

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
ORLEANS HOMEBUILDERS, INC., <i>et al.</i> , ¹)	Case No. 10-10684 (PJW)
)	
Debtors.)	Jointly Administered
)	
)	Re: Docket Nos, 12 & 579

**NOTICE OF CLOSING OF SALE OF HOME AND
LIMITATION OF ALL LIEN CLAIMANTS' RIGHTS RELATING THERETO**

PLEASE TAKE NOTICE that on April 15, 2010, the United States Bankruptcy Court for the District of Delaware (the "Court") entered an order authorizing the above-captioned debtors and debtors-in-possession (the "Debtors") to, among other things, sell homes free and clear of all liens, claims, encumbrances, and other interests and establishing procedures for the resolution of lien and other claims in connection therewith (Docket No. 579) (the "Home Sale Order"). A copy of the Home Sale Order is attached hereto as Exhibit A.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Orleans Homebuilders, Inc. (4323), Brookshire Estates, L.P. (8725), Community Management Services Group, Inc. (6620), Greenwood Financial Inc. (7510), Masterpiece Homes, LLC (1971), OHB Homes, Inc. (0973), OHI Financing, Inc. (6591), OHI PA GP, LLC (2675), OPCNC, LLC (8853), Orleans Arizona Realty, LLC (9174), Orleans Arizona, Inc. (2640), Orleans at Bordentown, LLC (4968), Orleans at Cooks Bridge, LLC (4185), Orleans at Covington Manor, LLC (9891), Orleans at Crofton Chase, LLC (8809), Orleans at East Greenwich, LLC (9814), Orleans at Elk Township, LLC (6891), Orleans at Evesham, LLC (7244), Orleans at Falls, LP (2735), Orleans at Hamilton, LLC (9679), Orleans at Harrison, LLC (4155), Orleans at Hidden Creek, LLC (3301), Orleans at Jennings Mill, LLC (4693), Orleans at Lambertville, LLC (0615), Orleans at Limerick, LP (7791), Orleans at Lower Salford, LP (9523), Orleans at Lyons Gate, LLC (2857), Orleans at Mansfield LLC (1498), Orleans at Maple Glen LLC (7797), Orleans at Meadow Glen, LLC (4966), Orleans at Millstone River Preserve, LLC (8810), Orleans at Millstone, LLC (8063), Orleans at Moorestown, LLC (9250), Orleans at Tabernacle, LLC (9927), Orleans at Thornbury, L.P. (4291), Orleans at Upper Freehold, LLC (3225), Orleans at Upper Saucon, L.P. (3715), Orleans at Upper Uwchlan, LP (8394), Orleans at Wallkill, LLC (2875), Orleans at West Bradford, LP (4161), Orleans at West Vincent, LP (9557), Orleans at Westampton Woods, LLC (8095), Orleans at Windsor Square, LP (9481), Orleans at Woolwich, LLC (9215), Orleans at Wrightstown, LP (9701), Orleans Construction Corp. (0893), Orleans Corporation (8770), Orleans Corporation Of New Jersey (5325), Orleans DK, LLC (5308), Orleans RHIL, LP (1938), Parker & Lancaster Corporation (1707), Parker & Orleans Homebuilders, Inc. (5269), Parker Lancaster, Tidewater, L.L.C. (7432), Realen Homes, L.P. (8293), RHGP LLC (8197), Sharp Road Farms Inc. (1871), Stock Grange, LP (4027), and Wheatley Meadows Associates (5459).

PLEASE TAKE FURTHER NOTICE that on May 17, 2010, the property located at 404 Cove Creek Loop, Mooresville, North Carolina 28117 (the "Property") was conveyed to a purchaser free and clear of all liens, claims, encumbrances, and other interests. Pursuant to the terms of the Home Sale Order, no party has or may assert any right or claim against the Property, any owner or subsequent purchaser of the Property, the Debtors' lenders, or the Debtors' title insurers, but rather any right or claim may be asserted only against the Debtors and only in compliance with the Operational Lien Procedures set forth in the Home Sale Order.

