

**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 No. 505

**CERTIFICATION OF COUNSEL REGARDING  
STIPULATION BY AND BETWEEN THE DEBTORS AND GREYSTONE HOMES,  
INC. RESOLVING THE MOTION OF GREYSTONE HOMES, INC.  
FOR RELIEF FROM THE AUTOMATIC STAY**

On August 19, 2009, Greystone Homes, Inc. ("Greystone") filed the *Motion of Greystone Homes Inc. for Relief from Stay* [Docket No. 505] (the "Motion") seeking relief from stay to proceed against certain insurance proceeds which may be recoverable by Greystone as a result of an action alleging construction defects in Case No. 37-2007-0081892 in San Diego Superior Court (the "Action").

The hearing to consider the relief requested in the Motion was originally scheduled for September 18, 2009. Responses to the Motion were due on or before September 11, 2009 at 4:00 p.m. (the "Objection Deadline"), but Greystone extended the deadline for the Debtors to respond until September 14, 2009. No other objections or responses to the Motion were received prior to the Objection Deadline. Subsequent to the filing of the Motion, the Debtors negotiated a consensual resolution of the Motion with Greystone.

---

<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.

As a result of the discussions, the Debtors and Greystone (collectively, the “Parties”) have entered into the *Stipulation Resolving the Motion for of Greystone Homes, Inc. for Relief from the Automatic Stay* (the “Stipulation”) which consensually resolves the Motion.

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 Greystone for the sole purpose of allowing Greystone to proceed with the Action 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 Greystone would cause the Insurers to have a claim against the Debtors on account of any deductible and/or self insured retention under the Policies, Greystone 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 Greystone 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 Action, provided, however, that Greystone shall retain a claim to the extent necessary to obtain insurance proceeds from the Policies.

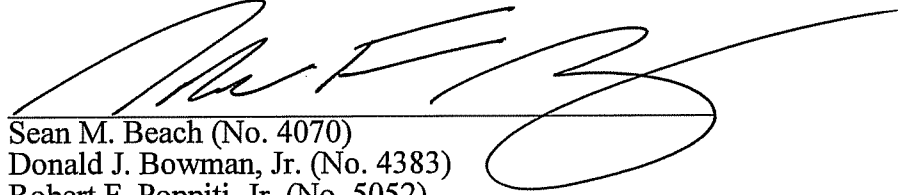
Attached hereto as Exhibit 1 is a proposed form of order approving the Stipulation (the “Proposed Order”). The Stipulation is attached to the Proposed Order as Exhibit A.

***Remainder of page intentionally left blank***

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  
September 15, 2009

YOUNG CONAWAY STARGATT & TAYLOR, LLP



Sean M. Beach (No. 4070)  
Donald J. Bowman, Jr. (No. 4383)  
Robert F. Poppiti, Jr. (No. 5052)  
The Brandywine Building  
1000 West Street, 17th Floor  
P. O. Box 391  
Wilmington, Delaware 19899-0391  
Telephone: (302) 571-6600  
Facsimile: (302) 571-1253

---- and ----

GIBSON, DUNN & CRUTCHER LLP  
Michael A. Rosenthal (admitted *pro hac vice*)  
Matthew K. Kelsey (admitted *pro hac vice*)  
Sae M. Muzumdar (admitted *pro hac vice*)  
200 Park Ave, 47th Floor  
New York, NY 10166-0193  
Telephone: 212.351.4000  
Facsimile: 212.351.4035

Aaron G. York (admitted *pro hac vice*)  
Jeremy L. Graves (admitted *pro hac vice*)  
2100 McKinney Ave, Suite 1100  
Dallas, TX 75201-6911  
Telephone: 214.698.3100  
Facsimile: 214.571.2900

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. 166 and \_\_\_\_\_

**ORDER APPROVING STIPULATION BY AND BETWEEN THE DEBTORS AND  
GREYSTONE HOMES, INC. RESOLVING THE MOTION OF GREYSTONE HOMES,  
INC. FOR RELIEF FROM THE AUTOMATIC STAY**

The Court having considered the Stipulation by and between the Debtors and Greystone Homes, Inc. Resolving the Motion of Greystone Homes, Inc. 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

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

---

<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 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  
September \_\_\_\_, 2009

---

Kevin J. Carey  
Chief United States Bankruptcy Judge

**EXHIBIT A**

**Stipulation**

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

Greystone Homes, Inc. ("***Claimant***"), and Building Materials Holding

## RECITALS

WHEREAS, on August 19, 2009, the Claimant filed with the Court the Motion of Greystone Homes, Inc. for Relief From Automatic Stay, seeking relief to proceed against certain

<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.



insurance proceeds which may be recoverable by the Claimant as a result of Case No. 37-2007-0081892 in the San Diego Superior Court ("**Action**");

WHEREAS, the Claimants assert they are entitled to recover from the following insurance policies, with respect to the claims alleged in the Action: 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 Claimant for the sole purpose of allowing the Claimant to proceed with the Action 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 Claimant for the sole purpose of allowing the Claimant to proceed with the Action to recover applicable insurance proceeds from the Policies.
2. If any action by the Claimant 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 Claimant 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 Claimant 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 Action, 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.


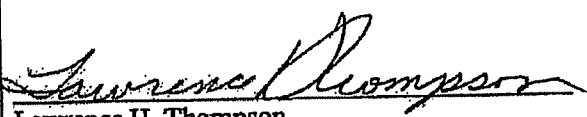
7. All of the recitals set forth above are incorporated by reference as if fully set forth herein. This Stipulation constitutes the complete express agreement of the Parties hereto concerning the subject matter hereof, and no modification or amendment to this Stipulation shall be valid unless it is in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

<p>For Building Materials Holding Corporation and its affiliates, as debtors and debtors in possession</p> <p></p> <p>Maureen E. Thomas, Esq. 982 Coledale Ct. White Lake, MI 48386</p> <p>Dated: <u>9-14-2009</u></p>	<p>For Greystone Homes, Inc.</p> <p></p> <p>Lawrence H. Thompson 25 Enterprise Aliso Viejo, CA 92656</p> <p>Dated: <u>Sept. 11, 2009</u></p>
--	---