IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

IN RE:) Chapter 11
BUILDING MATERIALS HOLDING CORPORATION, et al.,1) Case No. 09-12074 (KJC)
Debtors.) Jointly Administered
	Objection Deadline: November 12, 2009 at 4:00 p.m. (ET) Hearing Date: November 19, 2009 at 11:00 a.m. (ET)

DEBTORS' MOTION FOR AN ORDER AUTHORIZING REJECTION OF THAT CERTAIN UNEXPIRED LEASE WITH LONE BUTTE INDUSTRIAL DEVELOPMENT CORPORATION AND THE ASSOCIATED SUBLEASE WITH SELECTBUILD NEVADA, INC. NUNC PRO TUNC TO THE REJECTION EFFECTIVE DATE

Building Materials Holding Corporation and its affiliates, as debtors and debtors in possession (collectively, the "*Debtors*"), submit this motion (the "*Motion*") for entry of an order, substantially in the form annexed hereto as *Exhibit A*, authorizing the Debtors to reject that certain unexpired lease number B-GR-61-G (the "*Chandler Lease*") by and between Lone Butte Industrial Development Corporation (the "*Landlord*") and BMC West Corporation² for the property described therein located at 6800 West Sundust, Lone Butte Industrial Park, Chandler,

DB02:8877206.1 068301.1001

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.

BMC West Corporation is party to the Chandler Lease by assignment. The Chandler Lease was originally by and between the Landlord and Anthony Farms, Inc. On April 1, 1978, the Chandler Lease was amended to substitute Maggio, Inc. for Anthony Farms, Inc. as the tenant. On December 21, 1983, the Chandler Lease was amended to substitute AJM Farms, Inc. for Maggio, Inc. as the tenant. On October 31, 1988, AJM Farms, Inc. assigned its rights and obligations under the Chandler Lease to Ed Holderness Supplies, Inc. On March 7, 1994, Ed Holderness Supplies, Inc. assigned its rights and obligations under the Chandler Lease to BMC West Corporation.

Arizona 85224 (the "*Premises*") as well as the associated sublease by and between BMC West Corporation and SelectBuild Nevada, Inc. (the "*Sublease*"), effective as of October 31, 2009 (the "*Rejection Effective Date*"). In support thereof, the Debtors respectfully represent:

JURISDICTION AND VENUE

1. The Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. sections 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. section 157(b).

Venue is proper pursuant to 28 U.S.C. sections 1408 and 1409.

RELIEF REQUESTED

2. By this Motion, the Debtors, pursuant to sections 365(a), 1107(a), and 1108 of title 11 of the United States Code (the "*Bankruptcy Code*") and Federal Rule of Bankruptcy Procedure 6006, seek entry of an order authorizing them to reject the Chandler Lease and the Sublease.

BACKGROUND

- 3. On June 16, 2009 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases"). The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases. On June 26, 2009, the Office of the United States Trustee (the "U.S. Trustee") appointed the official committee of unsecured creditors (the "Creditors' Committee").
- 4. The Debtors are one of the largest providers of residential building products and construction services in the United States. The Debtors distribute building materials, manufacture building components (e.g., millwork, floor and roof trusses, and wall panels), and provide construction services to professional builders and contractors through a

network of 31 distribution facilities, 43 manufacturing facilities, and five regional construction services facilities.

- 5. The Debtors operate under two brand names: BMC West® and SelectBuild®.
 - BMC West. Under the BMC West brand, the Debtors market and sell building products, manufacture building components, and provide construction services to professional builders and contractors. Products include structural lumber and building materials purchased from manufacturers, as well as manufactured building components such as millwork, trusses, and wall panels. Construction services include installation of various building products and framing. The Debtors currently offer these products and services in major metropolitan markets in Texas, Washington, Colorado, Idaho, Utah, Montana, North Carolina, California, and Oregon.
 - SelectBuild. Under the SelectBuild brand, the Debtors offer integrated construction services to production homebuilders, as well as commercial and multi-family builders. Services include wood framing, concrete services, managing labor and construction schedules, and sourcing materials. The Debtors currently offer these services in major metropolitan markets in California, Arizona, Nevada and Illinois.
- 6. On the Petition Date, the Debtors filed a proposed chapter 11 plan (the "Plan") and accompanying disclosure statement (the "Disclosure Statement"). The Debtors filed several amended versions of the Plan and Disclosure Statement since that time. The Court approved the Disclosure Statement by order entered on October 22, 2009. To implement their restructuring, the Debtors have obtained \$80 million in debtor-in-possession financing (the "DIP Financing"), which the Court approved on a final basis on July 1, 2009.