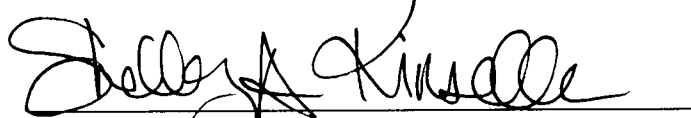
PLEASE TAKE FURTHER NOTICE that, in accordance with the Operational Lien Procedures, if you wish to preserve any lien right or claim that you may have in connection with the Property, **YOU MUST SEND A WRITTEN DEMAND WITHIN 30 DAYS** after receipt of notice to the parties listed in paragraph (e) of the Operational Lien Procedures set forth in the Home Sale Order. The demand must (i) set forth the location of the Property, (ii) state the amount of the asserted lien claim, (iii) describe, with particularity, the reasons that you believe that you have a valid and enforceable lien claim against the Property sold, and (iv) attach documentation (e.g., invoices or purchase orders) or other information sufficient to demonstrate that a valid and enforceable lien claim exists or could otherwise be asserted and perfected.

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IF YOU FAIL TO COMPLY WITH THE OPERATIONAL LIEN PROCEDURES SET FORTH IN THE HOME SALE ORDER, YOU WILL BE FOREVER BARRED FROM PURSUING ANY LIEN OR OTHER SECURED OR PRIORITY CLAIM THAT YOU MAY HAVE AGAINST THE DEBTORS WITH RESPECT TO THE PROPERTY.

Dated: May 17, 2010
Wilmington, Delaware

ELLIOTT GREENLEAF



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Attorneys for the Debtors and Debtors-in-Possession

Exhibit A

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
ORLEANS HOMEBUILDERS, INC., <u>et al.</u> , ¹)	Case No. 10-10684 (PJW)
)	
Debtors.)	Jointly Administered
)	RE: D.I. 12, 61
)	

**FINAL ORDER AUTHORIZING THE DEBTORS
(A) TO CONTRACT AND CLOSE ON SALES OF HOMES;(B) TO
HONOR DEPOSITS AND OTHER CONTRACTUAL OBLIGATIONS;(C) TO
SELL HOMES FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES,**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Orleans Homebuilders, Inc. (4323), Brookshire Estates, L.P. (8725), Community Management Services Group, Inc. (6620), Greenwood Financial Inc. (7510), Masterpiece Homes, LLC (1971), OHB Homes, Inc. (0973), OHI Financing, Inc. (6591), OHI PA GP, LLC (2675), OPCNC, LLC (8853), Orleans Arizona Realty, LLC (9174), Orleans Arizona, Inc. (2640), Orleans at Bordentown, LLC (4968), Orleans at Cooks Bridge, LLC (4185), Orleans at Covington Manor, LLC (9891), Orleans at Crofton Chase, LLC (8809), Orleans at East Greenwich, LLC (9814), Orleans at Elk Township, LLC (6891), Orleans at Evesham, LLC (7244), Orleans at Falls, LP (2735), Orleans at Hamilton, LLC (9679), Orleans at Harrison, LLC (4155), Orleans at Hidden Creek, LLC (3301), Orleans at Jennings Mill, LLC (4693), Orleans at Lambertville, LLC (0615), Orleans at Limerick, LP (7791), Orleans at Lower Salford, LP (9523), Orleans at Lyons Gate, LLC (2857), Orleans at Mansfield LLC (1498), Orleans at Maple Glen LLC (7797), Orleans at Meadow Glen, LLC (4966), Orleans at Millstone River Preserve, LLC (8810), Orleans at Millstone, LLC (8063), Orleans at Moorestown, LLC (9250), Orleans at Tabernacle, LLC (9927), Orleans at Thornbury, L.P. (4291), Orleans at Upper Freehold, LLC (3225), Orleans at Upper Saucon, L.P. (3715), Orleans at Upper Uwchlan, LP (8394), Orleans at Wallkill, LLC (2875), Orleans at West Bradford, LP (4161), Orleans at West Vincent, LP (9557), Orleans at Westampton Woods, LLC (8095), Orleans at Windsor Square, LP (9481), Orleans at Woolwich, LLC (9215), Orleans at Wrightstown, LP (9701), Orleans Construction Corp. (0893), Orleans Corporation (8770), Orleans Corporation Of New Jersey (5325), Orleans DK, LLC (5308), Orleans RHIL, LP (1938), Parker & Lancaster Corporation (1707), Parker & Orleans Homebuilders, Inc. (5269), Parker Lancaster, Tidewater, L.L.C. (7432), Realen Homes, L.P. (8293), RHGP LLC (8197), Sharp Road Farms Inc. (1871), Stock Grange, LP (4027), and Wheatley Meadows Associates (5459).

