they may be entitled to indemnification. If it is ultimately determined that the general partner or its affiliate is not entitled to indemnification, then such person must repay any amounts advanced by the limited partnership.

#### **Indemnification of the Officers and Directors of April Corporation**

April Corporation is a corporation organized under the laws of the State of Colorado. Sections 7-109-101 through 7-109-110 of the Colorado Business Corporation Act ("CBCA") provide for the indemnification of officers and directors by the corporation under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been an officer or director of the corporation. Under the CBCA, a corporation may purchase insurance on behalf of an officer or director of the corporation against any liability incurred in his or her capacity as an officer or director regardless of whether the person could be indemnified under the CBCA.

The articles of incorporation of April Corporation provide that the corporation may indemnify each person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a

director, officer, employee, fiduciary or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner reasonably believed to be in the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The corporation shall indemnify directors, officers, employees, fiduciaries and agents of the corporation in an action by or in the right of the corporation under the same conditions, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged liable for negligence or misconduct in the performance of the persons duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application, that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for those expenses which the court deems proper.

#### **Indemnification of the Officers and Directors of Georgia Beazer Realty Corp.**

Beazer Realty Corp. is a corporation organized under the laws of the State of Georgia. Sections 14-2-850 through 14-2-859 of the Georgia Business Corporation Code ("GBCC") provides for the indemnification of officers and directors by the corporation under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been an officer or director of the corporation. Under the GBCC, a corporation may purchase insurance on behalf of an officer or director of the corporation against liability incurred in his or her capacity as an officer or director regardless of whether the person could be indemnified under the GBCC. The bylaws of Beazer Realty Corp. ("Realty") provide that Realty shall indemnify each officer and director to the fullest extent allowed by Georgia law and that Realty may obtain insurance on behalf of such officers and directors against any liabilities asserted against such persons whether or not Realty would have the power to indemnify them.

#### **Indemnification of the Managers and Members of Beazer SPE, LLC**

Beazer SPE, LLC is a limited liability company organized under the laws of the State of Georgia. Section 14-11-306 of the Georgia Limited Liability Company Act provides that subject to the standards and restrictions, if any, set forth in the article of organization or written operating agreement, a limited liability company may indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever arising in connection with the limited liability company; provided that a limited liability company shall not have the power to indemnify any member or manager for (i) for his or her intentional misconduct or knowing violation of the law or (ii) for any transaction for which the person received a personal benefit in violation of any provision of a written operating agreement. The operating agreement of Beazer SPE, LLC ("SPE") provides that members, employees and agents shall be entitled to indemnification to the fullest extent permitted by law.

#### **Indemnification of the Officers and Directors of Crossman Investments, Inc., Crossman Management Inc. and Crossman Mortgage Corp.**

Crossman Investments, Inc., Crossman Management Inc. and Crossman Mortgage Corp. are corporations organized under the laws of the State of Indiana. Sections 23-1-37-1 through 23-1-37-15 of the Indiana Business Corporation Law ("IBCL") provide for the indemnification of officers and directors by the corporation under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been an officer or director of the corporation. Under the IBCL, a corporation may purchase insurance on behalf of an officer or

director of the corporation against expenses and liabilities incurred in his or her capacity as an officer or director regardless of whether the person could be indemnified under the IBCL.

The articles of incorporation of Crossman Investments, Inc., Crossman Management Inc. and Crossman Mortgage Corp. provide that if an officer or director is made a party or threatened to be made a party to any proceeding, the corporation shall indemnify the officer or director against liabilities and expenses incurred by the officer or director in connection with the proceeding in the following circumstances:

- If the officer or director has been wholly successful on the merits or otherwise, then he or she shall be entitled to indemnification as a matter of right; or
- In all other situations, a director or officer shall be entitled to indemnification as a matter of right unless the board of directors or independent legal counsel determines beyond a reasonable doubt that (i) the director or officer breached or failed to perform his or her duties in good faith in what he or she reasonably believed to be in the best interests of the corporation or not opposed to the best interests of the corporation (and in a criminal proceeding, the director or officer had no reasonable cause to believe that his or her conduct was unlawful), and (ii) with respect to any action or failure to act by the director or officer which is at issue in such proceeding, such action constituted willful misconduct or recklessness.

Notwithstanding the foregoing, the corporation shall not indemnify an officer or director for liabilities or expenses in certain circumstances (i) under Section 16(b) of the Securities Exchange Act of 1934, (ii) for which payment is actually made under a valid and collectible insurance policy, and (iii) where the director or officer in which the director or officer gained any personal profit or advantage to which he was not legally entitled. Irrespective of any other provisions in the section of the Articles of Incorporation addressing indemnification, the corporation may indemnify a director or officer to the fullest extent provided by the IBCL.

The liabilities and expenses which are incurred or payable by a director or officer in connection with any proceeding shall be paid by the corporation in advance with the understanding and agreement between such officer or director and the corporation that in the event that it shall ultimately be determined that the officer or director was not entitled to be fully indemnified, the director or officer shall repay the amount, or portion thereof, so advanced by the corporation.

The indemnification provided in the articles of incorporation is not be deemed to be exhaustive and shall be in addition to any other rights to which a director or officer may be entitled by contract or as a matter of law. Furthermore, the corporation may purchase insurance on behalf of any officer or director against liability whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the applicable statutes, the Articles of Incorporation or otherwise.

#### **Indemnification of the Officers and Directors of Deluxe Homes of Lafayette, Inc. and Beazer Realty, Inc. (formerly Merit Realty, Inc.)**

Deluxe Homes of Lafayette, Inc. and Beazer Realty, Inc. (formerly Merit Realty, Inc.) are corporations organized under the laws of the State of Indiana. For a description of the provisions of the IBCL addressing the indemnification of directors and officers see the discussion in "Indemnification of Officers and Directors of Crossman Investments, Inc., Crossman Management Inc. and Crossman Mortgage Corp."

The articles of incorporation of Deluxe Homes of Lafayette, Inc. and Beazer Realty, Inc. (formerly Merit Realty, Inc.) provide that the corporation may, at its discretion, indemnify its officers and directors or former officers and directors against expenses actually and reasonable incurred by such person in connection with the defense of any action suit proceeding, civil or criminal, in which such

person is made a party by reason of being or having been such officer or director, except in relation to matters in which such person shall be adjudged liable for negligence or misconduct in the performance of his or her duties.

#### **Indemnification of the Partners of Crossman Communities Partnership**

Crossman Communities Partnership is a general partnership under the laws of the State of Indiana. Section 23-4-1-18 of the Indiana Uniform Partnership Act provides that a partnership must indemnify every partner in respect of payments made and personal liabilities reasonably incurred by him or her in the ordinary and proper conduct of its business, or for the preservation of its business or property. The partnership agreement of Crossman Communities Partnership provides that it shall indemnify the managing partner and hold it harmless against liability to third parties for acts or omissions within the scope of authority of the managing partner.

#### **Indemnification of the Members and Managers of Paragon Title, LLC and Trinity Homes, LLC**

Paragon Title, LLC and Trinity Homes, LLC are limited liability companies organized under the laws of the State of Indiana. Section 23-18-4-4 of the Indiana Limited Liability Company Act provides that the operating agreement of a limited liability company may provide for the indemnification of a member or manager for judgments, settlements, penalties, fines, or expenses incurred in a proceeding to which a person is a party because such person is or was a member or manager.

The articles of organization of Paragon Title, LLC and Trinity Homes, LLC provide that the company shall indemnify any member or manager (and the responsible officers and directors of such member or manager), to the greatest extent not inconsistent with the laws and public policies of the State of Indiana, who is made a party to any proceeding because such person was or is a member or manager (or the responsible officers and directors of such member or manager), as a matter of right against all liability incurred by such person in connection with such proceeding, provided that (i) the members determine that the person has met the standard required for indemnification or (ii) the person is wholly successful on the merits or otherwise in the defense of such proceeding. A person will meet the standard required for indemnification if (i) the person conducted himself or herself in good faith, (ii) such person reasonably believed that his or her conduct was in or at least not opposed to the company, (iii) in the case of any criminal proceeding, such person had no reasonable cause to believe his or her conduct was unlawful, and (iv) such person's liability was not the result of the person's willful misconduct, recklessness, violation of the company's operating agreement or any improperly obtained financial or other benefit to which the person was not legally entitled.

The articles of organization of Paragon Title, LLC and Trinity Homes, LLC also provide that the company shall reimburse or pay the expenses of any member or manager (and the responsible officers and directors of such member or manager) in advance of the final disposition of the proceeding, provided that (i) the members make a determination that such person met the applicable standard of conduct, (ii) the person provides a written undertaking to repay any advancements if it is ultimately determined that such person is not entitled to them, and (iii) the person provides the company with an affirmation that he or she has met the applicable standard of conduct. The company may purchase insurance for the benefit of any person entitled to indemnification under the articles of organization.

#### **Indemnification of the Officers and Directors of Cutter Homes Ltd.**

Cutter Homes Ltd. is a corporation organized under the laws of the State of Kentucky. Sections 271B.8-500 through 271B.8-580 of the Kentucky Business Corporation Act ("KBCA") provide for the indemnification of officers and directors by the corporation under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been an officer or director of the corporation. Under the KBCA, a corporation may purchase

insurance on behalf of an officer or director of the corporation against liability incurred in his or her capacity as an officer or director regardless of whether the person could be indemnified under the KCBA. The articles of incorporation and bylaws of Cutter Homes Ltd. do not contain any provisions addressing the indemnification of officers and directors or the purchase of insurance on behalf of officers and directors.

#### **Indemnification of the Members and Managers of Beazer Clarksburg, LLC**

Beazer Clarksburg, LLC is a limited liability company organized under the laws of the State of Maryland. Section 4A-203 permits a limited liability company to indemnify and hold harmless any member, agent or employee from and against all claims and demands, except in the case of action or failure to act by the member, agent or employee which constitutes willful misconduct or recklessness, and subject to the standards and restrictions, if any set forth in the articles of organization or operating agreement.

The operating agreement of Beazer Clarksburg, LLC provide that no member or manager shall be liable, responsible or accountable in damages or otherwise to any other member or to the company for any act or omission performed or omitted by such person except for acts of gross negligence or intentional wrongdoing. The operating agreement also provides that the company shall endeavor to obtain liability or other insurance payable to the company (or as otherwise agreed by the members) to protect the company and the members from the acts or omissions of each of the members.

#### **Indemnification of the Officers and Directors of Beazer/Squires Realty, Inc. and Crossman Communities of North Carolina, Inc.**

Beazer/Squires Realty, Inc. and Crossman Communities of North Carolina, Inc. are corporations organized under the laws of the State of North Carolina. Sections 55-8-50 through 55-8-58 of the North Carolina Business Corporation Act ("NCBA") provide for the indemnification of officers and directors by the corporation under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been an officer or director of the corporation. Under the NCBA, a corporation may purchase insurance on behalf of an officer or director of the corporation against incurred in his or her capacity as an officer or director regardless of whether the person could be indemnified under the NCBA.

The bylaws of Beazer/Squires Realty, Inc. provide that any person who serves or has served as a director or who while serving as a director serves or has served, at the request of the corporation as a director, officer, partner, trustee, employee or agent of another entity or trustee or administrator under an employee benefit plan, shall have the right to be indemnified by the corporation to the fullest extent of the law for reasonable expenses, including attorneys' fees, and reasonable payments for judgments, decrees, fines, penalties or settlements of proceedings seeking to hold him or her liable as a result of his or her service to the corporation.

Neither the articles of incorporation nor the bylaws of Crossman Communities of North Carolina, Inc. address indemnification of officers or directors.

#### **Indemnification of the Officers and Directors of Beazer Realty, Inc.**

Beazer Realty, Inc. ("Beazer Realty") is a corporation organized under the laws of the State of New Jersey. Section 14A:3-5 of the New Jersey Business Corporation Act ("NJBA") provides for the indemnification of officers and directors by the corporation under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been an officer or director of the corporation. Under the NJBA, a corporation may purchase insurance on behalf of an officer or director of the corporation against expenses and liability incurred in his or her capacity as an officer or director regardless of whether the person could be indemnified

under the NJBA. The certificate of incorporation and the bylaws of Beazer Realty provide that Beazer Realty shall indemnify its officers and directors to the fullest extent allowed by law.

#### **Indemnification of the Officers and Directors of Crossman Communities of Ohio, Inc. and Deluxe Homes of Ohio, Inc.**

Crossman Communities of Ohio, Inc. and Deluxe Homes of Ohio, Inc. are corporations organized under the laws of the State of Ohio. Section 1701.13 of the Ohio Revised Code ("ORC") provides for the indemnification of officers and directors by the corporation under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been an officer or director of the corporation. Under the ORC, a corporation may purchase insurance on behalf of an officer or director of the corporation against liability incurred in his or her capacity as an officer or director regardless of whether the person could be indemnified under the ORC.

Neither the articles of incorporation nor the bylaws of Deluxe Homes of Ohio address the indemnification of officers and directors.

The articles of incorporation of Crossman Communities of Ohio, Inc. provide the corporation shall indemnify, as a matter of right, every person made a party to a proceeding because such person is or was a member of the board of directors, an officer, or while a director or officer, served at the corporation's request as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against all liability incurred by such person in connection with the proceeding, provided that the person has met the standard of conduct for indemnification set forth on the ORC. The corporation shall pay for or reimburse the reasonable expenses incurred by an officer or director in such a proceeding in advance of the final disposition thereof in accordance with the procedures and subject to the conditions specified in the ORC. The corporation shall indemnify as a matter of right an officer or director who is wholly successful on the merits or otherwise, in the defense of any such proceeding, against reasonable expenses incurred by the officer or director. Furthermore, the indemnification provisions in the articles of incorporation do not limit, preclude the exercise of or are not deemed to exclusive of any right under the law, contract or otherwise relating to indemnification.

#### **Indemnification of the Member of Pinehurst Builders, LLC**

Pinehurst Builders, LLC is a limited liability company organized under the laws of the State of South Carolina. Section 33-44-403(a) of the South Carolina Uniform Limited Liability Company Act of 1996 provides that a limited liability company shall reimburse a member or manager for payments made and indemnify a member or manager for liabilities incurred by the member or manager in the ordinary course of the business of the company or for the preservation of its business or property. The operating agreement of Pinehurst Builders, LLC provides that the company shall indemnify the member and its agents for all costs, losses, liabilities and damages paid or accrued by the member or its agents in connection with the business of the company to the fullest extent allowed by the laws of the State of South Carolina.

#### **Indemnification of the Officers and Directors of the Beazer Homes Corp.**

Beazer Homes Corp. is a corporation organized under the laws of the State of Tennessee. Sections 48-18-501 through 48-18-509 of the Tennessee Business Corporation Act ("TBCA") provide for the indemnification of officers and directors by the corporation under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been an officer or director of the corporation. Under the TBCA, a corporation may purchase insurance on behalf of an officer or director of the corporation against incurred in his or her capacity

as an officer or director regardless of whether the person could be indemnified under the TBCA. The charter and bylaws of Beazer Homes Corp. do not address the indemnification of officers and directors.

#### **Indemnification of the Members and Governors of Crossman Communities of Tennessee, LLC**

Crossman Communities of Tennessee, LLC is a limited liability company organized under the laws of the State of Tennessee. Section 48-243-101 of the Tennessee Limited Liability Company Act provides for the indemnification by the company of members and governors of the company under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been a member or governor of the company. The operating agreement of Crossman Communities of Tennessee, LLC does not address the indemnification of members or governors.

#### **Indemnification of General Partner and Employees of Texas Lone Star Title, L.P.**

Texas Lone Star Title, L.P. is a limited partnership organized under the laws of the State of Texas. Article 11 of the Texas Revised Limited Partnership Act ("TRLPA") provides for the indemnification of a general partner, limited partner, employee or agent by the limited partnership under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been a general partner, limited partner, employee or agent of the limited partnership. Under the TRLPA, a limited partnership may purchase insurance on behalf of a general partner, limited partner, employee or agent of the limited partnership against any liability incurred regardless of whether the person could be indemnified under the TRLPA.

The limited partnership agreement of Texas Lone Star Title, L.P. provides that in any threatened, pending or completed proceeding to which the general partner was or is a party or is threatened to be made a party by reason of the fact that the general partner was or is acting in such capacity (other than an action by or in the right of the limited partnership), the limited partnership shall indemnify the general partner against expenses, including attorney's fees, judgments and amounts paid in settlement actually and reasonably incurred by such general partner in connection with such action, suit or proceeding if the general partner acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the limited partnership, and provided that the conduct does not constitute fraud, gross negligence or gross misconduct.

#### **Indemnification of the Officers and Directors of Homebuilders Title Services of Virginia Inc.**

Homebuilders Title Services of Virginia Inc. is a corporation organized under the laws of the State of Virginia. Sections 13.1-697 through 13.1-704 of the Virginia Stock Corporation Act ("VSCA") provide for the indemnification of officers and directors by the corporation under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their being or having been an officer or director of the corporation. Under the VSCA, a corporation may purchase insurance on behalf of an officer or director of the corporation against any liability incurred in an official capacity regardless of whether the person could be indemnified under the VSCA. The bylaws of Homebuilders Title Services of Virginia Inc. provide that the corporation shall indemnify officers and directors to the fullest extent allowed by law.

**Item 16. Exhibits and Financial Statement Schedules**

| <b>Exhibit<br/>Number</b> | <b>Title</b>  |
|---------------------------|---|
| 3.1(a)                    | Amended and Restated Certificate of Incorporation of Beazer Homes USA, Inc.(7)        |
| 3.1(b)                    | Articles of Incorporation of April Corporation(13)                                    |
| 3.1(c)                    | Certificate of Incorporation of Beazer Allied Companies Holdings, Inc.(13)            |
| 3.1(d)                    | Articles of Organization of Beazer Clarksburg, LLC(13)                                |
| 3.1(e)                    | Charter of Beazer Homes Corp.(13)   |
| 3.1(f)                    | Certificate of Incorporation of Beazer Homes Holdings Corp.(13)                       |
| 3.1(g)                    | Certificate of Incorporation of Beazer Homes Investment Corp.(13)                     |
| 3.1(h)                    | Certificate of Incorporation of Beazer Homes Sales Arizona, Inc.(13)                  |
| 3.1(i)                    | Certificate of Incorporation of Beazer Homes Texas Holdings, Inc.(13)                 |
| 3.1(j)                    | Certificate of Limited Partnership of Beazer Homes Texas, L.P.(13)                    |
| 3.1(k)                    | Certificate of Incorporation of Beazer Mortgage Corporation(13)                       |
| 3.1(l)                    | Articles of Incorporation of Beazer Realty Corp.(13)                                  |
| 3.1(m)                    | Certificate of Incorporation of Beazer Realty, Inc.(13)                               |
| 3.1(n)                    | Certificate of Incorporation of Beazer Realty, Inc. (formerly Merit Realty, Inc.)(13) |
| 3.1(o)                    | Articles of Organization of Beazer SPE, LLC(13)                                       |
| 3.1(p)                    | Articles of Incorporation of Beazer/Squires Realty, Inc.(13)                          |
| 3.1(q)                    | Articles of Incorporation of Crossmann Communities of North Carolina, Inc.(13)        |
| 3.1(r)*                   | Articles of Incorporation of Crossmann Communities of Ohio, Inc.                      |
| 3.1(s)                    | Articles of Organization of Crossmann Communities of Tennessee, LLC(13)               |
| 3.1(t)                    | Partnership Agreement of Crossmann Communities Partnership(13)                        |
| 3.1(u)                    | Certificate of Incorporation of Crossmann Investments, Inc.(13)                       |
| 3.1(v)                    | Certificate of Incorporation of Crossmann Management Inc.(13)                         |
| 3.1(w)                    | Certificate of Incorporation of Crossmann Mortgage Corp.(13)                          |
| 3.1(x)                    | Articles of Incorporation of Cutter Homes Ltd.(13)                                    |
| 3.1(y)                    | Certificate of Incorporation of Deluxe Homes of Lafayette, Inc.(13)                   |
| 3.1(z)                    | Certificate of Incorporation of Homebuilders Title Services of Virginia, Inc.(13)     |
| 3.1(aa)                   | Articles of Incorporation of Homebuilders Title Services, Inc.(13)                    |
| 3.1(ab)                   | Articles of Organization of Paragon Title, LLC(13)                                    |
| 3.1(ac)                   | Articles of Organization of Pinehurst Builders LLC(13)                                |
| 3.1(ad)                   | Certificate of Limited Partnership of Texas Lone Star Title, L.P.(13)                 |
| 3.1(ae)                   | Articles of Organization of Trinity Homes LLC(13)                                     |
| 3.1(af)*                  | Articles of Incorporation of Deluxe Homes of Ohio, Inc.                               |
| 3.2(a)                    | Amended and Restated By-laws of Beazer Homes USA, Inc.(13)                            |
| 3.2(b)                    | Amendments to Amended and Restated By-laws of Beazer Homes USA, Inc.(14)              |
| 3.2(c)                    | By-Laws of April Corporation(13)  |
| 3.2(d)                    | By-Laws of Beazer Allied Companies Holdings, Inc.(13)                                 |
| 3.2(e)                    | By-Laws of Beazer Clarksburg, LLC(13)   |
| 3.2(f)                    | By-Laws of Beazer Homes Corp.(13)   |
| 3.2(g)                    | By-Laws of Beazer Homes Holdings Corp.(13)  |
| 3.2(h)                    | By-Laws of Beazer Homes Investment Corp.(13)  |
| 3.2(i)                    | By-Laws of Beazer Homes Sales Arizona, Inc.(13)                                       |
| 3.2(j)                    | By-Laws of Beazer Homes Texas Holdings, Inc.(13)                                      |
| 3.2(k)                    | Agreement of Limited Partnership of Beazer Homes Texas, L.P.(13)                      |
| 3.2(l)                    | By-Laws of Beazer Mortgage Corporation(13)  |
| 3.2(m)                    | By-Laws of Beazer Realty Corp.(13)  |
| 3.2(n)                    | By-Laws of Beazer Realty, Inc.(13)  |
| 3.2(o)                    | Code of By-Laws of Beazer Realty, Inc. (formerly Merit Realty, Inc.)(13)              |
| 3.2(p)                    | Operating Agreement of Beazer SPE, LLC(13)  |



- 3.2(q) By-Laws of Beazer/Squires Realty, Inc.(13)
- 3.2(r) By-Laws of Crossmann Communities of North Carolina, Inc.(13)
- 3.2(s) By-Laws of Crossmann Communities of Ohio, Inc.(13)
- 3.2(t) Amended and Restated Operating Agreement of Crossmann Communities of Tennessee, LLC(13)
- 3.2(u) Code of By-Laws of Crossmann Investments, Inc.(13)
- 3.2(v) Code of By-Laws of Crossmann Management Inc.(13)
- 3.2(w) By-Laws of Crossmann Mortgage Corp.(13)
- 3.2(x) By-Laws of Cutter Homes Ltd.(13)
- 3.2(y) Code of By-Laws of Deluxe Homes of Lafayette, Inc.(13)
- 3.2(z) By-Laws of Homebuilders Title Services of Virginia, Inc.(13)
- 3.2(aa) By-Laws of Homebuilders Title Services, Inc.(13)
- 3.2(ab) Amended and Restated Operating Agreement of Paragon Title, LLC(13)
- 3.2(ac) Operating Agreement of Pinehurst Builders LLC(13)
- 3.2(ad) Limited Partnership Agreement of Texas Lone Star Title, L.P.(13)
- 3.2(ae) Second Amended and Restated Operating Agreement of Trinity Homes LLC(13)
- 3.2(af)\* By-Laws of Deluxe Homes of Ohio, Inc.
  - 4.1 Indenture dated as of May 21, 2001 among Beazer and U.S. Bank Trust National Association, as trustee, related to Beazer's 8<sup>5</sup>/<sub>8</sub>% Senior Notes due 2011(6)
  - 4.2 Supplemental Indenture (8<sup>5</sup>/<sub>8</sub>% Notes) dated as of May 21, 2001 among Beazer, its subsidiaries party thereto and U.S. Bank Trust National Association, as trustee(6)
  - 4.3 Form of 8<sup>5</sup>/<sub>8</sub>% Senior Notes due 2011(6)
  - 4.4 Specimen of Common Stock Certificate(2)
  - 4.5 Retirement Savings and Investment Plan (the "RSIP")(1)
  - 4.6 RSIP Summary Plan Description(1)
  - 4.7 Rights Agreement, dated as of June 21, 1996, between Beazer and First Chicago Trust Company of New York, as Rights Agent(12)
  - 4.8 Indenture dated as of April 17, 2002 among Beazer, the Guarantors party thereto and U.S. Bank National Association, as trustee, related to Beazer's 8<sup>5</sup>/<sub>8</sub>% Senior Notes due 2012(8)
  - 4.9 First Supplemental Indenture dated as of April 17, 2002 among Beazer, the Guarantors party thereto and U.S. Bank National Association, as trustee, related to Beazer's 8<sup>5</sup>/<sub>8</sub>% Senior Notes due 2012(8)
  - 4.10 Form of 8<sup>5</sup>/<sub>8</sub>% Senior Note due 2012(8)
  - 4.11 Second Supplemental Indenture dated as of November 13, 2003 among Beazer, the Guarantors party thereto and U.S. Bank National Association, as trustee, related to Beazer's 6<sup>1</sup>/<sub>2</sub>% Senior Notes due 2013(12)
  - 4.12 Form of 6<sup>1</sup>/<sub>2</sub>% Senior Note due 2013(12)
  - 4.13 Indenture dated as of June 8, 2004 among Beazer, the Guarantors party thereto and SunTrust Bank, as trustee, related to the 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024(15)
  - 4.14 Form of 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024(15)
  - 4.15 Registration Rights Agreement dated as of June 8, 2003, by and among Beazer, the Guarantors named therein and the Initial Purchasers named therein(15)
- 5.1\* Opinion of Paul, Hastings, Janofsky & Walker LLP
- 5.2\* Opinion of Tune, Entekin & White, P.C.
- 5.3\* Opinion of Bellamy, Rutenberg, Copeland, Epps, Gravely & Bowers, P.A.
- 5.4\* Opinion of Rothgerber Johnson & Lyons LLP
- 5.5\* Opinion of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, P.C.
- 5.6\* Opinion of Fossett & Brugger, Chartered
- 5.7\* Opinion of Young, Goldman & Van Beek, P.C.

- 5.8\* Opinion of Finney, Stagnaro, Saba & Klusmeier Co., L.P.A.
- 5.9\* Opinion of Barnes & Thornburg LLP
- 5.10\* Opinion of McBrayer, McGinnis, Leslie & Kirkland, PLLC
- 8.1\* Opinion of Paul, Hastings, Janofsky & Walker LLP as to tax matters
- 10.1 Amended and Restated 1994 Stock Incentive Plan(4)
- 10.2 Non-Employee Director Stock Incentive Plan(12)
- 10.3 Amended and Restated 1999 Stock Incentive Plan(9)
- 10.4-5 Amended and Restated Employment Agreements dated as of March 31, 1995:
  - 10.4 Ian J. McCarthy(12)
  - 10.5 John Skelton(12)
- 10.6 Employment Agreement dated as of January 13, 1998—Michael H. Furlow(3)
- 10.7-8 Supplemental Employment Agreements dated as of July 17, 1996:
  - 10.7 Ian J. McCarthy(12)
  - 10.8 John Skelton(12)
- 10.12 Employment Agreement effective as of November 7, 2000 for C. Lowell Ball(4)
- 10.13 Change of Control Agreement effective as of November 7, 2000 for C. Lowell Ball(4)
- 10.14 Purchase Agreement for Sanford Homes of Colorado LLLP(5)
- 10.15 Employment Agreement effective as of July 10, 2002 for James O'Leary(10)
- 10.16 Change of Control Agreement effective as of July 10, 2002 for James O'Leary(10)
- 10.17 Change of Control Agreement effective as of March 1, 2001 for Michael T. Rand(10)
- 10.18 Employment Agreement effective as of December 17, 2002 for Michael T. Rand(10)
- 10.19 Amended and restated Credit Agreement dated as of May 28, 2004 between the Company and Bank One, NA as Agent, Guaranty Bank, BNP Paribas and Wachovia Bank, National Association as Syndication Agents, The Royal Bank of Scotland plc as Documentation Agent, SunTrust Bank, PNC Bank, National Association and Washington Mutual Bank, FA as Managing Agents, Comerica Bank and Key Bank National Association as Co-Agents, and Banc One Capital Markets, Inc., as Lead Arranger and Sole Bookrunner.(11)
- 12.1\* Statement re Computation of Ratios
  - 21 List of Subsidiaries of Beazer(12)
- 23.1\* Consent of Paul, Hastings, Janofsky & Walker LLP (included in Exhibits 5.1 and 8.1)
- 23.2\* Consent of Tune, Entekin & White, P.C. (included in Exhibit 5.2)
- 23.3\* Consent of Bellamy, Rutenberg, Copeland, Epps, Gravely & Bowers, P.A. (included in Exhibit 5.3)
- 23.4\* Consent of Rothgerber Johnson & Lyons LLP (included in Exhibit 5.4)
- 23.5\* Consent of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, P.C. (included in Exhibit 5.5)
- 23.6\* Consent of Fossett & Brugger, Chartered (included in Exhibit 5.6)
- 23.7\* Consent of Young, Goldman & Van Beek, P.C. (included in Exhibit 5.7)
- 23.8\* Consent of Finney, Stagnaro, Saba & Klusmeier Co., L.P.A. (included in Exhibit 5.8)
- 23.9\* Consent of Barnes & Thornburg LLP (included in Exhibit 5.9)
- 23.10\* Consent of McBrayer, McGinnis, Leslie & Kirkland, PLLC (included in Exhibit 5.10)
- 23.11\* Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
- 24.1\* Power of Attorney (included in Part II of the registration statement)
- 25.1\* Statement of Eligibility of U.S. Bank National Association, as Trustee, on Form T-1

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\* Filed herewith.

(1) Incorporated herein by reference to the exhibits to Beazer's Registration Statement on Form S-8 (Registration No. 33-91904) filed on May 4, 1995.

- (2) Incorporated herein by reference to the exhibits to Beazer's Registration Statement on Form S-1 (Registration No. 33-72576) initially filed on December 6, 1993.
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- (4) Incorporated herein by reference to the exhibits to Beazer's report on Form 10-Q for the quarterly period ended December 31, 2000.
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All schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are not applicable, and, therefore, have been omitted.

**Item 17. Undertakings.**

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered

would not exceed that which was registered) and any deviation from the low or high of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, Form S-8, or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) The undersigned registrant hereby undertakes, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.



/s/ JAMES O'LEARY

---

James O'Leary

Executive Vice President and Chief Financial  
Officer (Principal Financial Officer)

August 3, 2004

/s/ MICHAEL T. RAND

---

Michael T. Rand

Senior Vice President, Corporate Controller  
(Principal Accounting Officer)

August 3, 2004

Pursuant to the requirements of the Securities Act of 1933, each of the following Registrants has duly caused this Registration Statement to be signed on their behalf by the undersigned, thereunto duly authorized, in the City of Atlanta, State of Georgia, on the 3rd day of August, 2004.

