

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

In re:

BUILDING MATERIALS HOLDING  
CORPORATION, *et al.*<sup>1</sup>

Debtors.

Chapter 11

Case No. 09-12074 (KJC)

Jointly Administered

Ref. Docket Nos. 1022 and 1023

**CERTIFICATION OF COUNSEL REGARDING STIPULATION  
BY AND BETWEEN THE DEBTORS AND RYLAND HOMES OF CALIFORNIA, INC.,  
ET AL., RESOLVING THE MOTIONS OF RYLAND HOMES OF CALIFORNIA, INC.,  
ET AL., FOR RELIEF FROM THE AUTOMATIC STAY**

On November 30, 2009, Ryland Homes; Ryland Homes of California; Ryland Homes of California, Inc.; Ryland Homes of California, Co.; Ryland Homes of Southern California, Inc., Southern California Division; and M.J. Brock & Sons, Inc., dba Ryland Homes (“Ryland”) filed the (1) *Motion of Ryland Homes of California, Inc., et al., for Relief from Automatic Stay* [Docket No. 1022] seeking relief from stay to proceed against certain insurance proceeds which may be recoverable by Ryland as a result of an action alleging construction defects in Case No. 37-2008-00081383-CU-CD-CTL in the San Diego Superior Court of the State of California and (2) *Motion of Ryland Homes of California, Inc. for Relief from Automatic Stay* [Docket No. 1023] (together, the “Motions”) seeking relief from stay to proceed against certain insurance proceeds which may be recoverable by Ryland as a result of an action alleging construction defects in Case No. 37-2008-00089822-CU-CD-CTL in the San Diego Superior Court of the State of California (together, the “Actions”).

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<sup>1</sup> The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C Construction, Inc. (8206), TWF Construction, Inc. (3334), H.N.R. Framing Systems, Inc. (4329), SelectBuild Southern California, Inc. (9378), SelectBuild Nevada, Inc. (8912), SelectBuild Arizona, LLC (0036), and SelectBuild Illinois, LLC (0792). The mailing address for the Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.

The hearing to consider the relief requested in the Motions was scheduled for December 15, 2009 (and subsequently adjourned to December 17, 2009). Responses to the Motions were due on or before December 8, 2009 at 4 p.m. (ET) (the “Objection Deadline”). No objections or responses to the Motions were received prior to the Objection Deadline. Subsequent to the filing of the Motions, the Debtors negotiated a consensual resolution of the Motions with Ryland.

As a result of their discussions, the Debtors and Ryland (collectively, the “Parties”) have entered into the *Stipulation Resolving the Motions of Ryland Homes of California, Inc., et al., for Relief from the Automatic Stay* (the “Stipulation”) which consensually resolves the Motions. The pertinent terms of the Stipulation are as follows:

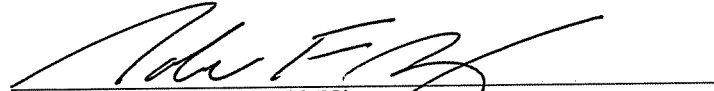
- (a) The Parties acknowledge and agree to relief from the automatic stay being granted in favor of Ryland for the sole purpose of allowing Ryland to proceed with the Actions to recover applicable insurance proceeds from insurance provided by Clarendon America Insurance Company and Lloyd’s of London (the “Insurers”), Policy Numbers WCE0623990015 and 618A01635001015, Policy Terms June 1, 1999 to August 7, 2000 and August 7, 2000 to February 7, 2002 (the “Policies”).
- (b) If any action by Ryland would cause the Insurers to have a claim against the Debtors on account of any deductible and/or self insured retention under the Policies, Ryland acknowledges and agrees that it shall not seek any payment under the Policies unless it satisfies directly with the Insurers any such deductible and/or self insured retention.
- (c) The Parties acknowledge and agree that the Stipulation shall fully and finally resolve, and Ryland waives and releases, any direct, pre-petition, post-petition, administrative, or other claim against the Debtors of any kind or nature, arising out of or related to the Actions, provided, however, that Ryland shall retain a claim to the extent necessary to obtain insurance proceeds from the Policies.

Attached hereto as Exhibit 1 is a proposed order approving the Stipulation (the “Proposed Order”). The Stipulation is attached to the Proposed Order as Exhibit A.

WHEREFORE, the Debtors respectfully request entry of the Proposed Order approving the Stipulation at the Court's earliest convenience without further notice or a hearing.

