

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF INDIANA
SOUTH BEND DIVISION**

In re:

PATRIOT HOMES, INC., et al.,

Debtor

Case No. 08-33347-hcd
(Under Joint Administration)

Chapter 11

**FIFTH AMENDED FINAL ORDER FOR AUTHORITY TO
USE CASH COLLATERAL TO THE LIMITED EXTENT
PROVIDED BY THIS ORDER, TO USE ADVANCES FROM LENDER,
TO PROVIDE ADEQUATE PROTECTION, AND TO GRANT PRIORITY LIENS**

This matter initially came before this Court on the motion (the "Motion") of Patriot Homes, Inc., et al.¹ (collectively, the "Debtor") requesting that this Court enter an order authorizing Debtor to use cash collateral, as defined in 11 U.S.C. § 363(a) and after notice and an initial hearing and the Court having entered its Interim Order for Authority to Obtain Secured Credit, To Use Cash Collateral To The Limited Extent Provided By This Order, To Use Advances From Lender, To Provide Adequate Protection, And To Grant Priority Liens and dated September 30, 2008 and effective September 28, 2008 (the "Interim Order") pursuant to which the Court set October 15, 2008 as the hearing date for entry of a final order (the "Final Order") and after holding the October 15, 2008 hearing and hearing the presentations of the respective parties and otherwise being advised of the relevant facts and circumstances surrounding the Motion and Interim Order, the Court entered the Final Order on October 16, 2008. Subsequent

¹ Debtors are the following entities: Patriot Homes, Inc. ("Patriot"), Patriot Homes of Texas, L.P. ("Patriot Homes of Texas"), Patriot Sales, Inc. ("Patriot Sales"), Patriot Manufacturing Inc. ("Patriot Manufacturing"), Patriot Acceptance Corporation ("Patriot Acceptance"), Patriot Asset Protection, Inc. ("Patriot Asset"), Patriot General, Inc. ("Patriot General") and Patriot Texas Mfg., Limited, Inc. ("Patriot Mfg.").

thereto, the Final Order has been extended for consecutive four (4) week periods each upon the agreement of the Debtor, Lender, Committee and the U.S. Trustee pursuant to each of an initial, a Second, a Third, and a Fourth Amended Final Order for Authority to Obtain Secured Credit, to use Cash Collateral to the Limited Extent Provided by this Order, to Use Advances from Lender, to Provide Adequate Protection, and to Grant Priority Liens, approved in each instance by the Court (respectively the “First, Second, Third, and Fourth Amended Final Order”).

Inasmuch as the Debtor (i) has effectively ceased operations at each of its manufacturing facilities, (ii) has begun and plans to continue liquidating its personal property assets pursuant to approved auction sales thereof, (iii) is contemplating the sale of some or all of its real properties, and (iv) is in the process of reviewing its prospects for restructuring some or all of its operations and considering alternate “exit” strategies, the Debtor and Lender deem it necessary and advisable to further extend the period of the Final Order beyond its current Termination Date of March 6, 2009 to and including April 3, 2009 (which shall be considered the Termination Date for all purposes under this Fifth Amended Final Order upon entry thereof by the Court). Accordingly and pursuant to the agreement of the Debtor, Lender, the Committee and the United States Trustee, as evidenced by their respective consent hereto, and after a hearing held March 3, 2009, and otherwise being duly advised in the premises,

THE COURT HEREBY FINDS THAT:

A. On September 28, 2008 (the “Petition Date”), Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Debtor retains possession of its property and continues to operate its business as a debtor in possession pursuant to Bankruptcy Code §§ 1107 and 1108.

B. The court has jurisdiction over this case pursuant to 28 U.S.C. §§ 157(b) and 1334. This matter is a core proceeding as defined in 28 U.S.C. § 157(b)(2).