BEAZER HOMES CORP.  
BEAZER/SQUIRES REALTY, INC.  
BEAZER HOMES SALES ARIZONA INC.  
BEAZER REALTY CORP.  
BEAZER MORTGAGE CORPORATION  
BEAZER HOMES HOLDINGS CORP.  
BEAZER HOMES TEXAS HOLDINGS, INC.  
BEAZER HOMES TEXAS, L.P.  
APRIL CORPORATION  
BEAZER SPE, LLC  
BEAZER HOMES INVESTMENT CORP.  
BEAZER REALTY, INC.  
BEAZER CLARKSBURG, LLC  
TEXAS LONE STAR TITLE, L.P.  
BEAZER ALLIED COMPANIES HOLDINGS, INC.  
CROSSMANN COMMUNITIES OF NORTH CAROLINA, INC.  
CROSSMANN COMMUNITIES OF OHIO, INC.  
CROSSMANN COMMUNITIES OF TENNESSEE, LLC  
CROSSMANN COMMUNITIES PARTNERSHIP  
CROSSMANN INVESTMENTS, INC.  
CROSSMANN MANAGEMENT INC.  
CROSSMANN MORTGAGE CORP.  
CUTTER HOMES LTD.  
DELUXE HOMES OF LAFAYETTE, INC.  
DELUXE HOMES OF OHIO, INC.  
BEAZER REALTY, INC. (FORMERLY MERIT REALTY, INC.)  
PARAGON TITLE, LLC  
PINEHURST BUILDERS LLC  
TRINITY HOMES LLC

By: /s/ IAN J. MCCARTHY

---

Ian J. McCarthy  
President  
(CEO of Beazer Mortgage Corporation and Crossman  
Mortgage Corporation)

#### POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ian J. McCarthy and James O'Leary, or any of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution and revocation, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file or cause to be filed the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the foregoing, as fully to all intents and purposes as he might or could do in person, lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons on behalf of the Registrants and in the capacities and on the dates indicated.

| <u>Signature</u>                              | <u>Title</u>  | <u>Date</u>    |
|---|---|----------------|
| <u>/s/ BRIAN C. BEAZER</u><br>Brian C. Beazer | Director  | August 3, 2004 |
| <u>/s/ IAN J. MCCARTHY</u><br>Ian J. McCarthy | Director and President (CEO of Beazer Mortgage Corporation and Crossman Mortgage Corporation) (Principal Executive Officer) | August 3, 2004 |
| <u>/s/ JAMES O'LEARY</u><br>James O'Leary     | Executive Vice President (Principal Financial Officer)  | August 3, 2004 |
| <u>/s/ MICHAEL T. RAND</u><br>Michael T. Rand | Corporate Controller (Principal Accounting Officer)   | August 3, 2004 |







**EXHIBIT INDEX**

| <b>Exhibit<br/>Number</b> | <b>Title</b>  |
|---------------------------|---|
| 3.1(a)                    | Amended and Restated Certificate of Incorporation of Beazer Homes USA, Inc.(7)        |
| 3.1(b)                    | Articles of Incorporation of April Corporation(13)                                    |
| 3.1(c)                    | Certificate of Incorporation of Beazer Allied Companies Holdings, Inc.(13)            |
| 3.1(d)                    | Articles of Organization of Beazer Clarksburg, LLC(13)                                |
| 3.1(e)                    | Charter of Beazer Homes Corp.(13)   |
| 3.1(f)                    | Certificate of Incorporation of Beazer Homes Holdings Corp.(13)                       |
| 3.1(g)                    | Certificate of Incorporation of Beazer Homes Investment Corp.(13)                     |
| 3.1(h)                    | Certificate of Incorporation of Beazer Homes Sales Arizona, Inc.(13)                  |
| 3.1(i)                    | Certificate of Incorporation of Beazer Homes Texas Holdings, Inc.(13)                 |
| 3.1(j)                    | Certificate of Limited Partnership of Beazer Homes Texas, L.P.(13)                    |
| 3.1(k)                    | Certificate of Incorporation of Beazer Mortgage Corporation(13)                       |
| 3.1(l)                    | Articles of Incorporation of Beazer Realty Corp.(13)                                  |
| 3.1(m)                    | Certificate of Incorporation of Beazer Realty, Inc.(13)                               |
| 3.1(n)                    | Certificate of Incorporation of Beazer Realty, Inc. (formerly Merit Realty, Inc.)(13) |
| 3.1(o)                    | Articles of Organization of Beazer SPE, LLC(13)                                       |
| 3.1(p)                    | Articles of Incorporation of Beazer/Squires Realty, Inc.(13)                          |
| 3.1(q)                    | Articles of Incorporation of Crossmann Communities of North Carolina, Inc.(13)        |
| 3.1(r)*                   | Articles of Incorporation of Crossmann Communities of Ohio, Inc.                      |
| 3.1(s)                    | Articles of Organization of Crossmann Communities of Tennessee, LLC(13)               |
| 3.1(t)                    | Partnership Agreement of Crossmann Communities Partnership(13)                        |
| 3.1(u)                    | Certificate of Incorporation of Crossmann Investments, Inc.(13)                       |
| 3.1(v)                    | Certificate of Incorporation of Crossmann Management Inc.(13)                         |
| 3.1(w)                    | Certificate of Incorporation of Crossmann Mortgage Corp.(13)                          |
| 3.1(x)                    | Articles of Incorporation of Cutter Homes Ltd.(13)                                    |
| 3.1(y)                    | Certificate of Incorporation of Deluxe Homes of Lafayette, Inc.(13)                   |
| 3.1(z)                    | Certificate of Incorporation of Homebuilders Title Services of Virginia, Inc.(13)     |
| 3.1(aa)                   | Articles of Incorporation of Homebuilders Title Services, Inc.(13)                    |
| 3.1(ab)                   | Articles of Organization of Paragon Title, LLC(13)                                    |
| 3.1(ac)                   | Articles of Organization of Pinehurst Builders LLC(13)                                |
| 3.1(ad)                   | Certificate of Limited Partnership of Texas Lone Star Title, L.P.(13)                 |
| 3.1(ae)                   | Articles of Organization of Trinity Homes LLC(13)                                     |
| 3.1(af)*                  | Articles of Incorporation of Deluxe Homes of Ohio, Inc.                               |
| 3.2(a)                    | Amended and Restated By-laws of Beazer Homes USA, Inc.(13)                            |
| 3.2(b)                    | Amendments to Amended and Restated By-laws of Beazer Homes USA, Inc.(14)              |
| 3.2(c)                    | By-Laws of April Corporation(13)  |
| 3.2(d)                    | By-Laws of Beazer Allied Companies Holdings, Inc.(13)                                 |
| 3.2(e)                    | By-Laws of Beazer Clarksburg, LLC(13)   |
| 3.2(f)                    | By-Laws of Beazer Homes Corp.(13)   |
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| 3.2(n)                    | By-Laws of Beazer Realty, Inc.(13)  |
| 3.2(o)                    | Code of By-Laws of Beazer Realty, Inc. (formerly Merit Realty, Inc.)(13)              |
| 3.2(p)                    | Operating Agreement of Beazer SPE, LLC(13)  |

|          |  |
|----------|--|
| 3.2(q)   | By-Laws of Beazer/Squires Realty, Inc.(13)   |
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| 3.2(aa)  | By-Laws of Homebuilders Title Services, Inc.(13)   |
| 3.2(ab)  | Amended and Restated Operating Agreement of Paragon Title, LLC(13)   |
| 3.2(ac)  | Operating Agreement of Pinehurst Builders LLC(13)  |
| 3.2(ad)  | Limited Partnership Agreement of Texas Lone Star Title, L.P.(13)   |
| 3.2(ae)  | Second Amended and Restated Operating Agreement of Trinity Homes LLC(13)   |
| 3.2(af)* | By-Laws of Deluxe Homes of Ohio, Inc.(15)  |
| 4.1      | Indenture dated as of May 21, 2001 among Beazer and U.S. Bank Trust National Association, as trustee, related to Beazer's 8 <sup>5</sup> / <sub>8</sub> % Senior Notes due 2011(6)   |
| 4.2      | Supplemental Indenture (8 <sup>5</sup> / <sub>8</sub> % Notes) dated as of May 21, 2001 among Beazer, its subsidiaries party thereto and U.S. Bank Trust National Association, as trustee(6)   |
| 4.3      | Form of 8 <sup>5</sup> / <sub>8</sub> % Senior Notes due 2011(6)   |
| 4.4      | Specimen of Common Stock Certificate(2)  |
| 4.5      | Retirement Savings and Investment Plan (the "RSIP")(1)   |
| 4.6      | RSIP Summary Plan Description(1)   |
| 4.7      | Rights Agreement, dated as of June 21, 1996, between Beazer and First Chicago Trust Company of New York, as Rights Agent(12)   |
| 4.8      | Indenture dated as of April 17, 2002 among Beazer, the Guarantors party thereto and U.S. Bank National Association, as trustee, related to Beazer's 8 <sup>5</sup> / <sub>8</sub> % Senior Notes due 2012(8)                         |
| 4.9      | First Supplemental Indenture dated as of April 17, 2002 among Beazer, the Guarantors party thereto and U.S. Bank National Association, as trustee, related to Beazer's 8 <sup>5</sup> / <sub>8</sub> % Senior Notes due 2012(8)      |
| 4.10     | Form of 8 <sup>5</sup> / <sub>8</sub> % Senior Note due 2012(8)  |
| 4.11     | Second Supplemental Indenture dated as of November 13, 2003 among Beazer, the Guarantors party thereto and U.S. Bank National Association, as trustee, related to Beazer's 6 <sup>1</sup> / <sub>2</sub> % Senior Notes due 2013(12) |
| 4.12     | Form of 6 <sup>1</sup> / <sub>2</sub> % Senior Note due 2013(12)   |
| 4.13     | Indenture dated as of June 8, 2004 among Beazer, the Guarantors party thereto and SunTrust Bank, as trustee, related to the 4 <sup>5</sup> / <sub>8</sub> % Convertible Senior Notes due 2024(15)                                    |
| 4.14     | Form of 4 <sup>5</sup> / <sub>8</sub> % Convertible Senior Notes due 2024(15)  |
| 4.15     | Registration Rights Agreement dated as of June 8, 2003, by and among Beazer, the Guarantors named therein and the Initial Purchasers named therein(15)   |
| 5.1*     | Opinion of Paul, Hastings, Janofsky & Walker LLP   |
| 5.2*     | Opinion of Tune, Entekin & White, P.C.   |
| 5.3*     | Opinion of Bellamy, Rutenberg, Copeland, Epps, Gravely & Bowers, P.A.  |
| 5.4*     | Opinion of Rothgerber Johnson & Lyons LLP  |
| 5.5*     | Opinion of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, P.C.   |
| 5.6*     | Opinion of Fossett & Brugger, Chartered  |
| 5.7*     | Opinion of Young, Goldman & Van Beek, P.C.   |

|        |   |
|--------|---|
| 5.8*   | Opinion of Finney, Stagnaro, Saba & Klusmeier Co., L.P.A.   |
| 5.9*   | Opinion of Barnes & Thornburg LLP   |
| 5.10*  | Opinion of McBrayer, McGinnis, Leslie & Kirkland, PLLC  |
| 8.1*   | Opinion of Paul, Hastings, Janofsky & Walker LLP as to tax matters  |
| 10.1   | Amended and Restated 1994 Stock Incentive Plan(4)   |
| 10.2   | Non-Employee Director Stock Incentive Plan(12)  |
| 10.3   | Amended and Restated 1999 Stock Incentive Plan(9)   |
| 10.4-5 | Amended and Restated Employment Agreements dated as of March 31, 1995:  |
| 10.4   | Ian J. McCarthy(12)   |
| 10.5   | John Skelton(12)  |
| 10.6   | Employment Agreement dated as of January 13, 1998—Michael H. Furlow(3)  |
| 10.7-8 | Supplemental Employment Agreements dated as of July 17, 1996:   |
| 10.7   | Ian J. McCarthy(12)   |
| 10.8   | John Skelton(12)  |
| 10.12  | Employment Agreement effective as of November 7, 2000 for C. Lowell Ball(4)   |
| 10.13  | Change of Control Agreement effective as of November 7, 2000 for C. Lowell Ball(4)  |
| 10.14  | Purchase Agreement for Sanford Homes of Colorado LLLP(5)  |
| 10.15  | Employment Agreement effective as of July 10, 2002 for James O'Leary(10)  |
| 10.16  | Change of Control Agreement effective as of July 10, 2002 for James O'Leary(10)   |
| 10.17  | Change of Control Agreement effective as of March 1, 2001 for Michael T. Rand(10)   |
| 10.18  | Employment Agreement effective as of December 17, 2002 for Michael T. Rand(10)  |
| 10.19  | Amended and restated Credit Agreement dated as of May 28, 2004 between the Company and Bank One, NA as Agent, Guaranty Bank, BNP Paribas and Wachovia Bank, National Association as Syndication Agents, The Royal Bank of Scotland plc as Documentation Agent, SunTrust Bank, PNC Bank, National Association and Washington Mutual Bank, FA as Managing Agents, Comerica Bank and Key Bank National Association as Co-Agents, and Banc One Capital Markets, Inc., as Lead Arranger and Sole Bookrunner.(11) |
| 12.1*  | Statement re Computation of Ratios  |
| 21     | List of Subsidiaries of Beazer(12)  |
| 23.1*  | Consent of Paul, Hastings, Janofsky & Walker LLP (included in Exhibits 5.1 and 8.1)   |
| 23.2*  | Consent of Tune, Entekin & White, P.C. (included in Exhibit 5.2)  |
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| 23.4*  | Consent of Rothgerber Johnson & Lyons LLP (included in Exhibit 5.4)   |
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| 23.6*  | Consent of Fossett & Brugger, Chartered (included in Exhibit 5.6)   |
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| 23.8*  | Consent of Finney, Stagnaro, Saba & Klusmeier Co., L.P.A. (included in Exhibit 5.8)   |
| 23.9*  | Consent of Barnes & Thornburg LLP (included in Exhibit 5.9)   |
| 23.10* | Consent of McBrayer, McGinnis, Leslie & Kirkland, PLLC (included in Exhibit 5.10)   |
| 23.11* | Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm   |
| 24.1*  | Power of Attorney (included in Part II of the registration statement)   |
| 25.1*  | Statement of Eligibility of U.S. Bank National Association, as Trustee, on Form T-1   |

\* Filed herewith.

(1) Incorporated herein by reference to the exhibits to Beazer's Registration Statement on Form S-8 (Registration No. 33-91904) filed on May 4, 1995.

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|             |          |
|-------------|----------|
| By          | KM       |
| Date        | 8/31/93  |
| Amount      | \$100.00 |
| 93090100201 |          |

**ARTICLES OF INCORPORATION  
OF  
DELUXE HOMES OF OHIO, INC.**

The undersigned incorporator, desiring to form a corporation (hereinafter referred to as the "Corporation") pursuant to the provisions of the Revised Code of Ohio, Sections 1701.01 et seq. (hereinafter referred to as the "Code"), executes the following Articles of Incorporation.

**ARTICLE I**

**Name**

The name of the Corporation is Deluxe Homes of Ohio, Inc.

**ARTICLE II**

**Purposes**

The purposes for which the Corporation is formed are to engage in and to transact any lawful business far which corporations may be incorporated under the Code.

**ARTICLE III**

**Shares**

*Section 3.1. Number.* The total number of shares which the Corporation is authorized to issue is one thousand (1,000) shares.

*Section 3.2. Classes.* There shall be one (1) class of shares of the Corporation, which shall be designated as "Common Shares".

*Section 3.3. Relative, Rights, Preference, Limitations and Restrictions of Common Shares.* All Common Shares shall have the same rights, preferences, limitations and restrictions.

*Section 3.4. Voting Rights of Common Shares.* Each holder of Common Shares shall be entitled to one (1) vote for each share owned of record on the books of the Corporation on each matter submitted to a vote of the holders of Common Shares., subject to the provisions of Section 1701.55.

**ARTICLE IV**

**Registered Office and Registered Agent**

*Section 4.1. Registered Office:* The street address of the Corporation's initial registered office is 366 East Broad Street, Columbus, Franklin County, Ohio, 43215.

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**ARTICLE V**

**Incorporator**

The name and address of the incorporator of the Corporation is:

| Name           | Address   |
|----------------|---|
| Dean T. Burger | Ice Miller Donadio & Ryan<br>One American Square<br>Box 82001<br>Indianapolis, Indiana 46282-0002 |

**ARTICLE VI**

**Board of Directors**

*Section 6.1. Number.* The total number of directors shall be that specified in or fixed in accordance with the bylaws, in the absence of a provision in the bylaws specifying the number of directors or setting forth the manner in which such number shall be fixed, the number of directors shall be two (2). The bylaws may provide for staggering the terms of directors by dividing the directors into two (2) or three (3) groups, as provided in the Code.

**ARTICLE VII**

**Indemnification**

*Section 7.1. Rights to Indemnification and Advancement of Expenses.*

- (a) The Corporation shall indemnify as a matter of right every person made a party to a proceeding because such person is or was
  - (i) a member of the Board of Directors of the Corporation,
  - (ii) an officer of the Corporation, or
  - (iii) while a director or officer of the Corporation, serving at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, whether for profit or not,

(each an "Indemnitee") against all liability incurred by such person in connection with the proceeding; provided that it is determined in the specific case that indemnification of such person is permissible in the circumstances because such person has met the standard of conduct for indemnification specified in the Code. The Corporation shall pay for or reimburse the reasonable expenses incurred by an Indemnitee in connection with any such proceeding in advance of final disposition thereof in accordance with the procedures and subject to the conditions specified in the Code. The Corporation shall indemnify as a matter of right an Indemnitee who is wholly successful, on the merits or otherwise, in the defense of any such proceeding, against reasonable expenses incurred by the Indemnitee in connection with the proceeding without the requirement of a determination as set forth in the first sentence of this paragraph.

(b) Upon demand by a person for indemnification or advancement of expenses, as the case may be, the Corporation shall expeditiously determine whether the person is entitled thereto in accordance with this Article and the procedures specified in the Code.

(c) The indemnification provided under this Article shall apply to any proceeding arising from acts or omissions occurring before or after the adoption of this Article.

*Section 7.2. Other Rights Not Affected.* Nothing contained in this Article shall limit or preclude the exercise or be deemed exclusive of any right under the law, by contract or otherwise, relating to indemnification of or advancement of expenses to any individual who is or was a director, officer, employee or agent of the Corporation, or the ability of the Corporation to otherwise indemnify or advance expenses to any such individual. It is the intent of this Article to provide indemnification to directors and officers to the fullest extent now or hereafter permitted by law consistent with the terms and conditions of this Article. Therefore, indemnification shall be provided in accordance with this Article irrespective of the nature of the legal or equitable theory upon which a claim is made, including without limitation negligence, breach of duty, mismanagement, corporate waste, breach of contract, breach of warranty, strict liability, violation of federal or state securities laws, violation of the Employee Retirement Income Security Act of 1974, as amended, or violation of any other state or federal laws.

*Section 7.3. Definitions.* For purposes of this Article:

(a) The term "Director" means an individual who is or was a member of the Board of Directors of the Corporation or an individual who, while a director of the Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, whether for profit or not. A director is considered to be serving an employee benefit plan at the Corporation's request if the director's duties to the Corporation also impose duties on, or otherwise involve services by, the director to the plan or to participants in or beneficiaries of the plan. The term "director" includes, unless the context requires otherwise, the estate or personal representative of a director.

(b) The term "expenses" includes all direct and indirect costs (including without limitation counsel fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, all other disbursements or out-of-pocket expenses) actually incurred in connection with the investigation, defense, settlement or appeal of a proceeding or establishing or enforcing a right to indemnification under this Article, applicable law or otherwise.

(c) The term "liability" means the obligation to pay a judgment, settlement, penalty, fine, excise tax (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

(d) The term "party" includes an individual who was, is or is threatened to be made a named defendant or respondent in a proceeding.

(e) The term "proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

IN WITNESS WHEREOF, the undersigned incorporator designated in Article V executes these Articles of Incorporation and hereby verifies subject to penalties of perjury that the facts contained herein are true.

Dated this 26th day of August, 1993.

/s/ DEAN T. BURGER

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Dean T. Burger

**CERTIFICATE OF AMENDMENT**  
**TO THE ARTICLES OF INCORPORATION**  
**OF**  
**DELUXE HOMES OF OHIO, INC.**

Steve M. Dunn, who is President and Jennifer A. Holihen, who is Secretary of the above named Ohio corporation for profit with its principal location in Columbus, Franklin County, Ohio, does hereby certify that in a writing signed by the sole shareholder of the Corporation, in accordance with §1701.54 of the Ohio Revised Code, the following resolution to adopt an amendment to the articles of incorporation of the Corporation was adopted:

RESOLVED, that the First Article of the Articles of Incorporation of Deluxe Homes of Ohio, Inc. be amended to read as follows:

FIRST: The name of the corporation shall be:

CROSSMANN COMMUNITIES OF OHIO, INC.

IN WITNESS WHEREOF, the above named officers, acting for and on behalf of the Corporation, have hereto subscribed their names this 19 day July, 1994.

DELUXE HOMES OF OHIO, INC.

By: /s/ STEVE M. DUNN

\_\_\_\_\_  
 Steve M. Dunn, *President*

By: /s/ JENNIFER A. HOLIHEN

\_\_\_\_\_  
 Jennifer A. Holihen, *Secretary*

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QuickLinks

[ARTICLES OF INCORPORATION OF DELUXE HOMES OF OHIO, INC.](#)

[CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF DELUXE HOMES OF OHIO, INC.](#)

[SEAL]

**Prescribed by J. Kenneth Blackwell**

Please obtain fee amount and mailing instructions from the **Forms Inventory List** (using the 3 digit form # located at the bottom of this form). To obtain the **Forms Inventory List** or for assistance, please call Customer Service:

Central Ohio: (614)-466-3910 Toll Free: 1-877-SOS-FILE (1-877-767-3453)

Expedite this form  
o Yes

[STAMP]

**ARTICLES OF INCORPORATION**

**(Under Chapter 1701 of the Ohio Revised Code)  
Profit Corporation**

The undersigned, desiring to form a corporation, for profit, under Sections 1701.01 et seq. of the Ohio Revised Code, do hereby state the following:

**FIRST.** The name of said corporation shall be:

Deluxe Homes of Ohio, Inc.

\_\_\_\_\_

**SECOND.** The place in Ohio where its principal office is to be located is

Westerville, Franklin County, Ohio

\_\_\_\_\_

(city, village or township)

**THIRD.** The purpose(s) for which this corporation is formed is:

The corporation's purpose is to engage in any lawful act or activity

\_\_\_\_\_

for which a corporation may be formed in Ohio.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**FOURTH.** The number of shares which the corporation is authorized to have outstanding is: 100 common no par value (Please state whether shares are common or preferred, and their par value, if any. Shares will be recorded as common with no par value unless otherwise indicated.)

\_\_\_\_\_

IN WITNESS WHEREOF, we have hereunto subscribed our names, on

12/28/99

\_\_\_\_\_  
(date)

Signature: /s/ STEVEN K. HUMKE \_\_\_\_\_, Incorporator

Name: Steven K. Humke \_\_\_\_\_

Signature: \_\_\_\_\_, Incorporator

Name: \_\_\_\_\_

Signature: \_\_\_\_\_, Incorporator

Name: \_\_\_\_\_

QuickLinks

[Exhibit 3.1\(af\)](#)

[ARTICLES OF INCORPORATION](#)



**BYLAWS  
OF  
DELUXE HOMES OF OHIO, INC.**

**ARTICLE I**

***Records Pertaining to Share Ownership***

*Section 1. Recognition of Shareholders.* Deluxe Homes of Ohio, Inc. (the "Corporation") is entitled to recognize a person registered on its books as the owner of shares of the Corporation having the exclusive right to receive dividends and to vote those shares, notwithstanding any other person's equitable or other claim to, or interest in, those shares.

*Section 2. Transfer of Shares.* Shares are transferable only on the books of the Corporation, subject to any transfer restrictions imposed by the Articles of Incorporation, these Bylaws, or an agreement among shareholders and the Corporation. Shares may be so transferred upon presentation of the certificate representing the shares, endorsed by the appropriate person or persons, and accompanied by (a) reasonable assurance that those endorsements are genuine and effective, and (b) a request to register the transfer. The Corporation shall not record on its books any transfer of shares in violation of any shareholders agreement with respect to which the Corporation is a party. Transfers of shares are otherwise subject to the provisions of the Revised Code of Ohio (the "Code") and Article 8 of the Ohio Uniform Commercial Code.

*Section 3. Certificates.* Each shareholder is entitled to a certificate signed (manually or in facsimile) by the President or a Vice President and the Secretary or an Assistant Secretary, setting forth (a) the name of the Corporation and that it was organized under Ohio law, (b) the name of the person to whom issued, (c) the number of shares represented, and (d) any restrictions with respect to the transfer of such shares. The Board of Directors shall prescribe the form of the certificate.

*Section 4. Lost or Destroyed Certificates.* A new certificate may be issued to replace a lost or destroyed certificate. Unless waived by the Board of Directors, the shareholder in whose name the certificate was issued shall make an affidavit or affirmation of the fact that his certificate is lost or destroyed, shall advertise the loss or destruction in such manner as the Board of Directors may require, and shall give the Corporation a bond of indemnity in the amount and form which the Board of Directors may prescribe.

**ARTICLE II**

***Meetings of the Shareholders***

*Section 1. Annual Meetings.* Annual meetings of the shareholders shall be held on the first Tuesday in March of each year, or on such other date as may be designated by the Board of Directors.

*Section 2. Special Meetings.* Special meetings of the shareholders may be called by the President or by the Board of Directors. Special meetings of the shareholders shall be called upon delivery to the Secretary of the Corporation of one or more written demands for a special meeting of the shareholders describing the purposes of that meeting and signed and dated by the holders of 25% or more of all the votes entitled to be cast on any issue proposed to be considered at that meeting.

*Section 3. Notice of Meetings.* The Corporation shall deliver or mail written notice stating the date, time, and place of any shareholders' meeting and, in the case of a special shareholders' meeting or when otherwise required by law, a description of the purposes for which the meeting is called, to each shareholder of record entitled to vote at the meeting, at such address as appears in the records of the Corporation and at least 10, but no more than 60, days before the date of the meeting.

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*Section 4. Waiver of Notice.* A shareholder may waive notice of any meeting, before or after the date and time of the meeting as stated in the notice, by delivering a signed waiver to the Corporation for inclusion in the minutes. A shareholder's attendance at any meeting, in person or by proxy (a) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (b) waives objection to consideration of a particular matter at the meeting that is not within the purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

*Section 5. Record Date.* The Board of Directors may fix a record date, which may be a future date, for the purpose of determining the shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or to take any other action. A record date may not exceed 70 days before the meeting or action requiring a determination of shareholders. If the Board of Directors does not fix a record date, the record date shall be the 10th day prior to the date of the meeting or other action.

*Section 6. Voting by Proxy.* A shareholder may appoint a proxy to vote or otherwise act for the shareholder pursuant to a written appointment form executed by the shareholder or the shareholder's duly authorized attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent of the Corporation authorized to tabulate votes. The general proxy of a fiduciary is given the same effect as the general proxy of any other shareholder. A proxy appointment is valid for 11 months unless otherwise expressly stated in the appointment form.

*Section 7. Voting Lists.* After a record date for a shareholders' meeting has been fixed, the Secretary shall prepare an alphabetical list of all shareholders entitled to notice of the meeting showing the address and number of shares held by each shareholder. The list shall be kept on file at the principal office of the Corporation or at a place identified in the meeting notice in the city where the meeting will be held. The list shall be available for inspection and copying by any shareholder entitled to vote at the meeting, or by the shareholder's agent or attorney authorized in writing, at any time during regular business hours, beginning 5 business days before the date of the meeting through the meeting. The list shall also be made available to any shareholder, or to the shareholder's agent or attorney authorized in writing, at the meeting and any adjournment thereof. Failure to prepare or make available a voting list with respect to any shareholders' meeting shall not affect the validity of any action taken at such meeting.

*Section 8. Quorum; Approval.* At any meeting of shareholders, a majority of the votes entitled to be cast on a matter at the meeting constitutes a quorum. If a quorum is present when a vote is taken, action on a matter is approved if the votes cast in favor of the action exceed the votes cast in opposition to the action, unless a greater number is required by law, the Articles of Incorporation, or these Bylaws.

*Section 9. Action by Consent.* Any action required or permitted to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, signed by all the shareholders entitled to vote on the action, and delivered to the Corporation for inclusion in the minutes. If not otherwise determined pursuant to *Section 5* of this *Article II*, the record date for determining shareholders entitled to take action without a meeting is the date the first shareholder signs the consent to such action.

*Section 10. Presence.* Any or all shareholders may participate in any annual or special shareholders' meeting by, or through the use of, any means of communication by which all shareholders participating may simultaneously hear each other during the meeting. A shareholder so participating is deemed to be present in person at the meeting.

## **ARTICLE III**

### **Board of Directors**

*Section 1. Powers and Duties.* All corporate powers are exercised by or under the authority of, and the business and affairs of the Corporation are managed under the direction of, the Board of Directors, unless otherwise provided in the Articles of Incorporation.

*Section 2. Number and Terms of Office: Qualifications.* The Corporation shall have three (3) directors or such other number as may be elected or appointed by the shareholders. Directors are elected at each annual shareholders' meeting and serve for a term expiring at the following annual shareholders' meeting. A director who has been removed pursuant to *Section 3* of this *Article III* ceases to serve immediately upon removal; otherwise, a director whose term has expired continues to serve until a successor is elected and qualifies or until there is a decrease in the number of directors. A person need not be a shareholder or an Ohio resident to qualify to be a director.

*Section 3. Removal.* Any director may be removed with or without cause by action of the shareholders taken at any meeting the notice of which states that one of the purposes of the meeting is removal of the director.

*Section 4. Vacancies.* If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors, the Board of Directors may fill the vacancy. If the directors remaining in office constitute fewer than a quorum of the Board, the directors remaining in office may fill the vacancy by the affirmative vote of a majority of those directors. Any director elected to fill a vacancy holds office until the next annual meeting of the shareholders and until a successor is elected and qualifies.

*Section 5. Annual Meetings.* Unless otherwise agreed by the Board of Directors, the annual meeting of the Board of Directors shall be held immediately following the annual meeting of the shareholders, at the place where the meeting of shareholders was held, for the purpose of electing officers and considering any other business which may be brought before the meeting. Notice is not necessary for any annual meeting.

*Section 6. Regular and Special Meetings.* Regular meetings of the Board of Directors may be held pursuant to a resolution of the Board of Directors establishing a method for determining the date, time, and place of those meetings. Notice is not necessary for any regular meeting. Special meetings of the Board of Directors may be held upon the call of the President or of any 2 directors and upon 24 hours' written or oral notice specifying the date, time, and place of the meeting. Notice of a special meeting may be waived in writing before or after the time of the meeting. The waiver must be signed by the director entitled to the notice and filed with the minutes of the meeting. Attendance at or participation in a meeting waives any required notice of the meeting, unless at the beginning of the meeting (or promptly upon the director's arrival) the director objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

*Section 7. Quorum.* A quorum for the transaction of business at any meeting of the Board of Directors consists of a majority of the number of directors specified in *Section 2* of this *Article III*. If a quorum is present when a vote is taken, action on a matter is approved if the action receives the affirmative vote of a majority of the directors present.

*Section 8. Action by Consent.* Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if the action is taken by all directors then in office. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes. Action of the Board of Directors taken by

consent is effective when the last director signs the consent, unless the consent specifies a prior or subsequent effective date.

*Section 9. Committees.* The Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on them. Each committee may have one or more members, who serve at the pleasure of the Board of Directors. The creation of a committee and appointment of members to it must be approved by the greater of (i) a majority of all the directors in office when the action is taken, or, (ii) the number of directors required under *Section 7* of this *Article III* to take action. All rules applicable to action by the Board of Directors apply to committees and their members. The Board of Directors may specify the authority that a committee may exercise; however, a committee may not (a) authorize distributions, except a committee may authorize or approve a reacquisition of shares if done according to a formula or method prescribed by the Board of Directors, (b) approve or propose to shareholders action that must be approved by shareholders, (c) fill vacancies on the Board of Directors or on any of its committees, (d) amend the Articles of Incorporation, (e) adopt, amend, or repeal these Bylaws, (f) approve a plan of merger not requiring shareholder approval, or (g) authorize or approve the issuance or sale or a contract for the sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except the Board of Directors may authorize a committee to so act within limits prescribed by the Board of Directors.

*Section 10. Presence.* The Board of Directors may permit any or all directors to participate in any annual, regular, or special meeting by any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director so participating is deemed to be present in person at the meeting.

*Section 11. Compensation.* Each director shall receive such compensation for service as a director as may be fixed by the Board of Directors.

## **ARTICLE IV**

### **Officers**

*Section 1. Officers.* The Corporation shall have a President, a Vice President, a Secretary, a Treasurer, and such assistant officers as the Board of Directors or the President designates. The same individual may simultaneously hold more than one office.

*Section 2. Terms of Office.* Officers are elected at each annual meeting of the Board of Directors and serve for a term expiring at the following annual meeting of the Board of Directors. An officer who has been removed pursuant to *Section 4* of this *Article IV* ceases to serve as an officer immediately upon removal; otherwise, an officer whose term has expired continues to serve until a successor is elected and qualifies.

*Section 3. Vacancies.* If a vacancy occurs among the officers, the Board of Directors may fill the vacancy. Any officer elected to fill a vacancy holds office until the next annual meeting of the Board of Directors and until a successor is elected and qualifies.

*Section 4. Removal.* Any officer may be removed by the Board of Directors at any time with or without cause.

*Section 5. Compensation.* Each officer shall receive such compensation for service in office as may be fixed by the Board of Directors.

*Section 6. President.* The President is the chief executive officer of the Corporation and is responsible for managing and supervising the affairs and personnel of the Corporation, subject to the general control of the Board of Directors. The President presides at all meetings of shareholders and

directors. The President, or proxies appointed by the President, may vote shares of other corporations owned by the Corporation. The President has authority to execute, with the Secretary, powers of attorney appointing other corporations, partnerships, or individuals as the agents of the Corporation, subject to law, the Articles of Incorporation, and these Bylaws. The President has such other powers and duties as the Board of Directors may from time to time prescribe.

*Section 7. Vice President.* The Vice President has all the powers of, and performs all the duties incumbent upon, the President during the President's absence or disability. The Vice President has such other powers and duties as the Board of Directors may from time to time prescribe.

*Section 8. Secretary.* The Secretary is responsible for (a) attending all meetings of the shareholders and the Board of Directors, (b) preparing true and complete minutes of the proceedings of all meetings of the shareholders, the Board of Directors, and all committees of the Board of Directors, (c) maintaining and safeguarding the books (except books of account) and records of the Corporation, and (d) authenticating the records of the Corporation. If required, the Secretary attests the execution of deeds, leases, agreements, powers of attorney, certificates representing shares of the Corporation, and other official documents by the Corporation. The Secretary serves all notices of the Corporation required by law, the Board of Directors, or these Bylaws. The Secretary has such other duties as the Board of Directors may from time to time prescribe.

*Section 9. Treasurer.* The Treasurer is responsible for (a) keeping correct and complete books of account which show accurately at all times the financial condition of the Corporation, (b) safeguarding all funds, notes, securities, and other valuables which may from time to time come into the possession of the Corporation, and (c) depositing all funds of the Corporation with such depositories as the Board of Directors shall designate. The Treasurer shall furnish at meetings of the Board of Directors, or when otherwise requested, a statement of the financial condition of the Corporation. The Treasurer has such other duties as the Board of Directors may from time to time prescribe.

*Section 10. Assistant Officers.* The Board of Directors or the President may from time to time designate and elect assistant officers who shall have such powers and duties as the officers whom they are elected to assist specify and delegate to them, and such other powers and duties as the Board of Directors or the President may from time to time prescribe. An Assistant Secretary may, during the absence or disability of the Secretary, discharge all responsibilities imposed upon the Secretary of the Corporation, including, without limitation, attest the execution of all documents by the Corporation.

## **ARTICLE V**

### **Miscellaneous**

*Section 1. Records.* The Corporation shall keep as permanent records minutes of all meetings of the shareholders, the Board of Directors, and all committees of the Board of Directors, and a record of all actions taken without a meeting by the shareholders, the Board of Directors, and all committees of the Board of Directors. The Corporation or its agent shall maintain a record of the shareholders in a form that permits preparation of a list of the names and addresses of all shareholders, in alphabetical order showing the number of shares held by each. The Corporation shall maintain its records in written form or in a form capable of conversion into written form within a reasonable time. The Corporation shall keep a copy of the following records at its principal office: (a) the Articles of Incorporation then currently in effect, (b) the Bylaws then currently in effect, (c) minutes of all shareholders' meetings, and records of all actions taken by shareholders without a meeting, for the past 3 years, (d) all written communications to shareholders generally during the past 3 years, including annual financial statements furnished upon request of the shareholders, (e) a list of the names and business addresses of the current directors and officers, and (f) the most recent annual report filed with the Ohio Secretary of State.

*Section 2. Execution of Contracts and Other Documents.* Unless otherwise authorized or directed by the Board of Directors, all written contracts and other documents entered into by the Corporation shall be executed on behalf of the Corporation by the President or a Vice President, and, if required, attested by the Secretary or an Assistant Secretary.

*Section 3. Accounting Year.* The accounting year of the Corporation begins on January 1 of each year and ends on the December 31 immediately following.

*Section 4. Corporate Seal.* The Corporation has no seal.

## **ARTICLE VI**

### ***Amendment***

These Bylaws may be amended or repealed only by the Board of Directors. The affirmative vote of a majority of all the directors is necessary to amend or repeal these Bylaws.

## QuickLinks

[Exhibit 3.2\(af\)](#)

[BYLAWS OF DELUXE HOMES OF OHIO, INC.](#)  
[ARTICLE I Records Pertaining to Share Ownership](#)  
[ARTICLE II Meetings of the Shareholders](#)  
[ARTICLE III Board of Directors](#)  
[ARTICLE IV Officers](#)  
[ARTICLE V Miscellaneous](#)  
[ARTICLE VI Amendment](#)

[PAUL, HASTINGS, JANOFSKY & WALKER LLP Letterhead]

August 3, 2004

24408.00100

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

Re: Beazer Homes USA, Inc.  
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to Beazer Homes USA, Inc., a Delaware corporation (the "*Company*"), and to the subsidiaries of the Company listed on Schedules 1 and 2 hereto (each, a "Guarantor" and collectively, the "*Guarantors*"), in connection with the Registration Statement on Form S-3 (the "*Registration Statement*") filed by the Company and the Guarantors with the Securities and Exchange Commission (the "*Commission*") under the Securities Act of 1933 (the "*Securities Act*"). The Registration Statement relates to the resale by certain selling securityholders of up to \$180,000,000 aggregate principal amount of its 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "*Notes*"), the guarantees of the Notes (individually, a "*Guarantee*" and collectively, the "*Guarantees*") by the Guarantors and the Company's \$0.01 par value common stock issuable upon conversion of the Notes (the "*Shares*").

The Notes and the Guarantees have been issued under an indenture, dated as of June 8, 2004 (the "*Indenture*"), among Beazer, as issuer, the subsidiary guarantors named therein and SunTrust Bank, as trustee (the "*Trustee*").

As such counsel and for purposes of our opinions set forth below, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments as we have deemed necessary or appropriate as a basis for the opinions set forth herein, including, without limitation:

- (i) the Registration Statement;
  - (ii) the Indenture;
  - (iii) the Notes;
  - (iv) the Guarantees;
  - (v) the certificate of incorporation of the Company and the bylaws of the Company as presently in effect as certified by the Secretary of the Company as of the date hereof (collectively, the "*Company Charter Documents*");
  - (vi) the certificate of incorporation or corresponding formation document of each of the Guarantors listed on Schedule 1 hereto (such Guarantors are hereinafter referred to individually as a "*Georgia/Delaware Guarantor*" and collectively as the "*Georgia/Delaware Guarantors*") and the bylaws or corresponding governance document of each of the Guarantors as presently in effect as certified by the Secretary of each Guarantor as of the date hereof; and
  - (vii) resolutions adopted by the Company's and each Georgia/Delaware Guarantor's board of directors (or equivalent governing body), certified by the respective Secretary of the Company and each such Georgia/Delaware Guarantor, relating to the execution and delivery of, and the performance by the Company and each of the Georgia/Delaware Guarantors of its respective obligations under, the Transaction Documents.
-



In addition to the foregoing, we have made such investigations of law as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

The Notes, the Guarantees and the Indenture are referred to herein, individually, as a "*Transaction Document*" and, collectively, as the "*Transaction Documents*".

In such examination and in rendering the opinions expressed below, we have assumed: (i) the due authorization of all agreements, instruments and other documents by all the parties thereto (other than the due authorization of each such agreement, instrument and document by the Company and the Georgia/Delaware Guarantors); (ii) the due execution and delivery of all agreements, instruments and other documents by all the parties thereto (other than the due execution and delivery of each such agreement, instrument and document by the Company and the Guarantors); (iii) the genuineness of all signatures on all documents submitted to us; (iv) the authenticity and completeness of all documents, corporate records, certificates and other instruments submitted to us; (v) that photocopy, electronic, certified, conformed, facsimile and other copies submitted to us of original documents, corporate records, certificates and other instruments conform to the original documents, records, certificates and other instruments, and that all such original documents were authentic and complete; (vi) the legal capacity of all individuals executing documents; (vii) that the Transaction Documents executed in connection with the transactions contemplated thereby are the valid and binding obligations of each of the parties thereto (other than the Company and the Guarantors), enforceable against such parties (other than the Company and the Guarantors) in accordance with their respective terms and that no Transaction Document has been amended or terminated orally or in writing except as has been disclosed to us; (viii) that the statements contained in the certificates and comparable documents of public officials, officers and representatives of the Company and the Guarantors and other persons on which we have relied for the purposes of this opinion are true and correct; (ix) that the rights and remedies set forth in the Transaction Documents will be exercised reasonably and in good faith and were granted without fraud or duress and for good, valuable and adequate consideration and without intent to hinder, delay or defeat any rights of any creditors or stockholders of the Company or any Guarantor; and (x) that each of the Guarantors (other than the Georgia/Delaware Guarantors) is validly existing under the laws of their respective jurisdiction of incorporation or organization. As to all questions of fact material to this opinion and as to the materiality of any fact or other matter referred to herein, we have relied (without independent investigation) upon certificates or comparable documents of officers and representatives of the Company.

