



A Division of Ohio Bar Title Insurance Company
A First American Company

TITLE ALERT

DATE: 5/10/11

RE: Title Alert 2011-03A

Supplement to 2011-03

Maronda Homes Inc., et al. - Bankruptcy

Purpose: This bulletin will discuss insuring sales of property by Maronda Homes, Inc. or its affiliates, occurring on or before May 31, 2011 only.

Background: Recently we advised you that Maronda Homes, Inc., a Pennsylvania Corporation, Maronda Homes, Inc. of Ohio, and Maronda Homes of Cincinnati, LLC filed Chapter 11 cases in the Western District of Pennsylvania. The three Debtors' cases are being jointly administered under the case captioned *Maronda Homes, Inc., A Pennsylvania Corporation*, case number 11-22418 (JKF). Maronda Homes is a residential builder in five states: Florida, Georgia, Kentucky, Ohio and Pennsylvania. The following are wholly owned subsidiaries or affiliates of the debtors which may hold title to real estate: Autumn Grove, LLC, Curtis Farms, LLC, Leafy Dell, LLC, Showcase Property, Inc., Sussex Place, LLC and Twin Lakes Holdings, LLC. After Motion and a hearing, the Court issued its "AMENDED ORDER OF COURT AUTHORIZING DEBTORS TO CLOSE SALES OF HOMES..." on April 20, 2011. Set forth below are our underwriting requirements for insuring transactions pursuant to this "Home Sale Order."

Sales under the Home Sale Order – EFFECTIVE UNTIL MAY 31, 2011 ONLY.

1. When seller is any of the following:

Maronda Homes, Inc., a Pennsylvania Corp.
Maronda Homes, Inc. of Ohio
Maronda Homes of Cincinnati, LLC
Autumn Grove, LLC
Curtis Farms, LLC

Leafy Dell, LLC
Showcase Properties, Inc.
Sussex Place, LLC
Twin Lakes Holdings, LLC

2. Any Commitment that we prepare and release will include the following Schedule B statement:

SELLER IS A DEBTOR IN POSSESSION OR AN AFFILIATE THEREOF, UNDER JOINTLY ADMINISTERED CHAPTER 11 BANKRUPTCY CASE NUMBER 11-22418(JKF) PENDING IN THE WESTERN DISTRICT OF PENNSYLVANIA. THIS COMMITMENT IS SUBJECT TO FURTHER REQUIREMENTS AND TO FURTHER ORDER(S) OF THE COURT INCLUDING ANY ORDER ENTERED FOLLOWING THE HEARING CURRENTLY SCHEDULED FOR MAY 26, 2011. IF THE TRANSACTION DOES NOT CLOSE ON OR BEFORE MAY 31, 2011, OHIO BAR TITLE INSURANCE COMPANY RESERVES THE RIGHT TO ADD ADDITIONAL REQUIREMENTS AND/OR EXCEPTIONS TO THIS COMMITMENT AND SUBSEQUENT POLICY PRIOR TO INSURING.

3. The Home Sale Order provides that any party holding a lien on properties to be transferred at the closings authorized by the Order, is directed to "...release such lien and deliver such documents as are required in the ordinary course to release such liens, or as shall be required by a title agent, mortgage lender or entity issuing title insurance...". Therefore, you should not proceed to closing until such releases of mortgages and other liens including mechanic's liens, have been recorded, or will be provided to be recorded at closing.

4. MECHANIC'S LIEN COVERAGE

- LOAN POLICIES: We will issue Loan Policies without the mechanic's lien exception when the insured mortgage is a Purchase Money Mortgage as defined in 42 PA. C. S. §8141(1), pursuant to statutory protection provided such mortgage under Pennsylvania mechanic's lien law.
- OWNER'S POLICIES: We will raise the exception for unfiled mechanic's liens unless a satisfactory release of all possible mechanic's lien claimants has been approved by Penn Attorneys/Ohio Bar Title Insurance Company in advance of closing.

5. DEED

a) Where the Seller is one of the three Debtors (Maronda Homes, Inc., a Pennsylvania Corporation, Maronda Homes, Inc. of Ohio, and Maronda Homes of Cincinnati, LLC), then the Deed must include the words "Debtor in Possession" following the Grantor name on page 1 and also at the Grantor signature line, and include the following recital:

GRANTOR IS A DEBTOR IN POSSESSION UNDER A JOINTLY ADMINISTERED CHAPTER 11 BANKRUPTCY CASE NUMBER 11-22418(JKF) IN THE WESTERN DISTRICT OF PENNSYLVANIA CAPTIONED "*MARONDA HOMES, INC., A PENNSYLVANIA CORPORATION.*" THIS CONVEYANCE IS IN ACCORDANCE WITH THE ORDER OF THE BANKRUPTCY COURT ENTERED APRIL 20,2011, ENTITLED "AMENDED ORDER OF COURT AUTHORIZING DEBTORS TO CLOSE SALES OF HOMES, RELATED REAL ESTATE AND TRANSFER TITLE AT CLOSINGS FREE AND CLEAR OF LIENS."

b) Where the Seller is a wholly owned subsidiary or affiliate of Debtors, then the Deed must include the same recital in paragraph (a) above, however replace the words "DEBTOR IN POSSESSION" with the words "A WHOLLY OWNED SUBSIDIARY OR AFFILIATE OF A DEBTOR IN POSSESSION".

6. SALE PROCEEDS:

We have learned that Bank of America, Administrative Agent of the Lenders under the Credit Agreement of the Debtors is providing a payoff quote, in accordance with the "Interim Order of Court Authorizing Use of Cash Collateral ("Cash Collateral Order"), effective April 18, 2011, as filed in the United States Bankruptcy Court For the Western District of Pennsylvania, Case Numbers: 11-22418-JFK, 11-22422-JFK, 11-22424-JFK."

The payoff letter confirms that a referenced lot shall be released from the mortgage upon receipt of \$0.00. It also provides that 100% of the net proceeds from the sale are to be remitted to the Bank of America account entitled "Maronda Inc. and Subsidiaries Master Depository Account" in accordance with the Cash Collateral Order, and provides wiring instructions. You may act in accordance with the terms of the payoff quote and follow its instructions to obtain your partial release.

IN ADDITION TO THE ABOVE, PLEASE CONTACT US WHEN:

- Your transaction involves property sold by a Maronda entity prior to April 18, 2011. Any liens on title must be paid or released, and exposure for unfiled mechanic's lien claims must be examined.
- Property in your transaction is other than a lot improved with a home, e.g. unimproved land or commercial property.

This Alert is intended solely for title issuing offices, agents and approved attorneys of Ohio Bar Title Insurance Company and reliance by any other person or entity is unauthorized. This alert is intended solely for the purpose of underwriting policies of the Company.

Title Alerts from 1997 to present are available on our website at: <http://www.pennattorneys.com>

**Penn Attorneys, a Division of
Ohio Bar Title Insurance Company**

900 State Street, Ste 320 Erie, PA 16501
Tel 814-454-8278 or 800-352-2216 FAX 814-453-5983 or 1-800-234-2352
erie@pennattorneys.com