Dated: Wilmington, Delaware  
December 11, 2009

YOUNG CONAWAY STARGATT & TAYLOR, LLP



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---- and ----

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ATTORNEYS FOR DEBTORS  
AND DEBTORS IN POSSESSION

**EXHIBIT 1**

Proposed Order

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

In re:

BUILDING MATERIALS HOLDING  
CORPORATION, *et al.*<sup>1</sup>

Debtors.

Chapter 11

Case No. 09-12074(KJC)

Jointly Administered

Ref. Docket Nos. 1022, 1023 and \_\_\_\_\_

**ORDER APPROVING STIPULATION BY AND BETWEEN THE  
DEBTORS AND RYLAND HOMES OF CALIFORNIA, INC., *ET AL.*, RESOLVING  
THE MOTIONS OF RYLAND HOMES OF CALIFORNIA, INC., *ET AL.*,  
FOR RELIEF FROM THE AUTOMATIC STAY**

The Court having considered the Stipulation by and between the Debtors and Ryland Homes of California, Inc., *et al.*, resolving the Motions of Ryland Homes of California, Inc., *et al.*, for Relief From Automatic Stay, a copy of which is attached hereto as Exhibit A; the Court having determined that good and adequate cause exists for approval of the Stipulation; and the Court having determined that no further notice of the Stipulation must be given; and it appearing that the Stipulation is in the best interests of the Debtors, their estates and creditors and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is hereby:

ORDERED that the Stipulation is approved, and the terms and conditions of the Stipulation are incorporated in this Order by reference as if fully set forth herein; and it is further

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<sup>1</sup> The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C Construction, Inc. (8206), TWF Construction, Inc. (3334), H.N.R. Framing Systems, Inc. (4329), SelectBuild Southern California, Inc. (9378), SelectBuild Nevada, Inc. (8912), SelectBuild Arizona, LLC (0036), and SelectBuild Illinois, LLC (0792). The mailing address for the Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.

ORDERED that the Debtors are authorized and empowered to take any and all steps or perform any and all such acts as are necessary to carry out or otherwise effectuate the terms, conditions and provisions of the Stipulation; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine any and all matters arising from or related to the interpretation or implementation of this Order or the Stipulation.

Dated: Wilmington, Delaware  
December \_\_\_\_, 2009

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Kevin J. Carey  
Chief United States Bankruptcy Judge

**EXHIBIT A**

Stipulation

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

<b>IN RE:</b>	)	
	)	<b>Chapter 11</b>
<b>BUILDING MATERIALS HOLDING CORPORATION, et al.,<sup>1</sup></b>	)	<b>Case No. 09-12074 (KJC)</b>
<b>Debtors.</b>	)	<b>Jointly Administered</b>
	)	
	)	

**STIPULATION RESOLVING THE MOTIONS OF RYLAND HOMES OF CALIFORNIA, INC., ET AL., FOR RELIEF FROM THE AUTOMATIC STAY**

Ryland Homes; Ryland Homes of California; Ryland Homes of California, Inc.; Ryland Homes of California, Co.; Ryland Homes of Southern California, Inc., Southern California Division; and M.J. Brock & Sons, Inc., dba Ryland Homes ("*Claimants*"), and Building Materials Holding Corporation and its affiliates, the debtors and debtors in possession in the above-referenced cases (collectively, the "*Debtors*," and together with the Claimants, the "*Parties*") hereby respectfully stipulate and agree as follows:

**RECITALS**

WHEREAS, on June 16, 2009 (the "*Petition Date*"), each of the Debtors filed with the United States Bankruptcy Court for the District of Delaware (the "*Court*") voluntary petitions for relief under title 11 of the United States Code (the "*Bankruptcy Code*"). Each Debtor is continuing to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors' cases are being jointly administered pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure;

<sup>1</sup> The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C Construction, Inc. (8206), TWF Construction, Inc. (3334), H.N.R. Framing Systems, Inc. (4329), SelectBuild Southern California, Inc. (9378), SelectBuild Nevada, Inc. (8912), SelectBuild Arizona, LLC (0036), and SelectBuild Illinois, LLC (0792). The mailing address for the Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.