Based upon the foregoing, and in reliance thereon, and subject to the limitations, qualifications and exceptions set forth herein, we are of the following opinion:

1. The Notes have been duly authorized, executed and issued by the Company and, assuming that they have been duly authenticated by the Trustee, constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.
2. The shares of common stock initially issuable upon conversion of the Notes have been duly authorized and, when issued and delivered in accordance with the provisions of the Notes and the Indenture, will be validly issued, fully paid and nonassessable.
3. The Guarantees have been duly authorized, executed and issued by the Georgia/Delaware Guarantors and, assuming due authentication of the Notes by the Trustee, constitute valid and binding obligations of each of the Georgia/Delaware Guarantors enforceable in accordance with their terms.
4. Assuming (a) that the Guarantees and the Indenture have been duly authorized by each of the Guarantors listed on Schedule 2 hereto (the "Non-Georgia/Delaware Guarantors"), (b) that the execution, delivery and performance by the Non-Georgia/Delaware Guarantors of the Guarantees and the Indenture do not and will not violate the laws of the jurisdiction of such Non-Georgia/Delaware Guarantor's organization or any other applicable laws (excepting the laws of the State of New York and

the Federal laws of the United States), and (c) due authentication of the Notes by the Trustee, the Guarantees constitute valid and binding obligations of the Non-Georgia/Delaware Guarantors enforceable against the Non-Georgia/Delaware Guarantors in accordance with their terms.

Our opinions set forth above in paragraphs 1, 3 and 4 are subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and transfer, moratorium or other laws now or hereafter in effect relating to or affecting the rights or remedies of creditors generally and by general principles of equity (whether applied in a proceeding at law or in equity) including, without limitation, standards of materiality, good faith and reasonableness in the interpretation and enforcement of contracts, and the application of such principles to limit the availability of equitable remedies such as specific performance.

We are members of the Bar of the States of New York and Georgia, and accordingly, do not purport to be experts on or to be qualified to express any opinion herein concerning the laws of any jurisdiction other than laws of (i) the States of New York and Georgia, and (ii) the Delaware General Corporation Law and the Delaware Revised Uniform Limited Partnership Act.

This opinion is rendered solely to you in connection with the Registration Statement. This opinion may not be relied upon by you for any other purpose or delivered to or relied upon by any other person without our express prior written consent. This opinion is rendered to you as of the date hereof, and we assume no obligation to advise you or any other person hereafter with regard to any change after the date hereof in the circumstances or the law that may bear on the matters set forth herein even though the change may affect the legal analysis or a legal conclusion or other matters in this opinion letter.

We hereby consent to being named as counsel to the Company and the Guarantors in the Registration Statement, to the references therein to our Firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Paul, Hastings, Janofsky & Walker LLP

**Schedule 1**

*Georgia/Delaware Guarantors*  
Beazer Allied Companies Holdings, Inc.  
Beazer Homes Holdings Corp.  
Beazer Homes Investment Corp.  
Beazer Homes Sales Arizona Inc.  
Beazer Homes Texas Holdings, Inc.  
Beazer Homes Texas, L.P.  
Beazer Mortgage Corporation  
Beazer Realty Corp.  
Beazer SPE, LLC  
Homebuilders Title Services, Inc.

**Schedule 2**

*Non-Georgia/Delaware Guarantors*

April Corporation  
Beazer Clarksburg, LLC  
Beazer Homes Corp.  
Beazer Realty, Inc.  
Beazer Realty, Inc. (formerly Merit Realty, Inc.)  
Beazer/Squires Realty, Inc.  
Crossmann Communities of North Carolina, Inc.  
Crossmann Communities of Ohio, Inc.  
Crossmann Communities of Tennessee, LLC  
Crossmann Communities Partnership  
Crossmann Investments, Inc.  
Crossmann Management, Inc.  
Crossmann Mortgage Corp.  
Cutter Homes, Ltd.  
Deluxe Homes of Lafayette, Inc.  
Deluxe Homes of Ohio, Inc.  
Homebuilders Title Services of Virginia, Inc.  
Paragon Title, LLC  
Pinehurst Builders LLC  
Texas Lone Star Title, L.P.  
Trinity Homes LLC

## QuickLinks

[Exhibit 5.1](#)

[TUNE, ENTREKIN & WHITE, P.C. Letterhead]

August 3, 2004

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

Re: Beazer Homes USA, Inc.  
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to Beazer Homes Corp. a Tennessee corporation and Crossmann Communities of Tennessee, LLC, a Tennessee limited liability company (the "Guarantors"), each a direct or indirect subsidiary of Beazer Homes USA, Inc. ("Beazer"), in connection with the Registration Statement on Form S-3 (the "Registration Statement") filed by Beazer and the subsidiaries of Beazer listed in the Registration Statement, including the Guarantors, with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the resale by the selling securityholders named in the Registration Statement of up to \$180,000,000 aggregate principal amount of Beazer's 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "Notes"), certain subsidiary guarantees (individually, a "Guarantee" and collectively, the "Guarantees") with respect to the Notes, including the Guarantees of the Guarantors and its \$0.01 par value common stock issuable upon conversion of the Notes. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Registration Statement.

The Notes and the Guarantees have been issued under an indenture, dated as of June 8, 2004 (the "Indenture") among Beazer, as issuer, the subsidiary guarantors named therein and SunTrust Bank, as trustee (the "Trustee").

In rendering our opinions expressed below, we have examined such documents and have reviewed such questions of law as we have considered necessary and appropriate for the purposes of our opinions set forth below.

In connection with this opinion, we have examined copies or originals of such documents, resolutions, certificates and instruments of the Guarantors as we have deemed necessary to form a basis for the opinions hereinafter expressed. In addition, we have reviewed certificates of public officials, statutes, records and other instruments and documents as we have deemed necessary to form a basis for the opinion hereinafter expressed. In our examination of the foregoing, we have assumed, without independent investigation, (i) the genuineness of all signatures, (ii) the legal capacity of natural persons, (iii) the authenticity of all documents submitted to us as originals, (iv) the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies, and (v) the authenticity of the originals of such latter documents. With regard to certain factual matters, we have relied, without independent investigation or verification, upon statements and representations of representatives of the Guarantor.

Based on the foregoing, we are of the opinion that:

1. Beazer Homes Corp is a corporation duly incorporated and Crossmann Communities of Tennessee, LLC is a limited liability company duly formed, and each is validly existing, and in good standing under the laws of the jurisdiction of their incorporation or formation and have all
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requisite power and authority, corporate or otherwise, to conduct their business, to own their properties, and to execute, deliver and perform all of their obligations under the Guarantees.

2. The Guarantors have duly authorized, executed and delivered the Indenture and the Guarantees.

3. The execution and delivery by the Guarantors of the Indenture and the Guarantees and the performance of their obligations thereunder have been duly authorized by all necessary corporate and limited liability company or other action and do not and will not (i) require any consent or approval of their respective stockholders and members, or (ii) violate any provision of any law, rule or regulation of the state of Tennessee or, to our knowledge, any order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to each Guarantor which violation would impair their ability to perform their obligations under the Guarantees or (iii) or violate any of their respective charters, by-laws, or operating agreement.

The opinions set forth above are subject to the following qualifications and exceptions:

Counsel is a member of the Bar of the state of Tennessee. In rendering the foregoing opinions we express no opinion as to the effect (if any) of laws of any jurisdiction except those of the state of Tennessee. Our opinions are rendered only with respect to such laws, and the rules, regulations and orders thereunder, that are currently in effect, and we disclaim any obligation to advise you of any change in law or fact that occurs after the date hereof.

We hereby consent to the references in the Registration Statement, to our Firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

Very truly yours,

Tune, Entrekin & White, P.C.

/s/ HUGH W. ENTREKIN

By: Hugh W. Entrekin, Secretary

QuickLinks

[EXHIBIT 5.2](#)

[\[TUNE, ENTREKIN & WHITE, P.C. Letterhead\]](#)



[BELLAMY, RUTENBERG, COPELAND, EPPS, GRAVELY & BOWERS, P.A. LETTERHEAD]

August 3, 2004

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

Re: Beazer Homes USA, Inc.  
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to Crossman Communities of North Carolina, Inc., a North Carolina corporation authorized to do business in South Carolina, Pinehurst Builders, LLC, a South Carolina limited liability company, and Beazer Squires Realty, Inc., a North Carolina corporation, (collectively, the "Guarantors"), each a subsidiary of Beazer Homes USA, Inc. ("Beazer"), in connection with the Registration Statement on Form S-3 (the "Registration Statement") filed by Beazer and the subsidiaries of Beazer listed in the Registration Statement, including the Guarantors, with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the resale by the selling securityholders named in the Registration Statement of up to \$180,000,000 aggregate principal amount of Beazer's 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "Notes"), certain subsidiary guarantees (individually, a "Guarantee" and collectively, the "Guarantees") with respect to the Notes, including the Guarantee of the Guarantor and its \$0.01 par value common stock issuable upon conversion of the Notes. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Registration Statement.

The Notes and the Guarantees have been issued under an indenture, dated as of June 8, 2004 (the "Indenture") among Beazer, as issuer, the subsidiary guarantors named therein and SunTrust Bank, as trustee (the "Trustee").

In rendering our opinions expressed below, we have examined such documents and have reviewed such questions of law as we have considered necessary and appropriate for the purposes of our opinions set forth below.

In rendering our opinions set forth below, we have assumed the authenticity of all documents specifically, Joint Resolution No.2004-03 Approval of Convertible Bond Offering dated June 4, 2004, submitted to us as originals. In connection with this opinion, we have examined copies or originals of such documents, resolutions, certificates and instruments of the Guarantor as we have deemed necessary to form a basis for the opinions hereinafter expressed. In addition, we have reviewed certificates of public officials, statutes, records and other instruments and documents as we have deemed necessary to form a basis for the opinion hereinafter expressed. In our examination of the foregoing, we have assumed, without independent investigation, (i) the genuineness of all signatures, (ii) the legal capacity of natural persons, (iii) the authenticity of all documents submitted to us as originals, (iv) the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies, and (v) the authenticity of the originals of such latter documents. With regard to certain factual matters, we have relied, without independent investigation or verification, upon statements and representations of representatives of the Guarantor.

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Based on the foregoing, we are of the opinion that:

1. The Guarantors consist of two (2) corporations duly incorporated and one (1) limited liability company duly formed, validly existing, and in good standing under the laws of the jurisdictions of their incorporation or formation and have all requisite power and authority, corporate or otherwise, to conduct their business, to own their properties, and to execute, deliver and perform all of their obligations under the Guarantee.

2. The execution and delivery by the Guarantors of the Indenture and their Guarantees and the performance of their respective obligations thereunder have been duly authorized by all necessary corporate or other action and do not and will not violate any provision of any law of the respective jurisdiction of organization of the said entities presently in effect which, to our knowledge, applies to any of the said entities.

The opinions set forth above are subject to the following qualifications and exceptions:

Counsel is a member of the Bar of the state of South Carolina and North Carolina. In rendering the foregoing opinions we express no opinion as to the effect (if any) of laws of any jurisdiction except those of the state of South Carolina and North Carolina. Our opinions are rendered only with respect to such laws, and the rules, regulations and orders thereunder, that are currently in effect, and we disclaim any obligation to advise you of any change in law or fact that occurs after the date hereof.

We hereby consent to the references in the Registration Statement, to our Firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ BELLAMY, RUTENBERG, COPELAND, EPPS, GRAVELY &  
BOWERS, P.A.

## QuickLinks

[Exhibit 5.3](#)

**One Tabor Center, Suite 3000**  
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Denver, Colorado 80202-5855

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Fax 303.623.9222  
www.rothgerber.com

Denver • Colorado Springs • Cheyenne • Casper

August 3, 2004

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

Re: Beazer Homes USA, Inc.  
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as special counsel to April Corporation, a Colorado corporation (the "Guarantor"), a subsidiary of Beazer Homes USA, Inc. ("Beazer"), in connection with the Registration Statement on Form S-3 (the "Registration Statement") filed by Beazer and the subsidiaries of Beazer listed in the Registration Statement, including the Guarantor, with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the resale by the selling securityholders named in the Registration Statement of up to \$180,000,000 aggregate principal amount of Beazer's 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "Notes"), certain subsidiary guarantees (individually, a "Guarantee" and collectively, the "Guarantees") with respect to the Notes, including the Guarantee of the Guarantor, and its \$0.01 par value common stock issuable upon conversion of the Notes. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Registration Statement.

The Notes and the Guarantees have been issued under an indenture, dated as of June 8, 2004 (the "Indenture") among Beazer, as issuer, the subsidiary guarantors named therein and SunTrust Bank, as trustee (the "Trustee").

In rendering our opinions expressed below, we have examined (1) the Notes, (2) the Guarantee of the Guarantor and the (3) the Indenture (the "Transaction Documents"). In addition, we have reviewed the articles of incorporation, bylaws and relevant minutes of corporate action of the Guarantor. We have also examined a good standing certificate for the Guarantor issued by the Colorado Secretary of State on July 13, 2004.

In our examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as certified, photostatic, or conformed copies, and the authenticity of the originals of all such copies. We have assumed that each natural person executing any agreement or instrument reviewed in connection with this opinion is legally competent to do so.

In addition, we have relied upon the accuracy of all material factual matters, including, without limitation, representations and warranties, contained in the Transaction Documents, and we have made no independent verification of the matters set forth in such Transaction Documents.

The phrase "to our knowledge" or "our knowledge" and similar language used herein is intended to be limited to the knowledge of the attorneys in the firm actively engaged in giving substantive attention to the matters referenced in this opinion, based solely upon an examination of the files related to such matters maintained by our firm and inquiry of Ian J. McCarthy, President of the Guarantor ("Our Knowledge"). Except as specified herein, the use of "to Our Knowledge" or "Our Knowledge" or similar language does not imply that we have undertaken any other investigation (i) with other attorneys in this firm, (ii) with any persons outside of our firm, or (iii) as to the accuracy

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or completeness of any factual representation, information or matter made or furnished in connection with the transactions contemplated in the Transaction Documents.

Based on the foregoing, we are of the opinion that:

1. The Guarantor is validly existing as a corporation, and in good standing under the laws of the jurisdiction of its incorporation or formation and has all requisite power and authority, corporate or otherwise, to conduct its business, to own its properties, and to execute, deliver and perform all of its obligations under the Guarantee.
2. The Guarantor has duly authorized, executed and delivered the Indenture and the Guarantee.
3. The execution and delivery by the Guarantor of the Indenture and the Guarantee and the performance of its obligations thereunder have been duly authorized by all necessary corporate or other action and do not and will not (i) require any consent or approval of its stockholders, or (ii) violate any provision of any law, rule or regulation of the state of Colorado or, to our knowledge, any order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Guarantor which violation would impair its ability to perform its obligations under the Guarantee or (iii) or violate any of its articles of incorporation or bylaws.

The opinions set forth above are subject to the following qualifications and exceptions:

In rendering the foregoing opinions we express no opinion as to the effect (if any) of laws of any jurisdiction except those of the state of Colorado. Our opinions are rendered only with respect to such laws, and the rules, regulations and orders thereunder, that are currently in effect.

This opinion is given as of the date hereof and no undertaking is made to advise you of future events which could have an effect upon the opinions expressed herein. We assume no obligation to supplement this opinion if any applicable laws change after the date of this opinion, or if we become aware of any facts that might change the opinions expressed herein after the date of this opinion.

The foregoing opinions are being furnished only to you and are solely for your benefit (and the benefit of your permitted successors and assigns) in connection with the Registration Statement. This opinion may not be relied upon by you or your permitted successors or assigns for any other purpose, or relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

We hereby consent to the references in the Registration Statement, to our Firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Rothgerber Johnson & Lyons LLP

## QuickLinks

[Exhibit 5.4](#)

GIBBONS, DEL DEO, DOLAN, GRIFFINGER & VECCHIONE  
A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW  
ONE RIVERFRONT PLAZA  
NEWARK, N.J. 07102-5496  
973-596-4500

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WEB SITE  
<http://www.gibbonslaw.com>

August 3, 2004

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

**Re: *Local Counsel Opinion for Beazer Realty, Inc.***

Dear Ladies and Gentlemen:

We have acted as special New Jersey counsel to Beazer Realty, Inc., a New Jersey corporation (the "Guarantor"), a subsidiary of Beazer Homes USA, Inc. ("Beazer"), solely in connection with the issuance by the Guarantor of the guarantees (the "Guarantees") under Article Six of that certain indenture (the "Indenture"), dated as of June 8, 2004, among Beazer, as issuer, the subsidiary guarantors named therein and SunTrust Bank, as trustee. A Registration Statement on Form S-3 (the "Registration Statement") is being filed by Beazer and the subsidiaries of Beazer listed in the Registration Statement, including the Guarantor, with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the resale by the selling securityholders named in the Registration Statement of up to \$180,000,000 aggregate principal amount of Beazer's 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "Notes") and the related guarantees, including the Guarantees of the Guarantor, issued under the Indenture, as well as the common stock, par value \$0.01 per share, of Beazer issuable upon conversion of the Notes.

Our engagement as special New Jersey counsel has been solely for the purpose of issuing this opinion letter. We did not participate in the negotiation or drafting of the Registration Statement or the Indenture. Except as specifically provided herein, we have not made any independent review or investigation of the organization, existence, good standing, assets, business or affairs of the Guarantor, or of any other matters. Except as specifically identified herein, we have not been retained or engaged to perform, nor have we performed, any independent review or investigation of any statutes, ordinances, laws, regulations, orders, corporate records, agreements, documents or instruments to which the Guarantor may be a party or to which the Guarantor or any of its property may be subject, or by which the Guarantor or any of its property may be bound, nor have we, except as specifically identified herein, been retained or engaged to perform, or performed, any independent review or investigation as to: (a) the existence of any actions, suits, arbitrations, claims, investigations or legal or administrative proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality pending or threatened against or relating to the Guarantor or in which the Guarantor is a party; (b) the existence of violations by the Guarantor of its certificate of incorporation or by-laws or any predecessor version of the certificate of incorporation or by-laws or any notes, indentures, mortgages, leases, agreements, or other contracts or agreements or instruments to which the Guarantor may be a party or to which its property may be subject; or (c) the existence of, or violations by the Guarantor of, any rulings, injunctions, judgments, orders, writs or decrees to which the Guarantor or its property is subject.

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For purposes of this opinion letter, we have examined copies of the following:

(A) the Indenture;

(B) the Notes;

(C) the Guarantees;

(D) the certificate of incorporation of the Guarantor, certified as of July 14, 2004 by the Treasurer of the State of New Jersey, and the bylaws of the Guarantor as presently in effect, certified by the President of the Guarantor as of the date hereof (collectively, the "Charter Documents");

(E) resolutions adopted by the board of directors of the Guarantor, dated as of June 4, 2004, certified by the President of the Guarantor as of the date hereof, relating to the execution and delivery of, and the performance by the Guarantor of its obligations under the Transaction Documents (as defined below);

(F) written consent to action of Beazer Homes Corp, as the sole shareholder of the Guarantor, dated as of the date hereof, relating to the execution and delivery of, and the performance by the Guarantor of its obligations under the Transaction Documents; and

(G) A certificate of the Treasurer of the State of New Jersey, dated July 29, 2004, with respect to the standing of the Guarantor (the "Good Standing Certificate").

The foregoing documents A through C are sometimes hereinafter referred to collectively as the "Transaction Documents".

In giving the following opinions, we have assumed (i) the genuineness of all signatures on the documents reviewed by us, (ii) the authenticity of all such documents submitted to us as originals, (iii) the conformity to the originals of all such documents submitted to us as copies, (iv) with respect to documents executed by parties other than the Guarantor, that those parties have requisite power and authority to enter into and perform all obligations under those documents, that those documents, including with respect to the Guarantor, are their legal, valid and binding obligations enforceable in accordance with their terms and that all statements made therein by such parties are true, (v) the legal capacity of all natural persons executing the Transaction Documents, (vi) that the Transaction Documents accurately describe and contain the mutual understanding of the parties, and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Transaction Documents and (vii) that the statements contained in the certificates and comparable documents of public officials, officers and representatives of the Guarantor and other persons on which we have relied for purposes of this opinion are true and correct and that there has not been any change in the good standing status of the Company from that reported in the Good Standing Certificate. As to questions of fact material to the opinions rendered herein, we have relied (without independent investigation, except as expressly indicated herein) upon certificates or comparable documents of the Guarantor and upon the representations and warranties made by the Guarantor in the Transaction Documents.

Statements in this opinion which are qualified by the expression "to our knowledge", "of which we have knowledge", "known to us" or "we have no reason to believe" or other expressions of like import are limited to the current actual knowledge of the individual attorneys in this firm who have devoted substantive attention to the representation of the Guarantor in connection with the preparation, execution and delivery of this opinion (but not the knowledge of any other attorney in this firm or any constructive or imputed knowledge of any information, whether by reason of our representation of the Guarantor or otherwise). We have no undertaken any independent investigation to determine the accuracy of any such statement, and any limited inquiry undertaken by us during the preparation of this opinion should not be regarded as such an investigation.



Based upon and subject to the foregoing and the qualifications and limitations set forth below, we are of the opinion that:

1. The Guarantor is validly existing as a corporation in good standing under the laws of the State of New Jersey, and the Guarantor has the corporate power to enter into and carry out its obligations under the Guarantees.
2. The execution, delivery and performance of the Indenture and the Guarantees by the Guarantor have been duly authorized by all necessary corporate action on the part of the Guarantor.
3. The execution and delivery by the Guarantor of the Indenture and the Guarantees do not (i) cause the Guarantor to violate any New Jersey State law, rule or regulation, or (ii) to our knowledge, cause the Guarantor to violate any order, writ, judgment, injunction, decree, determination or award of any New Jersey state court to which the Guarantor is a named party which violation would impair the Guarantor's ability to perform its obligations under the Guarantees, or (iii) violate any provision of the Charter Documents.

The opinions expressed herein are subject to the following exceptions, qualifications and limitations:

A. The law covered by this opinion is limited to the laws of the State of New Jersey. We express no opinion with respect to the law of any other jurisdiction and with respect to any of the following (collectively, the "Excluded Laws"): (i) anti-fraud laws or other federal and state securities laws; (ii) pension and employee benefit laws; (iii) federal and state antitrust and unfair competition laws; (iv) the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other anti-trust laws and the Exon-Florio Act; (v) the statutes, ordinances, administrative decisions and rules and regulations of counties, towns, municipalities and other political subdivisions (whether created or enabled through legislative action at the federal, state or regional level); (vi) federal and state environmental laws; (vii) federal and state land use and subdivision laws; (viii) federal and state tax laws; (ix) federal and state laws relating to communications (including, without limitation, the Communications Act of 1934, as amended, and the Telecommunications Act of 1996, as amended); (x) federal patent, copyright, and trademark, state trademark and other federal and state intellectual property laws; (xi) federal and state racketeering laws; (xii) federal and state health and safety laws; (xiii) federal and state laws concerning aviation; (xiv) federal and state laws concerning public utilities; (xv) federal and state labor laws; (xvi) federal and state laws and policies concerning (A) national and local emergencies, (B) possible judicial deference to acts of sovereign states, and (C) criminal and civil forfeiture laws; and (xvii) other federal and state statutes of general application to the extent they provide for criminal prosecution (e.g. mail fraud and wire fraud statutes); and in the case of each of the foregoing, all rules and regulations promulgated thereunder or administrative or judicial decisions with respect thereto.

B. We express no opinion with respect to any document, instrument or agreement (including the exhibits or schedules to any Transaction Document) other than the Indenture and the Guarantees regardless of whether such document, instrument or agreement is referred to in the Transaction Documents.

C. With respect to our opinion set forth in paragraph 1 above, with your permission, we are relying solely and without independent investigation on our review and examination of the Good Standing Certificate and a certificate of an officer of the Guarantor and any documents certified to us thereby.

D. Our opinion in clause (i) of paragraph 3 above is limited solely to laws, rules and regulations (other than Excluded Laws) that in our experience are generally applicable to transactions in the nature of those contemplated by the Guaranty by an unregulated party.

This opinion is rendered to you, and is based upon the law in effect, on the date hereof, and we assume no obligation to revise or supplement this opinion with regard to any change after the date hereof in the circumstances or the law that may bear on the matters set forth herein even though the change may affect the legal analysis or a legal conclusion or other matters in this opinion letter.

This opinion letter deals only with the specified legal issues expressly addressed herein, and you should not infer any opinion that is not explicitly addressed herein from any matter stated in this letter.

This opinion is rendered solely to you in connection with the issuance by the Guarantor of the Guarantees under the Indenture. This opinion may not be relied upon by you for any other purpose or delivered to or relied upon by any other person without our express prior written consent.

We hereby consent to the references in the Registration Statement, to our Firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ GIBBONS, DEL DEO, DOLAN, GRIFFINGER & VECCHIONE, P.C

## QuickLinks

[Exhibit 5.5](#)

[LETTERHEAD]

August 3, 2004

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

Re: Beazer Homes USA, Inc.  
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to Beazer Clarksburg, LLC, a Maryland limited liability company (the "Guarantor"), a subsidiary of Beazer Homes USA, Inc. ("Beazer"), in connection with the Registration Statement on Form S-3 (the "Registration Statement") filed by Beazer and the subsidiaries of Beazer listed in the Registration Statement, including the Guarantor, with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the resale by the selling securityholders named in the Registration Statement of up to \$180,000,000 aggregate principal amount of Beazer's 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "Notes"), certain subsidiary guarantees (individually, a "Guarantee" and collectively, the "Guarantees") with respect to the Notes, including the Guarantee of the Guarantor and its \$0.01 par value common stock issuable upon conversion of the Notes. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Registration Statement.

It is our understanding that the Notes and the Guarantees have been issued under an indenture, dated as of June 8, 2004 (the "Indenture") among Beazer, as issuer, the subsidiary guarantors named therein and SunTrust Bank, as trustee (the "Trustee").

In rendering our opinions expressed below, we have examined the following documents:

1. A Certificate of Good Standing with respect to the Guarantor issued by the Maryland State Department of Assessments and Taxation ("SDAT") and dated July 13, 2004.
2. The Articles of Organization of the Guarantor (a copy of which was included with the Certificate of Secretary of the Guarantor dated June 8, 2004).
3. The Operating Agreement and amendments thereto of the Guarantor (copies of which were included with the Certificate of Secretary of the Guarantor dated June 8, 2004).
4. Certificate of the Secretary of Guarantors dated June 8, 2004; Certificate of the Secretary of Guarantors dated June 18, 2004; Officers' Certificate of the Guarantors dated June 8, 2004; Officers' Certificate of the Guarantors dated June 8, 2004; Officers' Certificate of the Guarantors dated June 18, 2004; and Joint Resolution No. 2004-03 delivered at each respective closing.

In connection with this opinion, we have examined copies or originals of such documents, resolutions, certificates and instruments of the Guarantor as we have deemed necessary to form a basis for the opinions hereinafter expressed. In addition, we have reviewed certificates of public officials, statutes, records and other instruments and documents as we have deemed necessary to form a basis for the opinion hereinafter expressed. In our examination of the foregoing, we have assumed, without independent investigation, (i) the genuineness of all signatures, (ii) the legal capacity of natural persons, (iii) the authenticity of all documents submitted to us as originals, (iv) the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies, and (v) the authenticity of the originals of such latter documents. With regard to certain factual matters, we

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have relied, without independent investigation or verification, upon statements and representations of representatives of the Guarantor.

Based on the foregoing, we are of the opinion that:

1. The Guarantor is validly existing as a limited liability company, and in good standing under the laws of the jurisdiction of its formation and has all requisite power and authority, limited liability company or otherwise, to conduct its business, to own its properties, and to execute, deliver and perform all of its obligations under the Guarantee.
2. The Guarantor has duly authorized, executed and delivered the Indenture and the Guarantee.
3. The execution and delivery by the Guarantor of the Indenture and the Guarantee and the performance of its obligations thereunder have been duly authorized by all necessary limited liability company or other action and do not and will not (i) require any additional consent or approval of its members, or (ii) violate any provision of any law, rule or regulation of the state of Maryland or, to our knowledge, any order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to each Guarantor which violation would impair its ability to perform its obligations under the Guarantee or (iii) or violate any of its articles of organization or limited liability company operating agreement.

The opinions set forth above are subject to the following qualifications and exceptions;

1. Counsel is a member of the Bar of the state of Maryland. In rendering the foregoing opinions we express no opinion as to the effect (if any) of laws of any jurisdiction except those of the state of Maryland. The undersigned expresses no opinion as to any matter relating to any state or federal securities law or regulation. Our opinions are rendered only with respect to such laws, and the rules, regulations and orders thereunder, that are currently in effect, and we disclaim any obligation to advise you of any change in law or fact that occurs after the date hereof.
2. In basing the opinions and other matters set forth herein on "our knowledge", the words "our knowledge" signify that, in the course of our representation of the Guarantor in matters with respect to which we have been engaged by the Guarantor as counsel, no information has come to our attention that would give us actual knowledge or actual notice that any such opinions or other matters are not accurate or that any of the foregoing documents, certificates, reports and information on which we have relied are not accurate and complete. Except as otherwise stated herein, we have undertaken no independent investigation or verification of such matters. The words "our knowledge" and similar language used herein are intended to be limited to the knowledge of the lawyers within our firm who have recently worked on matters on behalf of the Guarantor.
3. The opinions set forth herein are subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and transfer, moratorium or other laws now or hereafter in effect relating to or affecting the rights or remedies of creditors generally and by general principles of equity (whether applied in a proceeding at law or in equity) including, without limitation, standards of materiality, good faith and reasonableness in the interpretation and enforcement of contracts, and the application of such principles to limit the availability of equitable remedies such as specific performance.
4. The undersigned expresses no opinion as to any matter other than as expressly set forth above, and no opinion is or may be implied or inferred herefrom, and specifically we express no opinion as to (a) the financial ability of the Guarantor to meet its obligations under the Indenture, the Guarantee or any other document related thereto, (b) the truthfulness or accuracy of any applications, reports, plans, documents, financial statements or other matters furnished by or on

behalf of the Guarantor in connection with the Indenture, the Guarantee or any other document related thereto, or (c) the truthfulness or accuracy of any representation or warranty as to matters of fact made by the Guarantor in the Guarantee or any other document.

We hereby consent to the references in the Registration Statement, to our Firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

The opinions expressed in this letter are limited to the matters set forth herein and no other opinion should be inferred beyond the matters expressed as stated. This opinion is tendered solely to you in connection with the Registration Statement. This opinion may not be relied upon by you for any other purpose or delivered to or relied upon by any other person without our express prior written consent. This opinion is rendered to you as of the date hereof, and we assume no obligation to advise you or any other person hereafter with regard to any change after the date hereof in the circumstances or the law that may bear on the matters set forth herein even though the change may affect the legal analysis or a legal conclusion or other matters in this opinion letter. This letter is to be interpreted in accordance with the report of the Special Joint Committee on Lawyers' Opinions in commercial transactions of the Maryland State Bar Association, Inc.

Very truly yours,

FOSSETT & BRUGGER, CHARTERED

By: /s/ WILLIAM M. SHIPP

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William M. Shipp, *Principal*

## QuickLinks

[Exhibit 5.6](#)

[YOUNG, GOLDMAN & VAN BEEK Letterhead]

August 3, 2004

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

Re: Beazer Homes USA, Inc.  
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to Homebuilders Title Services of Virginia, Inc., a Virginia corporation (the "Guarantor"), a subsidiary of Beazer Homes USA, Inc. ("Beazer"), in connection with the Registration Statement on Form S-3 (the "Registration Statement") filed by Beazer and the subsidiaries of Beazer listed in the Registration Statement, including the Guarantor, with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the resale by the selling securityholders named in the Registration Statement of up to \$180,000,000 aggregate principal amount of Beazer's 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "Notes"), certain subsidiary guarantees (individually, a "Guarantee" and collectively, the "Guarantees") with respect to the Notes, including the Guarantee of the Guarantor and its \$0.01 par value common stock issuable upon conversion of the Notes. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Registration Statement.

The Notes and the Guarantees have been issued under an indenture, dated as of June 8, 2004 (the "Indenture") among Beazer, as issuer, the subsidiary guarantors named therein and SunTrust Bank, as trustee (the "Trustee").

In rendering our opinions expressed below, we have examined such documents and have reviewed such questions of law as we have considered necessary and appropriate for the purposes of our opinions set forth below.

In connection with this opinion, we have examined copies or originals of such documents, resolutions, certificates and instruments of the Guarantor as we have deemed necessary to form a basis for the opinions hereinafter expressed. In addition, we have reviewed certificates of public officials, statutes, records and other instruments and documents as we have deemed necessary to form a basis for the opinion hereinafter expressed. In our examination of the foregoing, we have assumed, without independent investigation, (i) the genuineness of all signatures, (ii) the legal capacity of natural persons, (iii) the authenticity of all documents submitted to us as originals, (iv) the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies, and (v) the authenticity of the originals of such latter documents. With regard to certain factual matters, we have relied, without independent investigation or verification, upon statements and representations of representatives of the Guarantor.

Based on the foregoing, we are of the opinion that:

1. The Guarantor is validly existing as a corporation, and in good standing under the laws of the jurisdiction of its incorporation or formation and has all requisite power and authority, corporate or otherwise, to conduct its business, to own its properties, and to execute, deliver and perform all of its obligations under the Guarantee.
  2. The Guarantor has duly authorized, executed and delivered the Indenture and the Guarantee.
-



3. The execution and delivery by the Guarantor of the Indenture and the Guarantee and the performance of its obligations thereunder have been duly authorized by all necessary corporate or other action and do not and will not (i) require any consent or approval of its stockholders, or (ii) violate any provision of any law, rule or regulation of the state of Virginia or, to our knowledge, any order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Guarantor which violation would impair its ability to perform its obligations under the Guarantee or (iii) or violate any of its articles of incorporation or bylaws.

The opinions set forth above are subject to the following qualifications and exceptions:

Counsel is a member of the Bar of the state of Virginia. In rendering the foregoing opinions we express no opinion as to the effect (if any) of laws of any jurisdiction except those of the state of Virginia. We express no opinion as to the enforceability of the Indenture or the Guaranty. We express no opinion on whether the issuance of the Notes and/or the Guarantee requires registration under the Virginia Securities Act, Va. Code Ann. § 13.1-501 et seq., nor whether such issuance is exempt from registration under that Act.

We express no opinion on whether the Registration Statement complies with the requirements of the Securities Act, nor any other applicable Federal law governing the issuance of securities.

Our opinions are rendered only with respect to such laws, and the rules, regulations and orders thereunder, that are currently in effect, and we disclaim any obligation to advise you of any change in law or fact that occurs after the date hereof.

We hereby consent to the references in the Registration Statement, to our Firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

Very truly yours,

YOUNG, GOLDMAN & VAN BEEK, P.C.  
/s/ Young, Goldman & Van Beek, P.C.

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[EXHIBIT 5.7](#)

[\[YOUNG, GOLDMAN & VAN BEEK Letterhead\]](#)

[FINNEY, STAGNARO, SABA & KLUSMEIER CO., L.P.A. Letterhead]

August 3, 2004

**VIA ORDINARY MAIL**

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

Re: Beazer Homes USA, Inc.  
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to Crossmann Communities of Ohio, Inc., an Ohio corporation, and Deluxe Homes of Ohio, Inc., an Ohio corporation (the "Guarantors"), both subsidiaries of Beazer Homes USA, Inc. ("Beazer"), in connection with the execution by the Guarantors of Guaranties (the "Guaranties") under the Registration Statement on Form S-3 (the "Registration Statement") filed by Beazer and the subsidiaries of Beazer listed in the Registration Statement, including the Guarantors, with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the resale by the selling security holders named in the Registration Statement of up to \$180,000,000 aggregate principal amount of Beazer's 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "Notes"), certain subsidiary guarantees with respect to the Notes, including the Guaranties of the Guarantors and its \$0.01 par value common stock issueable upon conversion of the Notes. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Registration Statement.

