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1 SOMERSET CHASE HOMEOWNERS ASSOCIATION, INC. ("Somerset Chase"), as itself 2 and as assignee of CALATLANTIC GROUP, INC., also known as CALATLANTIC HOMES, formerly known as THE RYLAND GROUP, also known as RYLAND HOMES 3 ("CalAtlantic") (Somerset Chase and CalAtlantic are collectively referred to as the 4 "Association"), by and through their respective counsel of record, stipulate as follows: 5 1. Debtor PetersenDean Roofing and Solar filed its Chapter 11 Bankruptcy 6 7 Petition (ECF No. 1) and its Verification of Creditor Matrix on June 11, 2020 (ECF No. 5) in Case No. BK-S-20-12824 (the "PetersenDean Roofing and Solar Case"). 8 9 2. The PetersenDean Roofing and Solar Case is being jointly administered under 10 the lead case of Debtor Red Rose, Inc., Case No. BK-S-20-12814-mkn (the "Red Rose Lead Case"). On June 23, 2020, the Court entered its Order Directing Joint Administration of 11 Related Case Pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015. See ECF No. 78.1 12 3. Along with the Red Rose Lead Case and PetersenDean Roofing and Solar Case, 13 the other administratively consolidated Debtors include: Beachhead Roofing and Supply, Inc.; 14 15 California Equipment Leasing Association, Inc.; Fences 4 America, Inc.; James Petersen Industries, Inc.; PD Solar, Inc.; Petersen Roofing and Solar LLC; Petersen-Dean, Inc.; 16 PetersenDean Hawaii LLC; PetersenDean Texas, Inc.; Roofs 4 America, Inc.; Solar 4 America, 17 18 Inc.; Sonoma Roofing Services, Inc.; TD Venture Fund, LLC; and Tri-Valley Supply, Inc. 19 4. Prior to these administratively consolidated Chapter 11 Bankruptcies being initiated, PetersenDean Roofing and Solar was (and remains) a Defendant in a complex multi-20 21 party Florida state court proceeding in the Business Court of the Ninth Judicial Circuit, Orange County, Florida, Case Number 17-CA-005546-O (the "Lawsuit"). 22 5. Somerset Chase filed the Lawsuit on June 16, 2017, and named PetersenDean 23 24 Roofing and Solar as a Defendant in its First Amended Complaint filed July 12, 2018. Somerset Chase's First Amended Complaint alleges claims against PetersenDean Roofing and 25 26 Solar arising from its improper performance as a roofing subcontractor on the Somerset Chase 27 ¹ Unless otherwise noted, references to "ECF No." refer to the docket entries in the Red Rose Lead 28 Case, Case No. BK-S-20-12814. 2

1 Townhomes construction project (the "Project"). The Project consisted of the construction of townhomes with common areas, common properties, land, improvements, and related 2 structures. In the Lawsuit, Somerset Chase brought claims against PetersenDean Roofing and 3 Solar for negligence and breach of the Florida Building Code. 4 6. CalAtlantic filed a Third-Party Complaint in the Lawsuit on January 9, 2018, 5 naming PetersenDean Roofing and Solar as a Defendant. 6 7 7. Somerset Chase and CalAtlantic entered into a settlement agreement effective July 10, 2020, the terms of which include assignment of CalAtlantic's claims against 8 9 PetersenDean Roofing and Solar to Somerset Chase. 10 8. PetersenDean Roofing and Solar is represented by the law firm Cole, Scott & Kissane in the Lawsuit. 11 9. Based on information and belief, PetersenDean Inc. is a named insured on 12 several commercial general liability insurance policies, including (but may not be limited to) 13 general liability insurance policies issued by First Mercury Insurance Company and United 14 15 Specialty Insurance Company. (First Mercury Policies FMWA002281 and WA-CGL-0000010212-01) and (United Specialty Policies, BTO1316098; BTO1426809; BTO1618302).² 16 10. Debtor PetersenDean Roofing and Solar listed the Lawsuit in the creditor matrix 17 filed at ECF No. 5 in Case No. BK-S-20-12824-MKN. 18 19 11. On June 15, 2020, PetersenDean Roofing and Solar notified the Association of the automatic stay imposed pursuant to 11 U.S.C. § 362 by filing a Suggestion of Bankruptcy 20 21 on the Florida state court docket in the Lawsuit. 12. The Association and PetersenDean Roofing and Solar now stipulate that the 22 automatic stay imposed by 11 U.S.C. § 362(a) is hereby modified solely to allow the 23 24 Association to pursue a judgment against PetersenDean Roofing and Solar in the Lawsuit, and to collect on this judgment from insurers only, and not from the bankruptcy estate. 25 26 27 ² The respective policies are issued to Petersen Dean Inc., with endorsements including as additional 28 named insureds multiple other entities, including PetersenDean Roofing and Solar Systems, Inc. 3

13. It is stipulated that any proceeds from any liability insurance policies payable to
 an injured third party, such as the Association, because of any improper performance of
 PetersenDean Roofing and Solar as a roofing subcontractor, including, but not limited to First
 Mercury Policies FMWA002281 and WA-CGL-0000010212-01) and United Specialty
 Policies, BTO1316098; BTO1426809; BTO1618302, are not property of the bankruptcy estate
 of PetersenDean Roofing and Solar.

14. The parties agree that except as expressly set forth within this Stipulation,
nothing in this Stipulation shall affect or prejudice any rights, claims, or defenses of the parties
of any kind or nature, including, but not limited to, the right of the Association to bring or
pursue any claims it may have against PetersenDean Roofing and Solar that have not been fully
satisfied by any insurance proceeds, and/or to pursue any creditors claims it may have against
the bankruptcy estate of PetersenDean Roofing and Solar.

13 15. The parties agree that the Bankruptcy Court shall retain jurisdiction over this
14 Stipulation and the order approving this Stipulation in order to resolve any disputes in
15 connection with the specified rights and duties of this Stipulation.

Dated this 31st day of August 2020.

FOX ROTHSCHILD LLP

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HUMPHREY LAW PLLC

By: /s/ L. Edward Humphrey By: <u>/s/ Brett A. Axelrod</u> 19 Brett A. Axelrod, Esq. L. Edward Humphrey, Esq. Nevada Bar No. 5859 Nevada Bar No. 9066 20 1980 Festival Plaza Drive, Suite 700 201 W. Liberty Street, Suite 350 21 Las Vegas, Nevada 89135 Reno, Nevada 89501 Counsel for Debtors Counsel for Somerset Chase Homeowners 22 Association 23 24 25 26 27 28