**AND OTHER INTERESTS; (D) TO ESTABLISH PROCEDURES FOR
THE RESOLUTION OF LIEN AND OTHER CLAIMS; AND (E) TO USE
PROCEEDS OF HOME SALES IN ACCORDANCE WITH LIEN PROCEDURES**

Upon consideration of the motion (the "Motion")² of the above-captioned Debtors for an order authorizing the Debtors (a) to contract and close on sales of homes; (b) to honor deposits and other contractual obligations; (c) to sell homes free and clear of all liens, claims, encumbrances, and other interests; (d) to establish procedures for the resolution of lien and other claims; and (e) to use proceeds of home sales in accordance with lien procedures; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and the Court having found that good and sufficient cause exists for granting the Motion; and upon consideration of the Declaration of Benjamin D. Goldman in Support of First-Day Pleadings; and upon the record of these Chapter 11 cases and hearings held on March 3, and April 6, 2010, to consider the Motion; and it appearing that the relief requested in the Motion, as modified herein, is appropriate in the context of these cases and in the best interests of the Debtors and their respective estates, their creditors, and all other parties-in-interest; and it appearing that notice of the Motion was adequate and proper under the circumstances of these cases, and it appearing that no other or further notice need be given; and the Court having entered an interim order relating to the Motion on March 4, 2010 (the "Interim Order"), it is hereby

ORDERED that the Motion is granted on a final basis as set forth herein; and it is further

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

ORDERED that the Debtors are authorized and empowered, in their discretion and in the exercise of their business judgment, to continue to close on the sale of homes in the ordinary course pursuant to the Pre-Petition Contracts, to perform all obligations under the Pre-Petition Contracts to the extent permitted by the terms of any post-petition financing and/or cash collateral orders,³ and to take any other reasonable actions that may be necessary in the Debtors' good faith business judgment to effectuate closings under the Pre-Petition Contracts;⁴ and it is further

ORDERED that the Debtors are authorized and empowered, in their discretion, to honor Deposits in accordance with the Pre-Petition Contracts or the Debtors' business judgment and past practice, regardless of whether such Deposits are held in escrow; and it is further

ORDERED that the Debtors and any intermediary financial institution, title company, and closing attorney participating in any post-petition home closings are authorized to transfer title and deed property, and take any other actions as may be necessary to transfer ownership to the Debtors' homebuyers; and it is further

ORDERED that, pursuant to Bankruptcy Code § 363(f), all sales of homes by the Debtors (including under the Pre-Petition Contracts) shall be free and clear of all liens, claims, interests, and encumbrances, including, without limitation, all of the Operational Liens and the

³ Such obligations include, but are not limited to, payment of broker fees, transfer taxes, real estate proration taxes, title insurance premiums, termite certification, recording fees, warranty premiums, marketing fees, survey fees, appraisal fees, and certain other closing costs.

⁴ These may include, but are not limited to, establishing escrow accounts for the benefit of buyers, that may be held by third-parties, to pay costs associated with closing.