WHEREAS, on November 30, 2009, the Claimants filed with the Court the Motions (1) of Ryland Homes; Ryland Homes of California; Ryland Homes of California, Inc.; Ryland Homes California, Co.; Ryland Homes of Southern California, Inc., Southern California Division; and M.J. Brock & Sons, Inc., dba Ryland Homes for Relief From Automatic Stay, seeking relief to proceed against certain insurance proceeds which may be recoverable by the Claimants as a result of Case No. 37-2008-00081383-CU-CD-CTL in the San Diego Superior Court of the State of California, and (2) of Ryland of Homes of California, Inc., for Relief From Automatic Stay, seeking relief to proceed against certain insurance proceeds which may be recoverable by the Claimants as a result of Case No. 37-2008-00089822-CU-CD-CTL in the San Diego Superior Court of the State of California ("*Actions*");

WHEREAS, the Claimants assert they are entitled to recover from the following insurance policies, with respect to the claims alleged in the Actions: Clarendon America Insurance Company and Lloyd's of London (the "*Insurers*"); Policy Numbers WCE0623990015 and 618A01635001015; Policy Terms June 1, 1999- August 7, 2000 and August 7, 2000- February 7, 2002. (the "*Policies*");

WHEREAS, the Debtors are willing to stipulate to relief from the automatic stay in favor of the Claimants for the sole purpose of allowing the Claimants to proceed with the Actions to recover applicable insurance proceeds from the Policies, with certain conditions as provided below to protect the Debtor from administrative expense, given the uncertainty surrounding the provisions of the Policies.

NOW THEREFORE, subject to the approval of the Court, in order to avoid the costs, risks and inconveniences of litigation, it is hereby stipulated and agreed as follows:

1. The Parties hereby acknowledge and agree to relief from the automatic stay being granted in favor of the Claimants for the sole purpose of allowing the Claimants to proceed with the Actions to recover applicable insurance proceeds from the Policies.

2. If any action by the Claimants would cause the Insurers to have a claim against the Debtors on account of any deductible and/or self insured retention under the Policies, the Claimants acknowledges and agrees that it shall not seek any payment under the Policies unless it satisfies directly with the Insurers any such deductible and/or self insured retention.

3. The Parties hereby acknowledge and agree that this Stipulation shall fully and finally resolve, and the Claimants waive and release, any direct, pre-petition, post-petition, administrative, or other claim against the Debtors of any kind or nature, arising out of or related to the Actions, provided, however, that the Claimants shall retain a claim to the extent necessary to obtain insurance proceeds from the Policies.

4. The Parties hereby acknowledge and agree that this Stipulation is entered into solely for the convenience of the Parties and neither this Stipulation nor the fact of its execution will constitute any admission or acknowledgment or liability or wrongdoing on the part of any of the Parties. The Parties will not offer this Stipulation or the fact of its execution into evidence in any proceeding other than a proceeding to approve or enforce this Stipulation or any of its terms.

5. Each party shall bear its own attorneys' fees and costs with respect to the execution and delivery of this Stipulation. Each of the undersigned are duly authorized and empowered to execute this Stipulation.

6. This Stipulation is governed by and shall be construed in accordance with the law of the State of Delaware, without regard to its conflict of laws provisions. The Court

shall retain exclusive jurisdiction to resolve any disputes or controversies arising from or related to this Stipulation.

7. All of the recitals set forth above are incorporated by reference as if fully set forth herein. This Stipulation constitutes the complete express agreement of the Parties hereto concerning the subject matter hereof, and no modification or amendment to this Stipulation shall be valid unless it is in writing, signed by the Party or Parties to be charged and approved by the Court.

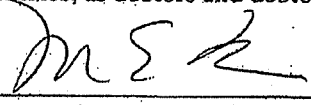
8. It is acknowledged that each Party has participated in and jointly consented to the drafting of this Stipulation and that any claimed ambiguity shall not be construed for or against either Party on account of such drafting.

9. This Stipulation may be executed in counterparts, any of which may be transmitted by facsimile or electronic mail, and each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

10. This Stipulation is subject to approval of the Court, and the Parties agree to present the Stipulation promptly to the Court for approval. If the Court does not approve this Stipulation, the Parties will revert to their pre-Stipulation positions, without any prejudice whatsoever from having entered into this Stipulation.

11. This Stipulation shall become effective immediately upon entry of an order approving the Stipulation.

For  
Building Materials Holding Corporation and its  
affiliates, as debtors and debtors in possession



Maureen E. Thomas, Esq.  
982 Coledale Ct.  
White Lake, MI 48386

Dated: 12-5-09

For  
Ryland Homes of California, Inc., successor-in-  
interest to M.J. Brock, Inc. and erroneously sued  
herein as Ryland Homes; Ryland Homes of  
California; Ryland Homes of California, Inc.;  
Ryland Homes of California, Co.; Ryland Homes of  
Southern California, Inc., Southern California  
Division; and M.J. Brock & Sons, Inc., dba Ryland  
Homes

By: 

Anthony J. Saladino  
Assistant Vice President  
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Corona, CA 92879

Dated: 12-4-09