The Notes and the Guaranties have been issued under an indenture, dated as of June 8, 2004 (the "Indenture") among Beazer, as issuer, the subsidiary guarantors named therein and SunTrust Bank, as trustee (the "Trustee"), The Registration Statement, Notes, Indenture and the Guaranties are collectively referred to as the "Transaction Documents."

In rendering our opinions expressed below, we have examined such documents and have reviewed such questions of law as we have considered necessary and appropriate for the purposes of our opinions set forth below.

In rendering this opinion, we have assumed the genuineness of all and the authenticity of all documents submitted to us as originals and the conformity to the original of all documents submitted to us as certified or photostatic copies. Moreover, we have assumed:

- A. each certificate issued by any governmental authority is accurate, correct, complete and authentic;
  - B. the accuracy, completeness and authenticity of any records of the Guarantors furnished to us for review;
  - C. all natural persons are legally competent and have sufficient legal capacity;
  - D. each of the parties to the Transaction Documents (other than each of the Guarantors) has the requisite power and authority to execute, deliver and perform each of the Transaction Documents to which it is a party and each of the Transaction Documents has been duly authorized, executed and delivered by each of the parties thereto (other than each of the Guarantors);
  - E. each of the Transaction Documents constitutes a legal, valid and binding obligation of each of the parties thereto (other than each of the Guarantors), enforceable against each such party in accordance with its terms;
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- F. any required consent, approval or authorization of, notice or declaration to, license from, or filing or registration with, any governmental authority (including any such consent, approval, authorization, notice, declaration license, filing or registration required in connection with the issuance and sale of the notes issued pursuant to the Transaction Documents) which any party to the Transaction Documents (other than each of the Guarantors) is required to obtain, give or make has been duly obtained, given or made, as appropriate, and any applicable notice or appeal period has passed;
- G. except as set forth in the Transaction Documents and the other agreements, documents and instruments executed and delivered in connection therewith, there is no agreement or understanding (written or oral) between or among any of the parties to the Transaction Documents, and there is no usage of trade or course of prior dealing between or among such parties, which would, in either case, define, supplement, modify or qualify the terms of any of the Transaction Documents;
- H. the conduct of the parties to the Transaction Documents has complied with any requirement of good faith, fair dealing and conscionability and such parties will perform their obligations thereunder reasonably, in good faith and with fair dealing in taking action, exercising discretion or making determinations thereunder;
- I. there has not been any mutual mistake of fact, fraud, duress or undue influence in connection with the execution and delivery of the Transaction Documents;
- J. each party to the Transaction Documents will act in accordance with, and will refrain from taking any action which is prohibited by, the terms and conditions of the Transaction Documents; and
- K. with respect to the real and personal property described as being owned by Guarantors in the Transaction Documents, the Guarantors have good and marketable title thereto.

In addition, we have assumed the accuracy and correctness of (i) all statements of fact contained in certificates of, and discussions with, the Guarantors and its officers, (ii) all statements of fact contained in certificates of governmental authorities and (iii) all statements of fact and factual representations and warranties contained in the Transaction Documents. We have not reviewed the dockets or records of any court or other governmental authority. Nothing contrary to the facts contained in such certificates, discussions, statements or representations and warranties, however, has come to the attention of the current shareholders or associates of this firm who have devoted substantive attention to the transaction contemplated by the Transaction Documents.

Whenever our opinion with respect to the existence or absence of facts is stated to be based upon our knowledge or awareness, it is intended to signify that during the course of our representation of the Guarantors, no information has come to our attention that would give us actual knowledge of the existence or absence of such facts. However, we have not undertaken any independent investigation to determine the existence or absence of such facts, and no inference as to our knowledge of the existence or absence of such facts should be drawn from our representation of the Guarantors or from our participation in the transactions contemplated by the Transaction Documents.

Our opinion is limited solely to matters governed by the laws of State of Ohio

Based on the foregoing, we are of the opinion that:

1. The Guarantors are corporations duly incorporated, validly existing, and in good standing under the laws of the jurisdiction of Ohio and have all requisite power and authority, corporate or otherwise, to conduct their business, to own their properties, and to execute, deliver and perform all of their respective obligations under the Guaranties.

2. The execution and delivery by the Guarantors of the Indenture and Guaranties and the performance of their respective obligations thereunder have been duly authorized by all necessary corporate or other action and do not and will not (i) require any consent or approval of their stockholders, or (ii) violate any provision of any law, rule or regulation of the State of Ohio or, to our knowledge, any order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to each Guarantor which violation would (x) impair their ability to perform their respective obligations under the Guaranties or (y) have a material adverse effect on their financial condition, properties, or operations, or violate any of their respective charters or by-laws.

3. The Guarantors have duly authorized, executed and delivered the Indenture and the Guarantees.

This opinion is subject to the following qualifications and limitations:

(1) No opinion is expressed with respect to the legality, binding nature or enforceability of any provision of the Transaction Documents.

(2) No opinion is expressed with respect to the title (or the quality or character thereof) to any property or the existence or absence of any lien or encumbrance thereon. Moreover, no opinion is expressed with respect to, (x) the validity or perfection of any lien or encumbrance intended to be created by any of the Transaction Documents, or (y) the priority of any such lien or encumbrance over any other lien or encumbrance or any other right or claim of any person.

(3) No opinion is expressed with respect to any provision of the Transaction Documents that purports to:

(i) release, exculpate, hold harmless, exempt a party from, require indemnification or contribution or prohibit future business activity to the extent such release, exculpation, hold harmless, exemption, indemnity, contribution or prohibition is contrary to public policy;

(ii) provide the right to exercise remedies upon the occurrence of a non-material breach of the Transaction Documents (including material breaches of non-material provisions thereof);

(iii) define, waive or set standards for good faith, reasonableness, commercial reasonableness, fair dealing or diligence;

(iv) govern the election of remedies or provide that remedies are cumulative; or

(v) require the payment or reimbursement of any fee, cost or expense that may be deemed to be unreasonable in nature or amount.

(4) No opinion is expressed with respect to:

(i) compliance with, any registration, filing, notification, anti-fraud or other provision of any federal or state securities law, rule or regulation;

(ii) matters relating to employee benefit laws and regulations (including the Employee Retirement Income Security Act of 1974, as amended) or federal, state or local tax laws and regulations;

(iii) any provision of the Transaction Documents which requires the payment of interest on interest;

(iv) federal or state antitrust, unfair competition or similar laws and regulations;

(v) the effect of the federal Assignment of Claims Act or similar state law upon any lien or encumbrance intended to be created by any of the Transaction Documents; or

(vi) any building codes, zoning ordinances, governmental authorizations, consents, licenses, permits, filings, registrations, notices or the like, or land use restrictions, environmental or other similar laws affecting the acquisition, construction, development, condition, use or occupancy of any real property subject to the Transaction Documents.

The opinions set forth above are subject to the following qualifications and exceptions:

Counsel is a member of the Bar of the state of Ohio. In rendering the foregoing opinions we express no opinion as to the effect (if any) of laws of any jurisdiction except those of the state of Ohio. Our opinions are rendered only with respect to such laws, and the rules, regulations and orders thereunder, that are currently in effect, and we disclaim any obligation to advise you of any change in law or fact that occurs after the date hereof. No opinion may be inferred or implied beyond the matters expressly stated herein. The opinions that are expressed herein are solely for your benefit in connection with the transactions contemplated by the Transaction Documents and may not be relied upon in any manner for any other purpose or by any other person or entity. This opinion is as of its date and we disclaim any undertaking or obligation to advise you of changes that hereafter may be brought to our attention.

Very truly yours,

FINNEY, STAGNARO, SABA & KLUSMEIER CO., L.P.A.

/s/ JEFFREY G. STAGNARO, ESQ.

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By: Jeffrey G. Stagnaro, Esq.

cc: Christopher P. Finney, Esq.  
Mr. Mike Hoffmaster, Crossmann Communities of Ohio, Inc., Division President  
Mr. Jeff Logsdon, Deluxe Homes of Ohio, Inc., Division President

QuickLinks

[EXHIBIT 5.8](#)

[BARNES & THORNBURG Letterhead]

August 3, 2004

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

Re: Beazer Homes USA, Inc.  
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to the subsidiaries of Beazer Homes USA, Inc. ("Beazer") described below (each a "Guarantor" and, collectively, the "Guarantors") in connection with the Registration Statement on Form S-3 (the "Registration Statement") filed by Beazer and the subsidiaries of Beazer listed in the Registration Statement, including the Guarantors, with the Securities and Exchange Commission under the Securities Act of 1933, as amended. The Registration Statement relates to the resale by the selling securityholders named in the Registration Statement of up to \$180,000,000 aggregate principal amount of Beazer's 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "Notes"), certain subsidiary guarantees (individually a "Guarantee" and collectively the "Guarantees") with respect to the Notes, including the Guarantees of the Guarantors, and its \$0.01 par value common stock issuable upon conversion of the Notes. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Registration Statement.

The Guarantors for whom we have acted as counsel are the following:

1. Beazer Realty, Inc., an Indiana corporation.
2. Grossman Communities Partnership, an Indiana general partnership.
3. Crossman Investments, Inc., an Indiana corporation.
4. Crossman Management, Inc., an Indiana corporation.
5. Crossman Mortgage Corp., an Indiana corporation.
6. Deluxe Homes of Lafayette, Inc., an Indiana corporation.
7. Paragon Title, LLC, an Indiana limited liability company.
8. Trinity Homes, LLC, an Indiana limited liability company.

The Guarantors that are corporations are referred to herein as the "Corporate Guarantors". The Guarantors that are limited liability companies are referred to herein as the "LLC Guarantors". Crossman Communities Partnership is referred to herein as the "Partnership Guarantor".

The Notes and the Guarantees have been issued and made under an Indenture, dated as of June 8, 2004 (the "Indenture"), among Beazer, as issuer, the subsidiary guarantors named therein (including the Guarantors) and SunTrust Bank, as trustee.

In rendering our opinions expressed below, we have examined such documents and have reviewed such questions of law as we have considered necessary and appropriate for the purposes of our opinions set forth below.

In connection with this opinion, we have examined copies or originals of such documents, resolutions, certificates and instruments of the Guarantors as we have deemed necessary to form a basis for the opinions hereinafter expressed. In addition, we have reviewed certificates of public officials, statutes, records and other instruments and documents as we have deemed necessary to

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form a basis for the opinion hereinafter expressed. In our examination of the foregoing, we have assumed, without independent investigation, (i) the genuineness of all signatures, (ii) the legal capacity of natural persons, (iii) the authenticity of all documents submitted to us as originals, (iv) the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies, and (v) the authenticity of the originals of such latter documents. With regard to certain factual matters, we have relied, without independent investigation or verification, upon certificates, statements and representations of representatives of the Guarantors.

Based on the foregoing, we are of the opinion that:

1. Each Corporate Guarantor and each LLC Guarantor is validly existing as a corporation or limited liability company, as applicable, under the laws of the State of Indiana and has all requisite power and authority, corporate or limited liability company or otherwise, to conduct its business, to own its properties, and to execute, deliver and perform all of its obligations under the Guarantee.
2. The Partnership Guarantor was formed under the Uniform Partnership Act of the State of Indiana pursuant to a written Partnership Agreement dated September 1, 1993, by and among Deluxe Homes, Inc., Deluxe Homes of Lafayette, Inc., TriMark Homes, Inc. and TriMark Development, Inc., and has all requisite power and authority under Indiana law and said Partnership Agreement to conduct its business, to own its properties, and to execute, deliver and perform all of its obligations under the Guarantee.
3. Each Guarantor has duly authorized, executed and delivered the Indenture and the Guarantee contained in the Indenture.
4. The execution and delivery by each Guarantor of the Indenture and the Guarantee and the performance of its obligations thereunder have been duly authorized by all necessary corporate, limited liability company or partnership or other action, as applicable, and do not and will not (i) require any further consent or further approval of its stockholders, members or partners, as applicable, or (ii) violate any provision of any law, rule or regulation of the State of Indiana or, to our knowledge, any order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to each Guarantor which violation would impair its ability to perform its obligations under the Guarantee, or (iii) violate its (A) Articles of Incorporation or Bylaws with respect to the Corporate Guarantors, (B) Articles of Organization or Operating Agreement with respect to the LLC Guarantors, or (C) Partnership Agreement with respect to the Partnership Guarantor.

The opinions set forth above are subject to the following qualifications and exceptions:

Wherever this opinion is qualified by the phrase "to our knowledge" it is intended to indicate that during the course of the representation of the Guarantors as herein described by this firm, the lawyers who have been actively involved in such representation and the preparation of this opinion (the "**Primary Lawyer Group**") have not become consciously aware of information that would give this firm actual knowledge of the existence or absence of such facts. We have not undertaken any independent investigation to determine the existence or absence of such facts, and we accept no responsibility to make such investigation. No inferences to this firm's knowledge of the existence or the absence of such facts regarding the Guarantors should be drawn from the fact of our representation of them as herein described. For the purposes of this paragraph, the Primary Lawyer Group shall include David B. Millard and Robert V. Kixmiller only.

The attorneys in our Firm who have represented the Guarantors in connection with the Registration Statement are members of the Bar of the State of Indiana. In rendering the foregoing opinions we express no opinion as to the effect (if any) of laws of any jurisdiction except those of the State of Indiana. Our opinions are rendered only with respect to such laws, and the rules, regulations and orders thereunder, that are currently in effect, and we disclaim any obligation to advise you of any change in law or fact that occurs after the date hereof.

We hereby consent to the references in the Registration Statement, to our Firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Barnes & Thornburg LLP

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QuickLinks

[EXHIBIT 5.9](#)

[MCBRAYER, MCGINNIS, LESLIE & KIRKLAND, PLLC Letterhead]

JAMES H. FRAZIER, III  
ALSO ADMITTED IN FLORIDA & TEXAS  
jfrazier@mmlk.com

August 3, 2004

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

Re: Beazer Homes USA, Inc.  
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to Cutter Homes, Ltd., a Kentucky corporation (the "Guarantor"), a subsidiary of Beazer Homes USA, Inc. ("Beazer"), in connection with the Registration Statement on Form S-3 (the "Registration Statement") filed by Beazer and the subsidiaries of Beazer listed in the Registration Statement, including the Guarantor, with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the resale by the selling securityholders named in the Registration Statement of up to \$180,000,000 aggregate principal amount of Beazer's 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "Notes"), certain subsidiary guarantees (individually, a "Guarantee" and collectively, the "Guarantees") with respect to the Notes, including the Guarantee of the Guarantor and its \$0.01 par value common stock issuable upon conversion of the Notes. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Registration Statement.

The Notes and the Guarantees have been issued under an indenture, dated as of June 8, 2004 (the "Indenture") among Beazer, as issuer, the subsidiary guarantors named therein and SunTrust Bank, as trustee (the "Trustee").

In rendering our opinions expressed below, we have examined such documents and have reviewed such questions of law as we have considered necessary and appropriate for the purposes of our opinions set forth below.

In connection with this opinion, we have examined copies or originals of such documents, resolutions, certificates and instruments of the Guarantor as we have deemed necessary to form a basis for the opinions hereinafter expressed. In addition, we have reviewed certificates of public officials, statutes, records and other instruments and documents as we have deemed necessary to form a basis for the opinion hereinafter expressed. In our examination of the foregoing, we have assumed, without independent investigation, (i) the genuineness of all signatures, (ii) the legal capacity of natural persons, (iii) the authenticity of all documents submitted to us as originals, (iv) the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies, and (v) the authenticity of the originals of such latter documents. With regard to certain factual matters, we have relied, without independent investigation or verification, upon statements and representations of representatives of the Guarantor.

Based on the foregoing, we are of the opinion that:

1. The Guarantor is validly existing as a corporation, and in good standing under the laws of the jurisdiction of its incorporation or formation and has all requisite power and authority, corporate or otherwise, to conduct its business, to own its properties, and to execute, deliver and perform all of its obligations under the Guarantee.
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2. The Guarantor has duly authorized, executed and delivered the Indenture and the Guarantee.

3. The execution and delivery by the Guarantor of the Indenture and the Guarantee and the performance of its obligations thereunder have been duly authorized by all necessary corporate or other action and do not and will not (i) require any consent or approval of its stockholders, or (ii) violate any provision of any law, rule or regulation of the Commonwealth of Kentucky or, to our knowledge, any order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to each Guarantor which violation would impair its ability to perform its obligations under the Guarantee or (iii) or violate any of its charter or by-laws.

The opinions set forth above are subject to the following qualifications and exceptions:

Counsel is a member of the Bar of the Commonwealth of Kentucky. In rendering the foregoing opinions we express no opinion as to the effect (if any) of laws of any jurisdiction except those of the Commonwealth of Kentucky. Our opinions are rendered only with respect to such laws, and the rules, regulations and orders thereunder, that are currently in effect, and we disclaim any obligation to advise you of any change in law or fact that occurs after the date hereof.

We hereby consent to the references in the Registration Statement, to our Firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ James H. Frazier, III

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JAMES H. FRAZIER, III

JHFIII/klm

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QuickLinks

[EXHIBIT 5.10](#)

[\[MCBRAYER, MCGINNIS, LESLIE & KIRKLAND, PLLC Letterhead\]](#)

[PAUL, HASTINGS, JANOFSKY & WALKER LLP Letterhead]

(212) 318-6000

August 3, 2004

24408.00100

Beazer Homes USA, Inc.  
1000 Abernathy Road  
Suite 1200  
Atlanta, Georgia 30328

RE: Beazer Homes USA, Inc.  
4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024

Ladies and Gentlemen:

We have acted as counsel to Beazer Homes USA, Inc., a Delaware corporation (the "*Company*"), in connection with the preparation of the Registration Statement on Form S-3, filed by the Company with the Securities and Exchange Commission (the "*Commission*") under the Securities Act of 1933, as amended (the "*Act*"), on July 15, 2004 (the "*Registration Statement*") with respect to the registration of \$180,000,000 aggregate principal amount of 4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes due 2024 (the "*Notes*") and the associated shares of the Company's common stock, par value \$0.01 per share, into which the Notes are convertible.

In rendering this opinion, we have examined and relied upon the accuracy and completeness of originals or copies, certified or otherwise identified to our satisfaction of the Registration Statement, the Offering Memorandum dated June 3, 2004, and such other documents and records we have deemed necessary or appropriate as a basis for the opinion set forth herein. We have also relied upon statements and representations made by representatives of the Company and others and have made such other inquiries as in our judgment are necessary or appropriate to enable us to render the opinion set forth below.

In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or otherwise satisfactory copies. We have also assumed that there has been or will be due execution and delivery of all documents where due execution and delivery are prerequisites to effectiveness thereof.

Based upon and subject to the foregoing, we are of the opinion that the statements made in the Registration Statement under the caption, "Material United States Federal Income Tax Considerations," fairly summarize in all material respects the matters described therein.

Our opinion is based upon the Internal Revenue Code of 1986, as amended, Treasury Regulations, Internal Revenue Service rulings, judicial decisions, and other applicable authority, all as in effect on the date of this opinion. No assurance can be given that the Internal Revenue Service will not take a contrary position. The legal authorities on which this opinion is based may be changed at any time. Any such changes may be retroactively applied and could modify the opinion expressed above. We disclaim any obligation to notify you or any other person after the date hereof if any change in fact and/or law should change our opinion with respect to any matters set forth herein. Finally, our opinion is limited to the tax matters specifically covered herein and we express no opinion with respect to the transactions referred to herein or in the Registration Statement other than that set forth herein.

This opinion is rendered solely for your benefit and shall not be relied upon, circulated or quoted, in whole or in part, by any other party and shall not be referred to in any report or document furnished to any other party without our prior written consent. We hereby consent, however, to the inclusion of this opinion as an exhibit to the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Paul, Hastings, Janofsky & Walker LLP

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## QuickLinks

[Exhibit 8.1](#)

|  | Year Ended September 30, |                |                |                |                | Nine Months Ended June 30, |                |
|--|--------------------------|----------------|----------------|----------------|----------------|----------------------------|----------------|
|  | 1999                     | 2000           | 2001           | 2002           | 2003           | 2003                       | 2004           |
| INCOME BEFORE INCOME TAXES                           | 60,544                   | 71,485         | 122,748        | 202,059        | 285,529        | 191,044                    | 255,285        |
| FIXED CHARGES  | 28,668                   | 32,894         | 38,348         | 54,389         | 69,149         | 52,602                     | 58,317         |
| LESS: INTEREST CAPITALIZED                           | (26,874)                 | (30,897)       | (35,825)       | (51,171)       | (65,295)       | (49,618)                   | (54,872)       |
| ADD: INTEREST AMORTIZED TO COST OF SALES             | 25,469                   | 27,704         | 33,235         | 43,001         | 55,451         | 38,149                     | 46,183         |
| <b>EARNINGS AVAILABLE FOR FIXED CHARGES</b>          | <b>87,807</b>            | <b>101,186</b> | <b>158,506</b> | <b>248,278</b> | <b>344,834</b> | <b>232,177</b>             | <b>304,913</b> |
| INTEREST INCURRED                                    | 26,874                   | 30,897         | 35,825         | 51,171         | 65,295         | 49,618                     | 54,872         |
| RENT EXPENSE DEEMED TO BE REPRESENTATIVE OF INTEREST | 1,794                    | 1,997          | 2,523          | 3,218          | 3,854          | 2,984                      | 3,445          |
| <b>FIXED CHARGES</b>                                 | <b>28,668</b>            | <b>32,894</b>  | <b>38,348</b>  | <b>54,389</b>  | <b>69,149</b>  | <b>52,602</b>              | <b>58,317</b>  |
| <b>RATIO OF EARNINGS TO FIXED CHARGES</b>            | <b>3.06</b>              | <b>3.08</b>    | <b>4.13</b>    | <b>4.56</b>    | <b>4.99</b>    | <b>4.41</b>                | <b>5.23</b>    |



## QuickLinks

[Exhibit 12.1](#)

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Registration Statement of Beazer Homes USA, Inc. on Form S-3 of our report dated November 5, 2003 (November 13, 2003 as to Note 17) (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of Financial Accounting Standards Board Interpretation No. 46), appearing in the Annual Report on Form 10-K of Beazer Homes USA, Inc. for the year ended September 30, 2003 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia  
August 3, 2004

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QuickLinks

[Exhibit 23.11](#)

[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM T-1**

**STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF A  
CORPORATION DESIGNATED TO ACT AS TRUSTEE**

- o CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)**

**SUNTRUST BANK**

(Exact name of trustee as specified in its charter)

**State of Georgia**

(Jurisdiction of incorporation or organization if not a U.S. national bank)

**58-0466330**

(I.R.S. Employer Identification No.)

**303 PEACHTREE STREET, N.E.**

**30TH FLOOR**

**ATLANTA, GEORGIA**

(Address of principal executive offices)

**30308**

(Zip Code)

**JACK ELLERIN  
SUNTRUST BANK  
25 PARK PLACE, N.E.  
24TH FLOOR**

**ATLANTA, GEORGIA 30303-2900**

**404-588-7591**

(Agent for Service)

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**BEAZER HOMES USA, INC.**

(Exact name of obligor as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**58-2086934**

(I.R.S. Employer Identification No.)

**5775 Peachtree Dunwoody Road, Suite B-200**

**Atlanta, Georgia**

(Address of principal executive offices)

**30342**

(Zip code)

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**4<sup>5</sup>/<sub>8</sub>% Convertible Senior Notes Due 2024**

(Title of the indenture securities)

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Item 1. *General Information.* Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

DEPARTMENT OF BANKING AND FINANCE,  
STATE OF GEORGIA  
2990 BRANDYWINE ROAD, SUITE 200  
ATLANTA, GEORGIA 30341-5565

FEDERAL RESERVE BANK OF ATLANTA  
1000 PEACHTREE STREET, N.E.  
ATLANTA, GEORGIA 30309-4470

FEDERAL DEPOSIT INSURANCE CORPORATION  
550 17TH STREET, N.W.  
WASHINGTON, D.C. 20429-9990

(b) Whether it is authorized to exercise corporate trust powers.

THE TRUSTEE IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Item 2. *Affiliations with Obligor.* If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee.

Items 3-12 NO RESPONSES ARE INCLUDED FOR ITEMS 3 THROUGH AND INCLUDING 12. RESPONSES TO THOSE ITEMS ARE NOT REQUIRED BECAUSE, AS PROVIDED IN GENERAL INSTRUCTION B AND AS SET FORTH IN ITEM 13(B) BELOW, THE OBLIGOR IS NOT IN DEFAULT WITH RESPECT TO ANY SECURITIES ISSUED PURSUANT TO ANY INDENTURE UNDER WHICH SUNTRUST BANK IS TRUSTEE.

Item 13. *Defaults by the Obligor.*

(a) State whether there is or has been a default with respect to the securities under this indenture. Explain the nature of any such default.

THERE IS NOT AND HAS NOT BEEN ANY DEFAULT UNDER THIS INDENTURE.

(b) If the trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, or is a trustee for more than one outstanding series of securities under the indenture, state whether there has been a default under any such indenture or series, identify the indenture or series affected, and explain the nature of any such default.

THERE HAS NOT BEEN ANY DEFAULT UNDER ANY INDENTURE.

Items 14-15. NO RESPONSES ARE INCLUDED FOR ITEMS 14 AND 15. RESPONSES TO THOSE ITEMS ARE NOT REQUIRED BECAUSE, AS PROVIDED IN GENERAL INSTRUCTION B AND AS SET FORTH IN ITEM 13(B) ABOVE, THE OBLIGOR IS NOT IN DEFAULT WITH RESPECT TO ANY SECURITIES ISSUED PURSUANT TO ANY INDENTURE UNDER WHICH SUNTRUST BANK IS TRUSTEE.

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Item 16. *List of Exhibits.*

List below all exhibits filed as a part of this statement of eligibility; exhibits identified in parentheses are filed with the Commission and are incorporated herein by reference as exhibits hereto pursuant to Rule 7a-29 under the Trust Indenture Act of 1939, as amended, and Rule 24 of the Commission's Rules of Practice.

- (1) A copy of the Articles of Amendment and Restated Articles of Incorporation of the trustee as now in effect (Exhibit 1 to Form T-1, Registration No. 333-104621 filed by AMVESCAP PLC).
- (2) A copy of the certificate of authority of the trustee to commence business (Exhibit 2 to Form T-1, Registration No. 333-32106 filed by Sabre Holdings Corporation).
- (3) A copy of the authorization of the trustee to exercise corporate trust powers (Exhibits 2 and 3 to Form T-1, Registration No. 333-32106 filed by Sabre Holdings Corporation).
- (4) A copy of the existing by-laws of the trustee (as amended and restated August 13, 2002) (Exhibit 4 to Form T-1, Registration No. 333-104621 filed by AMVESCAP PLC).
- (5) Not applicable.
- (6) The consent of the trustee required by Section 321(b) of the Trust Indenture Act of 1939.
- (7) A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority as of the close of business on March 31, 2004.
- (8) Not applicable.
- (9) Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the trustee, SunTrust Bank, a banking corporation organized and existing under the laws of the State of Georgia, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Atlanta and the State of Georgia, on the 3<sup>rd</sup> day of August, 2004.

SUNTRUST BANK

By: /s/ Jack Ellerin

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Jack Ellerin  
Assistant Vice President

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EXHIBIT INDEX

- (6) The consent of the trustee required by Section 321(b) of the Trust Indenture Act of 1939.
  - (7) A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority as of the close of business on March 31, 2004.
-

CONSENT OF TRUSTEE

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939 in connection with the proposed issuance of Convertible Senior Notes of Beazer Homes USA, Inc., SunTrust Bank hereby consents that reports of examinations by Federal, State, Territorial or District Authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

SUNTRUST BANK

By: /s/ Jack Ellerin

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Jack Ellerin  
Assistant Vice President

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OMB Number: 7100-0036  
Federal Deposit Insurance Corporation  
OMB Number: 3064-0052  
Office of the Comptroller of the Currency  
OMB Number: 1557-0081  
Expires April 30, 2008

Federal Financial Institutions Examination Council

Please refer to page i,  
Table of Contents, for  
this required disclosure  
of estimated burden

**Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices—FFIEC 031**

**Report at the close of business March  
31, 2004**

(20040331)

(RCRI 9999)

This report is required by law: 12 U.S.C. §324 (State member banks); 12 U.S.C. §1817 (State nonmember banks); and 12 U.S.C. §161 (National banks).

This report form is to be filed by banks with branches and consolidated subsidiaries in U.S. territories and possessions, Edge or Agreement subsidiaries, foreign branches, consolidated foreign subsidiaries, or International Banking Facilities.

NOTE: The Reports of Condition and Income must be signed by an authorized officer and the Report of Condition must be attested to by not less than two directors (trustees) for State nonmember banks and three directors for State member and National banks.

The Reports of Condition and Income are to be prepared in accordance with Federal regulatory authority instructions.

We, the undersigned directors (trustees), attest to the correctness of the Report of Condition (including the supporting schedules) for this report date and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

**I, Jorge Arrieta, SVP & Controller**

Name and Title of Officer Authorized to Sign Report

of the named bank do hereby declare that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

/s/ Jorge Arrieta

/s/ L. Phillip Humann

Signature of Officer Authorized to Sign Report

Director (Trustee)  
/s/ M. Douglas Ivester

**04/28/2004**

Director (Trustee)  
/s/ Alston D. Correll

Date of Signature

Director (Trustee)

**Submission of Reports**

Each bank must prepare its Reports of Condition and Income either:

- (a) in electronic form and then file the computer data file directly with the banking agencies' collection agent, Electronic Data Systems Corporation (EDS), by modem or on computer diskette; or
- (b) in hard-copy (paper) form and arrange for another party to convert the paper report to electronic form. That party (if other than EDS) must transmit the bank's computer data file to EDS.

For electronic filing assistance, contact EDS Call Report Services, 13890 Bishops Drive, Suite 110, Brookfield, WI 53005, telephone (800) 255-1571.

To fulfill the signature and attestation requirement for the Reports of Condition and Income for this report date, attach this signature page (or a photocopy or a computer-generated version of this page) to the hard-copy record of the completed report that the bank places in its files.

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|                          |             |   |
|--------------------------|-------------|---|
| FDIC Certificate Number: | 00867       | <b>SUNTRUST BANK</b>  |
|                          | (RCRI 9050) | Legal Title of Bank (TEXT 9010)<br><b>ATLANTA</b>                                 |
|                          |             | City (TEXT 9130)<br><b>GA</b> <span style="float: right;"><b>30302</b></span>     |
|                          |             | State Abbrev. (TEXT 9200) <span style="float: right;">Zip Code (TEXT 9220)</span> |

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Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency

**Contact Information for the Reports of Condition and Income**

To facilitate communication between the Agencies and the bank concerning the Reports of Condition and Income, please provide contact information for (1) the authorized officer of the bank signing the reports for this quarter and (2) the person at the bank—other than the authorized officer—to whom questions about the reports should be directed. If the authorized officer is the primary contact for questions about the reports, please provide contact information for another person at the bank who will serve as a secondary contact for communications between the Agencies and the bank concerning the Reports of Condition and Income. Enter "none" for the contact's e-mail address or fax number if not available. Contact information for the Reports of Condition and Income is for the confidential use of the Agencies and will not be released to the public.

**Authorized Officer Signing the Reports**

**Jorge Arrieta**

Name (TEXT C490)

**SVP & Controller**

Title (TEXT C491)

**Jorge.Arrieta@SunTrust.com**

E-mail Address (TEXT C492)

**404-230-1262**

Telephone: Area code/phone number/extension (TEXT C493)

**404-827-6501**

FAX: Area code/phone number (TEXT C494)

**Other Person to Whom Questions about the Reports Should be Directed**

**Deborah Barnhart**

Name (TEXT C495)

**AVP**

Title (TEXT C496)

**Deborah.Barnhart@SunTrust.com**

E-mail Address (TEXT 4086)

**404-827-6622**

Telephone: Area code/phone number/extension (TEXT 8902)

**404-827-6501**

FAX: Area code/phone number (TEXT 9116)

**Emergency Contact Information**

This information is being requested so the Agencies can distribute critical, time sensitive information to emergency contacts at banks. Please provide primary contact information for a senior official of the bank who has decision-making authority. Also provide information for a secondary contact if available. Enter "none" for the contact's e-mail address or fax number if not available. Emergency contact information is for the confidential use of the Agencies and will not be released to the public.

**Primary Contact**

**Deborah Barnhart**

Name (TEXT C366)

**AVP**

Title (TEXT C367)

**Deborah.Barnhart@Suntrust.com**

E-Mail Address (TEXT C368)

**404-827-6622**

Telephone: Area code/phone number/extension (TEXT C369)

**404-827-6501**

Fax: Area code/phone number (TEXT C370)

**Secondary Contact**

Name (TEXT C371)

Title (TEXT C372)

E-Mail Address (TEXT C373)

Telephone: Area code/phone number/extension (TEXT C374)

Fax: Area code/phone number (TEXT C375)

**USA PATRIOT Act Section 314(a) Anti-Money Laundering Contact Information**

This information is being requested to identify points-of-contact who are in charge of your depository institution's Section 314(a) searches and who could be contacted by federal law enforcement officers for additional information related to anti-terrorist financing and anti-money laundering. Please provide information for a secondary contact if available. Enter "none" for the contacts's e-mail address or fax

number if not available. USA PATRIOT Act contact information is for the confidential use of the Agencies and the Financial Crimes Enforcement Network (FinCEN) and will not be released to the public.

