

**COURT OF CHANCERY
OF THE
STATE OF DELAWARE**

WILLIAM B. CHANDLER III
CHANCELLOR

COURT OF CHANCERY COURTHOUSE
34 THE CIRCLE
GEORGETOWN, DELAWARE 19947

Submitted: June 17, 2010
Decided: July 2, 2010

Steven Schwartz
Schwartz & Schwartz
1140 South State Street
Dover, DE 19901

Michael W. Arrington
Parkowski Guerke & Swayze, P.A.
800 King Street, Suite 203
Wilmington, DE 19801

Re: *The Reserves Dev. Corp., et al. v. 30 Lots, LLC, et al.*
Civil Action No. 4144-CC

Dear Mr. Schwartz and Mr. Arrington:

This is my decision on defendant Severn Savings Bank's motion for reconsideration of my June 8, 2010 letter ruling. Severn contends it is unnecessary and prejudicial to require it to transfer the balance of funds held in the construction trust account (\$1,116,689.19) to the Sussex County Register in Chancery until further order of this Court. It therefore requests that I withdraw that aspect of my June 8 decision. I disagree, and thus deny Severn's motion for reconsideration.

The disputed funds (\$1,116,689.19) are held in trust, but will provide part or all of the source of payment for the money judgment (if any) ultimately awarded in this lawsuit. How (and when) this litigation will be resolved is highly uncertain. All the parties involved in this lawsuit have amply demonstrated (in this Court, in the Superior Court, and in the Supreme Court) that they will spare no expense in litigating over the issues that separate them in this controversy stemming from an apparently failed (or failing) real estate development. Given the uncertainty surrounding the outcome of this litigation, the "scorched earth" approach of all parties to the action, and the apparent connectedness and interrelationships among the principals of the various entities (that is, the close ties between Messrs. Esham, Buchanan, Hyatt and Severn), the Court believes the disputed funds that may constitute the source for payment of any resulting judgment should be deposited with (and held by) the Register in Chancery in and for Sussex

County until the litigation is resolved. Doing so will assure the Court that any judgment it enters will be payable immediately and that no prevailing party will be forced to chase a judgment debtor or be forced to execute against real property in order to obtain payment of monies owed.

Nor is it adequate for Severn to offer in the alternative a security interest in real estate belonging to another party (30 Lots LLC), as an interest in unimproved real estate is hardly equivalent to cash.

In sum, none of Severn's arguments persuade me that I should reconsider my decision to require Severn to deposit the full amount of the funds it holds (\$1,116,689.19) with the Register in Chancery in an interest bearing escrow account, until further order of this Court. This is the only mechanism that gives the Court confidence that, no matter how many years the parties to this dispute want to litigate in various courts of this State, there will be a secure sum of money available to satisfy any judgment awarded by this Court. Severn is directed to transfer the funds within five days of this decision.

IT IS SO ORDERED.

Very truly yours,

A handwritten signature in cursive script that reads "William B. Chandler III". The signature is written in black ink and is positioned above the typed name.

William B. Chandler III

WBCIII:meg