THE CHANDLER LEASE AND THE SUBLEASE

7. Prior to the Petition Date, the Debtors entered into the Chandler Lease for the use and occupancy of the Premises. As part of their cost-cutting, restructuring, and

consolidation efforts, the Debtors have decided they will no longer need the Chandler Lease on a going-forward basis.

8. Prior to the Petition Date, Debtor BMC West Corporation subleased the Premises to Debtor SelectBuild Nevada, Inc.³ Because the Debtors intend to reject the Chandler Lease, they are seeking to reject the Sublease.

BASIS FOR RELIEF REQUESTED

- A. The Court Should Authorize Rejection of the Chandler Lease and the Sublease as a Sound Exercise of the Debtors' Business Judgment
- 9. Pursuant to section 365(a) of the Bankruptcy Code, the Debtors seek authority to reject the Chandler Lease and the Sublease. Section 365(a) of the Bankruptcy Code provides, in pertinent part, that a debtor in possession "subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). "[T]he purpose behind allowing the assumption or rejection of executory contracts is to permit the trustee or debtor-in-possession to use valuable property of the estate and to 'renounce title to and abandon burdensome property." *Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1098 (2d Cir. 1993) (quoting 2 Collier On Bankruptcy ¶ 365.01[1] (15th ed. 1993)).
- 10. Courts defer to a debtor's business judgment in rejecting executory contracts or unexpired leases, and upon finding that a debtor has exercised its sound business judgment, approve such rejections under section 365(a) of the Bankruptcy Code. *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984) (recognizing the "business judgment" standard

Knipp Brothers Industries, LLC is listed as the subtenant under the Sublease. Knipp Brothers Industries, LLC subsequently changed its name to SelectBuild Nevada, Inc.

used to authorize rejection of executory contracts), superseded by statute on other grounds, 11 U.S.C. § 1113, as recognized in Mason v. Official Comm. of Unsecured Creditors (In re FBI Distrib. Corp.), 330 F.3d 36, 44 (1st Cir. Mass. 2003); Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp. (In re Sharon Steel Corp.), 872 F.2d 36, 39-40 (3d Cir. 1989) (recognizing the "business judgment" standard, which requires only that the rejection will benefit the estate); In re Trans World Airlines, Inc., 261 B.R. 103, 120 (Bankr. D. Del. 2001) ("A debtor's determination to reject an executory contract is governed by the business judgment standard."). The business judgment standard is "not a difficult standard to satisfy and requires only a showing that rejection will benefit the estate." In re Exide Techs., 340 B.R. 222, 239 (Bankr. D. Del. 2006); see also In re III Enters., Inc. V, 163 B.R. 453, 469 (Bankr. E.D. Pa. 1994) (observing that courts do not "disturb [a debtor's] decision to reject [a lease] unless the decision is so unreasonable that it could not be based on sound business judgment, but only on bad faith or whim") (internal citations and quotations omitted).

judgment, that eliminating costs that are unnecessary to the operation of their business is in the best interests of their estates and creditors. As part of this cost-cutting initiative, the Debtors have determined that the Premises leased pursuant to the Chandler Lease are not essential to their ongoing operations and, therefore, are no longer necessary to maintain. Because Debtors BMC West Corporation and SelectBuild Nevada, Inc. are parties to a Sublease of the Premises, it is also necessary to reject the Sublease. For these reasons, the Debtors believe their decision to reject the Chandler Lease and the associated Sublease

Debtor SelectBuild Nevada, Inc. has agreed to waive any rejection damages claims it may have as a result of BMC West Corporation's rejection of the Sublease.

satisfies the "business judgment" standard applicable to the rejection of unexpired leases of real property under section 365 of the Bankruptcy Code.