Lender Liens, whether asserted or unasserted, known or unknown (collectively, "Interests"); and it is further

ORDERED that the Debtors are authorized and empowered to hold and to use the proceeds of home sales, and any intermediary financial institution or transfer agency participating in the closing of a sale of a home pursuant to this Order is authorized to transfer such proceeds to the Debtors, subject to the terms of any post-petition financing and/or cash collateral orders; and it is further

ORDERED that the following Operational Lien Procedures are implemented:⁵

- (a) The Debtors are hereby authorized to sell homes, which sales shall be free and clear of all Interests;
- (b) Holders of Interests subject to this order, including holders of Prior Liens,⁶ shall not have any right or claim against the Title Insurers, the Senior Lenders, the debtor-in-possession lenders, the property sold, any owner of the property, or any subsequent purchaser with respect to the Operational Liens or any other claim that was or could be asserted against such parties, whether or not asserted or perfected;
- (c) Other than as set forth below, to the extent that there exists any unpaid and allowed Prior Liens that have attached or as of the Petition Date were eligible by law to attach, to a home that is sold after the Petition Date, the sole remedy of holders of any such Prior Liens shall be to obtain payment in the allowed amount of the Prior Lien from the proceeds of any sale or other disposition of property of the estates, which sale or sales are outside of the ordinary course of business, unless otherwise agreed to by the Agent for the debtor-in-possession lenders;

⁵ For the avoidance of doubt, the Operational Lien Procedures shall also apply to the sales of homes consummated pursuant to the terms of the Interim Order.

⁶ The term "Prior Liens," as such term is defined in the interim order approving the Debtors' debtor-in-possession financing arrangement (the "Interim DIP Order") [Docket No. 50], means "valid and unavoidable liens that are in existence on the Petition Date and that under applicable law are senior to, and have not been subordinated to, the liens and security interests of the Pre-Petition Lenders [as such term is defined in the Interim DIP Order]." (Interim DIP Order at 13.)

- and known and applicable state and local taxing authorities*
- (d) The Debtors shall use commercially reasonable efforts to provide notice to vendors that performed work on a home within 5 business days after a closing of such home and for all homes that closed after the Petition Date, but before the date of this Order, within 5 business days of the date of this Order, which notice the Debtors shall cause to be filed with the Court;
- (e) Each Operational Lien Claimant seeking to assert a valid and enforceable Operational Lien, that has attached or was eligible to attach as of the Petition Date, shall be required to send a written demand within 30 days after receipt of notice of closing of the property against which the Operational Lien Claimant is asserting an Operational Lien (a "Demand") to (a) counsel for the Debtors, (i) Cahill Gordon & Reindel LLP, 80 Pine Street, New York, New York 10005 (Attn: Joel H. Levitin, Esq., Michael R. Carney, Esq., and Maya Peleg, Esq.), and (ii) Elliott Greenleaf, 1105 North Market Street, Suite 1700, Wilmington, Delaware 19801 (Attn: Rafael X. Zahralddin-Aravena); (b) counsel for the Agent, Reed Smith, LLP, 2500 One Liberty Place, 1650 Market Street, Philadelphia, PA, 19103 (Attn: Claudia Springer, Esq. and Scott Esterbrook, Esq.); (c) the Agent, (i) Wells Fargo Securities LLC, One Wachovia Center, 301 South College Street, Charlotte, NC 28288-0737 (Attn: Darrell Perry), and (ii) Wells Fargo Bank, N.A., 301 S. College Street, 4th Floor, Charlotte, NC 28202 (Attn: Nathan Rantala); (d) financial advisor for the Agent, Capstone Advisory Group, LLC, (i) Park 80 West, 250 Pehle Avenue, Suite 105, Saddle Brook, NJ 07663 (Attn: David Galfus), and (ii) 311 South Wacker Drive, Suite 2350, Chicago, IL, 60606 (Attn: Don Harer); (e) (i) counsel for the Committee Duane Morris LLP, 1540 Broadway, New York, NY 10036-4086 (Attn: Gerard S. Catalanello, Esq.) and (ii) Duane Morris LLP, 30 South 17th Street, Philadelphia, PA 19103 (Attn: Lawrence J. Kotler); and (f) the Office of the United States Trustee, 844 King Street, Suite 2207, Wilmington, DE, 19801 (attn: David Buchbinder, Esq.);
- (f) Such Demand must (i) set forth the location of the property, (ii) state the amount of the asserted claim, (iii) describe, with particularity, the reasons the Operational Lien Claimant believes it has a valid and enforceable Operational Lien against the individual property sold, and (iv) attach documentation (e.g., invoices or purchase orders) or other information sufficient to demonstrate that a valid and enforceable Operational Lien Claim exists or could otherwise be asserted and perfected; provided that if a Demand does not contain sufficient documentation in accordance with the foregoing, the Operational Lien Claimant that filed such Demand shall be given a reasonable opportunity to amend its Demand;
- (g) To the extent that an Operational Lien Claimant was provided valid notice of a closing of a sale and does not send a Demand in compliance with the above procedures, such Operational Lien Claimant shall be forever barred from pursuing any secured claim in connection with such Operational Lien