C. Prior to the Petition Date, Patriot Homes, Inc., Patriot Manufacturing, Inc. and Patriot Homes of Texas, L.P. (collectively, the "Borrowers"), entered into that certain Credit and Security Agreement, dated December 9, 2005 (as modified, amended and extended through the Petition Date, including, without limitation, pursuant to a Forbearance Agreement dated June 30, 2008, as amended, the "Credit Agreement"), with Wells Fargo Bank, National Association, acting through its Wells Fargo Business Credit operating division (the "Lender") and each of Patriot Sales, Inc., Patriot Asset Protection, Inc. and Patriot Acceptance Corporation (collectively, the "Guarantors") issued to Lender their respective guaranties of the Borrowers' obligations to Lender, each dated December 9, 2005 (the "Guaranties"). Pursuant to the terms and conditions set forth in the Credit Agreement, the Guaranties and the other agreements, documents and instruments executed and/or delivered in connection therewith (collectively, the "Financing Agreements") Lender made loans, advances and provided other credit and financial accommodations to the Borrowers. Debtor acknowledges and agrees that the Credit Agreement, the Guaranties and the other Financing Agreements are all valid, binding and non-avoidable agreements of Debtor and fully evidence the terms and conditions of the financing arrangements among Debtor and Lender.

D. Lender claims and Debtor acknowledges and stipulates that as of the Petition Date, Debtor is obligated and indebted to Lender in the aggregate principal amount of not less than \$8,673,652.63, consisting of: (a) Revolving Advances (as defined in the Credit Agreement) in the aggregate principal amount of \$3,077,952.63, (b) outstanding Line Letters of Credit (as defined in the Credit Agreement) in the aggregate face amount of \$1,300,000.00, and (c)

outstanding Bond Letters of Credit (as defined in the Credit Agreement) in the aggregate face amount of \$4,295,700.00, together with, in the case of each such obligation, interest accrued and accruing thereon, and all costs, expenses, fees (including attorneys' fees and legal expenses) and other charges now or hereafter owed by Debtor to Lender, all of which are unconditionally owing by Debtor to Lender, without offset, defense or counterclaim of any kind, nature and description whatsoever (all of the foregoing being referred to herein as the "Obligations"). Lender claims and Debtor acknowledges and stipulates that as of the Petition Date, the Obligations of Debtor to Lender are secured by valid, perfected and non-avoidable first priority liens on and security interests in substantially all of the assets and properties of Debtor (other than Patriot General, Inc. and Patriot Mfg. Limited, Inc.), including, without limitation, all of each Borrower's and each Guarantor's personal property (described as "Collateral" in the Credit Agreement and in each Security Agreement dated as of December 9, 2005, between each Guarantor and Lender) and various Borrowers' real property located in McLennan County, Texas, Marion County, Alabama, and Elkhart County, Indiana (such personal property and real property shall hereinafter be referred to collectively, as the "Collateral"), except for liens, if any, which were senior to that of Lender pre-petition and not otherwise subordinated to Lender. Debtor does not possess and will not assert any claim, counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity, enforceability and non-avoidability of any of Lender's liens, claims and/or security interest in, to or in connection with the Collateral.

E. Cash in the possession of Debtor and Lender representing proceeds of collections of accounts receivable of Debtor, along with the remaining accounts receivable of Debtor, together with the proceeds from the sales of any and all of Lender's Collateral represent cash

collateral which Lender claims and Debtor stipulates and acknowledges is subject to Lender's lien and security interest (the "Cash Collateral").

F. Lender claims, and Debtor acknowledges and stipulates, that on December 9, 2005, Borrowers and Lender (together with the Lockbox Processor and Depository Bank identified therein) entered into a Wholesale Lockbox and Collection Account Agreement (the "Lockbox Agreement") directing the deposit of all of Lender's Cash Collateral into an account in the name and under the sole and absolute control of Lender.

G. Debtor has been unable to obtain sufficient unsecured credit allowable under §503(b)(1) of the Bankruptcy Code as an administrative expense to meet working capital needs.