- B. The Court Should Authorize Rejection of the Chandler Lease and the Sublease Effective as of the Rejection Effective Date
- 12. The Debtors also respectfully submit that it is appropriate for the Court to order that the effective date of the rejection be the Rejection Effective Date.
- 13. While section 365 of the Bankruptcy Code does not specifically address whether the Court may order rejection to be effective retroactively, many courts have held that bankruptcy courts may, in their discretion, authorize rejection retroactive to a date prior to entry of the order authorizing the rejection where the balance of equities weighs in favor of retroactive application of rejection. See, e.g., Pac. Shores Dev., LLC v. At Home Corp. (In re At Home Corp.), 392 F.3d 1064, 1074 (9th Cir. 2004) (affirming bankruptcy court's approval of retroactive rejection); Thinking Machs. Corp. v. Mellon Fin. Servs. Corp. #1 (In re Thinking Machs., Corp.), 67 F.3d 1021, 1028 (1st Cir. 1995) ("[B]ankruptcy courts may enter retroactive orders of approval, and should do so when the balance of equities preponderates in favor of such remediation"); Stonebriar Mall Ltd. P'ship v. CCI Wireless, LLC (In re CCI Wireless, LLC), 297 B.R. 133, 140 (D. Colo. 2003) (holding that "because section 365 does not, as a matter of law, prohibit selection of a retroactive date for rejection, the bankruptcy court has authority under section 365(d)(3) to set the effective date of rejection at least as early as the filing date of the motion to reject."); Constant Ltd. P'ship v. Jamesway Corp. (In re Jamesway Corp.), 179 B.R. 33, 37 (S.D.N.Y. 1995) (stating that section 365 does not include "restrictions as to the manner in which the court can approve rejection"); In re Chi-Chi's, Inc., 305 B.R. 396, 399 (Bankr. D. Del. 2004) (Case, J.) (holding that when principles of equity dictate, a bankruptcy court may approve rejection of a nonresidential lease pursuant

to section 365(a) retroactive to the motion filing date); *In re Amber's Stores, Inc.*, 193 B.R. 819, 827 (Bankr. N.D. Tex. 1996) (holding that the lease at issue should be deemed rejected as of the petition date due to the equities of the case where the debtor turned over its keys and vacated the premises prepetition and served the motion to reject the lease as soon as possible).

- 14. Here, the balance of the equities favors granting the Debtors' request for a retroactive effective date of rejection. Without a retroactive date of rejection, the Debtors will be forced to incur unnecessary administrative charges for a lease that provides no tangible benefit to the Debtors' estates. Moreover, the Landlord will not be unduly prejudiced if the rejection is deemed effective as of the Rejection Effective Date because it has been mailed notice of the Debtors' unequivocal abandonment of the Premises along with the keys relating thereto. The Debtors respectfully submit that it is fair and equitable for the Court to find that the Chandler Lease is rejected as of the Rejection Effective Date, as the retroactive rejection of the Chandler Lease promotes the purposes of section 365 by relieving the estate of additional and unnecessary administrative expenses.
- 15. Courts in this jurisdiction have routinely approved relief similar to the relief requested herein. See, e.g., In re Aleris Int'l, Inc., Case No. 09-10478 (BLS) (Bankr. D. Del. Apr. 23, 2009) (authorizing the rejection of leases and granting retroactive relief requested); In re Masonite Corp., Case No. 09-10844 (PJW) (Bankr. D. Del. Apr. 14, 2009) (same); In re Smurfit-Stone Container Corp., Case No. 09-10235 (BLS) (Bankr. D. Del. Feb. 23, 2009) (authorizing the rejection of certain leases retroactive to the date the motion was

The Debtors have not annexed copies of the unreported orders cited herein because of their size. Copies of these orders, however, are available upon request of the Debtors' counsel, including at the hearing to consider the Motion.

filed); In re Leiner Health Prods., Inc., Case No. 08-10446 (KJC) (Bankr. D. Del. Apr. 4, 2008) (authorizing the rejection of leases retroactive to the date the motion was filed); In re Buffets Holdings, Inc., Case No. 08-10141 (MFW) (Bankr. D. Del. Feb. 13, 2008) (authorizing the rejection of leases retroactive to the petition date); In re Pope & Talbot, Inc., Case No. 07-11738 (CSS) (Bankr. D. Del. Dec. 12, 2007) (authorizing the rejection of executory contracts retroactive to the petition date); In re Am. Home Mortgage Holdings, Inc., Case No. 07-11047 (CSS) (Bankr. D. Del. Sept. 20, 2007) (authorizing the rejection of leases and granting retroactive relief requested).

REQUEST FOR WAIVER OF STAY

the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), any "order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise."