Claim, but not from otherwise pursuing any unsecured claim against the Debtors;

- (h) The rights of those holders of Prior Liens, if any, to receive payment in the allowed amount of such Prior Liens pursuant to subparagraph (c) above shall be senior to the rights of the Senior Lenders and the debtor-in-possession lenders to receive payment from the proceeds of any sale or other disposition of property of the estates outside of the ordinary course of the Debtors' business;
- (i) The rights of holders of Interests, excluding holders of Prior Liens (but including the debtor-in-possession lenders and the Senior Lenders), shall attach to the proceeds of any sale or other disposition of property of the estates, in the same order of priority as such Interests attached to property of the estates that was sold or otherwise disposed of;
- (j) If, based on commercially reasonable inquiry and evaluation, the Debtors determine that an Operational Lien is in whole or in part (i) valid and enforceable and (ii) senior to the Lender Liens, the Debtors shall be authorized to pay the Operational Lien Claim as reflected in the applicable Demand (or prior to receiving a Demand) or the appropriate portion thereof from the applicable sale proceeds, from any other funds of the Debtors to the extent permitted by any post-petition financing or cash collateral orders, or from the proceeds of any sale or other disposition of property of the estates outside the ordinary course of business, without further notice or order of the Court, provided that the Debtors shall provide reasonable notice to counsel to the Committee, the Agent, and counsel to the Agent of the intent to make such payment, and if the Committee or the Agent disagrees with the Debtors' determination, then subparagraph (k) below shall apply;
- (k) If, based on commercially reasonable inquiry and evaluation, the Debtors determine that an Operational Lien (i) is valid and enforceable but (ii) is not senior to the Lender Liens, the Operational Lien shall transfer to and shall attach to the proceeds of the sale of such property and to the proceeds of any sale or other disposition of property of the estates outside the ordinary course of business with the same priority as such Operational Lien is entitled to under applicable law with respect to such property, unless otherwise ordered by the Court pursuant to paragraphs (l) and (m), below;
- (l) If the Debtors, the Agent, the Committee, or the Operational Lien Claimant dispute the validity, extent, or priority of the claim asserted in a Demand, the parties shall negotiate in good faith to resolve the dispute. If the dispute is not resolved within 30 days after receipt of such Demand (the "Resolution Period"), any party shall be permitted to file a motion (a "Demand Resolution Motion") in this Court seeking a determination as to

the validity, extent, and priority of the Operational Lien. If an Operational Lien Claimant does not receive a response to a Demand within 30 days after the Debtors, the Agent, and the Committee receive such Demand, then any party shall also be permitted to file a Demand Resolution Motion. A Demand Resolution Motion shall be heard at the Court's next regularly scheduled omnibus hearing date or at such other time ordered by the Court;