**Primary Contact**

**John Mowiser**

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Name (TEXT C437)

**AVP**

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Title (TEXT C438)

**John.Mowiser@suntrust.com**

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E-Mail Address (TEXT C439)

**404-827-6196**

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Telephone: Area code/phone number/extension (TEXT C440)

**404-532-0623**

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Fax: Area code/phone number (TEXT C441)

**Secondary Contact**

**Thomas Martin**

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Name (TEXT C442)

**AVP**

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Title (TEXT C443)

**Thomas.Martin@SunTrust.com**

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E-Mail Address (TEXT C444)

**404-581-1670**

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Telephone: Area code/phone number/extension (TEXT C445)

**404-532-0623**

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Fax: Area code/phone number (TEXT C446)

Legal Title of Bank

ATLANTA

City

GA 30302

State Zip Code

FDIC Certificate Number—00867

**Consolidated Report of Income for the period January 1, 2004-March 31, 2004****All Report of Income schedules are to be reported on a calendar year-to-date basis in thousands of dollars.****Schedule RI—Income Statement**

|   | Dollar Amounts in Thousands | RIAD | Bil-Mil-Thou     |           |
|---|-----------------------------|------|------------------|-----------|
| <b>1. Interest Income:</b>  |                             |      |                  |           |
| a. Interest and fee income on loans:  |                             |      |                  |           |
| (1) In domestic offices:  |                             |      |                  |           |
| (a) Loans secured by real estate  |                             | 4011 | 522,904          | 1.a.1.a   |
| (b) Loans to finance agricultural production and other loans to farmers   |                             | 4024 | 868              | 1.a.1.b   |
| (c) Commercial and industrial loans   |                             | 4012 | 160,620          | 1.a.1.c   |
| (d) Loans to individuals for household, family, and other personal expenditures:  |                             |      |                  |           |
| (1) Credit cards  |                             | B485 | 0                | 1.a.1.d.1 |
| (2) Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards) |                             | B486 | 177,501          | 1.a.1.d.2 |
| (e) Loans to foreign governments and official institutions  |                             | 4056 | 104              | 1.a.1.e   |
| (f) All other loans in domestic offices   |                             | B487 | 47,451           | 1.a.1.f   |
| (2) In foreign offices, Edge and Agreement subsidiaries, and IBFs   |                             | 4059 | 0                | 1.a.2     |
| (3) Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(2))                                    |                             | 4010 | <b>909,448</b>   | 1.a.3     |
| b. Income from lease financing receivables  |                             | 4065 | 34,345           | 1.b       |
| c. Interest income on balances due from depository institutions: (1)  |                             | 4115 | 65               | 1.c       |
| d. Interest and dividend income on securities:  |                             |      |                  |           |
| (1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)              |                             | B488 | 19,879           | 1.d.1     |
| (2) Mortgage-backed securities  |                             | B489 | 119,759          | 1.d.2     |
| (3) All other securities (includes securities issued by states and political subdivisions in the U.S.)                  |                             | 4060 | 61,843           | 1.d.3     |
| e. Interest income from trading assets  |                             | 4069 | 3,351            | 1.e       |
| f. Interest income on federal funds sold and securities purchased under agreements to resell                            |                             | 4020 | 10,507           | 1.f       |
| g. Other interest income  |                             | 4518 | 4,821            | 1.g       |
| h. Total interest income (sum of items 1.a.(3) through 1.g)   |                             | 4107 | <b>1,164,018</b> | 1.h       |
| <b>2. Interest expense:</b>   |                             |      |                  |           |
| a. Interest on deposits:  |                             |      |                  |           |
| (1) Interest on deposits in domestic offices:   |                             |      |                  |           |
| (a) Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)                |                             | 4508 | 967              | 2.a.1.a   |
| (b) Nontransaction accounts:  |                             |      |                  |           |
| (1) Savings deposits (includes MMDAs)   |                             | 0093 | 63,229           | 2.a.1.b.1 |
| (2) Time deposits of \$100,000 or more  |                             | A517 | 42,411           | 2.a.1.b.2 |
| (3) Time deposits of less than \$100,000  |                             | A518 | 37,603           | 2.a.1.b.3 |
| (2) Interest on deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs                                  |                             | 4172 | 16,501           | 2.a.2     |
| b. Expense of federal funds purchased and securities sold under agreements to repurchase                                |                             | 4180 | 28,021           | 2.b       |
| c. Interest on trading liabilities and other borrowed money   |                             | 4185 | 88,356           | 2.c       |

(1) Includes interest income on time certificates of deposits not held for trading.

|  | Dollar Amounts in Thousands | RIAD | Year-to-date   |                |       |
|--|-----------------------------|------|----------------|----------------|-------|
|  |                             |      | Bil-Mil-Thou   |                |       |
| <b>2. Interest expense (continued):</b>  |                             |      |                |                |       |
| d. Interest on subordinated notes and debentures   |                             | 4200 | 18,518         |                | 2.d   |
| e. Total interest expense (sum of items 2.a through 2.d)   |                             | 4073 | <b>295,606</b> |                | 2.e   |
| 3. Net interest income (item 1.h minus 2.e)  |                             |      | 4074           | <b>868,412</b> | 3     |
| 4. Provision for loan and lease losses   |                             |      | 4230           | 59,961         | 4     |
| <b>5. Noninterest income:</b>  |                             |      |                |                |       |
| a. Income from fiduciary activities (1)  |                             | 4070 | 113,796        |                | 5.a   |
| b. Service charges on deposit accounts in domestic offices   |                             | 4080 | 163,241        |                | 5.b   |
| c. Trading revenue (2)   |                             | A220 | 18,437         |                | 5.c   |
| d. Investment banking, advisory, brokerage, and underwriting fees and commissions  |                             | B490 | 56,245         |                | 5.d   |
| e. Venture capital revenue   |                             | B491 | 0              |                | 5.e   |
| f. Net servicing fees  |                             | B492 | 22,603         |                | 5.f   |
| g. Net securitization income   |                             | B493 | 0              |                | 5.g   |
| h. (1) Underwriting income from insurance and reinsurance activities   |                             | C386 | 8,696          |                | 5.h.1 |
| (2) Income from other insurance activities   |                             | C387 | 3,724          |                | 5.h.2 |
| i. Net gains (losses) on sales of loans and leases   |                             | 5416 | (31,926)       |                | 5.i   |
| j. Net gains (losses) on sales of other real estate owned  |                             | 5415 | 516            |                | 5.j   |
| k. Net gains (losses) on sales of other assets (excluding securities)  |                             | B496 | (101)          |                | 5.k   |
| l. Other noninterest income*   |                             | B497 | 183,772        |                | 5.l   |
| m. Total noninterest income (sum of items 5.a through 5.l)   |                             |      | 4079           | <b>539,003</b> | 5.m   |
| 6. a. Realized gains (losses) on held-to-maturity securities   |                             |      | 3521           | 0              | 6.a   |
| b. Realized gains (losses) on available-for-sale securities  |                             |      | 3196           | 5,875          | 6.b   |
| <b>7. Noninterest expense:</b>   |                             |      |                |                |       |
| a. Salaries and employee benefits  |                             | 4135 | 452,283        |                | 7.a   |
| b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)           |                             | 4217 | 107,292        |                | 7.b   |
| c. (1) Goodwill impairment losses  |                             | C216 | 0              |                | 7.c.1 |
| (2) Amortization expense and impairment losses for other intangible assets   |                             | C232 | 15,412         |                | 7.c.2 |
| d. Other noninterest expense *   |                             | 4092 | 283,010        |                | 7.d   |
| e. Total noninterest expense (sum of items 7.a through 7.d)  |                             |      | 4093           | <b>857,997</b> | 7.e   |
| 8. Income (loss) before income taxes and extraordinary items, and other adjustments (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e) |                             |      | 4301           | <b>495,332</b> | 8     |
| 9. Applicable income taxes (on item 8)   |                             |      | 4302           | 136,498        | 9     |
| 10. Income (loss) before extraordinary items and other adjustments (item 8 minus item 9)   |                             |      | 4300           | <b>358,834</b> | 10    |
| 11. Extraordinary items and other adjustments, net of income taxes *   |                             |      | 4320           | 0              | 11    |
| 12. Net income (loss) (sum of items 10 and 11)   |                             |      | 4340           | <b>358,834</b> | 12    |

\* Describe on Schedule RI-E—Explanations.

- (1) For banks required to complete Schedule RC-T, items 12 through 19, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 19.
- (2) For banks required to complete Schedule RI, Memorandum item 8, trading revenue reported in Schedule RI, item 5.c must equal the sum of Memorandum items 8.a through 8.d.

Memoranda

|  | Dollar Amounts in Thousands | RIAD        | Year-to-Date        |  |       |
|--|-----------------------------|-------------|---------------------|--|-------|
|  |                             |             | Bil-Mil-Thou        |  |       |
| 1. Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes   |                             | 4513        | 1,003               |  | M.1   |
| 2. Income from the sale and servicing of mutual funds and annuities in domestic offices (included in Schedule RI, item 8)  |                             | 8431        | 35,118              |  | M.2   |
| 3. Income on tax-exempt loans and leases to states and political subdivisions in the U.S. (included in Schedule RI, items 1.a and 1.b)   |                             | 4313        | 28,023              |  | M.3   |
| 4. Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule RI, item 1.d.(3))   |                             | 4507        | 2,917               |  | M.4   |
|  |                             |             | <b>Number</b>       |  |       |
| 5. Number of full-time equivalent employees at end of current period (round to Number nearest whole number)  |                             | 4150        | 26,279              |  | M.5   |
| 6. Not applicable  |                             |             |                     |  |       |
|  |                             |             | <b>CCYY/MM/DD</b>   |  |       |
| 7. If the reporting bank has restated its balance sheet as a result of applying push down CCYY / MM / DD accounting this calendar year, report the date of the bank's acquisition (1)  |                             | 9106        | N/A                 |  | M.7   |
| 8. Trading revenue (from cash instruments and derivative instruments) (sum of Memorandum items 8.a through 8.d must equal Schedule RI, item 5.c) (To be completed by banks that reported average trading assets (Schedule RC-K, item 7) of \$2 million or more for any quarter of the preceding calendar year.): |                             |             |                     |  |       |
|  |                             | <b>RIAD</b> | <b>Bil-Mil-Thou</b> |  |       |
| a. Interest rate exposures   |                             | 8757        | 18,338              |  | M.8.a |
| b. Foreign exchange exposures  |                             | 8758        | 99                  |  | M.8.b |
| c. Equity security and index exposures   |                             | 8759        | 0                   |  | M.8.c |
| d. Commodity and other exposures   |                             | 8760        | 0                   |  | M.8.d |
| 9. Impact on income of derivatives held for purposes other than trading:   |                             |             |                     |  |       |
|  |                             | <b>RIAD</b> | <b>Bil-Mil-Thou</b> |  |       |
| a. Net increase (decrease) to interest income  |                             | 8761        | (195)               |  | M.9.a |
| b. Net (increase) decrease to interest expense   |                             | 8762        | (3,501)             |  | M.9.b |
| c. Other (noninterest) allocations   |                             | 8763        | 0                   |  | M.9.c |
| 10. Credit losses on derivatives (see instructions)  |                             | A251        | 0                   |  | M.10  |
| 11. Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year ?  |                             |             | <b>YES / NO</b>     |  |       |
|  |                             | A530        | NO                  |  | M.11  |

(1) For example, a bank acquired on June 1, 2001, would report 20010601

## Schedule RI-A—Changes in Equity Capital

Indicate decreases and losses in parentheses.

|  | Dollar Amounts in Thousands | RIAD | Bil-Mil-Thou |    |
|--|-----------------------------|------|--------------|----|
| 1. Total equity capital most recently reported for the December 31, 2003, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income) |                             | 3217 | 9,856,556    | 1  |
| 2. Restatements due to corrections of material accounting errors and changes in accounting principles*   |                             | B507 | 0            | 2  |
| 3. Balance end of previous calendar year as restated (sum of items 1 and 2)  |                             | B508 | 9,856,556    | 3  |
| 4. Net income (loss) (must equal Schedule RI, item 12)   |                             | 4340 | 358,834      | 4  |
| 5. Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)  |                             | B509 | 0            | 5  |
| 6. Treasury stock transactions, net  |                             | B510 | 0            | 6  |
| 7. Changes incident to business combinations, net  |                             | 4356 | 0            | 7  |
| 8. LESS: Cash dividends declared on preferred stock  |                             | 4470 | 0            | 8  |
| 9. LESS: Cash dividends declared on common stock   |                             | 4460 | 200,000      | 9  |
| 10. Other comprehensive income (1)   |                             | B511 | 113,512      | 10 |
| 11. Other transactions with parent holding company * (not included in items 5, 6, 8, or 9 above)   |                             | 4415 | 66,764       | 11 |
| 12. Total equity capital end of current period (sum of items 3 through 11) (must equal Schedule RC, item 28)   |                             | 3210 | 10,195,666   | 12 |

\* Describe on Schedule RI-E—Explanations.

- (1) Includes changes in net unrealized holding gains (losses) on available-for-sale securities, changes in accumulated net gains (losses) on cash flow hedges, foreign currency translation adjustments, and changes in minimum pension liability adjustments.

## Schedule RI-B—Charge-offs and Recoveries on Loans and Leases and Changes in Allowance for Loan and Lease Losses

### Part I. Charge-offs and Recoveries on Loans and Leases

Part I includes charge-offs and recoveries through the allocated transfer risk reserve.

|   | (Column A)<br>Charge-offs(1) |        | (Column B)<br>Recoveries |       |         |
|---|------------------------------|--------|--------------------------|-------|---------|
|   | Calendar year-to-date        |        |                          |       |         |
|   | Dollar Amounts in Thousands  | RIAD   | Bil-Mil-Thou             | RIAD  |         |
| 1. Loans secured by real estate:  |                              |        |                          |       |         |
| a. Construction, land development, and other land loans in domestic offices                                   | 3582                         | 701    | 3583                     | 4     | 1.a     |
| b. Secured by farmland in domestic offices  | 3584                         | 0      | 3585                     | 0     | 1.b     |
| c. Secured by 1-4 family residential properties in domestic offices:  |                              |        |                          |       |         |
| (1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit | 5411                         | 4,483  | 5412                     | 800   | 1.c.1   |
| (2) Closed-end loans secured by 1-4 family residential properties:  |                              |        |                          |       |         |
| (a) Secured by first liens  | C234                         | 5,415  | C217                     | 1,005 | 1.c.2.a |
| (b) Secured by junior liens   | C235                         | 545    | C218                     | 101   | 1.c.2.b |
| d. Secured by multifamily (5 or more) residential properties in domestic offices                              | 3588                         | 0      | 3589                     | 0     | 1.d     |
| e. Secured by nonfarm nonresidential properties in domestic offices   | 3590                         | 1,551  | 3591                     | 136   | 1.e     |
| f. In foreign offices   | B512                         | 0      | B513                     | 0     | 1.f     |
| 2. Loans to depository institutions and acceptances of other banks:   |                              |        |                          |       |         |
| a. To U.S. banks and other U.S. depository institutions   | 4653                         | 0      | 4663                     | 0     | 2.a     |
| b. To foreign banks   | 4654                         | 0      | 4664                     | 0     | 2.b     |
| 3. Loans to finance agricultural production and other loans to farmers  | 4655                         | 0      | 4665                     | 0     | 3       |
| 4. Commercial and industrial loans:   |                              |        |                          |       |         |
| a. To U.S. addressees (domicile)  | 4645                         | 24,031 | 4617                     | 7,825 | 4.a     |
| b. To non-U.S. addressees (domicile)  | 4646                         | 0      | 4618                     | 1     | 4.b     |

- (1) Include write-downs arising from transfers of loans to a held-for-sale account.



|   | (Column A)<br>Charge-offs(1) |        | (Column B)<br>Recoveries |        |     |
|---|------------------------------|--------|--------------------------|--------|-----|
|   | Calendar year-to-date        |        |                          |        |     |
|   | Dollar Amounts in Thousands  | RIAD   | Bil-Mil-Thou             | RIAD   |     |
| 5. Loans to individuals for household, family, and other personal expenditures:                                       |                              |        |                          |        |     |
| a. Credit cards   | B514                         | 0      | B515                     | 0      | 5.a |
| b. Other (includes single payment, installment, all student loans and revolving credit plans other than credit cards) | B516                         | 38,346 | B517                     | 12,299 | 5.b |
| 6. Loans to foreign governments and official institutions   | 4643                         | 0      | 4627                     | 0      | 6   |
| 7. All other loans  | 4644                         | 4,671  | 4628                     | 1,766  | 7   |
| 8. Lease financing receivables:   |                              |        |                          |        |     |
| a. To U.S. addressees (domicile)  | 4658                         | 4,299  | 4668                     | 1,729  | 8.a |
| b. To non-U.S. addressees (domicile)  | 4659                         | 0      | 4669                     | 0      | 8.b |
| 9. Total (sum of items 1 through 8)   | 4635                         | 84,042 | 4605                     | 25,666 | 9   |
|   | (Column A)<br>Charge-offs(1) |        | (Column B)<br>Recoveries |        |     |

**Memoranda**

|  | Calendar year-to-date  |      |              |      |     |              |
|--|--|------|--------------|------|-----|--------------|
|  | Dollar Amounts in Thousands  | RIAD | Bil-Mil-Thou | RIAD |     | Bil-Mil-Thou |
|  | 1. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, part I, items 4 and 7, above | 5409 | 0            | 5410 |     | 0            |
| 2. Loans secured by real estate to non-U.S. addresses (domicile) (included in Schedule RI-B, part I, item 1, above):   | 4652   | 0    | 4662         | 0    | M.2 |              |
| 3. Not applicable.   |  |      |              |      |     |              |
| <i>Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed \$500 million as of the report date or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.</i> |  |      |              |      |     |              |

|  | Calendar year-to-date  |              |  |
|--|--|--------------|--|
|  | RIAD   | Bil-Mil-Thou |  |
|  | 4. Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses) | C388         |  |

(1) Include write-downs arising from transfers of loans to a held-for-sale account.

## Part II. Changes in Allowance for Loan and Lease Losses

|   | Dollar Amounts in Thousands | RIAD | Bil-Mil-Thou |   |
|---|-----------------------------|------|--------------|---|
| 1. Balance most recently reported for the December 31, 2003, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income) |                             | B522 | 934,842      | 1 |
| 2. Recoveries (must equal part I, item 9, column B above)   |                             | 4605 | 25,666       | 2 |
| 3. LESS: Charge-offs (must equal part I, item 9, column A above less Schedule RI-B, part II, item 4)  |                             | C079 | 84,042       | 3 |
| 4. LESS: Write-downs arising from transfers of loans to a held-for-sale account   |                             | 5523 | 0            | 4 |
| 5. Provision for loan and lease losses (must equal Schedule RI, item 4)   |                             | 4230 | 59,961       | 5 |
| 6. Adjustments * (see instructions for this schedule)   |                             | C233 | 0            | 6 |
| 7. Balance end of current period (sum of items 1, 2, 5, and 6, less items 3 and 4) (must equal Schedule RC, item 4.c)                                 |                             | 3123 | 936,427      | 7 |

### Memoranda

|  | Dollar Amounts in Thousands | RIAD | Bil-Mil-Thou |     |
|--|-----------------------------|------|--------------|-----|
| 1. Allocated transfer risk reserve included in Schedule RI-B, part II, item 7, above<br><i>Memorandum items 2 and 3 are to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed \$500 million as of the report date or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.</i> |                             | C435 | 0            | M.1 |
| 2. Separate valuation allowance for uncollectible retail credit card fees and finance charges  |                             | C389 | 0            | M.2 |
| 3. Amount of allowance for loan and leases losses attributable to retail credit card fees and finance charges  |                             | C390 | 0            | M.3 |

\* Describe on Schedule RI-E—Explanations.

## Schedule RI-D—Income from International Operations

For all banks with foreign offices, Edge or Agreement subsidiaries, or IBFs where international operations account for more than 10 percent of total revenues, total assets, or net income.

|  | Dollar Amounts in Thousands | RIAD | Year-to-Date<br>Bil-Mil-Thou |     |
|--|-----------------------------|------|------------------------------|-----|
| 1. Interest income and expense attributable to international operations:   |                             |      |                              |     |
| a. Gross interest income   |                             | B523 | 0                            | 1.a |
| b. Gross interest expense  |                             | B524 | 0                            | 1.b |
| 2. Net interest income attributable to international operations (item 1.a minus 1.b)   |                             | B525 | 0                            | 2.  |
| 3. Noninterest income and expense attributable to international operations:  |                             |      |                              |     |
| a. Noninterest income attributable to international operations   |                             | 4097 | 0                            | 3.a |
| b. Provision for loan and lease losses attributable to international operations  |                             | 4235 | 0                            | 3.b |
| c. Other noninterest expense attributable to international operations  |                             | 4239 | 0                            | 3.c |
| d. Net noninterest income (expense) attributable to international operations (item 3.a minus 3.b and 3.c)  |                             | 4843 | 0                            | 3.d |
| 4. Estimated pretax income attributable to international operations before capital allocation adjustment (sum of items 2 and 3.d)                          |                             | 4844 | 0                            | 4   |
| 5. Adjustment to pretax income for internal allocations to international operations to reflect the effects of equity capital on overall bank funding costs |                             | 4845 | 0                            | 5   |
| 6. Estimated pretax income attributable to international operations after capital allocation adjustment (sum of items 4 and 5)                             |                             | 4846 | 0                            | 6   |
| 7. Income taxes attributable to income from international operations as estimated in item 6  |                             | 4797 | 0                            | 7   |
| 8. Estimated net income attributable to international operations (item 6 minus 7)  |                             | 4341 | 0                            | 8   |

**Schedule RI-E—Explanations**

**Schedule RI-E is to be completed each quarter on a calendar year-to-date basis.**

Detail all adjustments in Schedules RI-A and RI-B, all extraordinary items and other adjustments in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI. (See instructions for details.)

|  |   | Dollar Amounts in Thousands |   | RIAD | Year-to-Date |       |
|--|---|-----------------------------|---|------|--------------|-------|
|  |   |                             |   |      | Bil-Mil-Thou |       |
| <b>1. Other noninterest income (from Schedule RI, item 5.l)</b>  |   |                             |   |      |              |       |
| Itemize and describe amounts that exceed 1% of the sum of Schedule RI, items 1.h and 5.m:  |   |                             |   |      |              |       |
| TEXT   |   |                             |   |      |              |       |
| a.   | Income and fees from the printing and sale of checks                    |                             |   | C013 | 0            | 1.a   |
| b.   | Earnings on/increase in value of cash surrender value of life insurance |                             |   | C014 | 0            | 1.b   |
| c.   | Income and fees from automated teller machines (ATMs)                   |                             |   | C016 | 0            | 1.c   |
| d.   | Rent and other income from other real estate owned                      |                             |   | 4042 | 0            | 1.d   |
| e.   | Safe deposit box rent   |                             |   | C015 | 0            | 1.e   |
| f. 4461  | Other fees  |                             |   | 4461 | 30,187       | 1.f   |
| g. 4462  | Operating lease revenue   |                             |   | 4462 | 26,132       | 1.g   |
| h. 4463  | Credit card interchange fees  |                             |   | 4463 | 21,575       | 1.h   |
| <b>2. Other noninterest expense (from Schedule RI, item 7.d):</b>  |   |                             |   |      |              |       |
| Itemize and describe amounts that exceed 1% of the sum of of Schedule RI, items 1.h and 5.m:   |   |                             |   |      |              |       |
| TEXT   |   |                             |   |      |              |       |
| a.   | Data processing expenses  |                             |   | C017 | 32,321       | 2.a   |
| b.   | Advertising and marketing expenses                                      |                             |   | 0497 | 27,929       | 2.b   |
| c.   | Director's fees   |                             |   | 4136 | 0            | 2.c   |
| d.   | Printing, stationery, and supplies                                      |                             |   | C018 | 0            | 2.d   |
| e.   | Postage   |                             |   | 8403 | 0            | 2.e   |
| f.   | Legal fees and expenses   |                             |   | 4141 | 0            | 2.f   |
| g.   | FDIC deposit insurance assessments                                      |                             |   | 4146 | 0            | 2.g   |
| h. 4464  | Other expenses  |                             |   | 4464 | 19,994       | 2.h   |
| I. 4467  |   |                             |   | 4467 | N/A          | 2.i   |
| j. 4468  |   |                             |   | 4468 | N/A          | 2.j   |
| <b>3. Extraordinary items and other adjustments and applicable income tax effect (from Schedule RI, item 11) (itemize and describe all extraordinary items and other adjustments):</b> |   |                             |   |      |              |       |
| TEXT   |   |                             |   |      |              |       |
| a. (1) 4469  |   |                             |   | 4469 | N/A          | 3.a.1 |
|  | (2) Applicable income tax effect  | 4486                        | 0 |      |              | 3.a.2 |
| b. (1) 4487  |   |                             |   | 4487 | N/A          | 3.b.1 |
|  | (2) Applicable income tax effect  | 4488                        | 0 |      |              | 3.b.2 |
| c. (1) 4489  |   |                             |   | 4489 | N/A          | 3.c.1 |
|  | (2) Applicable income tax effect  | 4491                        | 0 |      |              | 3.c.2 |

4. Restatements due to corrections of material accounting errors and changes in accounting principles (from Schedule RI-A, item 2) (itemize and describe all restatements):

TEXT

|         |  |      |     |     |
|---------|--|------|-----|-----|
| a. B526 |  | B526 | N/A | 4.a |
| b. B527 |  | B527 | N/A | 4.b |

5. Other transactions with parent holding company (from Schedule RI-A, item 11) (itemize and describe all such transactions):

TEXT

|         |                      |      |        |     |
|---------|----------------------|------|--------|-----|
| a. 4498 | Capital Contribution | 4498 | 66,764 | 5.a |
| b. 4499 |                      | 4499 | N/A    | 5.b |

6. Adjustments to allowance for loan and lease losses (from Schedule RI-B, part II, item 6) (itemize and describe all adjustments):

TEXT

|         |  |      |     |     |
|---------|--|------|-----|-----|
| a. 4521 |  | 4521 | N/A | 6.a |
| b. 4522 |  | 4522 | N/A | 6.b |

7. Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income):

RIAD

X = NO COMMENT - Y = COMMENT      4769      X

Other explanations (please type or print clearly):

TEXT (70 characters per line)

4769 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

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\_\_\_\_\_

Legal Title of Bank  
ATLANTA

City  
GA 30302

State Zip Code

FDIC Certificate Number—00867

### Consolidated Report of Condition for Insured Commercial and State-Chartered Savings Banks for March 31, 2004

All schedules are to be reported in thousands of dollars. Unless otherwise indicated report the amount outstanding as of the last business day of the quarter.

#### Schedule RC—Balance Sheet

|   | Dollar Amounts in Thousands | RCFD        | Bil-Mil-Thou       |      |
|---|-----------------------------|-------------|--------------------|------|
| <b>ASSETS</b>   |                             |             |                    |      |
| 1. Cash and balances due from depository institutions (from Schedule RC-A):                 |                             |             |                    |      |
| a. Noninterest-bearing balances and currency and coin (1)                                   |                             | 0081        | 3,585,977          | 1.a  |
| b. Interest-bearing balances (2)  |                             | 0071        | 21,777             | 1.b  |
| 2. Securities:  |                             |             |                    |      |
| a. Held-to-maturity securities (from Schedule RC-B, column A)                               |                             | 1754        | 0                  | 2.a  |
| b. Available-for-sale securities (from Schedule RC-B, column D)                             |                             | 1773        | 23,533,904         | 2.b  |
| 3. Federal funds sold and securities purchased under agreements to resell:                  |                             | <b>RCON</b> |                    |      |
| a. Federal funds sold in domestic offices   |                             | B987        | 244,400            | 3.a  |
| b. Securities purchased under agreements to resell(3)                                       |                             | B989        | 4,102,945          | 3.b  |
| 4. Loans and lease financing receivables (from Schedule RC-C):                              |                             |             |                    |      |
| a. Loans and leases held for sale   |                             | 5369        | 5,852,118          | 4.a  |
| b. Loans and leases, net of unearned income   | B528                        | 79,202,848  |                    | 4.b  |
| c. LESS: Allowance for loan and lease losses  | 3123                        | 936,427     |                    | 4.c  |
| d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)              |                             | B529        | <b>78,266,421</b>  | 4.d  |
| 5. Trading assets (from Schedule RC-D)  |                             | 3545        | 1,599,086          | 5    |
| 6. Premises and fixed assets (including capitalized leases)                                 |                             | 2145        | 1,380,720          | 6    |
| 7. Other real estate owned (from Schedule RC-M)   |                             | 2150        | 26,208             | 7    |
| 8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M) |                             | 2130        | 0                  | 8    |
| 9. Customers' liability to this bank on acceptances outstanding                             |                             | 2155        | 48,102             | 9    |
| 10. Intangible assets:  |                             |             |                    |      |
| a. Goodwill   |                             | 3163        | 885,190            | 10.a |
| b. Other intangible assets (from Schedule RC-M)   |                             | 0426        | 620,763            | 10.b |
| 11. Other assets (from Schedule RC-F)   |                             | 2160        | 4,130,457          | 11   |
| 12. Total assets (sum of items 1 through 11)  |                             | 2170        | <b>124,298,068</b> | 12   |

(1) Includes cash items in process of collection and unposted debits.

(2) Includes time certificates of deposit not held for trading.

(3) Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.

|   | Dollar Amounts in Thousands |            | RCON | Bil-Mil-Thou       |        |
|---|-----------------------------|------------|------|--------------------|--------|
| <b>LIABILITIES</b>  |                             |            |      |                    |        |
| <b>13. Deposits:</b>  |                             |            |      |                    |        |
| a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)                                    |                             |            |      |                    |        |
| (1) Noninterest-bearing(1)  | 6631                        | 11,546,610 | 2200 | 76,375,267         | 13.a   |
| (2) Interest-bearing  | 6636                        | 64,828,657 |      |                    | 13.a.1 |
| b. In foreign offices, Edge and Agreement subsidiaries, and IBFs  |                             |            |      |                    |        |
| <b>RCFN</b>   |                             |            |      |                    |        |
| (from Schedule RC-E, part II)   |                             |            |      |                    |        |
| (1) Noninterest-bearing   | 6631                        | 0          | 2200 | 4,852,124          | 13.b   |
| (2) Interest-bearing  | 6636                        | 4,852,124  |      |                    | 13.b.1 |
| 14. Federal funds purchased and securities sold under agreements to repurchase:   |                             |            |      |                    |        |
| <b>RCON</b>   |                             |            |      |                    |        |
| a. Federal funds purchased in domestic offices (2)  |                             |            |      |                    |        |
| <b>RCFD</b>   |                             |            |      |                    |        |
| b. Securities sold under agreements to repurchase (3)   |                             |            |      |                    |        |
| 15. Trading liabilities (from Schedule RC-D)  |                             |            | B993 | 3,767,561          | 14.a   |
| 16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M) |                             |            | B995 | 10,086,677         | 14.b   |
| 17. Not applicable  |                             |            | 3548 | 1,021,144          | 15     |
| 18. Bank's liability on acceptances executed and outstanding  |                             |            | 3190 | 11,931,227         | 16     |
| 19. Subordinated notes and debentures(4)  |                             |            | 2920 | 48,102             | 18     |
| 20. Other liabilities (from Schedule RC-G)  |                             |            | 3200 | 2,149,348          | 19     |
| 21. Total liabilities (sum of items 13 through 20)  |                             |            | 2930 | 2,903,310          | 20     |
| 22. Minority interest in consolidated subsidiaries  |                             |            | 2948 | <b>113,134,760</b> | 21     |
| <b>EQUITY CAPITAL</b>   |                             |            |      |                    |        |
| 23. Perpetual preferred stock and related surplus   |                             |            | 3000 | 967,642            | 22     |
| 24. Common stock  |                             |            | 3838 | 0                  | 23     |
| 25. Surplus (exclude all surplus related to preferred stock)  |                             |            | 3230 | 21,600             | 24     |
| 26. a. Retained earnings  |                             |            | 3839 | 3,245,229          | 25     |
| b. Accumulated other comprehensive income (5)   |                             |            | 3632 | 5,893,604          | 26.a   |
| 27. Other equity capital components (6)   |                             |            | B530 | 1,035,233          | 26.b   |
| 28. Total equity capital (sum of items 23 through 27)   |                             |            | A130 | 0                  | 27     |
| 29. Total liabilities, minority interest, and equity capital (sum of items 21, 22, and 28)                              |                             |            | 3210 | <b>10,195,666</b>  | 28     |
|   |                             |            | 3300 | <b>124,298,068</b> | 29     |
| <b>Memorandum</b>   |                             |            |      |                    |        |
| <b>RCFD</b>   |                             |            |      |                    |        |
| <b>Number</b>   |                             |            |      |                    |        |

**To be reported only with the March Report of Condition.**

|   |      |   |      |
|---|------|---|------|
| 1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2003                                      | 6724 | 1 | M. 1 |
| 1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank   |      |   |      |
| 2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately) |      |   |      |
| 3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm   |      |   |      |
| 4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)   |      |   |      |
| 5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)   |      |   |      |
| 6 = Review of the bank's financial statements by external auditors  |      |   |      |
| 7 = Compilation of the bank's financial statements by external auditors   |      |   |      |
| 8 = Other audit procedures (excluding tax preparation work)   |      |   |      |
| 9 = No external audit work  |      |   |      |

- (1) Includes total demand deposits and noninterest-bearing time and savings deposits.
- (2) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "other borrowed money."
- (3) Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.
- (4) Includes limited-life preferred stock and related surplus.
- (5) Includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and minimum pension liability adjustments.
- (6) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

## Schedule RC-A—Cash and Balances Due From Depository Institutions

Exclude assets held for trading.

|  | Dollar Amounts in Thousands | RCFD | (Column A)        | RCON | (Column B)       |
|--|-----------------------------|------|-------------------|------|------------------|
|  |                             |      | Consolidated Bank |      | Domestic Offices |
|  |                             |      | Bil-Mil-Thou      |      | Bil-Mil-Thou     |
| 1. Cash items in process of collection, unposted debits, and currency and coin                             |                             | 0022 | 3,223,747         |      | 1                |
| a. Cash items in process of collection and unposted debits   |                             |      |                   | 0020 | 2,445,531 1.a    |
| b. Currency and coin   |                             |      |                   | 0080 | 778,216 1.b      |
| 2. Balance due from depository institutions in the U.S.  |                             |      |                   | 0082 | 102,451 2        |
| a. U.S. branches and agencies of foreign banks (including their IBFs)                                      |                             | 0083 | 0                 |      | 2.a              |
| b. Other commercial banks in the U.S. and other depository institutions in the U.S. (including their IBFs) |                             | 0085 | 102,451           |      | 2.b              |
| 3. Balances due from banks in foreign countries and foreign central banks                                  |                             |      |                   | 0070 | 42,790 3         |
| a. Foreign branches of other U.S. banks  |                             | 0073 | 0                 |      | 3.a              |
| b. Other banks in foreign countries and foreign central banks  |                             | 0074 | 42,790            |      | 3.b              |
| 4. Balances due from Federal Reserve Banks   |                             | 0090 | 238,766           | 0090 | 238,766 4        |
| 5. Total (sum of items 1 through 4) (total of column A must equal Schedule RC, sum of items 1.a and 1.b)   |                             | 0010 | 3,607,754         | 0010 | 3,607,754 5      |

## Schedule RC-B—Securities

Exclude assets held for trading.

| Dollar Amounts in Thousands   | Held-to-maturity |                |      |              | Available-for-sale |                |      |               |
|---|------------------|----------------|------|--------------|--------------------|----------------|------|---------------|
|   | RCFD             | (Column A)     | RCFD | (Column B)   | RCFD               | (Column C)     | RCFD | (Column D)    |
|   |                  | Amortized Cost |      | Fair Value   |                    | Amortized Cost |      | Fair Value    |
|   |                  | Bil-Mil-Thou   |      | Bil-Mil-Thou |                    | Bil-Mil-Thou   |      | Bil-Mil-Thou  |
| 1. U.S. Treasury securities   | 0211             | 0              | 0213 | 0            | 1286               | 17,586         | 1287 | 18,450 1      |
| 2. U.S. Government agency obligations (exclude mortgage-backed securities): |                  |                |      |              |                    |                |      |               |
| a. Issued by U.S. Government agencies (1)                                   | 1289             | 0              | 1290 | 0            | 1291               | 0              | 1293 | 0 2.a         |
| b. Issued by U.S. Government-sponsored agencies (2)                         | 1294             | 0              | 1295 | 0            | 1297               | 2,629,752      | 1298 | 2,669,731 2.b |
| 3. Securities issued by states and political subdivisions in the U.S.       | 8496             | 0              | 8497 | 0            | 8498               | 336,646        | 8499 | 354,641 3     |

(1) Includes Small Business Administration "Guaranteed Loan Pool Certificates," U.S. Maritime Administration obligations, and Export - Import Bank participation certificates.