While the Debtors do not believe that Bankruptcy Rule 6004(h) applies to the relief requested in this motion, to the extent applicable, ample cause exists to waive any stay of the effectiveness of this order because the Debtors' estates may be liable to pay any postpetition obligations arising under the Chandler Lease as administrative expenses of their estates.

Accordingly, the Debtors submit that ample cause exists to justify a waiver of the 10-day stay under Bankruptcy Rule 6004(h), to the extent applicable.

NOTICE

17. No trustee or examiner has been appointed in the Chapter 11 Cases.

The Debtors have provided notice of filing of the Motion to: (a) the U.S. Trustee; (b) counsel to the Creditors' Committee; (c) counsel to Wells Fargo Bank, as agent under the Debtors'

Prepetition Credit Agreement and DIP Facility (as defined in the Amended Plan); (d) the

Landlord; (e) the Economic Development Standing Committee of the Gila River Indian Community Council; (f) the United States Department of Interior, Bureau of Indian Affairs, Pima Agency; and (g) any persons who have filed a request for notice in the Chapter 11 Cases pursuant to Bankruptcy Rule 2002. Due to the nature of the relief requested, the Debtors respectfully submit that no further notice of this Motion is required.

NO PRIOR REQUEST

18. No prior request for the relief sought in this Motion has been made to this or any other court.

Remainder of page intentionally left blank

WHEREFORE, the Debtors respectfully request that the Court grant the relief

requested herein and such other and further relief as the Court may deem just and proper.

Dated: Wilmington, Delaware October 30, 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 St., 17th Floor

Wilmington, DE 19801

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)

Saee 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

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11	
	r	
BUILDING MATERIALS HOLDING	Case No. 09-12074 (KJC)	
CORPORATION, et al., ¹		
	Jointly Administered	
Debtors.		
	Objection Deadline: November 12, 2009 at 4:00 p Hearing Date: November 19, 2009 at 11:00 a.m. (

NOTICE OF MOTION

TO: (A) The Office of the United States Trustee for the District of Delaware; (B) Counsel to Wells Fargo Bank, as Agent Under the Prepetition Credit Facility and the DIP Facility (as Defined in the Plan); (C) Counsel to the Official Committee of Unsecured Creditors; (D) the Landlord; (E) the Economic Development Standing Committee of the Gila River Indian Community Council; (F) the United States Department of Interior, Bureau of Indian Affairs, Pima Agency; and (G) All Parties That Have Requested Notice Pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure.

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the "<u>Debtors</u>") have filed the attached **Debtors' Motion for an Order Authorizing Rejection of That Certain Unexpired Lease With Lone Butte Industrial Development Corporation and the Associated Sublease With Selectbuild Nevada, Inc.** *Nunc Pro Tunc* **to the Rejection Effective Date (the "<u>Motion</u>").**

PLEASE TAKE FURTHER NOTICE that any objections to the Motion must be filed on or before November 12, 2009 at 4:00 p.m. (ET) (the "Objection Deadline") with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must serve a copy of the objection upon the undersigned counsel to the Debtors so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE MOTION WILL BE HELD ON NOVEMBER 19, 2009 AT 11:00 A.M. (ET) BEFORE THE HONORABLE KEVIN J. CAREY AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 5TH FLOOR, COURTROOM NO. 5, WILMINGTON, DELAWARE 19801.

DB02:8877407.1 068301.1001

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.

PLEASE TAKE FURTHER NOTICE that if you fail to respond in accordance with this notice, the Court may grant the relief requested in the Motion without further notice or a hearing.

Dated: Wilmington, Delaware October 30, 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)

Saee M. Muzumdar (admitted pro hac vice)

200 Park Avenue, 47th Floor

New York, New York 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 Avenue, Suite 1100

Dallas, Texas 75201-6911

Telephone: (214) 698-3100

Facsimile: (214) 571-2900

ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

EXHIBIT A Proposed Order

DB02:8877206.1 068301.1001

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

IN RE:) Chapter 11
BUILDING MATERIALS HOLDING CORPORATION, et al.,1) Case No. 09-12074 (KJC)
Debtors.	Jointly Administered
	Ref. Docket No

ORDER AUTHORIZING REJECTION OF THAT CERTAIN UNEXPIRED LEASE WITH LONE BUTTE INDUSTRIAL DEVELOPMENT CORPORATION AND THE ASSOCIATED SUBLEASE WITH SELECTBUILD NEVADA, INC. NUNC PRO TUNC TO THE REJECTION EFFECTIVE DATE