H. In order to continue the liquidation of certain assets and to continue to investigate the prospects for a restructuring of the business of Debtor through the Termination Date (as defined in Paragraph 12 herein), it will be necessary for Debtor to use Cash Collateral generated from sales of the Collateral advanced by the Lender for, inter alia, the payment of wages, salaries, utilities, and other necessary asset preservation or liquidation-related expenses.

I. Subject to the terms and conditions set forth in this Fifth Amended Final Order, Lender is willing to consent to Debtor's use of Cash Collateral and to extend credit to Debtor as hereinafter provided if and only if any credit extended: (a) is given priority over any and all administrative expenses, other than the quarterly fees payable to the United States trustee pursuant to 28 U.S.C. §1930(a)(6) ("Trustee Fees"), pursuant to §364(c)(1) of the Bankruptcy Code (a "Superpriority Administrative Claim"), (b) is secured by a lien on all property of the estate, including property of the estate which may not otherwise be subject to a lien, other than claims arising by virtue of §§544, et seq. ("Avoidance Claims"), pursuant to §364(c)(2) of the Bankruptcy Code, and (c) is secured by a lien on all property of the estate, senior to any other

lien thereon pursuant to §364(d)(1) of the Bankruptcy Code, except for liens, if any, which were senior to Lender pre-petition and not otherwise subordinated to Lender.

J. Good cause exists for the entry of this Fifth Amended Final Order on the following terms and conditions because, inter alia, it would minimize disruption of Debtor's liquidation and potential restructuring efforts, would maximize the recovery of the value of the Collateral, and is in the best interest of Debtor, its creditors and the estate.

K. It is necessary to authorize the extensions of credit through the continued use by the Debtor of Cash Collateral as provided for herein to avoid immediate and irreparable harm to the estate.

L. By agreeing to extend credit pursuant to this Order, Lender is acting in good faith.

M. The notice provided by Debtor of the Motion, the initial and final hearing on the Motion, and the entry of this Order satisfy the requirements of Fed. R. Bankr. P. 4001(b) and (c) and were otherwise sufficient and appropriate under the circumstances and no other notice need be provided for entry of this Fifth Amended Final Order.

CONCLUSIONS OF LAW

Based on the foregoing, the Court makes the following conclusions:

1. This Court has jurisdiction over this case pursuant to 28 U.S.C. §§1334(a) and 157(a) and this is a "core matter" pursuant to 28 U.S.C. §157(b)(2)(D).

2. Debtor is entitled to use cash collateral pursuant to §363(a) of the Bankruptcy Code on the following terms and conditions.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. Debtor is hereby authorized, solely and in accordance with the terms hereof, to retain possession of the Collateral of Lender, to obtain advances from Lender as set forth in this

Order, to pay wages, salaries, utilities, and other necessary expenses of preserving and liquidating the Collateral, as set forth in the "Budget" covering the period of March 7, 2009 through the Termination Date, attached hereto as **Exhibit A** and incorporated herein for all purposes, and other expenses, including adequate protection payments as authorized by the Court.

2. The Credit Agreement, the Guaranties, the Security Agreements, the Lockbox Agreement, and other Financing Agreements previously executed by Debtor ("Pre-Petition Loan Documents") (a) are valid and binding obligations of Debtor, (b) create security interests in and liens on the Collateral which are duly and properly perfected to the extent perfection can be effected by filing or recording in the applicable filing office, (c) are hereby ratified and approved, and (d) shall continue in full force and effect as between Lender and Debtor in all events, except as expressly modified herein; and (e) have become infeasible and no longer subject to challenge by any person. Interest on the post-petition advances shall accrue at the rate per annum equal to the Prime Rate (as defined in the Credit Agreement) plus six and five eighths percent (6.625%) and fees for each Letter of Credit shall accrue at the annual rate of eight percent (8%) of the amount that may then be drawn thereon, each of such rates as in effect under the Credit Agreement prior to the Petition Date. Debtor shall pay to Lender (i) all Obligations accrued and currently owing or chargeable, including all Interest, fees and charges (at the rates set forth herein) and (ii) all such Obligations thereafter accruing as they come due.