(2) Includes obligations (other than mortgage-backed securities) issued by the Farm Credit System, the Federal Home Loan Bank System, The Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Financing Corporation, Resolution Funding Corporation, the Student Loan Marketing Association, and the Tennessee Valley Authority.

| Dollar Amounts in Thousands   | Held-to-maturity |                                 |      |      | Available-for-sale       |            |      |                                 |       |      |                          |              |  |
|---|------------------|---------------------------------|------|------|--------------------------|------------|------|---------------------------------|-------|------|--------------------------|--------------|--|
|   | RCFD             | (Column A)<br>Amortized<br>Cost |      | RCFD | (Column B)<br>Fair Value |            | RCFD | (Column C)<br>Amortized<br>Cost |       | RCFD | (Column D)<br>Fair Value |              |  |
|   |                  | Bil-Mil-Thou                    |      |      | Bil-Mil-Thou             |            |      | Bil-Mil-Thou                    |       |      |                          | Bil-Mil-Thou |  |
| <b>4. Mortgage-backed securities (MBS):</b>   |                  |                                 |      |      |                          |            |      |                                 |       |      |                          |              |  |
| a. Pass-through securities:   |                  |                                 |      |      |                          |            |      |                                 |       |      |                          |              |  |
| (1) Guaranteed by GNMA  | 1698             | 0                               | 1699 | 0    | 1701                     | 75,944     | 1702 | 77,010                          | 4.a.1 |      |                          |              |  |
| (2) Issued by FNMA and FHLMC  | 1703             | 0                               | 1705 | 0    | 1706                     | 6,802,832  | 1707 | 6,904,827                       | 4.a.2 |      |                          |              |  |
| (3) Other pass-through securities   | 1709             | 0                               | 1710 | 0    | 1711                     | 201,524    | 1713 | 201,476                         | 4.a.3 |      |                          |              |  |
| b. Other mortgage-backed securities (include CMOs, REMICs and stripped MBS):  |                  |                                 |      |      |                          |            |      |                                 |       |      |                          |              |  |
| (1) Issued or guaranteed by FNMA, FHLMC, or GNMA  | 1714             | 0                               | 1715 | 0    | 1716                     | 4,433,242  | 1717 | 4,499,716                       | 4.b.1 |      |                          |              |  |
| (2) Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA  | 1718             | 0                               | 1719 | 0    | 1731                     | 90         | 1732 | 90                              | 4.b.2 |      |                          |              |  |
| (3) All other mortgage-backed securities  | 1733             | 0                               | 1734 | 0    | 1735                     | 1,339,762  | 1736 | 1,359,975                       | 4.b.3 |      |                          |              |  |
| <b>5. Asset-backed securities (ABS):</b>  |                  |                                 |      |      |                          |            |      |                                 |       |      |                          |              |  |
| a. Credit card receivables  | B838             | 0                               | B839 | 0    | B840                     | 636,493    | B841 | 646,531                         | 5.a   |      |                          |              |  |
| b. Home equity lines  | B842             | 0                               | B843 | 0    | B844                     | 2,395,283  | B845 | 2,418,442                       | 5.b   |      |                          |              |  |
| c. Automobile loans   | B846             | 0                               | B847 | 0    | B848                     | 439,382    | B849 | 443,588                         | 5.c   |      |                          |              |  |
| d. Other consumer loans   | B850             | 0                               | B851 | 0    | B852                     | 58,205     | B853 | 58,379                          | 5.d   |      |                          |              |  |
| e. Commercial and industrial loans  | B854             | 0                               | B855 | 0    | B856                     | 1,881      | B857 | 1,886                           | 5.e   |      |                          |              |  |
| f. Other  | B858             | 0                               | B859 | 0    | B860                     | 710,000    | B861 | 711,901                         | 5.f   |      |                          |              |  |
| <b>6. Other debt securities:</b>  |                  |                                 |      |      |                          |            |      |                                 |       |      |                          |              |  |
| a. Other domestic debt securities   | 1737             | 0                               | 1738 | 0    | 1739                     | 1,611,737  | 1741 | 1,658,150                       | 6.a   |      |                          |              |  |
| b. Foreign debt securities  | 1742             | 0                               | 1743 | 0    | 1744                     | 3,300      | 1746 | 3,300                           | 6.b   |      |                          |              |  |
| 7. Investments in mutual funds and other equity securities with readily determinable fair values  |                  |                                 |      |      |                          |            |      |                                 |       |      |                          |              |  |
| (1)   |                  |                                 |      |      | A510                     | 229,501    | A511 | 1,505,811                       | 7     |      |                          |              |  |
| <b>8. Total (sum of items 1 through 7) (total of Column A must equal Schedule RC item 2.a) (total of column D must equal Schedule RC, item 2.b)</b> |                  |                                 |      |      |                          |            |      |                                 |       |      |                          |              |  |
|   | 1754             | 0                               | 1771 | 0    | 1772                     | 21,923,160 | 1773 | 23,533,904                      | 8     |      |                          |              |  |

(1) Report Federal Reserve stock, Federal Home Loan Bank stock, and banker's bank stock in Schedule RC-F, item 4.



|   | Dollar Amounts in Thousands | RCFD | Bil-Mil-Thou |         |
|---|-----------------------------|------|--------------|---------|
| 1. Pledged securities (1)   |                             | 0416 | 12,757,308   | M.1     |
| 2. Maturity and repricing data for debt securities (1, 2) (excluding those in nonaccrual status):   |                             |      |              |         |
| a. Securities issued by the U.S. Treasury, U.S. Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of: (3,4) |                             |      |              |         |
| (1) Three months or less  |                             | A549 | 2,028,355    | M.2.a.1 |
| (2) Over three months through 12 months   |                             | A550 | 343,192      | M.2.a.2 |
| (3) Over one year through three years   |                             | A551 | 1,044,097    | M.2.a.3 |
| (4) Over three years through five years   |                             | A552 | 3,000,845    | M.2.a.4 |
| (5) Over five years through 15 years  |                             | A553 | 1,351,163    | M.2.a.5 |
| (6) Over 15 years   |                             | A554 | 1,371,732    | M.2.a.6 |
| b. Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of: (3,5)   |                             |      |              |         |
| (1) Three months or less  |                             | A555 | 205,555      | M.2.b.1 |
| (2) Over three months through 12 months   |                             | A556 | 169,017      | M.2.b.2 |
| (3) Over one year through three years   |                             | A557 | 438,794      | M.2.b.3 |
| (4) Over three years through five years   |                             | A558 | 3,387,825    | M.2.b.4 |
| (5) Over five years through 15 years  |                             | A559 | 2,474,799    | M.2.b.5 |
| (6) Over 15 years   |                             | A560 | 352,938      | M.2.b.6 |
| c. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS; exclude mortgage pass-through securities) with an expected average life of: (6)  |                             |      |              |         |
| (1) Three years or less   |                             | A561 | 2,094,628    | M.2.c.1 |
| (2) Over three years  |                             | A562 | 3,765,153    | M.2.c.2 |
| d. Debt securities with a REMAINING MATURITY of one year or less (included in Memorandum items 2.a through 2.c above)   |                             | A248 | 587,702      | M.2.d   |
| 3. Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date (report the amortized cost at date of sale or transfer)   |                             | 1778 | 0            | M.3     |
| 4. Structured notes (included in the held-to-maturity and available-for-sale accounts in Schedule RC-B, items 2, 3, 5, and 6):  |                             |      |              |         |
| a. Amortized cost   |                             | 8782 | 2,000        | M.4.a   |
| b. Fair value   |                             | 8783 | 2,038        | M.4.b   |

- (1) Includes held-to-maturity securities at amortized cost and available-for-sale securities at fair value.
- (2) Exclude investments in mutual funds and other equity securities with readily determinable fair values.
- (3) Report fixed rate debt securities by remaining maturity and floating rate debt securities by next repricing date.
- (4) Sum of Memorandum items 2.a.(1) through 2.a.(6) plus any nonaccrual debt securities in the categories of debt securities reported in Memorandum item 2.a that are included in Schedule RC-N, item 9, column C, must equal Schedule RC-B, sum of items 1, 2, 3, 5, and 6, columns A and D, plus mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages included in Schedule RC-B, item 4.a, columns A and D.
- (5) Sum of Memorandum items 2.b.(1) through 2.b.(6) plus any nonaccrual mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages included in Schedule RC-N, item 9, column C, must equal Schedule RC-B, item 4.a, sum of columns A and D, less the amount of mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages included in Schedule RC-B, item 4.a, columns A and D.
- (6) Sum of Memorandum items 2.c.(1) and 2.c.(2) plus any nonaccrual "Other mortgage-backed securities" included in Schedule RC-N, item 9, column C, must equal Schedule RC-B, item 4.b, sum of columns A and D.

**Schedule RC-C—Loans and Lease Financing Receivables**

**Part I. Loans and Leases**

Do not deduct the allowance for loan and lease losses or the allocated transfer risk reserve from amounts reported in this schedule. Report (1) loans and leases held for sale at the lower of cost or market value and (2) loans and leases held for investment, net of unearned income. Exclude assets held for trading and commercial paper.

|   | Dollar Amounts in Thousands | RCFD | (Column A)        | RCON | (Column B)        |         |
|---|-----------------------------|------|-------------------|------|-------------------|---------|
|   |                             |      | Consolidated Bank |      | Domestic Offices  |         |
|   |                             |      | Bil-Mil-Thou      |      | Bil-Mil-Thou      |         |
| 1. Loans secured by real estate   |                             | 1410 | 44,255,529        |      |                   | 1       |
| a. Construction, land development, and other land loans   |                             |      |                   | 1415 | 4,838,780         | 1.a     |
| b. Secured by farmland (including farm residential and other improvements)  |                             |      |                   | 1420 | 150,631           | 1.b     |
| c. Secured by 1-4 family residential properties:  |                             |      |                   |      |                   |         |
| (1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit   |                             |      |                   | 1797 | 7,329,138         | 1.c.1   |
| (2) Closed-end loans secured by 1-4 family residential properties:  |                             |      |                   |      |                   |         |
| (a) Secured by first liens  |                             |      |                   | 5367 | 21,245,624        | 1.c.2.a |
| (b) Secured by junior liens   |                             |      |                   | 5368 | 1,643,326         | 1.c.2.b |
| d. Secured by multifamily (5 or more) residential properties  |                             |      |                   | 1460 | 513,762           | 1.d     |
| e. Secured by nonfarm nonresidential properties   |                             |      |                   | 1480 | 8,534,268         | 1.e     |
| 2. Loans to depository institutions and acceptances of other banks:   |                             |      |                   |      |                   |         |
| a. To commercial banks in the U.S.  |                             |      |                   | B531 | 118,464           | 2.a     |
| (1) To U.S. branches and agencies of foreign banks  |                             | B532 | 1,495             |      |                   | 2.a.1   |
| (2) To other commercial banks in the U.S.   |                             | B533 | 116,969           |      |                   | 2.a.2   |
| b. To other depository institutions in the U.S.   |                             | B534 | 1,846             | B534 | 1,846             | 2.b     |
| c. To banks in foreign countries  |                             |      |                   | B535 | 22,970            | 2.c     |
| (1) To foreign branches of other U.S. banks   |                             | B536 | 105               |      |                   | 2.c.1   |
| (2) To other banks in foreign countries   |                             | B537 | 22,865            |      |                   | 2.c.2   |
| 3. Loans to finance agricultural production and other loans to farmers  |                             | 1590 | 80,318            | 1590 | 80,318            | 3       |
| 4. Commercial and industrial loans:   |                             |      |                   |      |                   |         |
| a. To U.S. addressees (domicile)  |                             | 1763 | 19,336,175        | 1763 | 19,336,175        | 4.a     |
| b. To non-U.S. addressees (domicile)  |                             | 1764 | 497,879           | 1764 | 497,879           | 4.b     |
| 5. Not applicable.  |                             |      |                   |      |                   |         |
| 6. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper):                         |                             |      |                   |      |                   |         |
| a. Credit cards   |                             | B538 | 0                 | B538 | 0                 | 6.a     |
| b. Other revolving credit plans   |                             | B539 | 130,529           | B539 | 130,529           | 6.b     |
| c. Other consumer loans (includes single payment, installment, and all student loans)   |                             | 2011 | 12,814,254        | 2011 | 12,814,254        | 6.c     |
| 7. Loans to foreign government and official institutions (including foreign central banks)  |                             | 2081 | 24,958            | 2081 | 24,958            | 7       |
| 8. Obligations (other than securities and leases) of states and political subdivisions in the U.S.  |                             | 2107 | 1,972,244         | 2107 | 1,972,244         | 8       |
| 9. Other loans  |                             | 1563 | 2,711,735         |      |                   | 9       |
| a. Loans for purchasing or carrying securities (secured and unsecured)  |                             |      |                   | 1545 | 1,330,332         | 9.a     |
| b. All other loans (exclude consumer loans)   |                             |      |                   | 1564 | 1,381,403         | 9.b     |
| 10. Lease financing receivables (net of unearned income)  |                             |      |                   | 2165 | 3,088,065         | 10      |
| a. Of U.S. addressees (domicile)  |                             | 2182 | 3,088,065         |      |                   | 10.a    |
| b. Of non-U.S. addressees (domicile)  |                             | 2183 | 0                 |      |                   | 10.b    |
| 11. LESS: Any unearned income on loans reflected in items 1-9 above   |                             | 2123 | 0                 | 2123 | 0                 | 11      |
| 12. Total loans and leases, net of unearned income (sum of items 1 through 10 minus item 11) (total of column A must equal Schedule RC, item 4.a and 4.b) |                             | 2122 | <b>85,054,966</b> | 2122 | <b>85,054,966</b> | 12      |

|   | Dollar Amounts in Thousands | RCFD | Bil-Mil-Thou |         |
|---|-----------------------------|------|--------------|---------|
| 1. Loans and Leases restructured and in compliance with modified terms (included in Schedule RC-C, part I, and not reported as past due or nonaccrual in Schedule RC-N, Memorandum item 1) (exclude loans secured by 1-4 family residential properties and loans to individuals for household, family, and other personal expenditures) |                             | 1616 | 0            | M.1     |
| 2. Maturity and repricing data for loans and leases (excluding those in nonaccrual status):   |                             |      |              |         |
| a. Closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B) with a remaining maturity or next repricing date of: (1, 2)  |                             | RCON |              |         |
| (1) Three months or less  |                             | A564 | 1,560,861    | M.2.a.1 |
| (2) Over three months through 12 months   |                             | A565 | 2,035,483    | M.2.a.2 |
| (3) Over one year through three years   |                             | A566 | 4,215,059    | M.2.a.3 |
| (4) Over three years through five years   |                             | A567 | 5,571,877    | M.2.a.4 |
| (5) Over five years through 15 years  |                             | A568 | 3,544,304    | M.2.a.5 |
| (6) Over 15 years   |                             | A569 | 4,252,256    | M.2.a.6 |
| b. All loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column A) EXCLUDING closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I item 1.c.(2)(a), column B) with a remaining maturity or next repricing date of: (1,3)           |                             | RCFD |              |         |
| (1) Three months or less  |                             | A570 | 38,059,457   | M.2.b.1 |
| (2) Over three months through 12 months   |                             | A571 | 2,085,340    | M.2.b.2 |
| (3) Over one year through three years   |                             | A572 | 4,204,425    | M.2.b.3 |
| (4) Over three years through five years   |                             | A573 | 11,007,513   | M.2.b.4 |
| (5) Over five years through 15 years  |                             | A574 | 5,549,965    | M.2.b.5 |
| (6) Over 15 years   |                             | A575 | 2,686,033    | M.2.b.6 |
| c. Loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column A) with a REMAINING MATURITY of one year or less (excluding those in nonaccrual status)  |                             | A247 | 15,689,613   | M.2.c   |
| 3. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, part I, items 4 and 9, column A (4)   |                             | 2746 | 1,479,739    | M.3     |
| 4. Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (included in Schedule RC-C, part I, item 1.c.(2)(a), column B)  |                             | RCON |              |         |
|   |                             | 5370 | 19,347,838   | M.4     |
| 5. Loans secured by real estate to non-U.S. addresses (domicile) (included in Schedule RC-C, part I, item 1, column A)  |                             | RCFD |              |         |
|   |                             | B837 | 70,362       | M.5     |
| <b>Memorandum item 6 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed \$500 million as of the report date or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.</b>          |                             |      |              |         |
| 6. Outstanding credit card fees and finance charges included in Schedule RC-C, part I, item 6.a., column A  |                             | C391 | 0            | M.6     |

- (1) Report fixed rate loans and leases by remaining maturity and floating rate loans by next repricing date.
- (2) Sum of Memorandum items 2.a.(1) through 2.a.(6) plus total nonaccrual closed-end loans secured by first liens on 1-4 family residential properties in domestic offices included in Schedule RC-N, item 1.c.(2)(a), column C must equal total closed-end loans secured by first liens on 1-4 family residential properties from Schedule RC-C, part I, item 1.c.(2)(a), column B
- (3) Sum of Memorandum items 2.b.(1) through 2.b.(6) plus total nonaccrual loans and leases from Schedule RC-N, sum of items 1 through 8, column C, minus nonaccrual closed-end loans secured by first liens on 1-4 family residential properties in domestic offices included in Schedule RC-N, item 1.c.(2)(a), column C, must equal total loans and leases from Schedule RC-C, Part I, sum of items 1 through 10, column A, minus total closed-end loans secured by first liens on 1-4 family residential properties in domestic offices from Schedule RC-C, part I, item 1.c.(2)(a), column B.
- (4) Exclude loans secured by real estate that are included in Schedule RC-C, part I, item 1, column A.

**Schedule RC-D—Trading Assets and Liabilities**

Schedule RC-D is to be completed by banks that reported average trading assets (Schedule RC-K, item 7) of \$2 million or more for any quarter of the preceding year.

|   | Dollar Amounts in Thousands | RCON | Bil-Mil-Thou        |      |
|---|-----------------------------|------|---------------------|------|
| <b>ASSETS</b>   |                             |      |                     |      |
| 1. U.S. Treasury securities in domestic offices   |                             | 3531 | 32,116              | 1    |
| 2. U.S. Government agency obligations in domestic offices (exclude mortgage-backed securities)                            |                             | 3532 | 0                   | 2    |
| 3. Securities issued by states and political subdivisions in the U.S. in domestic offices                                 |                             | 3533 | 0                   | 3    |
| 4. Mortgage-backed securities (MBS) in domestic offices:  |                             |      |                     |      |
| a. Pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA   |                             | 3534 | 0                   | 4.a  |
| b. Other mortgage-backed securities issued or guaranteed by FNMA, FHLMC, or GNMA (include CMOs, REMICs, and stripped MBS) |                             | 3535 | 0                   | 4.b  |
| c. All other mortgage-backed securities   |                             | 3536 | 0                   | 4.c  |
| 5. Other debt securities in domestic offices  |                             | 3537 | 92,536              | 5    |
| 6. — 8. Not applicable  |                             |      |                     |      |
| 9. Other trading assets in domestic offices   |                             | 3541 | 229,845             | 9    |
|   |                             | RCFN |                     |      |
| 10. Trading assets in foreign offices   |                             | 3542 | 0                   | 10   |
| 11. Revaluation gains on derivative contracts:  |                             | RCON |                     |      |
| a. In domestic offices  |                             | 3543 | 1,244,589           | 11.a |
|   |                             | RCFN |                     |      |
| b. In foreign offices   |                             | 3543 | 0                   | 11.b |
|   |                             | RCFD |                     |      |
| 12. Total trading assets (sum of items 1 through 11) (must equal Schedule RC, item 5)                                     |                             | 3545 | <b>1,599,086</b>    | 12   |
|   |                             | RCFD | <b>Bil-Mil-Thou</b> |      |
| <b>LIABILITIES</b>  |                             |      |                     |      |
| 13. Liability for short positions   |                             | 3546 | 1,699               | 13   |
| 14. Revaluation losses on derivative contracts  |                             | 3547 | 1,019,445           | 14   |
| 15. Total trading liabilities (sum of items 13 and 14) (must equal Schedule RC, item 15)                                  |                             | 3548 | <b>1,021,144</b>    | 15   |

Schedule RC-E—Deposit Liabilities

Part I. Deposits in Domestic Offices

| Dollar Amounts in Thousands  | Transaction Accounts  |              |   |              | Nontransaction Accounts  |              |   |
|--|---|--------------|---|--------------|--|--------------|---|
|  | (Column A)<br>Total transaction accounts<br>(including total demand deposits) |              | (Column B)<br>Memo: Total demand deposits<br>(included in column A) |              | (Column C)<br>Total nontransaction accounts<br>(including MMDAs) |              |   |
|  | RCON  | Bil-Mil-Thou | RCON  | Bil-Mil-Thou | RCON   | Bil-Mil-Thou |   |
| <b>Deposits of:</b>  |   |              |   |              |  |              |   |
| 1. Individuals, partnerships and corporations (include all certified and official checks)      | B549  | 9,118,696    |   |              | B550   | 63,284,425   | 1 |
| 2. U.S. Government   | 2202  | 4,591        |   |              | 2520   | 0            | 2 |
| 3. States and political subdivisions in the U.S.   | 2203  | 2,497,983    |   |              | 2530   | 559,219      | 3 |
| 4. Commercial banks and other depository institutions in the U.S.                              | B551  | 890,043      |   |              | B552   | 0            | 4 |
| 5. Banks in foreign countries  | 2213  | 20,310       |   |              | 2236   | 0            | 5 |
| 6. Foreign governments, and official institutions (including foreign central banks)            | 2216  | 0            |   |              | 2377   | 0            | 6 |
| 7. Total (sum of items 1 through 6) (sum of columns A and C must equal Schedule RC, item 13.a) | 2215  | 12,531,623   | 2210  | 11,546,610   | 2385   | 63,843,644   | 7 |

Memoranda

|   | Dollar Amounts in Thousands | RCON | Bil-Mil-Thou |         |
|---|-----------------------------|------|--------------|---------|
| <b>1. Selected components of total deposits (i.e., sum of item 7, columns A and C):</b>   |                             |      |              |         |
| a. Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts  |                             | 6835 | 1,935,508    | M.1.a   |
| b. Total brokered deposits  |                             | 2365 | 3,568,493    | M.1.b   |
| c. Fully insured brokered deposits (included in Memorandum item 1.b above):   |                             |      |              |         |
| (1) Issued in denominations of less than \$100,000  |                             | 2343 | 0            | M.1.c.1 |
| (2) Issued either in denominations of \$100,000 or in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less  |                             | 2344 | 0            | M.1.c.2 |
| d. Maturity data for brokered deposits:   |                             |      |              |         |
| (1) Brokered deposits issued in denominations of less than \$100,000 with a remaining maturity of one year or less (included in Memorandum item 1.c.(1) above)  |                             | A243 | 0            | M.1.d.1 |
| (2) Brokered deposits issued in denominations of \$100,000 or more with a remaining maturity of one year or less (included in Memorandum item 1.b above)  |                             | A244 | 3,556,286    | M.1.d.2 |
| e. Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (to be completed for the December report only) |                             | 5590 | N/A          | M.1.e   |
| <b>2. Components of total nontransaction accounts (sum of Memorandum items 2.a through 2.c must equal item 7, column C, above):</b>   |                             |      |              |         |
| a. Savings deposits:  |                             |      |              |         |
| (1) Money market deposit accounts (MMDAs)   |                             | 6810 | 43,339,393   | M.2.a.1 |
| (2) Other savings deposits (excludes MMDAs)   |                             | 0352 | 6,664,581    | M.2.a.2 |
| b. Total time deposits of less than \$100,000   |                             | 6648 | 6,883,934    | M.2.b   |
| c. Total time deposits of \$100,000 or more   |                             | 2604 | 6,955,736    | M.2.c   |

|  | Dollar Amounts in Thousands | RCON | Bil-Mil-Thou |         |
|--|-----------------------------|------|--------------|---------|
| <b>3. Maturity and repricing data for time deposits of less than \$100,000:</b>  |                             |      |              |         |
| a. Time deposits of less than \$100,000 with a remaining maturity or next repricing date of (1,2)  |                             |      |              |         |
| (1) Three months or less   |                             | A579 | 378,926      | M.3.a.1 |
| (2) Over three months through 12 months  |                             | A580 | 4,486,502    | M.3.a.2 |
| (3) Over one year through three years  |                             | A581 | 1,601,746    | M.3.a.3 |
| (4) Over three years   |                             | A582 | 416,760      | M.3.a.4 |
| b. Time deposits of less than \$100,000 with a REMAINING MATURITY of one year or less (included in Memorandum items 3.a.(1) and 3.a.(2) above) (3) |                             |      |              |         |
|  |                             | A241 | 4,813,498    | M.3.b   |
| <b>4. Maturity and repricing data for time deposits of \$100,000 or more:</b>  |                             |      |              |         |
| a. Time deposits of \$100,000 or more with a remaining maturity or next repricing date of (1,4)  |                             |      |              |         |
| (1) Three months or less   |                             | A584 | 3,722,940    | M.4.a.1 |
| (2) Over three months through 12 months  |                             | A585 | 2,133,372    | M.4.a.2 |
| (3) Over one year through three years  |                             | A586 | 758,673      | M.4.a.3 |
| (4) Over three years   |                             | A587 | 340,751      | M.4.a.4 |
| b. Time deposits of \$100,000 or more with a REMAINING MATURITY of one year or less (included in Memorandum items 4.a.(1) and 4.a.(2) above) (3)   |                             |      |              |         |
|  |                             | A242 | 5,815,244    | M.4.b   |

- (1) Report fixed rate time deposits by remaining maturity and floating rate time deposits by next repricing date.
- (2) Sum of Memorandum items 3.a.(1) through 3.a.(4) must equal Schedule RC-E Memorandum item 2.b.
- (3) Report both fixed and floating rate time deposits by remaining maturity. Exclude floating rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.
- (4) Sum of Memorandum items 4.a.(1) through 4.a.(4) must equal Schedule RC-E, Memorandum item 2.c.

## Part II. Deposits in Foreign Offices (including Edge and Agreement subsidiaries and IBFs)

|  | Dollar Amounts in Thousands | RCFN | Bil-Mil-Thou |   |
|--|-----------------------------|------|--------------|---|
| <b>Deposits of:</b>  |                             |      |              |   |
| 1. Individuals, partnerships, and corporations (include all certified and official checks)               |                             | B553 | 4,633,604    | 1 |
| 2. U.S. banks (including IBFs and foreign branches of U.S. banks) and other U.S. depository institutions |                             | B554 | 0            | 2 |
| 3. Foreign banks (including U.S. branches and agencies of foreign banks, including their IBFs)           |                             | 2625 | 218,520      | 3 |
| 4. Foreign governments and official institutions (including foreign central banks)                       |                             | 2650 | 0            | 4 |
| 5. U.S. Government and states and political subdivisions in the U.S.                                     |                             | B555 | 0            | 5 |
| 6. Total (sum of items 1 through 5) (must equal Schedule RC, item 13.b)                                  |                             | 2200 | 4,852,124    | 6 |
| <b>Memorandum</b>  |                             |      |              |   |

|  | Dollar Amounts in Thousands | RCFN | Bil-Mil-Thou |     |
|--|-----------------------------|------|--------------|-----|
| 1. Time deposits with a remaining maturity of one year or less (included in Part II, item 6 above) |                             | A245 | 4,852,124    | M.1 |

**Schedule RC-F—Other Assets**

|   | Dollar Amounts in Thousands |     | RCFD | Bil-Mil-Thou |     |
|---|-----------------------------|-----|------|--------------|-----|
| 1. Accrued interest receivable(1)   |                             |     | B556 | 366,686      | 1   |
| 2. Net deferred tax assets(2)   |                             |     | 2148 | 0            | 2   |
| 3. Interest-only strips receivable (not in the form of a security) (3) on:                            |                             |     |      |              |     |
| a. Mortgage loans   |                             |     | A519 | 0            | 3.a |
| b. Other financial assets   |                             |     | A520 | 0            | 3.b |
| 4. Equity securities that DO NOT have readily determinable fair values (4)                            |                             |     | 1752 | 451,305      | 4   |
| 5. All other assets (itemize and describe amounts greater than \$25,000 that exceed 25% of this item) |                             |     | 2168 | 3,312,466    | 5   |
| <b>TEXT</b>   |                             |     |      |              |     |
| a. Prepaid expenses   | 2166                        | 0   |      |              | 5.a |
| b. Cash surrender value of life insurance   | C009                        | 0   |      |              | 5.b |
| c. Repossessed personal property (including vehicles)   | 1578                        | 0   |      |              | 5.c |
| d. Derivatives with a positive fair value held for purposes other than trading                        | C010                        | 0   |      |              | 5.d |
| e. Retained interests in accrued interest receivable related to securitized credit cards              | C436                        | 0   |      |              | 5.e |
| f. 3549   | 3549                        | N/A |      |              | 5.f |
| g. 3550   | 3550                        | N/A |      |              | 5.g |
| h. 3551   | 3551                        | N/A |      |              | 5.h |
| 6. Total (sum of items 1 through 5) (must equal Schedule RC, item 11)                                 |                             |     | 2160 | 4,130,457    | 6   |

**Schedule RC-G—Other Liabilities**

|  | Dollar Amounts in Thousands |         | RCFN        | Bil-Mil-Thou |     |
|--|-----------------------------|---------|-------------|--------------|-----|
| 1. a. Interest accrued and unpaid on deposits in domestic offices(5)                                       |                             |         | 3645        | 41,832       | 1.a |
|  |                             |         | <b>RCFD</b> |              |     |
| b. Other expenses accrued and unpaid (includes accrued income taxes payable)                               |                             |         | 3646        | 395,681      | 1.b |
| 2. Net deferred tax liabilities (2)  |                             |         | 3049        | 1,111,507    | 2   |
| 3. Allowance for credit losses on off-balance sheet credit exposures                                       |                             |         | B557        | 0            | 3   |
| 4. All other liabilities (itemize and describe amounts greater than \$25,000 that exceed 25% of this item) |                             |         | 2938        | 1,354,290    | 4   |
| <b>TEXT</b>  |                             |         |             |              |     |
| a. Accounts payable  | 3066                        | 406,306 |             |              | 4.a |
| b. Deferred compensation liabilities   | C011                        | 0       |             |              | 4.b |
| c. Dividends declared but not yet payable  | 2932                        | 0       |             |              | 4.c |
| d. Derivatives with a negative fair value held for purposes other than trading                             | C012                        | 0       |             |              | 4.d |
| e. 3552  | 3552                        | N/A     |             |              | 4.e |
| f. 3553  | 3553                        | N/A     |             |              | 4.f |
| g. 3554  | 3554                        | N/A     |             |              | 4.g |
| 5. Total (sum of items 1 through 4) (must equal Schedule RC, item 20)                                      |                             |         | 2930        | 2,903,310    | 5   |

- (1) Include accrued interest receivable on loans, leases, debt securities, and other interest-bearing assets.
- (2) See discussion of deferred income taxes in Glossary entry on "income taxes."
- (3) Report interest-only strips receivable in the form of a security as available-for sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate.
- (4) Include Federal Reserve stock, Federal Home Loan Bank stock, and bankers' bank stock
- (5) For savings banks, includes "dividends" accrued and unpaid on deposits.

## Schedule RC-H—Selected Balance Sheet Items for Domestic Offices

|   | Dollar Amounts in Thousands | Domestic Offices |              |   |
|---|-----------------------------|------------------|--------------|---|
|   |                             | RCON             | Bil-Mil-Thou |   |
| 1. Customers' liability to this bank on acceptances outstanding                                       |                             | 2155             | 48,102       | 1 |
| 2. Bank's liability on acceptances executed and outstanding   |                             | 2920             | 48,102       | 2 |
| 3. Securities purchased under agreements to resell  |                             | B989             | 4,102,945    | 3 |
| 4. Securities sold under agreements to repurchase   |                             | B995             | 10,086,677   | 4 |
| 5. Other borrowed money   |                             | 3190             | 11,931,227   | 5 |
| <i>EITHER</i>   |                             |                  |              |   |
| 6. Net due from own foreign offices, Edge and Agreement subsidiaries, and IBFs                        |                             | 2163             | N/A          | 6 |
| <i>OR</i>   |                             |                  |              |   |
| 7. Net due to own foreign offices, Edge and Agreement subsidiaries, and IBFs                          |                             | 2941             | 5,232,258    | 7 |
| 8. Total assets (excludes net due from foreign offices, Edge and Agreement subsidiaries, and IBFs)    |                             | 2192             | 124,298,068  | 8 |
| 9. Total liabilities (excludes net due to foreign offices, Edge and Agreement subsidiaries, and IBFs) |                             | 3129             | 107,902,502  | 9 |

In items 10-17 report the amortized (historical) cost of both held-to-maturity and available-for-sale securities in domestic offices.

|   | RCON | Bil-Mil-Thou |        |
|---|------|--------------|--------|
| 10. U.S. Treasury securities  | 1039 | 17,586       | 10     |
| 11. U.S. Government agency obligations (exclude mortgage-backed securities)   | 1041 | 2,629,752    | 11     |
| 12. Securities issued by states and political subdivisions in the U.S.  | 1042 | 336,646      | 12     |
| 13. Mortgage-backed securities (MBS):   |      |              |        |
| a. Pass-through securities:   |      |              |        |
| (1) Issued or guaranteed by FNMA, FHLMC, or GNMA  | 1043 | 6,878,776    | 13.a.1 |
| (2) Other pass-through securities   | 1044 | 201,524      | 13.a.2 |
| b. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS):   |      |              |        |
| (1) Issued or guaranteed by FNMA, FHLMC, or GNMA  | 1209 | 4,433,242    | 13.b.1 |
| (2) All other mortgage-backed securities  | 1280 | 1,339,852    | 13.b.2 |
| 14. Other domestic debt securities (include domestic asset-backed securities)   | 1281 | 5,852,981    | 14     |
| 15. Foreign debt securities (include foreign asset-backed securities)   | 1282 | 3,300        | 15     |
| 16. Investments in mutual funds and other equity securities with readily determinable fair values                             | A510 | 229,501      | 16     |
| 17. Total amortized (historical) cost of both held-to-maturity and available-for-sale securities (sum of items 10 through 16) | 1374 | 21,923,160   | 17     |
| 18. Equity securities that do not have readily determinable fair values   | 1752 | 451,305      | 18     |

## Schedule RC-I—Selected Assets and Liabilities of IBFs

To be completed only by banks with IBFs and other "foreign" offices.

|  | Dollar Amounts in Thousands | RCON | Bil-Mil-Thou |   |
|--|-----------------------------|------|--------------|---|
| 1. Total IBF assets of the consolidated bank (component of Schedule RC, item 12) |                             | 2133 | 0            | 1 |
| 2. Total IBF liabilities (component of Schedule RC, item 21)                     |                             | 2898 | 43,329       | 2 |



**Schedule RC-K—Quarterly Averages(1)**

|   | Dollar Amounts in Thousands | RCFD        | Bil-Mil-Thou |         |
|---|-----------------------------|-------------|--------------|---------|
| <b>ASSETS</b>   |                             |             |              |         |
| 1. Interest-bearing balances due from depository institutions   |                             | 3381        | 21,054       | 1       |
| 2. U.S. Treasury securities and U.S. Government agency obligations(2) (excluding mortgage-backed securities)  |                             | B558        | 2,368,688    | 2       |
| 3. Mortgage-backed securities(2)  |                             | B559        | 12,239,605   | 3       |
| 4. All other securities (2, 3)(includes securities issued by states and political subdivisions in the U.S.)   |                             | B560        | 6,856,608    | 4       |
| 5. Federal funds sold and securities purchased under agreements to resell   |                             | 3365        | 4,102,749    | 5       |
| 6. Loans:   |                             |             |              |         |
| a. Loans in domestic offices:   |                             | <b>RCFN</b> |              |         |
| (1) Total loans   |                             | 3360        | 81,878,135   | 6.a.1   |
| (2) Loans secured by real estate  |                             | 3385        | 43,259,164   | 6.a.2   |
| (3) Loans to finance agricultural production and other loans to farmers   |                             | 3386        | 81,721       | 6.a.3   |
| (4) Commercial and industrial loans   |                             | 3387        | 23,013,555   | 6.a.4   |
| (5) Loans to individuals for household, family, and other personal expenditures:  |                             |             |              |         |
| (a) Credit cards  |                             | B561        | 0            | 6.a.5.a |
| (b) Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)   |                             | B562        | 13,095,014   | 6.a.5.b |
| b. Total loans in foreign offices, Edge and Agreement subsidiaries, and IBFs  |                             | 3360        | 0            | 6.b     |
| 7. Trading assets   |                             | 3401        | 1,252,145    | 7       |
| 8. Lease financing receivables (net of unearned income)   |                             | 3484        | 3,087,949    | 8       |
| 9. Total assets(4)  |                             | 3368        | 120,899,544  | 9       |
| <b>LIABILITIES</b>  |                             |             |              |         |
| 10. Interest-bearing transaction accounts in domestic (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts) (exclude demand deposits) |                             | 3485        | 1,018,211    | 10      |
| 11. Nontransaction accounts in domestic offices:  |                             |             |              |         |
| a. Savings deposits (includes MMDAs)  |                             | B563        | 44,126,088   | 11.a    |
| b. Time deposits of \$100,000 or more   |                             | A514        | 7,295,519    | 11.b    |
| c. Time deposits of less than \$100,000   |                             | A529        | 7,050,537    | 11.c    |
| 12. Interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs   |                             | 3404        | 6,017,259    | 12      |
| 13. Federal funds purchased and securities sold under agreements to repurchase  |                             | 3353        | 13,594,861   | 13      |
| 14. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)  |                             | 3355        | 12,075,405   | 14      |

- (1) For all items, banks have the option of reporting either (1) an average of DAILY figures for the quarter, or (2) an average of WEEKLY figures (i.e., the Wednesday of each week of the quarter).
- (2) Quarterly averages for all debt securities should be based on amortized cost.
- (3) Quarterly averages for all equity securities should be based on historical cost.
- (4) The quarterly averages for total assets should reflect all debt securities (not held for trading) at amortized cost, equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost.

**Schedule RC-L—Derivatives and Off-Balance Sheet Items**

Please read carefully the instructions for the preparation of Schedule RC-L. Some of the amounts reported in Schedule RC-L are regarded as volume indicators and not necessarily as measures of risk.

|   | Dollar Amounts in Thousands |         | RCFD        | Bil-Mil-Thou             |       |
|---|-----------------------------|---------|-------------|--------------------------|-------|
| <b>1. Unused commitments:</b>   |                             |         |             |                          |       |
| a. Revolving, open-end lines secured by 1-4 family residential properties, e.g., home equity lines  |                             |         | 3814        | 8,351,701                | 1.a   |
| b. Credit card lines  |                             |         | 3815        | 0                        | 1.b   |
| c. (1) Commitments to fund commercial real estate, construction, and land development loans secured by real estate  |                             |         | 3816        | 2,814,973                | 1.c.1 |
| (2) Commitments to fund commercial real estate, construction, and land development loans NOT secured by real estate   |                             |         | 6550        | 902,772                  | 1.c.2 |
| d. Securities underwriting  |                             |         | 3817        | 0                        | 1.d   |
| e. Other unused commitments   |                             |         | 3818        | 45,547,097               | 1.e   |
| <b>2. Financial standby letters of credit and foreign office guarantees</b>   |                             |         |             |                          |       |
| a. Amount of financial standby letters of credit conveyed to others   | 3820                        | 207,991 |             |                          | 2.a   |
| <b>3. Performance standby letters of credit and foreign office guarantees</b>   |                             |         |             |                          |       |
| a. Amount of performance standby letters of credit conveyed to others   | 3822                        | 5,995   |             |                          | 3.a   |
| <b>4. Commercial and similar letters of credit</b>  |                             |         |             |                          |       |
| <b>5. Participations in acceptances (as described in the instructions) conveyed to others by the reporting bank</b>   |                             |         |             |                          |       |
| <b>6. Securities lent (including customers' securities lent where the customer is indemnified against loss by the reporting bank)</b>   |                             |         |             |                          |       |
|   |                             |         | 3433        | 0                        | 6     |
| <b>7. Credit derivatives:</b>   |                             |         |             |                          |       |
| a. Notional amount of credit derivatives on which the reporting bank is the guarantor   |                             |         | A534        | 295,000                  | 7.a   |
| (1) Gross positive fair value   |                             |         | C219        | 1,620                    | 7.a.1 |
| (2) Gross negative fair value   |                             |         | C220        | 480                      | 7.a.2 |
| b. Notional amount of credit derivatives on which the reporting bank is the beneficiary   |                             |         | A535        | 267,000                  | 7.b   |
| (1) Gross positive fair value   |                             |         | C221        | 650                      | 7.b.1 |
| (2) Gross negative fair value   |                             |         | C222        | 2,173                    | 7.b.2 |
| <b>8. Spot foreign exchange contracts</b>   |                             |         |             |                          |       |
|   |                             |         | 8765        | 881,066                  | 8     |
| <b>9. All other off-balance sheet liabilities (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 28, "Total equity capital")</b> |                             |         |             |                          |       |
|   |                             |         | 3430        | 0                        | 9     |
| TEXT  |                             |         |             |                          |       |
| a. Securities borrowed  | 3432                        | 0       |             |                          | 9.a   |
| b. Commitments to purchase when-issued securities   | 3434                        | 0       |             |                          | 9.b   |
| c. 3555   | 3555                        | N/A     |             |                          | 9.c   |
| d. 3556   | 3556                        | N/A     |             |                          | 9.d   |
| e. 3557   | 3557                        | N/A     |             |                          | 9.e   |
| <b>10. All other off-balance sheet assets (exclude derivatives)(itemize and describe each component of this item over 25% Schedule RC item 28., "Total equity capital")</b>         |                             |         |             |                          |       |
|   |                             |         | 5591        | 0                        | 10    |
| TEXT  |                             |         |             |                          |       |
| a. Commitments to sell when-issued securities   | 3435                        | 0       |             |                          | 10.a  |
| b. 5592   | 5592                        | N/A     |             |                          | 10.b  |
| c. 5593   | 5593                        | N/A     |             |                          | 10.c  |
| d. 5594   | 5594                        | N/A     |             |                          | 10.d  |
| e. 5595   | 5595                        | N/A     |             |                          | 10.e  |
| <b>11. Year-to-date merchant credit card sales volume:</b>  |                             |         |             |                          |       |
|   |                             |         |             |                          |       |
|   |                             |         | <b>RCFD</b> | <b>Tril-Bil-Mil-Thou</b> |       |
| a. Sales for which the reporting bank is the acquiring bank   |                             |         | C223        | 0                        | 11.a  |
| b. Sales for which the reporting bank is the agent bank with risk   |                             |         | C224        | 0                        | 11.b  |

Dollar Amounts in Thousands

| Derivatives Position Indicators   | Column A)                     | (Column B)                       | (Column C)                        | (Column D)                          |        |
|---|-------------------------------|----------------------------------|-----------------------------------|-------------------------------------|--------|
|   | Interest<br>Rate<br>Contracts | Foreign<br>Exchange<br>Contracts | Equity<br>Derivative<br>Contracts | Commodity<br>and Other<br>Contracts |        |
|   | Tril-Bil-Mil-Thou             | Tril-Bil-Mil-Thou                | Tril-Bil-Mil-Thou                 | Tril-Bil-Mil-Thou                   |        |
| 12. Gross amounts (e.g., notional amounts) (for each column, sum of items 12.a through 12.e must equal sum of items 13 and 14): |                               |                                  |                                   |                                     |        |
| a. Futures contracts  | RCFD 8693<br>3,966,000        | RCFD 8694<br>0                   | RCFD 8695<br>0                    | RCFD 8696<br>0                      | 12.a   |
| b. Forward contracts  | RCFD 8697<br>6,218,358        | RCFD 8698<br>4,235,421           | RCFD 8699<br>0                    | RCFD 8700<br>0                      | 12.b   |
| c. Exchange-traded option contracts:  |                               |                                  |                                   |                                     |        |
| (1) Written options   | RCFD 8701<br>750,000          | RCFD 8702<br>0                   | RCFD 8703<br>0                    | RCFD 8704<br>0                      | 12.c.1 |
| (2) Purchased options   | RCFD 8705<br>375,000          | RCFD 8706<br>0                   | RCFD 8707<br>0                    | RCFD 8708<br>0                      | 12.c.2 |
| d. Over-the-counter option contracts:   |                               |                                  |                                   |                                     |        |
| (1) Written options   | RCFD 8709<br>8,806,804        | RCFD 8710<br>444,750             | RCFD 8711<br>879,367              | RCFD 8712<br>0                      | 12.d.1 |
| (2) Purchased options   | RCFD 8713<br>3,238,923        | RCFD 8714<br>439,456             | RCFD 8715<br>882,201              | RCFD 8716<br>0                      | 12.d.2 |
| e. Swaps  | RCFD 3450<br>49,639,089       | RCFD 3826<br>432,849             | RCFD 8719<br>83,554               | RCFD 8720<br>0                      | 12.e   |
| 13. Total gross notional amount of derivative contracts held for trading  | RCFD A126<br>52,897,399       | RCFD A127<br>5,526,145           | RCFD 8723<br>1,830,728            | RCFD 8724<br>0                      | 13     |
| 14. Total gross notional amount of derivative contracts held for purposes other than trading                                    | RCFD 8725<br>20,096,775       | RCFD 8726<br>26,331              | RCFD 8727<br>14,394               | RCFD 8728<br>0                      | 14     |
| a. Interest rate swaps where the bank has agreed to pay a fixed rate  | RCFD A589<br>4,393,092        |                                  |                                   |                                     | 14.a   |
| 15. Gross fair values of derivative contracts:  |                               |                                  |                                   |                                     |        |
| a. Contracts held for trading:  | RCFD 8733                     | RCFD 8734                        | RCFD 8735                         | RCFD 8736                           |        |
| (1) Gross positive fair value   | 1,127,861                     | 162,466                          | 226,403                           | 0                                   | 15.a.1 |
| (2) Gross negative fair value   | RCFD 8737<br>1,028,406        | RCFD 8738<br>158,119             | RCFD 8739<br>109,340              | RCFD 8740<br>0                      | 15.a.2 |
| b. Contracts held for purposes other than trading:  | RCFD 8741                     | RCFD 8742                        | RCFD 8743                         | RCFD 8744                           |        |
| (1) Gross positive fair value   | 121,370                       | 19                               | 0                                 | 0                                   | 15.b.1 |
| (2) Gross negative fair value   | RCFD 8745<br>107,685          | RCFD 8746<br>3,547               | RCFD 8747<br>183                  | RCFD 8748<br>0                      | 15.b.2 |

**Schedule RC-M—Memoranda**

|   | Dollar Amounts in Thousands |         | RCFD        | Bil-Mil-Thou |       |
|---|-----------------------------|---------|-------------|--------------|-------|
| <b>1. Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date:</b>   |                             |         |             |              |       |
| a. Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests   |                             |         | 6164        | 824,963      | 1.a   |
|   | <u>Number</u>               |         |             |              |       |
| b. Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of \$500,000 or 5 percent of total capital as defined for this purpose in agency regulations | 6165                        | 8       |             |              | 1.b   |
| <b>2. Intangible assets other than goodwill:</b>  |                             |         |             |              |       |
| a. Mortgage servicing Assets  |                             |         | 3164        | 452,345      | 2.a   |
| (1) Estimated fair value of mortgage servicing assets   | A590                        | 513,530 |             |              | 2.a.1 |
| b. Purchased credit card relationships and nonmortgage servicing assets   |                             |         | B026        | 0            | 2.b   |
| c. All other identifiable intangible assets   |                             |         | 5507        | 168,418      | 2.c   |
| d. Total (sum of items 2.a, 2.b, and 2.c) (must equal Schedule RC, item 10.b)   |                             |         | 0426        | 620,763      | 2.d   |
| <b>3. Other real estate owned:</b>  |                             |         |             |              |       |
| a. Direct and indirect investments in real estate ventures  |                             |         | 5372        | 0            | 3.a   |
| b. All other real estate owned:   |                             |         | <u>RCFN</u> |              |       |
| (1) Construction, land development, and other land in domestic offices  |                             |         | 5508        | 3,220        | 3.b.1 |
| (2) Farmland in domestic offices  |                             |         | 5509        | 553          | 3.b.2 |
| (3) 1-4 family residential properties in domestic offices   |                             |         | 5510        | 18,603       | 3.b.3 |
| (4) Multifamily (5 or more) residential properties in domestic offices  |                             |         | 5511        | 0            | 3.b.4 |
| (5) Nonfarm nonresidential properties in domestic offices   |                             |         | 5512        | 3,832        | 3.b.5 |
|   |                             |         | <u>RCFN</u> |              |       |
| (6) In foreign offices  |                             |         | 5513        | 0            | 3.b.6 |
|   |                             |         | <u>RCFD</u> |              |       |
| c. Total (sum of items 3.a and 3.b) (must equal Schedule RC, item 7)  |                             |         | 2150        | 26,208       | 3.c   |
| <b>4. Investments in unconsolidated subsidiaries and associated companies:</b>  |                             |         |             |              |       |
| a. Direct and indirect investments in real estate ventures  |                             |         | 5374        | 0            | 4.a   |
| b. All other investments in unconsolidated subsidiaries and associated companies  |                             |         | 5375        | 0            | 4.b   |
| c. Total (sum of items 4.a and 4.b) (must equal Schedule RC, item 8)  |                             |         | 2130        | 0            | 4.c   |
| <b>5. Other borrowed money:</b>   |                             |         |             |              |       |
| a. Federal Home Loan Bank advances:   |                             |         |             |              |       |
| (1) With a remaining maturity of one year or less (1)   |                             |         | 2651        | 425,850      | 5.a.1 |
| (2) With a remaining maturity of more than one year through three years   |                             |         | B565        | 703,919      | 5.a.2 |
| (3) With a remaining maturity of more than three years  |                             |         | B566        | 5,716,483    | 5.a.3 |
| b. Other borrowings:  |                             |         |             |              |       |
| (1) With a remaining maturity of one year or less   |                             |         | B571        | 896,099      | 5.b.1 |
| (2) With a remaining maturity of more than one year through three years   |                             |         | B567        | 3,416,067    | 5.b.2 |
| (3) With a remaining maturity of more than three years  |                             |         | B568        | 772,809      | 5.b.3 |
| c. Total (sum of items 5.a.(1) through 5.b.(3)) (must equal Schedule RC, item 16)   |                             |         | 3190        | 11,931,227   | 5.c   |
| <u>YES / NO</u>   |                             |         |             |              |       |
| 6. Does the reporting bank sell private label or third party mutual funds and annuities?  |                             |         | B569        | NO           | 6     |
| <u>Bil-Mil-Thou</u>   |                             |         |             |              |       |
| <u>RCFD</u>   |                             |         |             |              |       |
| 7. Assets under the reporting bank's management in proprietary mutual funds and annuities   |                             |         | B570        | 0            | 7     |
| <b>8. Primary Internet Web site address of the bank (home page), if any:</b>  |                             |         |             |              |       |
| (example: <a href="http://www.examplebank.com">http://www.examplebank.com</a> )   |                             |         |             |              |       |
| TEXT 4087 <a href="http://WWW.SUNTRUST.COM">http://WWW.SUNTRUST.COM</a>   |                             |         |             |              | 8     |
| <u>YES / NO</u>   |                             |         |             |              |       |
| 9. Do any of the bank's Internet Web sites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the Web site?  |                             |         | 4088        | YES          | 9     |

(1) Includes overnight Federal Home Loan Bank advances.

**Schedule RC-N—Past Due and Nonaccrual Loans, Leases, and Other Assets**

| Dollar Amounts in Thousands  | (Column A)<br>Past due<br>30 through 89<br>days and<br>still accruing |              | (Column B)<br>Past due 90<br>days or more<br>and still<br>accruing |              | (Column C)<br>Nonaccrual |              |         |
|--|---|--------------|--|--------------|--------------------------|--------------|---------|
|  | RCON  | Bil-Mil-Thou | RCON   | Bil-Mil-Thou | RCON                     | Bil-Mil-Thou |         |
| <b>1. Loans secured by real estate:</b>  |   |              |  |              |                          |              |         |
| a. Construction, land development, and other land loans in domestic offices  | 2759  | 61,470       | 2769   | 15,974       | 3492                     | 21,126       | 1.a     |
| b. Secured by farmland in domestic offices   | 3493  | 2,172        | 3494   | 0            | 3495                     | 1,058        | 1.b     |
| c. Secured by 1-4 family residential properties in domestic offices:   |   |              |  |              |                          |              |         |
| (1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit          | 5398  | 19,925       | 5399   | 1,451        | 5400                     | 4,594        | 1.c.1   |
| (2) Closed-end loans secured by 1-4 family residential properties:   |   |              |  |              |                          |              |         |
| (a) Secured by first liens   | C236  | 81,736       | C237   | 25,930       | C229                     | 65,785       | 1.c.2.a |
| (b) Secured by junior liens  | C238  | 11,091       | C239   | 508          | C230                     | 5,854        | 1.c.2.b |
| d. Secured by multifamily (5 or more) residential properties in domestic offices                                       | 3499  | 8,885        | 3500   | 507          | 3501                     | 800          | 1.d     |
| e. Secured by nonfarm nonresidential properties in domestic offices  | 3502  | 27,989       | 3503   | 2,556        | 3504                     | 38,886       | 1.e     |
|  | <u>RCFN</u>   |              | <u>RCFN</u>  |              | <u>RCFN</u>              |              |         |
| f. In foreign offices  | B572  | 0            | B573   | 0            | B574                     | 0            | 1.f     |
| <b>2. Loans to depository institutions and acceptances of other banks:</b>   |   |              |  |              |                          |              |         |
|  | <u>RCFN</u>   |              | <u>RCFN</u>  |              | <u>RCFN</u>              |              |         |
| a. To U.S. banks and other U.S. depository institutions  | 5377  | 662          | 5378   | 0            | 5379                     | 50           | 2.a     |
| b. To foreign banks  | 5380  | 0            | 5381   | 0            | 5382                     | 0            | 2.b     |
| 3. Loans to finance agricultural production and other loans to farmers   | 1594  | 1,046        | 1597   | 174          | 1583                     | 3,812        | 3       |
| <b>4. Commercial and industrial loans:</b>   |   |              |  |              |                          |              |         |
| a. To U.S. addressees (domicile)   | 1251  | 134,275      | 1252   | 37,339       | 1253                     | 111,613      | 4.a     |
| b. To non-U.S. addressees (domicile)   | 1254  | 645          | 1255   | 0            | 1256                     | 142          | 4.b     |
| <b>5. Loans to individuals for household, family, and other personal expenditures:</b>                                 |   |              |  |              |                          |              |         |
| a. Credit cards  | B575  | 0            | B576   | 0            | B577                     | 0            | 5.a     |
| b. Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards) | B578  | 213,817      | B579   | 86,883       | B580                     | 28,061       | 5.b     |
| 6. Loans to foreign governments and official institutions  | 5389  | 0            | 5390   | 0            | 5391                     | 0            | 6       |
| 7. All other loans   | 5459  | 4,699        | 5460   | 3            | 5461                     | 613          | 7       |
| <b>8. Lease financing receivables:</b>   |   |              |  |              |                          |              |         |
| a. Of U.S. addressees (domicile)   | 1257  | 0            | 1258   | 0            | 1259                     | 0            | 8.a     |
| b. Of non-U.S. addressees (domicile)   | 1271  | 0            | 1272   | 0            | 1791                     | 0            | 8.b     |
| 9. Debt securities and other assets (exclude other real estate owned and other repossessed assets)                     | 3505  | 0            | 3506   | 0            | 3507                     | 0            | 9       |

Amounts reported in Schedule RC-N, items 1 through 8, above include guaranteed and unguaranteed portions of past due and nonaccrual loans and leases. Report in item 10 below certain guaranteed loans and leases that have already been included in the amounts reported in items 1 through 8.

| Dollar Amounts in Thousands  | (Column A)<br>Past due<br>30 through 89<br>days and<br>still accruing |              | (Column B)<br>Past due 90<br>days or more<br>and still<br>accruing |              | (Column C)<br>Nonaccrual |              |
|--|---|--------------|--|--------------|--------------------------|--------------|
|  | RCFD  | Bil-Mil-Thou | RCFD   | Bil-Mil-Thou | RCFD                     | Bil-Mil-Thou |
| 10. Loans and leases reported in items 1 through 8 above which are wholly or partially guaranteed by the U.S. Government   | 5612  | 96,598       | 5613   | 86,022       | 5614                     | 4,198 10     |
| a. Guaranteed portion of loans and leases included in item 10 above  | 5615  | 79,284       | 5616   | 68,981       | 5617                     | 3,358 10.a   |
| <b>Memoranda</b>   |   |              |  |              |                          |              |
| Dollar Amounts in Thousands  | RCFD  | Bil-Mil-Thou | RCFD   | Bil-Mil-Thou | RCFD                     | Bil-Mil-Thou |
| 1. Restructured loans and leases included in Schedule RC-N, items 1 through 8, above (and not reported in Schedule RC-C, Part I, Memorandum item 1)                    | 1658  | 0            | 1659   | 0            | 1661                     | 0 M.1        |
| 2. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-N, items 4 and 7, above | 6558  | 6,440        | 6559   | 0            | 6560                     | 1,874 M.2    |
| 3. Loans secured by real estate to non-U.S. addresses (domicile) (included in Schedule RC-N, item 1, above)  | 1248  | 112          | 1249   | 0            | 1250                     | 0 M.3        |
| 4. Not applicable  |   |              |  |              |                          |              |
| 5. Loans and leases held for sale (included in Schedule RC-N, items 1 through 8, above)  | C240  | 0            | C241   | 0            | C226                     | 0 M.5        |
|  |   |              |  |              |                          |              |
|  | (Column A)<br>Past due<br>30 through 89 days                          |              | (Column B)<br>Past due 90<br>days or more                          |              |                          |              |
|  | RCFD  | Bil-Mil-Thou | RCFD   | Bil-Mil-Thou |                          |              |
| 6. Interest rate, foreign exchange rate, and other commodity and equity contracts:   |   |              |  |              |                          |              |
| Fair value of amounts carried as assets  | 3529  | 0            | 3530   | 0            |                          | M.6          |

**Schedule RC-O—Other Data for Deposit Insurance and FICO Assessments**

|   | Dollar Amounts in Thousands | RCON | Bil-Mil-Thou |
|---|-----------------------------|------|--------------|
| <b>1. Unposted debits (see instructions):</b>   |                             |      |              |
| a. Actual amount of all unposted debits   |                             | 0030 | 0 1.a        |
| <i>OR</i>   |                             |      |              |
| b. Separate amount of unposted debits:  |                             |      |              |
| (1) Actual amount of unposted debits to demand deposits   |                             | 0031 | N/A 1.b.1    |
| (2) Actual amount of unposted debits to time and savings deposits(1)  |                             | 0032 | N/A 1.b.2    |
| <b>2. Unposted credits (see instructions):</b>  |                             |      |              |
| a. Actual amount of all unposted credits  |                             | 3510 | 0 2.a        |
| <i>OR</i>   |                             |      |              |
| b. Separate amount of unposted credits:   |                             |      |              |
| (1) Actual amount of unposted credits to demand deposits  |                             | 3512 | N/A 2.b.1    |
| (2) Actual amount of unposted credits to time and savings deposits(1)   |                             | 3514 | N/A 2.b.2    |
| <b>3. Uninvested trust funds (cash) held in bank's own trust department (not included in total deposits in domestic offices)</b>  |                             | 3520 | 0 3          |
| <b>4. Deposits of consolidated subsidiaries in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions (not included in total deposits):</b>   |                             |      |              |
| a. Demand deposits of consolidated subsidiaries   |                             | 2211 | 94,648 4.a   |
| b. Time and savings deposits(1) of consolidated subsidiaries  |                             | 2351 | 0 4.b        |
| c. Interest accrued and unpaid on deposits of consolidated subsidiaries   |                             | 5514 | 0 4.c        |
| <b>5. Deposits in insured branches in Puerto Rico and U.S. territories and possessions:</b>   |                             |      |              |
| a. Demand deposits in insured branches (included in Schedule RC-E, Part II)   |                             | 2229 | 0 5.a        |
| b. Time and saving deposits(1) in insured branches (included in Schedule RC-E, Part II)   |                             | 2383 | 0 5.b        |
| c. Interest accrued and unpaid on deposits in insured branches (included in Schedule RC-G, item 1.b)  |                             | 5515 | 0 5.c        |
| <b>6. Reserve balances actually passed through to the Federal Reserve by the reporting bank on behalf of its respondent depository institutions that are also reflected as deposit liabilities of the reporting bank:</b>                                     |                             |      |              |
| a. Amount reflected in demand deposits (included in Schedule RC-E, Part I, Item 7 column B)   |                             | 2314 | 0 6.a        |
| b. Amount reflected in time and savings deposits(1) (included in Schedule RC-E, Part I, Item 7, column A or C, but not column B)  |                             | 2315 | 0 6.b        |
| <b>7. Unamortized premiums and discounts on time and savings deposits: (1,2)</b>  |                             |      |              |
| a. Unamortized premiums   |                             | 5516 | 490 7.a      |
| b. Unamortized discounts  |                             | 5517 | 16,783 7.b   |
| <b>8. To be completed by banks with "Oakar deposits".</b>   |                             |      |              |
| a. Deposits purchased or acquired from other FDIC-insured institutions during the quarter (exclude deposits purchased or acquired from foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions):                      |                             |      |              |
| (1) Total deposits purchased or acquired from other FDIC-insured institutions during the quarter  |                             | A531 | 0 8.a.1      |
| (2) Amount of purchased or acquired deposits reported in item 8.a.(1) above attributable to a secondary fund (i.e., BIF members report deposits attributable to SAIF; SAIF members report deposits attributable to BIF)                                       |                             | A532 | 0 8.a.2      |
| b. Total deposits sold or transferred to other FDIC-insured institutions during the quarter (exclude sales or transfers by the reporting bank of deposits in foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions) |                             | A533 | 0 8.b        |

(1) For FDIC and FICO insurance assessment purposes, "time and savings deposits" consists of nontransaction accounts and all transaction accounts other than demand deposits.

(2) Exclude core deposit intangibles.

|   | Dollar Amounts in Thousands | RCON | Bil-Mil-Thou |
|---|-----------------------------|------|--------------|
| 9. Deposits in lifeline accounts  |                             | 5596 | 9            |
| 10. Benefit-responsive "Depository Institution Investment Contracts" (included in total deposits in domestic offices)   |                             | 8432 | 0 10         |
| 11. Adjustments to demand deposits in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions reported in Schedule RC-E for certain reciprocal demand balances:  |                             |      |              |
| a. Amount by which demand deposits would be reduced if the reporting bank's reciprocal demand balances with the domestic offices of U.S. banks and savings associations and insured branches in Puerto Rico and U.S. territories and possessions that were reported on a gross basis in Schedule RC-E had been reported on a net basis        |                             | 8785 | 0 11.a       |
| b. Amount by which demand deposits would be increased if the reporting bank's reciprocal demand balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions) that were reported on a net basis in Schedule RC-E had been reported on a gross basis   |                             | A181 | 0 11.b       |
| c. Amount by which demand deposits would be reduced if cash items in process of collection were included in the calculation of the reporting bank's net reciprocal demand balances with the domestic offices of U.S. banks and savings associations and insured branches in Puerto Rico and U.S. territories and possessions in Schedule RC-E |                             | A182 | 0 11.c       |
| 12. Amount of assets netted against deposit liabilities in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions on the balance sheet (Schedule RC) in accordance with generally accepted accounting principles (exclude amounts related to reciprocal demand balances):                               |                             |      |              |
| a. Amount of assets netted against demand deposits  |                             | A527 | 0 12.a       |
| b. Amount of assets netted against time and savings deposits  |                             | A528 | 0 12.b       |

**Memoranda (to be completed each quarter except as noted)**

|   | Dollar Amounts in Thousands | RCON                     | Bil-Mil-Thou       |
|---|-----------------------------|--------------------------|--------------------|
| 1. Total deposits in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions (sum of Memorandum items 1.a.(1) and 1.b.(1) must equal the sum of Schedule RC, item 13.a, and Schedule RC-O, items 5.a and 5.b): |                             |                          |                    |
| a. Deposit accounts of \$100,000 or less(1):  |                             |                          |                    |
| (1) Amount of deposit accounts of \$100,000 or less   |                             | 2702                     | 39,582,516 M.1.a 1 |
| (2) Number of deposit accounts of \$100,000 or less   |                             | <b>Number</b>            |                    |
| <b>(to be completed for the June report only)</b>   | 3779                        | N/A                      | M.1.a 2            |
| b. Deposit accounts of more than \$100,000(1):  |                             |                          |                    |
| (1) Amount of deposit accounts of more than \$100,000   |                             | 2710                     | 36,792,751 M.1.b 1 |
| (2) Number of deposit accounts of more than \$100,000   | 2722                        | <b>Number</b><br>107,778 | M.1.b 2            |
| 2. <b>Memorandum item 2 is to be completed by all banks.</b>  |                             |                          |                    |
| Estimated amount of uninsured deposits in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions (see instructions)   |                             | 5597                     | 22,802,489 M.2     |
| 3. Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report or Thrift Financial Report ?   |                             |                          |                    |
| If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association:   |                             |                          |                    |
| Text  |                             | RCON                     | FDIC Cert No.      |
| A545  |                             | A545                     | N/A M.3            |

(1) The dollar amounts used as the basis for reporting in Memoranda items 1.a and 1.b reflect the deposit insurance limits in effect on the report date.



## Schedule RC-R—Regulatory Capital

|   | Dollar Amounts in Thousands | RCFD | Bil-Mil-Thou |      |
|---|-----------------------------|------|--------------|------|
| <b>Tier 1 capital</b>   |                             |      |              |      |
| 1. Total equity capital (from Schedule RC, item 28)   |                             | 3210 | 10,195,666   | 1    |
| 2. LESS: Net unrealized gains (losses) on available-for-sale securities (1)<br>(if a gain, report as a positive value; if a loss, report as a negative value) |                             | 8434 | 1,045,774    | 2    |
| 3. LESS: Net unrealized loss on available-for-sale EQUITY securities (1) (report loss as a positive value)  |                             | A221 | 0            | 3    |
| 4. LESS: Accumulated net gains (losses) on cash flow hedges (1)<br>(if a gain, report as a positive value; if a loss, report as a negative value)             |                             | 4336 | (10,540)     | 4    |
| 5. LESS: Nonqualifying perpetual preferred stock  |                             | B588 | 0            | 5    |
| 6. Qualifying minority interests in consolidated subsidiaries   |                             | B589 | 967,642      | 6    |
| 7. LESS: Disallowed goodwill and other disallowed intangible assets   |                             | B590 | 1,053,608    | 7    |
| 8. Subtotal (sum of items 1 and 6, less items 2, 3, 4, 5, and 7)  |                             | C227 | 9,074,466    | 8    |
| 9.a. LESS: Disallowed servicing assets and purchased credit card relationships  |                             | B591 | 0            | 9.a  |
| b. LESS: Disallowed deferred tax assets   |                             | 5610 | 0            | 9.b  |
| 10. Other additions to (deductions from) Tier 1 capital   |                             | B592 | 0            | 10   |
| 11. Tier 1 capital (sum of items 8 and 10, less items 9.a and 9.b)  |                             | 8274 | 9,074,466    | 11   |
| <b>Tier 2 Capital</b>   |                             |      |              |      |
| 12. Qualifying subordinated debt and redeemable preferred stock   |                             | 5306 | 1,749,629    | 12   |
| 13. Cumulative perpetual preferred stock includible in Tier 2 capital   |                             | B593 | 0            | 13   |
| 14. Allowance for loan and lease losses includible in Tier 2 capital  |                             | 5310 | 936,427      | 14   |
| 15. Unrealized gains on available-for-sale equity securities includible in Tier 2 capital   |                             | 2221 | 574,340      | 15   |
| 16. Other Tier 2 capital components   |                             | B594 | 0            | 16   |
| 17. Tier 2 capital (sum of items 12 through 16)   |                             | 5311 | 3,260,396    | 17   |
| 18. Allowable Tier 2 capital (lesser of item 11 or 17)  |                             | 8275 | 3,260,396    | 18   |
| 19. Tier 3 capital allocated for market risk  |                             | 1395 | 0            | 19   |
| 20. LESS: Deductions for total risk-based capital   |                             | B595 | 0            | 20   |
| 21. Total risk-based capital (sum of items 11, 18, and 19, less item 20)  |                             | 3792 | 12,334,862   | 21   |
| <b>Total assets for leverage ratio</b>  |                             |      |              |      |
| 22. Average total assets (from Schedule RC-K, item 9)   |                             | 3368 | 120,899,544  | 22   |
| 23. LESS: Disallowed goodwill and other disallowed intangible assets (from item 7 above)  |                             | B590 | 1,053,608    | 23   |
| 24. LESS: Disallowed servicing assets and purchased credit card relationships (from item 9.a above)   |                             | B591 | 0            | 24   |
| 25. LESS: Disallowed deferred tax assets (from item 9.b above)  |                             | 5610 | 0            | 25   |
| 26. LESS: Other deductions from assets for leverage capital purposes  |                             | B596 | 0            | 26   |
| 27. Average total assets for leverage capital purposes (item 22 less items 23 through 26)   |                             | A224 | 119,845,936  | 27   |
| <b>Adjustments for financial subsidiaries</b>   |                             |      |              |      |
| 28.a Adjustment to Tier 1 capital reported in item 11   |                             | C228 | 0            | 28.a |
| b. Adjustment to total risk-based capital reported in item 21   |                             | B503 | 0            | 28.b |
| 29. Adjustment to risk-weighted assets reported in item 62  |                             | B504 | 0            | 29   |
| 30. Adjustment to average total assets reported in item 27  |                             | B505 | 0            | 30   |

## Capital Ratios

(Column B is to be completed by all banks. Column A is to be completed by banks with financial subsidiaries)

|   | RCFD | (Column A)<br>Percentage | RCFD | (Column B)<br>Percentage |    |
|---|------|--------------------------|------|--------------------------|----|
| 31. Tier 1 leverage ratio (2)           | 7273 | N/A                      | 7204 | 7.57%                    | 31 |
| 32. Tier 1 risk-based capital ratio (3) | 7274 | N/A                      | 7206 | 8.31%                    | 32 |
| 33. Total risk-based capital ratio (4)  | 7275 | N/A                      | 7205 | 11.29%                   | 33 |

- (1) Report amount included in Schedule RC, item 26.b, "Accumulated other comprehensive income."
- (2) The ratio for column B is item 11 divided by item 27. The ratio for column A is item 11 minus item 28.a divided by (item 27 minus item 30).
- (3) The ratio for column B is item 11 divided by item 62. The ratio for column A is item 11 minus item 28.a divided by (item 62 minus item 29).
- (4) The ratio for column B is item 21 divided by item 62. The ratio for column A is item 21 minus item 28.b divided by (item 62 minus item 29).

Banks are not required to risk-weight each on-balance sheet asset and the credit equivalent amount of each off-balance sheet item that qualifies for a risk weight of less than 100 percent (50 percent for derivatives) at its lower risk rate. When completing items 34 through 54 of Schedule RC-R, each bank should decide for itself how detailed a risk-weight analysis it wishes to perform. In other words, a bank can choose from among its assets and off-balance sheet items that have a risk weight of less than 100 percent which ones to risk-weight at an appropriate lower risk, or it can simply risk-weight some or all of these items at a 100 percent risk weight (50 percent for derivatives).

|  | (Column A)                      | (Column B)                    | (Column C)                         | (Column D)                                | (Column E)              | (Column F)              |    |              |              |
|--|---------------------------------|-------------------------------|------------------------------------|---|-------------------------|-------------------------|----|--------------|--------------|
|  |                                 |                               | Allocation by Risk Weight Category |   |                         |                         |    |              |              |
|  |                                 |                               | Totals<br>(from<br>Schedule RC)    | Items Not<br>Subject to<br>Risk-Weighting | 0%                      | 20%                     |    | 50%          | 100%         |
|  |                                 |                               | Dollar Amounts in Thousands        | Bil-Mil-Thou                              | Bil-Mil-Thou            | Bil-Mil-Thou            |    | Bil-Mil-Thou | Bil-Mil-Thou |
| <b>Balance Sheet Asset Categories</b>  |                                 |                               |                                    |   |                         |                         |    |              |              |
| 34. Cash and balances due from depository institutions (Column A equals the sum of Schedule RC, items 1.a and 1.b) | RCFD 0010<br><b>3,607,754</b>   |                               | RCFD B600<br>1,016,982             | RCFD B601<br>2,590,772                    |                         | RCFD B602<br>0          | 34 |              |              |
| 35. Held-to-maturity securities  | RCFD 1754<br><b>0</b>           | RCFD B603<br>0                | RCFD B604<br>0                     | RCFD B605<br>0                            | RCFD B606<br>0          | RCFD B607<br>0          | 35 |              |              |
| 36. Available-for-sale securities  | RCFD 1773<br><b>23,533,904</b>  | RCFD B608<br>982,305          | RCFD B609<br>129,467               | RCFD B610<br>18,000,861                   | RCFD B611<br>1,967,516  | RCFD B612<br>2,453,756  | 36 |              |              |
| 37. Federal funds sold and securities purchased under agreements to resell   | RCFD C225<br><b>4,347,345</b>   |                               | RCFD C063<br>80,000                | RCFD C064<br>4,267,345                    |                         | RCFD B520<br>0          | 37 |              |              |
| 38. Loans and leases held for sale   | RCFD 5369<br><b>5,852,118</b>   | RCFD B617<br>0                | RCFD B618<br>0                     | RCFD B619<br>845,210                      | RCFD B620<br>5,006,908  | RCFD B621<br>0          | 38 |              |              |
| 39. Loans and leases, net of unearned income   | RCFD B528<br><b>79,202,848</b>  | RCFD B622<br>0                | RCFD B623<br>63,182                | RCFD B624<br>2,096,337                    | RCFD B625<br>18,519,608 | RCFD B626<br>58,523,721 | 39 |              |              |
| 40. LESS: Allowance for loan and lease losses  | RCFD 3123<br><b>936,427</b>     | RCFD 3123<br><b>936,427</b>   |                                    |   |                         |                         | 40 |              |              |
| 41. Trading assets   | RCFD 3545<br><b>1,599,086</b>   | RCFD B627<br>1,599,086        | RCFD B628<br>0                     | RCFD B629<br>0                            | RCFD B630<br>0          | RCFD B631<br>0          | 41 |              |              |
| 42. All other assets (1)   | RCFD B639<br><b>7,091,440</b>   | RCFD B640<br>1,053,620        | RCFD B641<br>82,961                | RCFD B642<br>398,772                      | RCFD B643<br>0          | RCFD 5339<br>5,556,087  | 42 |              |              |
| 43. Total assets (sum of items 34 through 42)  | RCFD 2170<br><b>124,298,068</b> | RCFD B644<br><b>2,698,584</b> | RCFD 5320<br>1,372,592             | RCFD 5327<br>28,199,297                   | RCFD 5334<br>25,494,032 | RCFD 5340<br>66,533,564 | 43 |              |              |

(1) Includes premises and fixed assets, other real estate owned, investments in unconsolidated subsidiaries and associated companies, customers' liability on acceptances outstanding, intangible assets, and other assets.

| Dollar Amounts in<br>Thousands   | (Column A)                          | Credit<br>Conversion<br>Factor | (Column B)                         | Allocation by Risk Weight Category |                      |                        |                         |    |
|--|-------------------------------------|--------------------------------|------------------------------------|------------------------------------|----------------------|------------------------|-------------------------|----|
|  | Face Value<br>or Notional<br>Amount |                                | Credit<br>Equivalent<br>Amount (1) | 0%                                 | 20%                  | 50%                    | 100%                    |    |
|  | Bil-Mil-Thou                        |                                | Bil-Mil-Thou                       | Bil-Mil-Thou                       | Bil-Mil-Thou         | Bil-Mil-Thou           | Bil-Mil-Thou            |    |
|  |                                     |                                |                                    |                                    |                      |                        |                         |    |
| <b>Derivatives and Off-Balance Sheet Items</b>   |                                     |                                |                                    |                                    |                      |                        |                         |    |
| 44. Financial standby letters of credit  | RCFD B546<br>10,082,613             | See footnote 2<br>1.000        | RCFD B547<br>10,082,613            | RCFD B548<br>23,814                | RCFD B581<br>207,991 | RCFD B582<br>0         | RCFD B583<br>9,850,808  | 44 |
| 45. Performance standby letters of credit  | RCFD 3821<br>270,447                | ..50                           | RCFD B650<br>135,224               | RCFD B651<br>0                     | RCFD B652<br>2,998   | RCFD B653<br>0         | RCFD B654<br>132,226    | 45 |
| 46. Commercial and similar letters of credit   | RCFD 3411<br>178,399                | ..20                           | RCFD B655<br>35,680                | RCFD B656<br>0                     | RCFD B657<br>0       | RCFD B658<br>0         | RCFD B659<br>35,680     | 46 |
| 47. Risk participations in bankers acceptances acquired by the reporting institution   | RCFD 3429<br>2,844                  | 1.00                           | RCFD B660<br>2,844                 | RCFD B661<br>0                     | RCFD B662<br>0       |                        | RCFD B663<br>2,844      | 47 |
| 48. Securities lent  | RCFD 3433<br>0                      | 1.00                           | RCFD B664<br>0                     | RCFD B665<br>0                     | RCFD B666<br>0       | RCFD B667<br>0         | RCFD B668<br>0          | 48 |
| 49. Retained recourse on small business obligations sold with recourse   | RCFD A250<br>0                      | 1.00                           | RCFD B669<br>0                     | RCFD B670<br>0                     | RCFD B671<br>0       | RCFD B672<br>0         | RCFD B673<br>0          | 49 |
| 50. Recourse and direct credit substitutes (other than financial standby letters of credit) subject to the low-level exposure rule and residual interests subject to a dollar-for-dollar capital requirement | RCFD B541<br>6,474                  | * Below<br>12.500              | RCFD B542<br>80,925                |                                    |                      |                        | RCFD B543<br>80,925     | 50 |
| 51. All other financial assets sold with recourse  | RCFD B675<br>293,039                | 1.00                           | RCFD B676<br>293,039               | RCFD B677<br>0                     | RCFD B678<br>45,488  | RCFD B679<br>39,792    | RCFD B680<br>207,759    | 51 |
| 52. All other off-balance sheet liabilities  | RCFD B681<br>0                      | 1.00                           | RCFD B682<br>0                     | RCFD B683<br>0                     | RCFD B684<br>0       | RCFD B685<br>0         | RCFD B686<br>0          | 52 |
| 53. Unused commitments with an original maturity exceeding one year  | RCFD 3833<br>24,291,947             | ..50                           | RCFD B687<br>12,145,974            | RCFD B688<br>0                     | RCFD B689<br>0       | RCFD B690<br>0         | RCFD B691<br>12,145,974 | 53 |
| 54. Derivative contracts   |                                     |                                | RCFD A167<br>2,186,298             | RCFD B693<br>0                     | RCFD B694<br>0       | RCFD B695<br>2,186,298 |                         | 54 |

(1) Column A multiplied by credit conversion factor.

(2) For financial standby letters of credit to which the low-level exposure rule applies, use a credit conversion factor of 12.5 or an institution-specific factor.

For other financial standby letters of credit, use a credit conversion factor of 1.00. See instructions for further information.

(3) Or institution-specific factor.

|  | (Column C)                         | (Column D)              | (Column E)              | (Column F)               |    |
|--|------------------------------------|-------------------------|-------------------------|--------------------------|----|
|  | Allocation by Risk Weight Category |                         |                         |                          |    |
|  | 0%                                 | 20%                     | 50%                     | 100%                     |    |
| Dollar Amounts in Thousands  | Bil-Mil-Thou                       | Bil-Mil-Thou            | Bil-Mil-Thou            | Bil-Mil-Thou             |    |
| <b>Totals</b>  |                                    |                         |                         |                          |    |
| 55. Total assets, derivatives, and off-balance sheet items by risk weight category (for each column, sum of items 43 through 54)   | RCFD B696<br>1,396,406             | RCFD B697<br>28,455,774 | RCFD B698<br>27,720,122 | RCFD B699<br>88,989,780  | 55 |
| 56. Risk weight factor   | * 0%                               | * 20%                   | * 50%                   | * 100%                   | 56 |
| 57. Risk-weighted assets by risk weight category (for each column, item 55 multiplied by item 56)  | RCFD B700<br>0                     | RCFD B701<br>5,691,155  | RCFD B702<br>13,860,061 | RCFD B703<br>88,989,780  | 57 |
| 58. Market risk equivalent assets  |                                    |                         |                         | RCFD 1651<br>700,140     | 58 |
| 59. Risk-weighted assets before deductions for excess allowance for loan and lease losses and allocated transfer risk reserve (sum of item 57, columns C through F, and item 58) |                                    |                         |                         | RCFD B704<br>109,241,136 | 59 |
| 60. LESS: Excess allowance for loan and lease losses   |                                    |                         |                         | RCFD A222<br>0           | 60 |
| 61. LESS: Allocated transfer risk reserve  |                                    |                         |                         | RCFD 3128<br>0           | 61 |
| 62. Total risk-weighted assets (item 59 minus items 60 and 61)   |                                    |                         |                         | RCFD A223<br>109,241,136 | 62 |

**Memoranda**

|  | Dollar Amounts in Thousands       | RCFD              | Bil-Mil-Thou                                      |                                  |      |            |       |
|--|-----------------------------------|-------------------|---|----------------------------------|------|------------|-------|
| 1. Current credit exposure across all derivative contracts covered by the risk-based capital standards |                                   | 8764              | 1,638,119   | M.1                              |      |            |       |
|  | With a remaining maturity of      |                   |   |                                  |      |            |       |
|  | (Column A)<br>One year<br>or less |                   | (Column B)<br>Over one year<br>through five years | (Column C)<br>Over<br>five years |      |            |       |
|  | RCFD                              | Tril-Bil-Mil-Thou | RCFD  | Tril-Bil-Mil-Thou                |      |            |       |
| 2. Notional principal amounts of derivative contracts: (1)   |                                   |                   |   |                                  |      |            |       |
| a. Interest rate contracts   | 3809                              | 15,079,948        | 8766  | 25,792,734                       | 8767 | 18,598,688 | M.2.a |
| b. Foreign exchange contracts  | 3812                              | 3,917,234         | 8769  | 613,613                          | 8770 | 0          | M.2.b |
| c. Gold contracts  | 8771                              | 0                 | 8772  | 0                                | 8773 | 0          | M.2.c |
| d. Other precious metals contracts   | 8774                              | 0                 | 8775  | 0                                | 8776 | 0          | M.2.d |
| e. Other commodity contracts   | 8777                              | 0                 | 8778  | 0                                | 8779 | 0          | M.2.e |
| f. Equity derivative contracts   | A000                              | 343,904           | A001  | 621,851                          | A002 | 0          | M.2.f |

(1) Exclude foreign exchange contracts with an original maturity of 14 days or less and all futures contracts.

**Schedule RC-S—Servicing, Securitization, and Asset Sale Activities**

|   | (Column A)<br>1-4 Family<br>Residential<br>Loans | (Column B)<br>Home<br>Equity<br>Loans | (Column C)<br>Credit<br>Card<br>Receivables | (Column D)<br>Auto<br>Loans | (Column E)<br>Other<br>Consumer<br>Loans | (Column F)<br>Commercial<br>and Industrial<br>Loans | (Column G)<br>All Other<br>Loans and<br>All Leases |
|---|--|---------------------------------------|---|-----------------------------|--|---|--|
| Dollar Amounts in Thousands   | Bil - Mil - Thou                                 | Bil - Mil - Thou                      | Bil - Mil - Thou                            | Bil - Mil - Thou            | Bil - Mil - Thou                         | Bil - Mil - Thou                                    | Bil - Mil - Thou                                   |
| <b>Bank Securitization Activities</b>   |  |                                       |   |                             |  |   |  |
| 1. Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements | RCFD B705  | RCFD B706                             | RCFD B707                                   | RCFD B708                   | RCFD B709                                | RCFD B710   | RCFD B711  |
|   | 53,362,229                                       | 0                                     | 0   | 0                           | 45,488                                   | 0   | 0  |
| 2. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to structures reported in item 1 in the form of:           |  |                                       |   |                             |  |   |  |
| a. Credit-enhancing interest-only strips (included in Schedules RC-B or RC-F or in Schedule RC, item 5)   | RCFD B712  | RCFD B713                             | RCFD B714                                   | RCFD B715                   | RCFD B716                                | RCFD B717   | RCFD B718  |
|   | 0  | 0                                     | 0   | 0                           | 0  | 0   | 0  |
| b. Subordinated securities and other residual interests   | RCFD C393  | RCFD C394                             | RCFD C395                                   | RCFD C396                   | RCFD C397                                | RCFD C398   | RCFD C399  |
|   | 0  | 0                                     | 0   | 0                           | 0  | 0   | 0  |
| c. Standby letters of credit and other enhancements   | RCFD C400  | RCFD C401                             | RCFD C402                                   | RCFD C403                   | RCFD C404                                | RCFD C405   | RCFD C406  |
|   | 43,523   | 0                                     | 0   | 0                           | 0  | 0   | 0  |
| 3. Reporting bank's unused commitments to provide liquidity to structures reported in item 1  | RCFD B726  | RCFD B727                             | RCFD B728                                   | RCFD B729                   | RCFD B730                                | RCFD B731   | RCFD B732  |
|   | 0  | 0                                     | 0   | 0                           | 0  | 0   | 0  |
| 4. Past due loan amounts included in item 1:  | RCFD B733  | RCFD B734                             | RCFD B735                                   | RCFD B736                   | RCFD B737                                | RCFD B738   | RCFD B739  |
| a. 30-89 days past due  | 786,995  | 0                                     | 0   | 0                           | 2,560                                    | 0   | 0  |
|   | RCFD B740  | RCFD B741                             | RCFD B742                                   | RCFD B743                   | RCFD B744                                | RCFD B745   | RCFD B746  |
| b. 90 days or more past due   | 175,955  | 0                                     | 0   | 0                           | 1,872                                    | 0   | 0  |
| 5. Charge-offs and recoveries on assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements (calendar year-to-date): | RIAD B747  | RIAD B748                             | RIAD B749                                   | RIAD B750                   | RIAD B751                                | RIAD B752   | RIAD B753  |
| a. Charge-offs  | 882  | 0                                     | 0   | 0                           | 0  | 0   | 0  |
|   | RIAD B754  | RIAD B755                             | RIAD B756                                   | RIAD B757                   | RIAD B758                                | RIAD B759   | RIAD B760  |
| b. Recoveries   | 785  | 0                                     | 0   | 0                           | 0  | 0   | 0  |
| 6. Amount of ownership (or seller's) interest carried as:   |  | RCFD B761                             | RCFD B762                                   |                             |  | RCFD B763   |  |
| a. Securities (included in RC-B or RC, item 5)  |  | 0                                     | 0   |                             |  | 0   | 0  |
|   |  | RCFD B500                             | RCFD B501                                   |                             |  | RCFD B502   |  |
| b. Loans (included in Schedule RC-C)  |  | 0                                     | 0   |                             |  | 0   | 0  |
| 7. Past due loan amounts included in interests reported in item 6.a:  |  | RCFD B764                             | RCFD B765                                   |                             |  | RCFD B766   |  |
| a. 30-89 days past due  |  | 0                                     | 0   |                             |  | 0   | 0  |
|   |  | RCFD B767                             | RCFD B768                                   |                             |  | RCFD B769   |  |
| b. 90 days or more past due   |  | 0                                     | 0   |                             |  | 0   | 0  |
| 8. Charge-offs and recoveries on loan amounts included in interests reported in item 6.a (calendar year-to-date):   |  | RIAD B770                             | RIAD B771                                   |                             |  | RIAD B772   |  |
| a. Charge-offs  |  | 0                                     | 0   |                             |  | 0   | 0  |
|   |  | RIAD B773                             | RIAD B774                                   |                             |  | RIAD B775   |  |
| b. Recoveries   |  | 0                                     | 0   |                             |  | 0   | 0  |

**For Securitization Facilities Sponsored By or Otherwise Established By Other Institutions**

|  |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 9. Maximum amount of credit exposure arising from credit enhancements provided by the reporting bank to other institutions' securitization structures in the form of standby letters of credit, purchased subordinated securities, | RCFD B776 | RCFD B777 | RCFD B778 | RCFD B779 | RCFD B780 | RCFD B781 | RCFD B782 |
| and other enhancements   | 0         | 0         | 0         | 0         | 0         | 0         | 0 9       |
| 10. Reporting bank's unused commitments to provide liquidity to other institutions' securitization structures  | RCFD B783 | RCFD B784 | RCFD B785 | RCFD B786 | RCFD B787 | RCFD B788 | RCFD B789 |
|  | 0         | 0         | 0         | 0         | 0         | 0         | 0 10      |
| <b>Bank Asset Sales</b>  |           |           |           |           |           |           |           |
| 11. Assets sold with recourse or other seller-provided credit enhancements and not securitized by the reporting bank   | RCFD B790 | RCFD B791 | RCFD B792 | RCFD B793 | RCFD B794 | RCFD B795 | RCFD B796 |
|  | 0         | 0         | 0         | 0         | 0         | 0         | 0 11      |
| 12. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided  | RCFD B797 | RCFD B798 | RCFD B799 | RCFD B800 | RCFD B801 | RCFD B802 | RCFD B803 |
| to assets reported in item 11  | 0         | 0         | 0         | 0         | 0         | 0         | 0 12      |

**Memoranda**

|   | Dollar Amounts in Thousands | RCFD | Bil - Mil - Thou |         |
|---|-----------------------------|------|------------------|---------|
| <b>1. Small Business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994:</b>                                    |                             |      |                  |         |
| a. Outstanding principal balance  |                             | A249 | 0                | M.1.a   |
| b. Amount of retained recourse on these obligations as of the report date   |                             | A250 | 0                | M.1.b   |
| <b>2. Outstanding principal balance of assets serviced for others:</b>  |                             |      |                  |         |
| a. 1-4 family residential mortgages serviced with recourse or other servicer-provided credit enhancements   |                             | B804 | 160,714          | M.2.a   |
| b. 1-4 family residential mortgages serviced with no recourse or other servicer-provided credit enhancements  |                             | B805 | 69,853,458       | M.2.b   |
| c. Other financial assets(1)  |                             | A591 | 45,488           | M.2.c   |
| <b>3. Asset-backed commercial paper conduits:</b>   |                             |      |                  |         |
| a. Maximum amount of credit exposure arising from credit enhancements provided to conduit structures in the form of standby letters of credit, subordinated securities, and other enhancements: |                             |      |                  |         |
| (1) Conduits sponsored by the bank, a bank affiliate, or the bank's holding company   |                             | B806 | 420,952          | M.3.a.1 |
| (2) Conduits sponsored by other unrelated institutions  |                             | B807 | 0                | M.3.a.2 |
| b. Unused commitments to provide liquidity to conduit structures:   |                             |      |                  |         |
| (1) Conduits sponsored by the bank, a bank affiliate, or the bank's holding company   |                             | B808 | 4,457,881        | M.3.b.1 |
| (2) Conduits sponsored by other unrelated institutions  |                             | B809 | 0                | M.3.b.2 |
| <b>4. Outstanding credit card fees and finance charges included in Schedule RC-S, item 1, column c(2)</b>   |                             | C407 | 0                | M.4     |

- (1) Memorandum item 2.c is to be completed if the principal balance of other financial assets serviced for others is more than \$10 million.
- (2) Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed \$500 million as of the report date or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.

**Schedule RC-T—Fiduciary and Related Services**

**Items 12 through 23 and Memorandum item 4 will not be made available to the public on an individual institution basis.**

|   | RCFD         | YES/NO        |   |
|---|--------------|---------------|---|
| 1. Does the bank have fiduciary powers? (If "NO", do not complete Schedule RC-T.)   | A345<br>RCFD | YES<br>YES/NO | 1 |
| 2. Does the bank exercise the fiduciary powers it has been granted?   | A346<br>RCFD | YES<br>YES/NO | 2 |
| 3. Does the institution have any fiduciary or related activity (in the form of assets or accounts)? (If "NO," do not complete the rest of Schedule RC-T.) | B867         | YES           | 3 |

If the answer to item 3 is "YES", complete the applicable items of Schedule RC-T, as follows:

Institutions with total fiduciary assets (item 9, sum of columns A and B) greater than \$250 million (as of the preceding December 31) or with gross fiduciary and related services income greater than 10% of revenue (net interest income plus noninterest income) for the preceeding calendar year must complete:

- Items 4 through 19.a quarterly,
- Items 20 through 23 annually with the December report, and
- Memorandum items 1 through 4 annually with the December report.

Institutions with total fiduciary assets (item 9, sum of columns A and B) greater than \$100 million but less than or equal to \$250 million (as of the preceding December 31) that do not meet the fiduciary income test for quarterly reporting must complete:

- Items 4 through 23 annually with the December report, and
- Memorandum items 1 through 4 annually with the December report.

Institutions with total fiduciary assets (item 9, sum of columns A and B) of \$100 million or less (as of the preceding December 31) that do not meet the fiduciary income test for quarterly reporting must complete:

- Items 4 through 11 annually with the December report, and
- Memorandum items 1 through 3 annually with the December report.

| Dollar Amounts in Thousands                      | (Column A)<br>Managed<br>Assets | (Column B)<br>Non-Managed<br>Assets | (Column C)<br>Number of<br>Managed<br>Accounts | (Column D)<br>Number of<br>Non-Managed<br>Accounts |
|--|---------------------------------|-------------------------------------|--|--|
|  | Tril-Bil-Mil-Thou               | Tril-Bil-Mil-Thou                   |  |  |
| <b>FIDUCIARY AND RELATED ASSETS</b>              | RCFD B868                       | RCFD B869                           | RCFD B870                                      | RCFD B871  |
| 4. Personal trust and agency accounts            | 28,727,947                      | 3,582,748                           | 21,994   | 1,274 4  |
| 5. Retirement related trust and agency accounts: | RCFD B872                       | RCFD B873                           | RCFD B874                                      | RCFD B875  |
| a. Employee benefit-defined contribution         | 446,083                         | 6,558,762                           | 233  | 1,102 5.a  |
|  | RCFD B876                       | RCFD B877                           | RCFD B878                                      | RCFD B879  |
| b. Employee benefit-defined benefit              | 4,282,707                       | 7,664,106                           | 358  | 436 5.b  |
|  | RCFD B880                       | RCFD B881                           | RCFD B882                                      | RCFD B883  |
| c. Other retirement accounts                     | 2,620,431                       | 2,702,725                           | 3,005  | 729 5.c  |
|  | RCFD B884                       | RCFD B885                           | RCFD C001                                      | RCFD C002  |
| 6. Corporate trust and agency accounts           | 34,524                          | 16,776,901                          | 8,060  | 612 6  |
|  | RCFD B886                       | RCFD B887                           | RCFD B888                                      | RCFD B889  |
| 7. Investment management agency accounts         | 17,810,321                      | RCFD B891                           | 8,060  | 7  |
|  | RCFD B890                       | RCFD B892                           | RCFD B892                                      | RCFD B893  |
| 8. Other fiduciary accounts                      | 0                               | 92,102                              | 0  | 211 8  |

| Dollar Amounts in Thousands   | (Column A)        | (Column B)                         | (Column C)                 | (Column D)                     |
|---|-------------------|------------------------------------|----------------------------|--------------------------------|
|   | Managed Assets    | Non-Managed Assets                 | Number of Managed Accounts | Number of Non-Managed Accounts |
|   | Tril-Bil-Mil-Thou | Tril-Bil-Mil-Thou                  |                            |                                |
| <b>FIDUCIARY AND RELATED ASSETS—Continued</b>   |                   |                                    |                            |                                |
|   | RCFD B894         | RCFD B895                          | RCFD B896                  | RCFD B897                      |
| 9. Total fiduciary accounts (sum of items 4 through 8)  | 53,922,013        | 37,377,344                         | 41,710                     | 4,364 9                        |
| 10. Custody and safekeeping accounts  |                   | 49,866,572                         |                            | RCFD B899 4,958 10             |
|   | RCFN B900         | RCFN B901                          | RCFN B902                  | RCFN B903                      |
| 11. Fiduciary accounts held in foreign offices (included in items 9 and 10)   | 0                 | 0                                  | 0                          | 0 11                           |
|   |                   | <b>Dollar Amounts in Thousands</b> | <b>RIAD</b>                | <b>Bil-Mil-Thou</b>            |
| <b>FIDUCIARY AND RELATED SERVICES INCOME</b>  |                   |                                    |                            |                                |
| 12. Personal trust and agency accounts  |                   |                                    | B904                       | 54,085 12                      |
| 13. Retirement related trust and agency accounts:   |                   |                                    |                            |                                |
| a. Employee benefit—defined contribution  |                   |                                    | B905                       | 9,733 13.a                     |
| b. Employee benefit—defined benefit   |                   |                                    | B906                       | 7,613 13.b                     |
| c. Other retirement accounts  |                   |                                    | B907                       | 6,439 13.c                     |
| 14. Corporate trust and agency accounts   |                   |                                    | A479                       | 8,084 14                       |
| 15. Investment management agency accounts   |                   |                                    | B908                       | 21,849 15                      |
| 16. Other fiduciary accounts  |                   |                                    | A480                       | 396 16                         |
| 17. Custody and safekeeping accounts  |                   |                                    | B909                       | 5,597 17                       |
| 18. Other fiduciary and related services income   |                   |                                    | B910                       | 0 18                           |
| 19. Total gross fiduciary and related services income (sum of items 12 through 18) (must equal Schedule RI, item 5.a) |                   |                                    | 4070                       | 113,796 19                     |
| a. Fiduciary and related services income-foreign offices (included in item 19)  |                   | B912                               | 0                          | 19.a                           |
| 20. Less: Expenses  |                   |                                    | C058                       | N/A 20                         |
| 21. Less: Net losses from fiduciary and related services  |                   |                                    | A488                       | N/A 21                         |
| 22. Plus: Intracompany income credits for fiduciary and related services  |                   |                                    | B911                       | N/A 22                         |
| 23. Net fiduciary and related services income   |                   |                                    | A491                       | N/A 23                         |

**Memoranda**

|  | Dollar Amounts in Thousands | RCFD | Managed Assets |
|--|-----------------------------|------|----------------|
|  |                             |      | Bil-Mil-Thou   |
| <b>1. Managed assets held in personal trust and agency accounts:</b>   |                             |      |                |
| a. Non interest-bearing deposits   |                             | B913 | N/A M.1.a      |
| b. Interest-bearing deposits   |                             | B914 | N/A M.1.b      |
| c. U.S. Treasury and U.S. Government agency obligations  |                             | B915 | N/A M.1.c      |
| d. State, county and municipal obligations   |                             | B916 | N/A M.1.d      |
| e. Money market mutual funds   |                             | B917 | N/A M.1.e      |
| f. Other short-term obligations  |                             | B918 | N/A M.1.f      |
| g. Other notes and bonds   |                             | B919 | N/A M.1.g      |
| h. Common and preferred stocks   |                             | B920 | N/A M.1.h      |
| i. Real estate mortgages   |                             | B921 | N/A M.1.i      |
| j. Real estate   |                             | B922 | N/A M.1.j      |
| k. Miscellaneous assets  |                             | B923 | N/A M.1.k      |
| 1. Total assets of managed personal trust and agency accounts (sum of Memorandum items 1.a through 1.k) (must equal Schedule RC-T, item 4, column A) |                             | B868 | N/A M.1.l      |



|  | Dollar Amounts in Thousands |      | (Column A)<br>Number of<br>Issues                 |   | (Column B)<br>Principal Amount<br>Outstanding |  | M        |
|--|-----------------------------|------|---|---|---|--|----------|
|  |                             | RCFD |   |   |   | Bil-Mil-Thou                                 |          |
| <b>2. Corporate trust and agency accounts:</b>   |                             |      |   |   |   |  |          |
| a. Corporate and municipal trusteeships  |                             | B927 | N/A   | B928  |   | N/A  | M.2.a    |
| b. Transfer agent, registrar, paying agent, and other corporate agency   |                             | B929 | N/A   |   |   |  | M.2.b    |
|  |                             |      |   |   |   | (Column B)<br>Market Value of<br>Fund Assets |          |
|  | Dollar Amounts in Thousands | RCFD | (Column A)<br>Number of<br>Funds                  | RCFD  |   | Bil-Mil-Thou                                 |          |
| <b>3. Collective investment funds and common trust funds:</b>  |                             |      |   |   |   |  |          |
| a. Domestic equity   |                             | B931 | N/A   | B932  |   | N/A  | M.3.a    |
| b. International/Global equity   |                             | B933 | N/A   | B934  |   | N/A  | M.3.b    |
| c. Stock/Bond blend  |                             | B935 | N/A   | B936  |   | N/A  | M.3.c    |
| d. Taxable bond  |                             | B937 | N/A   | B938  |   | N/A  | M.3.d    |
| e. Municipal bond  |                             | B939 | N/A   | B940  |   | N/A  | M.3.e    |
| f. Short term investments/Money market   |                             | B941 | N/A   | B942  |   | N/A  | M.3.f    |
| g. Specialty/Other   |                             | B943 | N/A   | B944  |   | N/A  | M.3.g    |
| h. Total collective investment funds (sum of Memorandum items 3.a through 3.g)   |                             | B945 | N/A   | B946  |   | N/A  | M.3.h    |
|  |                             |      | (Column A)<br>Gross Losses<br>Managed<br>Accounts | (Column B)<br>Gross Losses<br>Non-Managed<br>Accounts |   | (Column C)<br>Recoveries                     |          |
|  | Dollar Amounts in Thousands | RIAD | Mil-Thou  | RIAD  | Mil-Thou                                      | RIAD   | Mil-Thou |
| <b>4. Fiduciary settlements, surcharges and other losses:</b>  |                             |      |   |   |   |  |          |
| a. Personal trust and agency accounts  |                             | B947 | N/A   | B948  |   | N/A  | M.4.a    |
| b. Retirement related trust and agency accounts  |                             | B950 | N/A   | B951  |   | N/A  | M.4.b    |
| c. Investment management agency accounts   |                             | B953 | N/A   | B954  |   | N/A  | M.4.c    |
| d. Other fiduciary accounts and related services   |                             | B956 | N/A   | B957  |   | N/A  | M.4.d    |
| e. Total fiduciary settlements, surcharges, and other losses (sum of Memorandum items 4.a through 4.d) (sum of columns A and B minus column C must equal Schedule RC-T, item 21) |                             | B959 | N/A   | B960  |   | N/A  | M.4.e    |

Person to whom questions about Schedule RC-T-Fiduciary and Related Services should be directed:

Teresa Brightly

Name and Title (TEXT B962)

Teresa.Brightly@SunTrust.com

E-mail Address (TEXT B926)

804-782-7107

FAX: Area code/phone number

Telephone: Area code/phone number/extension (TEXT B963)

(TEXT B964)

**Optional Narrative Statement Concerning the Amounts  
Reported in the Reports of Condition and Income**

The management of the reporting bank may, if it wishes, submit a brief narrative statement on the amounts reported in the Reports of Condition and Income. This optional statement will be made available to the public, along with the publicly available data in the Reports of Condition and Income, in response to any request for individual bank report data. However, the information reported in Schedule RC-T, items 12 through 23 and Memorandum item 4, is regarded as confidential and will not be released to the public. BANKS CHOOSING TO SUBMIT THE NARRATIVE STATEMENT SHOULD ENSURE THAT THE STATEMENT DOES NOT CONTAIN THE NAMES OR OTHER IDENTIFICATIONS OF INDIVIDUAL BANK CUSTOMERS, REFERENCES TO THE AMOUNTS REPORTED IN THE CONFIDENTIAL ITEMS IN SCHEDULE RC-T, OR ANY OTHER INFORMATION THAT THEY ARE NOT WILLING TO HAVE MADE PUBLIC OR THAT WOULD COMPROMISE THE PRIVACY OF THEIR CUSTOMERS. Banks choosing not to make a statement may check the "No comment" box below and should make no entries of any kind in the space provided for the narrative statement; i.e., DO NOT enter in this space such phrases as "No statement," "Not applicable," "N/A," "No comment," and "None."

The optional statement must be entered on this sheet. The statement should not exceed 100 words. Further, regardless of the number of words, the statement must not exceed 750 characters, including punctuation, indentation, and standard spacing between words and sentences. If any submission should exceed 750 characters, as defined, it will be truncated at 750 characters with no notice to the submitting bank and the truncated statement will appear as the bank's statement both on agency computerized records and in computer-file releases to the public.

All information furnished by the bank in the narrative statement must be accurate and not misleading. Appropriate efforts shall be taken by the submitting bank to ensure the statement's accuracy. The statement must be signed, in the space provided below, by a senior officer of the bank who thereby attests to its accuracy.

If, subsequent to the original submission, material changes are submitted for the data reported in the Reports of Condition and Income, the existing narrative statement will be deleted from the files, and from disclosure; the bank, at its option, may replace it with a statement, under signature, appropriate to the amended data.

The optional narrative statement will appear in agency records and in release to the public exactly as submitted (or amended as described in the preceding paragraph) by the management of the bank (except for the truncation of the statements exceeding the 750-character limit described above.) THE STATEMENT WILL NOT BE EDITED OR SCREENED IN ANY WAY BY THE SUPERVISORY AGENCIES FOR ACCURACY OR RELEVANCE. DISCLOSURE OF THE STATEMENT SHALL NOT SIGNIFY THAT ANY FEDERAL SUPERVISORY AGENCY HAS VERIFIED OR CONFIRMED THE ACCURACY OF THE INFORMATION CONTAINED THEREIN. A STATEMENT TO THIS EFFECT WILL APPEAR ON ANY PUBLIC RELEASE OF THE OPTIONAL STATEMENT SUBMITTED BY THE MANAGEMENT OF THE REPORTING BANK.

X = NO COMMENT Y = COMMENT \_\_\_\_\_ 6979 X

BANK MANAGEMENT STATEMENT (please type or print clearly):

**TEXT ( 70 characters per line )**

6980

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NAME AND ADDRESS OF BANK

SUNTRUST BANK  
P.O. BOX 4418 CENTER 632  
ATLANTA, GA 30302

OMB No. For OCC: 1557-0081  
OMB No. For FDIC: 3064-0052  
OMB No. For Federal Reserve: 7100-0036  
Expiration Date: 4/30/2006

SPECIAL REPORT  
(Dollar Amounts in Thousands)

|                        |                         |
|------------------------|-------------------------|
| CLOSE OF BUSINESS DATE | FDIC Certificate Number |
| 3/31/2004              | 867                     |

LOANS TO EXECUTIVE OFFICERS (Complete as of each Call Report Date)

The following information is required by Public Laws 90-44 and 102-242, but does not constitute a part of the Report of Condition. With each Report of Condition, these Laws require all banks to furnish a report of all loans or other extensions of credit to their executive officers made since the date of the previous Report of Condition. Data regarding individual loans or other extensions of credit are not required. If no such loans or other extensions of credit were made during the period, insert "none" against subitem (a). (Excluded the first \$15,000 of indebtedness of each executive officer under bank credit card plan.) See Sections 215.2 and 215.3 of Title 12 of the Code of Federal Regulations (Federal Reserve Board Regulation O) for the definitions of "executive officer" and "extension of credit," respectively. Exclude loans and other extensions of credit to directors and principal shareholders who are not executive officers.

|   | RCFD        |            |   |
|---|-------------|------------|---|
| a. Number of loans made to executive officers since the previous Call Report date | 3561        | 0          | a |
| b. Total dollar amount of above loans (in thousands of dollars)                   | 3562        | 0          | b |
| c. Range of interest charged on above loans                                       | <b>From</b> | <b>To</b>  |   |
| (example: 9- <sup>3</sup> / <sub>4</sub> % = 9.75)                                | 7701 0.00%  | 7702 0.00% | c |

SIGNATURE AND TITLE OF OFFICER AUTHORIZED TO SIGN REPORT

DATE (Month, Day, Year)

**REPORT OF CONDITION**

Consolidating domestic and foreign subsidiaries of the

**SUNTRUST BANK****in the state of GA at close of business on March 31, 2004**

published in response to call made by (Enter additional information below)

**Statement of Resources and Liabilities**

Dollar Amounts in Thousands

**ASSETS**

Cash and balances due from depository institutions:

Noninterest-bearing balances and currency and coin 3,585,977

Interest-bearing balances 21,777

Securities:

Held-to-maturity securities 0

Available-for-sale securities 23,533,904

Federal funds sold and securities purchased under agreements to resell:

Federal funds sold in domestic offices 244,400

Securities purchased under agreements to resell 4,102,945

Loans and lease financing receivables:

Loans and leases held for sale 5,852,118

Loans and leases, net of unearned income 79,202,848

LESS: Allowance for loan and lease losses 936,427

Loans and leases, net of unearned income and allowance 78,266,421

Trading Assets 1,599,086

Premises and fixed assets (including capitalized leases) 1,380,720

Other real estate owned 26,208

Investments in unconsolidated subsidiaries and associated companies 0

Customers' liability to this bank on acceptances outstanding 48,102

Intangible assets:

Goodwill 885,190

Other intangible assets 620,763

Other assets 4,130,457

Total assets 124,298,068

**LIABILITIES**

Dollar Amounts in Thousands

|  |            |             |
|--|------------|-------------|
| <b>Deposits:</b>   |            |             |
| In domestic offices  |            | 76,375,267  |
| Noninterest-bearing  | 11,546,610 |             |
| Interest-bearing   | 64,828,657 |             |
| In foreign offices, Edge and Agreement subsidiaries, and IBFs                                  |            | 4,852,124   |
| Noninterest-bearing  | 0          |             |
| Interest-bearing   | 4,852,124  |             |
| Federal funds purchased and securities sold under agreements to repurchase:                    |            |             |
| Federal funds purchased in domestic offices  |            | 3,767,561   |
| Securities sold under agreements to repurchase   |            | 10,086,677  |
| Trading liabilities  |            | 1,021,144   |
| Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) |            | 11,931,227  |
| Bank's liability on acceptances executed and outstanding                                       |            | 48,102      |
| Subordinated notes and debentures  |            | 2,149,348   |
| Other liabilities  |            | 2,903,310   |
| Total liabilities  |            | 113,134,760 |
| Minority interest in consolidated subsidiaries   |            | 967,642     |

**EQUITY CAPITAL**

|  |  |             |
|--|--|-------------|
| Perpetual preferred stock and related surplus            |  | 0           |
| Common stock   |  | 21,600      |
| Surplus (exclude all surplus related to preferred stock) |  | 3,245,229   |
| Retained earnings  |  | 5,893,604   |
| Accumulated other comprehensive income                   |  | 1,035,233   |
| Other equity capital components                          |  | 0           |
| Total equity capital                                     |  | 10,195,666  |
| Total liabilities, minority interest, and equity capital |  | 124,298,068 |

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

**I, Jorge Arrieta, SVP & Controller**

( Name, Title )

of the above named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Director #1 \_\_\_\_\_  
 Director #2 \_\_\_\_\_  
 Director #3 \_\_\_\_\_

QuickLinks

[EXHIBIT 25.1](#)

[EXHIBIT 6 TO FORM T-1](#)

[CONSENT OF TRUSTEE](#)

[EXHIBIT 7 TO FORM T-1](#)

[THIS PAGE IS TO BE COMPLETED BY ALL BANKS](#)