Upon consideration of the motion (the "*Motion*") of Building Materials Holding Corporation and its affiliates, as debtors and debtors in possession (collectively, the "*Debtors*") for entry of an order authorizing the Debtors to reject that certain unexpired lease number B-GR-61-G (the "*Chandler Lease*") by and between Lone Butte Industrial Development Corporation (the "*Landlord*") and BMC West Corporation for the property described therein located at 6800 West Sundust, Lone Butte Industrial Park, Chandler, Arizona 85224 (the "*Premises*") as well as the associated sublease by and between BMC West Corporation and SelectBuild Nevada, Inc. (the "*Sublease*"), effective as of October 31, 2009 (the "*Rejection Effective Date*"), all as set forth in the Motion; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. sections 1408 and 1409; and the Court having found

DB02:8877206.1 068301.1001

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.

that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and notice of the Motion and the opportunity for a hearing on the Motion was appropriate under the particular circumstances; and the Court having reviewed the Motion and having considered the statements in support of the relief requested therein at a hearing before the Court (the "*Hearing*"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED:

- 1. The Motion is granted as set forth below.
- 2. Pursuant to section 365(a) of the Bankruptcy Code, the Debtors are authorized to reject the Chandler Lease and the Sublease, and the Chandler Lease and the Sublease are deemed rejected, effective as of October 31, 2009.
- 3. In accordance with that certain Order Pursuant to Sections 501, 502, and 1111(a) of the Bankruptcy Code, Bankruptcy Rules 2002 and 3003(c)(3), and Local Rule 2002-1(e) Establishing Bar Dates for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof [Docket No. 248], any claim for damages allegedly arising from the rejection of the Chandler Lease (a "Rejection Damages Claim") must be filed on or before the date which is thirty (30) days from the entry of this Order (the "Rejection Bar Date"). Any holder of a Rejection Damages Claim which fails to timely file a proof of such claim on or before the Rejection Bar Date shall not be treated as a creditor for purposes of receiving any distributions under the Plan.

4. SelectBuild Nevada, Inc. shall not be entitled to any claim for damages arising

from rejection of the Sublease.

5. The Debtors are authorized to take all actions necessary to effectuate the relief

granted pursuant to this Order in accordance with the Motion.

6. The Debtors do not waive any claims they may have against the Landlord,

whether or not such claims arise under, are related to the rejection of, or are independent of the

Chandler Lease.

7. Nothing herein shall prejudice the rights of the Debtors to argue that any claim for

damages arising from the rejection of the Chandler Lease is limited to the remedies available

under any applicable termination provision of such Chandler Lease, or that any such claim is an

obligation of a third party, and not that of the Debtors or their estates.

8. Notice of the Motion as provided therein shall be deemed good and sufficient

notice of such motion and the requirements of Bankruptcy Rule 6006(c) and the Local

Bankruptcy Rules are satisfied by such notice.

9. To the extent Bankruptcy Rule 6004(h) is applicable, the terms and conditions of

this Order shall be immediately effective and enforceable upon its entry.

This Court shall retain jurisdiction with respect to all matters arising from or 10.

relating to the interpretation or implementation of this Order.

Date: Wilmington, Delaware

November , 2009

Kevin J. Carey

Chief United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11	
BUILDING MATERIALS HOLDING CORPORATION, et al., Debtors.	Case No. 09-12074 (KJC)	
	Jointly Administered	

AFFIDAVIT OF SERVICE

STATE OF DELAWARE)) SS	
NEW CASTLE COUNTY)	SS

Casey S. Cathcart, an employee of the law firm of Young Conaway Stargatt & Taylor, LLP, co-counsel to the above-captioned debtors, being duly sworn according to law, deposes and says that on October 30, 2009, she caused a copy of the **Debtors' Motion for an Order Authorizing Rejection of That Certain Unexpired Lease With Lone Butte Industrial Development Corporation and the Associated Sublease With Selectbuild Nevada, Inc. Nunc Pro Tunc to the Rejection Effective Date to be served as indicated upon the parties identified on the attached service lists.**

Casey S. Cathcart

SWORN TO AND SUBSCRIBED before me this 30th day of October, 2009.