3. Through the Termination Date, however subject to the terms of the Credit Agreement, as modified in Paragraph 2, above, or as otherwise authorized by the Court and with the consent of Lender, and provided there is no default by Debtor under this Order, Lender may make post-petition advances to Debtor from the receipts by Lender of proceeds from the sale,

collection or other disposition of the Collateral. Debtor shall not use post-petition advances in such a manner that it exceeds any line item set forth in the projections contained in the Budget by more than ten percent (10%) of such amount without Lender's prior consent and in any event shall not use post-petition advances so as to exceed the cumulative amount projected in the Budget for any week without further order of the Court. Debtor shall be authorized to use Cash Collateral to the limited extent provided by this Order which, as to Lender, shall be for the sole purpose of applying receipts and Cash Collateral to pay Lender.

4. As adequate protection for the use of Cash Collateral and as security for the post-petition advances (and solely to the extent of actual post-petition advances (and interest thereon)), Lender shall have a Superpriority Administrative Claim and a post-petition prior and paramount security interest in and lien upon all of Debtor's (a) existing and future personal property and proceeds thereof other than the Avoidance Claims (including, but not limited to, those items of personal property included in its pre-petition security interest) , and (b) real property and proceeds thereof (the "Post-Petition Security Interest"). This Post-Petition Security Interest shall have priority over: (a) any and all administrative expenses other than Trustee Fees (including, but not limited to, those of the kind specified as §§503(b), 507(a), 507(b), or 726(b) of the Bankruptcy Code) pursuant to §364(c)(1) of the Bankruptcy Code; provided, however, that Lender shall "carve out" from its Collateral those amounts for "Professional Fees" set forth in the Budget attached hereto as Exhibit A (the "Carveout") for (i) payments of compensation and reimbursement of expenses to Bell, Boyd & Lloyd LLP (n/k/a K&L Gates L.L.P.)and Scouler & Company, LLC (as the Debtor's counsel and financial advisor, the "Debtor's Professionals"), and (ii) payments of compensation and reimbursement of expenses to Laderer & Fischer, P.C., counsel to the Committee, (the "Committee's

Professionals” and collectively with the Debtor’s Professionals, the “Professionals”) to the extent provided herein and (b) all other liens on property of the estate pursuant to §364(d)(1) of the Bankruptcy Code, and except that to the extent any other creditor has a pre-petition security interest that is prior to Lender, such security interest shall retain its priority in the pre-petition Collateral and with respect to the proceeds thereof and with respect to any replacement lien in post-petition collateral granted as adequate protection. Neither Lender nor any other party (including, without limitation, any creditor of the Debtor or any subsequently appointed trustee) shall have a claim to the Carveout, and the Debtor shall be permitted to pay the Carveout to the Professionals to be held as a security retainer by the Professionals (which the Professionals may apply to outstanding fees and expenses pending an order of this Court adjudicating the allowance or disallowance of such fees pursuant to Sections 330 and 331 of the Bankruptcy Code provided, however, (i) that the Carveout shall accrue in increments of \$10,000 on each business day beginning the date this Fifth Amended Final Order is approved by the Court and each increment allocated to the Professionals in that proportion of the total Carveout to them reflected in the Budget, (ii) that the amount of the Carveout made available herein to Debtor’s Professionals shall be reduced and deferred on a dollar-for-dollar basis by the amount, if any, the net proceeds actually received from the auction sale of the Debtor’s personal property located at Crystal Valley (Elkhart, Indiana) is below the amount projected in Exhibit B (the “Deferred Amount”) with the payment of such Deferred Amount to be made from Lender’s Cash Collateral to the Professionals, if at all, only when all Obligations of Debtors to Lender have been fully satisfied, and (iii) in all events providing the Debtor has sufficient cash to make the particular incremental payment. The rights of the Professionals with respect to the Carveout, accrued to such date as to reasonable fees and expenses actually incurred between the Petition Date and such date, shall

