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FILED &amp; ENTERED

APR 24 2009

CLERK U.S. BANKRUPTCY COURT  
 Central District of California  
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5 Proposed Attorneys for  
 Debtors and Debtors in Possession

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 8 UNITED STATES BANKRUPTCY COURT  
 9 FOR THE CENTRAL DISTRICT OF CALIFORNIA  
 10 RIVERSIDE DIVISION

11  
 12 In re  
 13 FLEETWOOD ENTERPRISES, INC., et al.,  
 14 Debtors.

CASE NO. 09-14254-MJ

Chapter 11

[Jointly Administered]

15 **ORDER GRANTING RELIEF FROM**  
 16 **AUTOMATIC STAY AS TO FEMA**  
 17 **LITIGATION**

**Hearing:**

Date: April 21, 2009

Time: 1:30 p.m.

Place: Courtroom 302  
3420 Twelfth Street  
Riverside, CA 92501

Judge: Honorable Meredith A. Jury

22 Upon consideration of the motion (the "Motion") of Fleetwood Enterprises, Inc., and its  
 23 affiliated debtor entities, as debtors and debtors in possession in the above-captioned jointly  
 24 administered chapter 11 cases (collectively, the "Debtors" or "Fleetwood"), pursuant to Section 362  
 25 of the Bankruptcy Code, for an order granting relief from the automatic stay so that they may proceed  
 26 with the bellwether trial in the FEMA Litigation currently scheduled for October 26, 2009; and upon  
 27 consideration of the Motion, the Declaration of Richard K. Hines, the supporting papers and the files  
 28 and records in these cases, and upon the arguments and testimony presented at a hearing before the

1 Court (the "Hearing"); and any objections to the Motion having been withdrawn or overruled on the  
2 merits; and the Court having jurisdiction to consider the Motion and the relief requested therein in  
3 accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested  
4 therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this  
5 Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been  
6 provided; and it appearing that no other or further notice need be provided; and the Court having  
7 determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors  
8 and all parties in interest; and the Court having determined that the legal and factual bases set forth in  
9 the Motion establish just cause for the relief granted herein; and upon all of the proceedings had  
10 before the Court and after due deliberation and sufficient cause appearing therefor,

11 **IT IS HEREBY ORDERED THAT:**

- 12 1. The Motion is granted in its entirety.
- 13 2. The automatic stay that has been in place since March 10, 2009, ("the Petition Date"),  
14 is lifted forthwith for the limited purpose of allowing the specific Debtors who are defendants in the  
15 consolidated proceeding that is currently pending before the United States District Court for the  
16 Eastern District of Louisiana, entitled *In Re: FEMA Trailer Formaldehyde Product Liability*  
17 *Litigation*, United States District Court for the Eastern District of Louisiana, New Orleans Division,  
18 MDL No. 1873, Section N(4) ("the FEMA Litigation"), to participate in the bellwether trial currently  
19 scheduled for October 26, 2009 ("Bellwether Trial").
- 20 3. The Debtors are permitted to take all actions necessary to prosecute the defense of the  
21 claims asserted against the Debtors and their estates to be tried in the Bellwether Trial and the  
22 Bellwether Trial may proceed pursuant to the orders and rulings of the presiding court in the FEMA  
23 Litigation.
- 24 4. Without waiving the requirements or application of 11 U.S.C. Sections 501 and 502  
25 and Rules 3001-3003 of the Federal Rules of Bankruptcy Procedure, to the extent of newly filed  
26 lawsuits, if any, the Debtors are permitted to assert "preservation of defenses "as provided in case  
27 management orders entered in the FEMA Litigation, provided that those actions are consolidated into  
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1 the FEMA Litigation and then be stayed as provided in the case management orders entered in the  
2 FEMA Litigation.

3 5. Without waiving the requirements or application of 11 U.S.C. Sections 501 and 502  
4 and Rules 3001-3003 of the Federal Rules of Bankruptcy Procedure, to the extent of any newly filed  
5 Plaintiff Fact Sheets, if any, filed in conjunction with newly filed lawsuits or separately, the Debtors  
6 are permitted to respond with a "deficiency letter" as appropriate and as provided in case  
7 management orders entered in the FEMA Litigation.

8 6. Nothing in this Order shall relieve any creditor, claimant or any other party that may  
9 hold a claim against the Debtors' estate from the requirement that, to the extent required by the  
10 Bankruptcy Code and Federal Rules of Bankruptcy Procedure, the claimant file a timely proof of  
11 claim in these bankruptcy cases.

12 7. Any claims liquidated through the FEMA Litigation shall solely be subject to  
13 disposition pursuant to the Bankruptcy Code as administered by this Court and any settlement or  
14 compromise of any claims in the FEMA Litigation shall be approved by this Court pursuant to Rule  
15 9019 of the Federal Rules of Bankruptcy Procedure.

16 8. All incurred but unpaid prepetition and postpetition defense costs, expenses or fees  
17 covered under the "Pollution Legal Liability Select Policy" issued by American International  
18 Specialty Lines Insurance Company (an affiliate of AIG), which names the Debtors and Fleetwood  
19 Canada Ltd. as insureds (the "AISLIC Policy") and which covers claims asserted in the FEMA  
20 Litigation and costs incurred in connection with the defense of the FEMA Litigation, shall be paid  
21 forthwith and all defense costs, expenses or fees incurred going forward shall be paid in the ordinary  
22 course as they are incurred as provided in the AISLIC Policy.

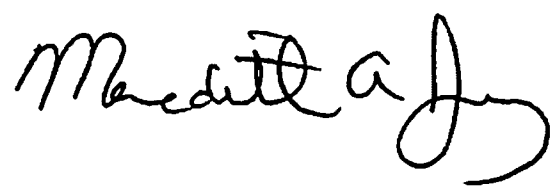
23 9. The Court shall retain jurisdiction with respect to any matters, claims, rights or  
24 disputes arising from or related to the implementation of this Order.

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10. The provisions of Rules 4001(a)(3) and 6004(h) of the Federal Rules of Bankruptcy Procedure are hereby waived and this order granting relief from stay shall become effective immediately upon entry.

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DATED: April 24, 2009

United States Bankruptcy Judge