IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

| IN RE: |) Chapter 11 |
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| BUILDING MATERIALS HOLDING CORPORATION, <i>et al.</i> , ¹ |) Case No. 09-12074 (KJC) |
| Debtors. |) Jointly Administered |
| | Ref. Docket Nos. 201 and <u>797</u> |

ORDER APPOINTING FEE AUDITOR AND DIRECTING RELATED PROCEDURES CONCERNING THE PAYMENT OF COMPENSATION AND CONSIDERATION OF FEE APPLICATIONS

Upon consideration of that certain Order Establishing Procedures for Interim

Compensation and Reimbursement of Expenses for Professionals [Docket No. 201] (the

"Interim Compensation Order"); and it appearing that the size, complexity and duration of the

above-captioned jointly administered bankruptcy cases (the "Chapter 11 Cases") will result in

the filing of a number of interim applications for payment of professional fees and

reimbursement of expenses; and it appearing that appointment of a fee auditor in the Chapter

11 Cases under section 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq.

(the "Bankruptcy Code"), is in the best interests of the Debtors, their estates and creditors and

other parties in interest and is in accordance with Rule 2016-2(i) of the Local Rules of

Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of

Delaware (the "Local Rules") and the procedures of this Court; and the Court having

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.

jurisdiction over this matter pursuant to 28 U.S.C. § 157(b)(1) and (2); and the Debtors and the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases (the "<u>Committee</u>") having conferred and reached an agreement regarding the selection of the fee auditor (the "<u>Fee Auditor</u>") to be appointed in the Chapter 11 Cases and this Order; and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. Direct Fee Review LLC is appointed and shall be employed as the Fee Auditor in the Chapter 11 Cases, subject to the filing of a verified statement in accordance with Rule 2014(a) of the Federal Rules of Bankruptcy Procedure.

2. This Order shall apply to all professionals in the Chapter 11 Cases requesting compensation and/or reimbursement of expenses for services rendered pursuant to sections 327, 330 or 503(b) of the Bankruptcy Code, including, but not limited to, any compensation requested by any professional or any other person for making a substantial contribution in the Chapter 11 Cases, but <u>excluding</u> (i) any Ordinary Course Professional (as defined in the OCP Order) employed by the Debtors in the Chapter 11 Cases in accordance with that certain Order Authorizing the Debtors' Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business [Docket No. 244] (the "<u>OCP Order</u>"), (ii) members of the Committee, on account of such members' applications for reimbursement of expenses incurred in their capacity as members of the Committee, and (iii) all professionals in the Chapter 11 Cases requesting the payment of any success fee or transaction fee set forth in such professionals' engagement agreement, solely with respect to such requested success fee or transaction fee.

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- 3. The Fee Auditor shall:
 - (a) review all fee applications filed by estate professionals in the Chapter 11 Cases;
 - (b) during the course of its review of such fee applications, consult, as it deems appropriate, with each professional concerning such professional's fee application;
 - (c) during the course of its examination of the fee applications, review any document filed in the Chapter 11 Cases;
 - (d) within twenty (20) days after a professional files a quarterly interim application for allowance of compensation and reimbursement of expenses, serve an initial report (the "Initial <u>Report</u>") on such professional designed to quantify and present factual data relevant to whether the requested fees, disbursements and expenses meet the applicable standards of section 330 of the Bankruptcy Code and Local Rule 2016-2;
 - (e) within fifteen (15) days after the service of the Initial Report, engage in informal communication with each professional, the purpose of which is to resolve matters raised in the Initial Report. The Fee Auditor shall endeavor to reach consensual resolution with each professional with respect to that professional's requested fees and expenses. The Fee Auditor may also use the informal response process to revise findings contained in the Initial Report. Each professional may provide the Fee Auditor with verbal or written supplemental information which the professional believes is relevant to the Initial Report;
 - (f) following communications between the Fee Auditor and the professional, and the Fee Auditor's review of any supplemental information provided by such professional in response to the Initial Report, conclude the informal response period by filing with the Court a report with respect to each fee application (the "<u>Final Report</u>"), fifteen (15) days after the service of the Initial Report. The Final Report shall be in a format designed to quantify and present factual data relevant to whether the requested fees and expenses of each professional meet the applicable standards of section 330 of the Bankruptcy Code and Local Rule 2016-2. The Final Report shall also inform the Court of all proposed consensual resolutions of the fee and/or expense reimbursement request for each professional and the basis for such proposed consensual resolution; and

(g) serve each Final Report on the Office of the United States Trustee, counsel for the Committee, counsel for the Debtors and each professional whose fees and expenses are addressed in the Final Report.

4. Prior to any hearing on allowance of compensation and reimbursement of expenses, but no later than twenty (20) days after the Fee Auditor's service of the Final Report, the professional(s) subject to such Final Report may file with the Court a response (a "<u>Response</u>") to such Final Report. Any Response shall be served upon (i) those parties served with the Final Report and (ii) the Fee Auditor.

5. The terms and conditions of the Interim Compensation Order shall not be modified by this Order, except that: At the time of the filing of each Monthly Fee Application (as defined in the Interim Compensation Order), the applicant filing such application (each, an "<u>Applicant</u>") shall send to the Fee Auditor via electronic mail the application, including the fee detail containing the time entries and the expense detail (the "<u>Fee Detail</u>"), in Adobe Acrobat format, and shall send to the Fee Auditor via electronic mail the Fee Detail in an electronic format such as Ledes, Excel, Microsoft Word or WordPerfect, but not Adobe Acrobat. An Applicant need not send to the Fee Auditor the electronic formatted Fee Detail for any Interim Fee Application (as defined in the Interim Compensation Order) if such Applicant has previously submitted all of such electronic formatted Fee Detail relevant to such Interim Fee Application to the Fee Auditor, whether in conjunction with the relevant Monthly Fee Applications or otherwise. If any Applicant cannot reasonably convert its Fee Detail to one of the electronic formats described above, the Fee Auditor will work with such applicant to find an appropriate electronic format

6. The fees and expenses of the Fee Auditor shall be subject to application and review pursuant to section 330 of the Bankruptcy Code and shall be paid from the Debtors' estates as an administrative expense under section 503(b)(2) of the Bankruptcy Code.

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7. Counsel for the Debtors shall serve a copy of this Order, in accordance with the Local Rules, on (i) the Office of the United States Trustee, (ii) counsel for the Committee, and (iii) each professional, other than Ordinary Course Professionals (as defined in the OCP Order), employed by the Debtors or the Committee in the Chapter 11 Cases pursuant to sections 327 and 330 of the Bankruptcy Code.

8. This Order shall be effective immediately upon its entry on the docket of the Chapter 11 Cases.

Dated: Wilmington, Delaware October 30, 2009

Kevin J. Carey Chief United States Bankruptcy Judge