survive the occurrence of an Event of Default. As additional security for the post-petition financing that has heretofore been provided by Lender and may hereafter be provided, all claims of Debtor against Lender are waived including, without limitation: (i) the avoiding provisions of §§554, 547, 548, 549 and 550 of the Bankruptcy Code, and (ii) the enhancement of collateral provisions of §552 of the Bankruptcy Code, however, excepting the right to seek to surcharge Lender's Collateral under §506; and further provided, however, that all such waivers shall be binding as well on any Creditors Committee, Chapter 11 trustee, Chapter 7 trustee, or any other party.

5. The Post-Petition Security Interest granted by this and the prior Final and Amended Final Orders:

(a) Is and shall be effective as of the Petition Date and shall be binding upon Debtor and upon all creditors, all interested parties and any subsequently appointed Chapter 11 trustee or Chapter 7 trustee in all cases and in all events;

(b) Is and shall be in addition to all security interests and liens existing in favor of Lender on the Petition Date;

(c) Is and shall be valid, perfected and effective from the Petition Date and without further action by Lender including, without limitation, the filing of additional financing statements;

(d) Shall secure all post-petition advances, interest thereon, any diminution in the value of the Collateral, the use of Cash Collateral, and any and all other indebtedness and liability of Debtor to Lender (including costs and reasonable attorneys' fees) arising after the filing of the Petition; and

(e) Shall remain superior and prior to any other lien or security interest unless Lender consents in writing or the court orders otherwise, except for liens, if any which were senior to Lender pre-petition and not otherwise subordinated to Lender.

6. Other creditors may claim an interest in Debtor's Cash Collateral. As and for adequate protection of such other creditors' interests (if any), such other creditors shall have replacement liens in Debtor's post-petition assets of the same class of property, and in the same order of priority, as any lien such other Creditors may have in the pre-petition assets of Debtor to the extent that such other creditors had legal, valid, binding, enforceable, and non-avoidable liens and interests in Cash Collateral.

7. The Pre-Petition Loan Documents shall govern the terms of the financing authorized by this and the prior Final and Amended Final Orders except as modified by this Order.

8. In addition to any requirements under the Credit Agreement, Debtor shall furnish Lender with the following financial information and otherwise comply with the following requirements:

(a) daily reports of Debtor's inventory and accounts receivable in the form requested by Lender;

(b) monthly operating reports as filed with the Office of the United States Trustee no later than the end of the month following the month to which any such report relates;

(c) a balance sheet for each calendar month to be provided no later than the last business day of the immediately following month;

(d) a line by line comparison of actual results to the items projected in the Budget for each weekly period covered by the Budget no later than the Wednesday immediately following each week ending period;

(e) provide Lender on a weekly basis a report on the completion, execution or other status of those tasks set forth (i) on Exhibit B hereto and (ii) on the business plan (as same may be updated and revised) provided by Debtor to Lender concerning the wind-down of its operations and the liquidation of the Debtor's assets in each of its facilities (the "Business Plan");

(f) provide Lender any physical inventory of the Collateral located in the Elkhart and Texas facilities undertaken by the Debtor or any auctioneer or other person during the period of this Fifth Amended Final Order upon the completion of such inventory;

(g) provide Lender with such other financial information which Lender may reasonably request; and

(h) fund during this further extended term of the Final Order by way of weekly payments in the amount of \$25,000 and maintain such amounts in an account (which may be but need not be segregated) with Lender solely for the purpose of paying the next scheduled monthly, quarterly; or annual principal payments, as the case may be, coming due under the Bonds (as defined in the Credit Agreement) for each of the Indiana, Alabama and Texas real properties. Debtor agrees that in addition to the above amounts, Lender may also fund one or more segregated or escrow accounts with funds representing the Borrowing Base Reserve and the Real Estate Tax Reserve (as both terms are defined in the Credit Agreement). Upon funding of the Borrowing Base Reserve into a

segregated escrow account, Lender agrees to reduce the Letter of Credit fee associated therewith charged to Debtor from the current rate of eight percent (8%) to the rate of three percent (3%).

9. All Pre-Petition Collateral shall secure all pre-petition and post-petition debt and obligations of Debtor to Lender, and all pre-petition Cash Collateral may be applied by Lender, at its sole discretion, to the pre-petition or post-petition debts and obligations of Debtor to it; all post-petition Cash Collateral shall be applied by Lender: (a) to the post-petition debts and obligations of Debtor to it, (b) the diminution in the value of the Collateral, (c) the use of Cash Collateral, and (d) the pre-petition debts and obligations of Debtor to it.

10. The Lockbox Agreement shall continue in full force and effect.

11. The occurrence of any one or more of the following events shall constitute an Event of Default under this Order:

(a) The failure to deposit all checks, drafts, cash, notes, money orders, acceptances, other remittances pursuant to the Lockbox Agreement;

(b) The entry of an Order (i) dismissing the Debtor's Chapter 11 case or (ii) converting this case to a case under Chapter 7 of the Bankruptcy Code or terminating the authority of Debtor to conduct its business;

(c) Any sale by Debtor of the Collateral other than on the terms and conditions of this Order or as agreed to by the Lender or other than as provided pursuant to the terms and provisions of the Bankruptcy Code or as otherwise ordered by the Court;

(d) The termination, expiration, lapse, or reduction of insurance coverage on the Collateral for any reason whatsoever;

(e) The failure to pay, when due, any post-petition taxes;

(f) Any payment is made for any purpose not authorized by this Amended Final Order or set forth in the Budget or any payment is made by the Debtor to or on behalf of Al Spencer or Sam Weidner in respect of loans made by either of them to Debtor or otherwise (other than those payments (i) previously authorized pursuant to *the Final Order for Authority to Obtain Secured Credit, to Use Cash Collateral to the Limited Extent Provided By This Order, To Use Advances From Lenders, To Provide Adequate Protection, And to Grant Priority Liens Dated October 16, 2008*), (ii) made to vendors for purchases of inventory made pursuant to that Stipulation and Agreed Order, as Amended, by and between Debtor, Samuel Weidner, Lender, and the Committee dated November 21, 2008 and entered by the Court (the "FEMA Inventory Purchase Order"); and (iii) made to Samuel Weidner or Alan Spencer in connection with the Debtor's Emergency Motion for Interim and Final Orders (I) Authorizing the Debtors to Obtain Secured Post-Petition Financing on a Super-Priority and Junior Lien Basis, (II) Scheduling a Final Hearing, and (III) For Other Related Relief filed on December 9, 2008 (the "DIP Loan") provided, however, such payments, in all events and in all cases, are subordinate to the payment of the Debtor's Obligations to Lender.

(g) Any warranty or representation made by Debtor to Lender, or any financial statement or other documents heretofore or hereafter delivered to Lender, shall prove false or misleading in any material respect;

(h) The appointment of a trustee in this case;

(i) A further Event of Default (as defined in the Credit Agreement as modified by this Order) which has not already occurred and is continuing, hereafter occurs;

(j) The Debtors' obtaining any financing under § 364(d) of the Bankruptcy Code with respect to any of the Lender's Collateral other than the DIP Loan not consented to by the Lender;

(k) Any Debtor's non-waived default under any provision of the DIP Loan;

(l) The Debtor's failure to observe and comply with the covenants or other requirements set forth in Paragraphs 2, 3 and 8 and elsewhere in this Order;

(m) The failure of the shareholders pursuant to the DIP Loan to fund or cover any cash deficit actually realized at any time during the period of the Budget irrespective of whether or not such deficit was projected in the Budget in the "Ending Cash Balance" line item or otherwise therein. Notwithstanding the above, Debtor acknowledges that Lender shall not be responsible for advancing any funds to Debtor for purposes of payment of any item set forth in the Budget beyond the amount received by the Lender from the sale or other disposition of its Collateral.

(n) Failure to have achieved or accomplished any of those tasks or other items respecting the wind-down of its operations and liquidation or other disposition of its assets in each of the Debtor's facilities by no later than two (2) business days of the date corresponding to the task set forth as Exhibit B hereto; and

(o) Failure by either Al Spencer or Sam Weidner to submit updated personal financial statements as of a date no earlier than January 31, 2009 to Lender by March 13, 2009.

12. Except as otherwise provided herein, both this Fifth Amended Final Order and Debtor's entitlement to use Cash Collateral as provided for herein, shall terminate no later than April 3, 2009 (the "Termination Date"). Further and except as set forth in the Budget attached

hereto as Exhibit A and in accordance with Paragraph 4 herein, Lender shall have no obligation, duty, responsibility or liability with respect to any “carve-out” established under this Fifth Amended Final Order. Upon the occurrence of an Event of Default under Paragraph 11, and at any time thereafter while an Event of Default is continuing, Lender may, at its sole discretion, with notice by facsimile sent to Debtor with a copy to Debtor’s counsel (the “Default Notice”), declare immediately due and payable the entire balance remaining due from Debtor and any accrued interest and costs of collection, including reasonable attorneys’ fees, giving credit for any payments made hereunder. Upon the filing with the Court and service on counsel for (i) Debtor, (ii) the U.S. Trustee and (iii) any Official Creditors Committee herein, of a copy of the Default Notice and Lender’s affidavit as to the facts giving rise to the Event of Default, together with a proposed Order granting Lender relief from the automatic stay, such parties shall have ten (10) calendar days to object to entry of such proposed Order. If any such objection is timely filed and served on counsel to Lender, the Court shall schedule an expedited hearing to consider such proposed Order and may grant Lender relief from the stay at the conclusion of such hearing. Immediately upon the lifting of the automatic stay, Debtor shall not use or otherwise dispose of the Collateral or Cash Collateral, and, further, shall immediately surrender and deliver all of the Collateral and Cash Collateral (pre- and post-petition) to Lender and shall permit Lender to use the premises where the Collateral is located. Lender shall have all remedies available as set forth herein, by law and in the Pre-Petition Loan Documents. Nothing in this above-described procedure shall serve to prejudice, limit or otherwise restrict Lender’s right to seek the appointment of a trustee or examiner or other appropriate relief based upon the circumstances of the default.

13. Nothing herein shall be deemed to constitute an agreement by Lender to make post-petition advances or to allow Debtor's use of Cash Collateral after the Termination Date or as otherwise provided herein.

Dated at South Bend, Indiana this 10th day of March, 2009.



Hon. Harry C. Dees, Jr.
Chief United States Bankruptcy Judge

AGREED AND APPROVED

/s/ Harley J. Goldstein

Bell, Boyd & Lloyd, LLP
Counsel to Debtors

/s/ Michael B. Watkins

Barnes & Thornburg LLP
Counsel to Lender

/s/ Rebecca H. Fischer

Laderer & Fischer, P.C.
Counsel to the Committee

/s/ Alexander L. Edgar

Assistant U.S. Trustee

PATRIOT HOMES, INC. - Debtor in Possession

Budget for the period week ending 03/13/09 through we ending 04/03/09

	MAR 13-Mar	MAR 20-Mar	MAR 27-Mar	APR 3-Apr
Beginning Cash Balance	-	188,269	510,069	503,998
Mfg AR (Assumed 100% AR Cash)	91,838	79,013	29,347	13,900
Auction proceeds/FS/Raw	160,000	350,000	-	-
Caretaker	(1,000)	-	-	(1,000)
General Insurance	(9,000)	-	-	-
Mfg PR/ taxes/gam	(2,124)	(2,124)	-	-
IT support	(1,230)	(1,000)	(1,000)	(1,000)
Trash Removal	-	(4,000)	-	-
Other Maint	-	-	(400)	-
Utilities	(7,905)	(7,905)	(7,905)	(7,905)
Plant Protection	-	(1,001)	(1,113)	-
Other A/P	(6,552)	(500)	-	-
Monthly Bank Fees / IRB / Wells Fees	-	(3,000)	-	(39,500)
Other Sales Tax/WH tax	(10,758)	(24,683)	-	(10,000)
Other Personal Prop Tax	-	-	-	-
CPA firm for tax prep	-	(20,000)	-	-
Trustec Fees	-	-	-	-
Prof Fees	-	-	-	(70,000)
Net Weekly Cash In (Out)	213,269	364,800	18,929	(115,505)
Increase (Decrease) in Line AR Availability	-	-	-	-
Increase (Decrease) in Inv. Borrowing Base	-	-	-	-
Additional Reserves in Borrowing Base auction \$	-	-	-	-
Additional Reserves in Borrowing Base FA sales	-	-	-	-
Additional Reserves in Borrowing Base Prof Fees	-	-	-	-
Additional Reserves in Borrowing Base IRB	(25,000)	(25,000)	(25,000)	75,000
Additional Reserves in Borrowing Base PPTax	-	(18,000)	-	-
Ending Cash (Deficit) Balance	188,269	510,069	503,998	463,493
Adjust Cash Capacity	188,269	510,069	503,998	463,493

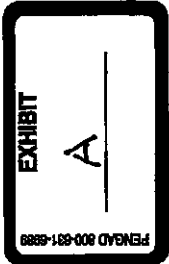


EXHIBIT B**ALABAMA, INDIANA (CRYSTAL VALLEY AND ELKHART) AND TEXAS**

COMPLETE BY DATE	TASK
03/11/2009	Texas to ship all units currently in yard or include in auction or other sale of the assets located in Texas.
03/11/2009	Report to Lender on status of discussions to date with any parties having expressed an interest in either (a) financing on-going operations at any of the facilities, (b) acquiring any of business operations at any of the facilities, (c) acquiring any of the Debtor's real estate or (d) any combination thereof.
03/11/2009	Hold auction of the inventory, equipment and any other personal property assets at Indiana.
3/18/2009	If Debtor has not received a letter of intent or similar writing evidencing an intent by a party to either (i) acquire the real and personal property assets in Texas or (ii) to finance the Debtor's resumption of operations at one or more facilities on such terms and conditions as are reasonably acceptable to Lender, Debtor shall give notice of its intention to abandon further efforts in this regard and shall comply with the following tasks but otherwise shall comply with the final item listed herein and denoted by an asterisk (*).
03/18/2009	Interview and in consultation with the Lender, select (i) a liquidator/auctioneer to run the auction and/or sell the inventory, equipment and other personal property at Texas ("Texas Auctioneer") and to (ii) market and sell the land and buildings at Texas ("Texas Real Estate Broker").
03/20/2009	Enter into a contract with the Texas Auctioneer and Texas Real Estate Broker - on such terms as are reasonably acceptable to Lender.
03/24/2009	File motion with the court for approval to hire the Texas Auctioneer and the sale process at Texas.
03/24/2009	File motion with the court for approval to hire the Texas Real Estate Broker.
04/03/2009	Obtain court order approving the retention of the Texas Real Estate Broker.
04/03/2009	Obtain court order approving the Texas Auctioneer and sale process at Texas.
04/10/2009	Hold auction of the inventory, equipment and any other personal property assets at Texas.
*04/03/2009	Negotiate and execute a purchase or financing agreement on such terms as are reasonably acceptable to Lender and file motion with the court for approval of same.