Notary Public

My Commission Expires:

ERICA A. BROYLES
NOTARY PUBLIC
STATE OF DELAWARE
My commission expires Sept. 6, 2013

DB02:8310096.133 068301.1001

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.

BUILDING MATERIALS HOLDING CORPORATION SPECIAL SERVICE LIST RE: MOTION TO REJECT CHANDLER LEASE 10/30/2009

Lone Butte Industrial Development Corporation P.O. Box 500 Chandler, AZ 85226 *First Class Mail*

United States Department of Interior, Bureau of Indian Affairs, Pima Agency 104 N. Main Street P.O. Box 8 Sacaton, AZ 85247 First Class Mail Economic Development Standing Committee of the Gila River Indian Community Council Box 5000, 7125 W. Allison Chandler, AZ 85226 *First Class Mail*

David G. Aelvoet, Esq.
Linebarger Goggan Blair & Sampson LLP
Travis Building, 711 Navarro, Suite 300
San Antonio, TX 78205
(Counsel to Bexar County)

First Class Mail

Sanjay Bhatnagar, Esq.
Cole, Schotz, Meisel, Forman & Leonard, P.A.
500 Delaware Avenue, Suite 1410
Wilmington, DE 19801
(Counsel to CNH Capital America, LLC)
Hand Delivery

Robert McL. Boote, Esq.
Ballard Spahr Andrews & Ingersoll, LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
(Counsel to Westchester Fire Insurance
Company and ACE USA)
First Class Mail

Barbara L. Caldwell, Esq.
Aiken Schenk Hawkins & Ricciardi P.C.
4742 North 24th Street, Suite 100
Phoenix, AZ 85016
(Counsel to Maricopa County)
First Class Mail

Scott T. Citek, Esq.
Lamm & Smith, P.C.
3730 Kirby Drive, Suite 650
Houston, TX 77098
(Counsel to Bay Oil Company)
First Class Mail

Christopher M. Alston, Esq. Foster Pepper PLLC 1111 Third Avenue, Suite 3400 Seattle, WA 98101 (Counsel to JELD-WEN, inc.) First Class Mail

Brian W. Bisignani, Esq. Post & Schell, P.C. 17 North 2nd Street, 12th Floor Harrisburg, PA 17101-1601 (Counsel to Aon Consulting) First Class Mail

David Boyle
Airgas, Inc.
259 Radnor-Chester Road, Suite 100
P.O. Box 6675
Radnor, PA 19087-8675
First Class Mail

Andrew Cardonick, Esq Greenberg Traurig, LLP 77 West Wacker Drive, Suite 3100 Chicago, IL 60601 (Counsel to Grace Bay Holdings, II, LLC) First Class Mail

Scott D. Cousins, Esq.
Dennis A. Melero, Esq.
Greenberg Traurig, LLP
1007 North Orange Street, Suite 1200
Wilmington, DE 19801
(Counsel to Grace Bay Holdings, II, LLC)
Hand Delivery

Raniero D. D'Aversa, Jr., Esq.
Laura D. Metzger, Esq.
Weston T. Eguchi, Esq.
Orrick, Herrington & Sutcliffe LLP
666 Fifth Avenue
New York, NY 10103-0001
(Counsel to Rabobank International)
First Class Mail

Robert J. Dehney, Esq.
Erin R. Fay, Esq.
Morris Nichols Arsht & Tunnell LLP
1201 North Market Street, 18th Floor
P.O. Box 1347
Wilmington, DE 19899-1347
(Counsel to D.R. Horton, Inc.)
Hand Delivery

Mark W. Eckard, Esq.
Reed Smith LLP
1201 North Market Street, Suite 1500
Wilmington, DE 19801
(Counsel to CIT Technology Financing
Services, Inc.)
Hand Delivery

John M. Flynn, Esq.
Carruthers & Roth, P.A.
235 North Edgeworth Street
P.O. Box 540
Greensboro, NC 27401
(Counsel to Arrowood Indemnity Company)
First Class Mail

Tobey M. Daluz, Esq.
Joshua E. Zugerman, Esq.
Ballard Spahr Andrews & Ingersoll, LLP
919 North Market Street, 12th Floor
Wilmington, DE 19801
(Counsel to Westchester Fire Insurance
Company and ACE USA)

Hand Delivery

John P. Dillman, Esq.
Linebarger Goggan Blair & Sampson LLP
P.O. Box 3064
Houston, TX 77253-3064
(Counsel to Cypress-Fairbanks ISD, Fort Bend
County, and Harris County)
First Class Mail

Kevin B. Fisher, Esq.
Seth Mennillo, Esq.
Paul, Hastings, Janofsky & Walker LLP
55 Second Street, 24th Floor
San Francisco, CA 94105
(Counsel to Wells Fargo Bank, N.A.)
First Class Mail

Christopher J. Giaimo, Jr., Esq. Katie A. Lane, Esq. Arent Fox LLP 1050 Connecticut Avenue, NW Washington, DC 20036-5339 (Counsel to the Official Committee of Unsecured Creditors) First Class Mail

Paul N. Heath, Esq. Richards, Layton & Finger, P.A. One Rodney Square 920 North King Street Wilmington, DE 19801 (Counsel to Wells Fargo Bank, N.A.) Hand Delivery Melody C. Hogston Royal Mouldings Limited P.O. Box 610 Marion, VA 24354 First Class Mail

Eric H. Holder, Jr., Esq.
U. S. Attorney General
Department of Justice - Commercial Litigation
Branch
950 Pennsylvania Avenue, N.W.
Washington, DC 20530-0001
First Class Mail

James E. Huggett, Esq.
Amy D. Brown, Esq.
Margolis Edelstein
750 Shipyard Drive, Suite 102
Wilmington, DE 19801
(Counsel to Eduardo Acevedo, et al.)
First Class Mail

IKON Financial Services
Attn: Bankruptcy Administration
1738 Bass Road
P.O. Box 13708
Macon, GA 31208-3708
First Class Mail

Internal Revenue Service
Attn: Insolvency Section
11601 Roosevelt Blvd., Mail Drop N781
P.O. Box 21126
Philadelphia, PA 19114
First Class Mail

Thomas W. Isaac, Esq.
Dietrich, Glasrud, Mallek & Aune
5250 North Palm Avenue, Suite 402
Fresno, CA 93704
(Counsel to Wilson Homes, Inc.)
First Class Mail

Neal Jacobson, Esq.
Senior Trial Counsel
Securities and Exchange Commission
3 World Financial Center, Suite 400
New York, NY 10281
First Class Mail

Michael J. Joyce, Esq. Cross & Simon, LLC 913 North Market Street, 11th Floor Wilmington, DE 19801 (Counsel to Arrowood Indemnity Company) Hand Delivery Chad A. Kelsch, Esq.
Hellmuth & Johnson, PLLC
10400 Viking Drive, Suite 500
Eden Prairie, MN 55344
(Counsel to FCA Construction Company, LLC)
First Class Mail

Thomas L. Kent, Esq.
Paul, Hastings, Janofsky & Walker LLP
75 East 55th Street, 1st Floor
New York, NY 10022
(Counsel to Wells Fargo Bank)
First Class Mail

Louisiana-Pacific Corporation Attn: Bruce J. Iddings P.O. Box 4000-98 Hayden Lake, ID 83835-4000 (Top 50) First Class Mail

Dan McAllister
San Diego County Treasurer-Tax Collector,
Bankruptcy Desk
1600 Pacific Highway, Room 162
San Diego, CA 92101
First Class Mail

Joseph J. McMahon, Jr., Esq.
Office of the United States Trustee
844 King Street, Suite 2207
Lock Box 35
Wilmington, DE 19801
Hand Delivery

Kathleen M. Miller, Esq.
Smith, Katzenstein & Furlow LLP
800 Delaware Avenue, 7th Floor
P.O. Box 410
Wilmington, DE 19801
(Counsel to Airgas, Inc.)
Hand Delivery

Gary H. Leibowitz, Esq.
Cole, Schotz, Meisel, Forman & Leonard, P.A.
300 East Lombard Street, Suite 2600
Baltimore, MD 21202
(Counsel to CNH Capital America, LLC)
First Class Mail

Cliff W. Marcek, Esq.
Cliff W. Marcek, P.C.
700 South Third Street
Las Vegas, NV 89101
(Counsel to Edward and Gladys Weisgerber)
First Class Mail

Frank F. McGinn, Esq.
Bartlett Hackett Feinberg, P.C.
155 Federal Street, 9th Floor
Boston, MA 02110
(Counsel to Iron Mountain Information
Management, Inc.)
First Class Mail

Joseph McMillen Midlands Claim Administrators, Inc. 3503 N.W. 63rd Street, Suite 204 P.O. Box 23198 Oklahoma, OK 73123 First Class Mail

Sheryl L. Moreau, Esq.
Missouri Department of Revenue - Bankruptcy
Unit
P.O. Box 475
Jefferson City, MO 65105-0475
First Class Mail

Charles J. Pignuolo, Esq.
Devlin & Pignuolo, P.C.
1800 Bering Drive, Suite 310
Houston, TX 77057
(Counsel to Partners in Building, L.P.)
First Class Mail

Jonathan Lee Riches Federal Medical Center P.O. Box 14500 Lexington, KY 40512 First Class Mail

Randall A. Rios, Esq.
Timothy A. Million, Esq.
Munsch Hardt Kopf & Harr, PC
700 Louisiana, 46th Floor
Houston, TX 77002
(Counsel to Cedar Creek Lumber, Inc.)
First Class Mail

George Rosenberg, Esq.
Assistant Arapahoe County Attorney
5334 South Prince Street
Littleton, CO 80166
(Counsel to Arapahoe County Treasurer)
First Class Mail

Bradford J. Sandler, Esq.
Jennifer R. Hoover, Esq.
Jennifer E. Smith, Esq.
Benesch, Friedlander, Coplan & Aronoff LLP
222 Delaware Avenue, Suite 801
Wilmington, DE 19801
(Counsel to the Official Committee of
Unsecured Creditors)

Hand Delivery

Michael Reed, Esq.
McCreary, Veselka, Bragg & Allen, P.C.
P.O. Box 1269
Round Rock, TX 78680
(Counsel to Local Texas Taxing Authorities)
First Class Mail

Debra A. Riley, Esq.
Allen Matkins Leck Gamble Mallory & Natsis LLP
501 West Broadway, 15th Floor
San Diego, CA 92101
(Counsel to D.R. Horton, Inc.)
First Class Mail

Martha E. Romero, Esq.
Romero Law Firm
6516 Bright Avenue
Whittier, CA 90601
(Counsel to Yuba County and San Bernardino
County)
First Class Mail

Howard C. Rubin, Esq. Kessler & Collins 2100 Ross Avenue, Suite 750 Dallas, TX 75201 (Counsel to CRP Holdings B, L.P.) First Class Mail

Secretary of State Franchise Tax Division of Corporations P.O. Box 7040 Dover, DE 19903 First Class Mail

Secretary of Treasury
Attn: Officer, Managing Agent or General
Agent
P.O. Box 7040
Dover, DE 19903
First Class Mail

Securities & Exchange Commission Bankruptcy Unit Attn: Michael A. Berman, Esq. 450 Fifth Street NW Washington, DC 20549 First Class Mail

Tennessee Department of Revenue c/o Tennessee Attorney General's Office, Bankruptcy Division P.O. Box 20207 Nashville, TN 37202-0207 First Class Mail

Christopher A. Ward, Esq.
Shanti M. Katona, Esq.
Polsinelli Shughart PC
222 Delaware Avenue, Suite 1101
Wilmington, DE 19801
(Counsel to SunTrust Bank)
Hand Delivery

Elizabeth Weller, Esq.
Linebarger Goggan Blair & Sampson LLP
2323 Bryan Street, Suite 1600
Dallas, TX 75201
(Counsel to Dallas County and Tarrant
County)

First Class Mail

Securities & Exchange Commission Attn: Christopher Cox 100 F Street, NE Washington, DC 20549 First Class Mail

Ellen W. Slights, Esq. Assistant United States Attorney U.S. Attorney's Office 1007 Orange Street, Suite 700 P.O. Box 2046 Wilmington, DE 19899 Hand Delivery

Kimberly Walsh, Esq.
Assistant Attorney General
Texas Comptroller of Public Accounts,
Bankruptcy & Collections Division
P.O. Box 12548
Austin, TX 78711-2548
First Class Mail

Paul M. Weiser, Esq.
Buchalter Nemer
16435 North Scottsdale Road, Suite 440
Scottsdale, AZ 85254-1754
(Counsel to Elwood HA, L.L.C.)
First Class Mail

Joanne B. Wills, Esq.
Sally E. Veghte, Esq.
Klehr, Harrison, Harvey, Branzburg & Ellers LLP
919 Market Street, Suite 1000
Wilmington, DE 19801
(Counsel to Rabobank International)

Hand Delivery