

SO ORDERED



Nancy V. Alquist
NANCY V. ALQUIST
U. S. BANKRUPTCY JUDGE

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)**

In re: GEMCRAFT HOMES, INC.,

Debtor.

In re: Gemcraft Homes, Inc.
DLM, LLC
Gemcraft Homes Group, LLC
Gemcraft Homes Forest Hill, LLC
Gemcraft Chesapeake, LLC
Harkins Property, LLC
The Preserves at Jefferson Creek, LLC
S & M Properties, LLC,

Debtors.

Case No. 09-31696 (NVA)
(Chapter 11)

- Case No. 09-31696 (NVA)
- Case No. 09-31702 (NVA)
- Case No. 09-31073 (NVA)
- Case No. 09-31704 (NVA)
- Case No. 09-31706 (NVA)
- Case No. 09-31707 (NVA)
- Case No. 09-31708 (NVA)
- Case No. 09-31709 (NVA)

(Jointly Administered Under
Case No. 09-31696 (NVA))

**STIPULATION AND CONSENT ORDER RESOLVING (A) EMERGENCY MOTIONS
TO PROHIBIT USE OF AND TO COMPEL SEGREGATION OF CASH
COLLATERAL; AND (B) OBJECTIONS TO FIRST-DAY MOTIONS, FILED BY
CHESAPEAKE PLUMBING & HEATING, INC. AND
KEKA CONTRACTORS, INC.**

The above-captioned debtors and debtors-in-possession (together, the “Debtors”),
Chesapeake Plumbing & Heating, Inc, (“Chesapeake”) and Keka Contractors, Inc. (“Keka”, and
together with Chesapeake, the “Objectors”), and Regions Bank (the “Bank”), by their respective
undersigned counsel, hereby stipulate and agree as follows:

Recitals

1. On November 9, 2009, the Debtors each filed voluntary petitions for relief with this Court under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”).

2. On November 12, 2009 (the “Petition Date”), the Objectors each filed an Emergency Motion to Prohibit Use of and To Compel Segregation of Cash Collateral [Docket Nos. 35 and 36] (together, the “Motions”), and each filed an Objection to First-Day Motions [Docket Nos. 40 and 41] (together, the “Objections”).

3. After negotiations, in the interest of resolving the Motions and Objections, the Debtors and the Objectors have agreed as follows (this “Stipulation”), with the provisions of this Stipulation effective and binding on each of the parties hereto upon Court approval of this Stipulation:

Stipulation

4. The Motions shall be deemed automatically withdrawn, with prejudice.

5. The Objectors hereby forever waive all arguments that funds held by the Debtors are trust funds for their benefit, under a statutory or constructive trust theory under Delaware or other applicable law, and also hereby waive all such civil trust fund rights and claims against the principals of the Debtors.

6. With respect to work performed by the Objectors in Delaware, the Objectors will not be required to comply with Delaware law with respect to perfection of mechanic’s lien claims, and in lieu of such actions, service on counsel for the Debtors, within 120 days of completion of the work that is the subject of any such statement of claims for such mechanic’s lien claims, containing the information required under Delaware law for such statements, shall be deemed sufficient to constitute perfection of the Objectors’ mechanic’s liens under Delaware law for purposes of these bankruptcy cases.

7. The protocol (the "Protocol") in the Interim Order Authorizing Debtors to: (A) Honor Existing Prepetition Contracts for Sale of Homes and to Apply Purchaser Deposits, and Pay Expenses Incurred, at Closing, and (B) Enter Into Sale Contracts for Homes and Close on Sales of Homes Postpetition, in the Ordinary Course of Business [Docket No. 78], will apply equally to mechanic's lien claims perfected by the Objectors before and after the Petition Date. To the extent that applicable bankruptcy and Delaware law allows the postpetition perfection of a prepetition Delaware mechanic's lien to relate back to a prior date, the perfection of liens in accordance with this Stipulation and the Protocol will be sufficient to permit the relation-back of such liens.

8. The Bank shall provide to the Objectors, by November 25, 2009, the amount advanced by the Bank for each lot on which the Objectors assert mechanic's lien claims (the "Lots"), and the Bank or the Debtors shall provide the Objectors, by November 25, 2009, (a) the amounts advanced by the Bank for labor or materials on each Lot and (b) the contract price for each Lot or, if there is no contract for a Lot, the price at which the Lot will be offered for sale. The Objectors shall file and serve their objections (if any) to the proposed Final Order approving the Bank's senior lien status with respect to the Lots by no later than 5:00 p.m. on December 7, 2009.

9. The Debtors acknowledge that the Objectors' actions to perfect mechanic's lien claims against properties in a development known as "Longboat Estate," located in Maryland and owned by an entity that is not one of the Debtors herein, will not violate the automatic stay and the Debtors will not assert any such claim against the Objectors in the future.

10. The Debtors and all other parties in interest, including without limitation Regions Bank and Manufacturers & Traders Trust Co., reserve all rights to contest the extent, validity and

priority of liens asserted by the Objectors with respect to properties owned by one or more of the Debtors.

11. The Objectors shall not seek relief from the automatic stay to pursue a determination as to the extent, validity and priority of any Delaware mechanic's liens, and hereby waive all arguments that any court other than the Bankruptcy Court should resolve any mechanic's' lien disputes between the Debtors and the Objectors.

12. The parties agree that Section 108(c) of the Bankruptcy Code applies to the Objectors' mechanic's lien rights and claims.

Consent Order

Now, Therefore, upon the consent of the parties hereto, the foregoing Stipulation is hereby APPROVED.

Agreed and Consented to:

/s/ Irving E. Walker
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Certification

I HEREBY CERTIFY that the terms of the copy of the Consent Order submitted to the Court are identical to those set forth in the original Consent Order; and the signatures represented by the /s/ on this copy reference the signatures of consenting parties on the original Consent Order.

/s/ Irving E. Walker
Irving E. Walker

END OF ORDER