- (m) Upon a determination by this Court that an Operational Lien is valid and enforceable, it shall attach to the proceeds of the sale of the subject property and to the proceeds of any sale or other disposition of property of the estates outside the ordinary course of business with the same priority as such Operational Lien would be entitled to under applicable law with respect to the subject property, provided that, if the Court determines that such Operational Lien is senior to the Lender Liens, the Debtors shall be authorized to pay the Operational Lien Claimant from the applicable sale proceeds with consent of the Agent, from any other funds of the Debtors to the extent permitted by any post-petition financing or cash collateral orders, or from the proceeds of any sale or other disposition of property of the estates outside the ordinary course of business, without further notice or order of the Court, within five business days of the date that the order resolving the Demand Resolution Motion becomes a final order no longer subject to appeal; provided, further, that if this Court determines that the Operational Lien is valid and enforceable, but is not senior to the Lender Liens, the Operational Lien shall transfer to and shall attach to the proceeds of the sale of such property and to the proceeds of a sale or other disposition of property of the estates outside the ordinary course of business with the same priority as such Operational Lien would be entitled to under applicable law with respect to such property;
- (n) For the avoidance of doubt, an Operational Lien Claimant shall not be required to take any steps under applicable nonbankruptcy law after the Petition Date to obtain, record, or perfect an Operational Lien that was able and/or eligible to be so obtained, recorded, or perfected as of the Petition Date, and a Demand shall not be determined to be invalid solely as a result of the Operational Lien Claimant's failure to take such steps;

and it is further

ORDERED that this Final Order and the Operational Lien Procedures set forth

herein shall not apply to the sale or disposition of property on which no home is constructed; and

it is further

ORDERED that the Debtors shall use reasonable efforts to pay outstanding property taxes at the closing of sale of each property. To the extent such payment is not made, valid and unavoidable property tax liens having priority over the Lender Liens shall be paid in full from the applicable sale proceeds, from any other funds of the Debtors to the extent permitted by any post-petition financing or cash collateral orders, or from the proceeds of any sale or other disposition of property of the estate outside the ordinary course of business within 60 days after the Debtors receive post-closing notice of such valid and unavoidable property tax liens having priority over the Lender Liens; and it is further

ORDERED that, pursuant to Bankruptcy Code § 363(m), the reversal or modification on appeal of any sale consummated pursuant to the terms of the Interim Order or this Order shall not affect the validity of such sale unless such sale was stayed pending appeal; and it is further

ORDERED that filing of a copy of this Order in each county where the Debtors are selling residential units subject to this Order may be relied upon by all Title Insurers in order to issue title insurance policies (with the mechanic's lien exception removed) on properties located within each such county; and it is further

ORDERED that any Title Insurer, escrow agent, or other intermediary participating in a closing of a sale of property after the Petition Date is authorized to disburse all funds at the closing of such sales pursuant to the applicable settlement statement or escrow instructions provided by the parties to such sale; and it is further

ORDERED that the Debtors are authorized and empowered, in their discretion, to use proceeds from the sales of homes for general corporate purposes in the ordinary course of business without being required to escrow such proceeds; provided, however, that, any use of

home sale proceeds shall be subject to the provisions of any applicable debtor-in-possession financing or cash collateral orders; and it is further

ORDERED that all of the Debtors' banks are authorized and directed to honor all checks issued and fund transfers requested in respect of the relief requested in the Motion, as approved by this Order, to the extent sufficient funds are on deposit, regardless of whether such checks or fund transfer requests were issued prior to or after Petition Date; and it is further

ORDERED that the Debtors are authorized and empowered, in their discretion, consistent with the terms of this Order to issue post-petition checks and/or to effect post-petition fund transfer requests in replacement of any checks or fund transfer requests related to the relief requested in the Motion and authorized under the terms of this Order that are dishonored or rejected (notwithstanding the terms of this Order) as a consequence of the commencement of these Chapter 11 cases; and it is further

ORDERED that the Debtors shall be authorized and empowered to take any necessary actions to implement and effectuate the terms of this Order; and it is further

ORDERED that the terms and conditions of this Order shall be immediately effective and enforceable upon its entry notwithstanding any applicability of Bankruptcy Rule 6004(h); and it is further

ORDERED that this Court shall retain jurisdiction with respect to all matters arising from or related to the interpretation and implementation of this Order.

Dated: Wilmington, Delaware

April 5 2010



THE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE