

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

In re:)	Chapter 11
)	
WCI COMMUNITIES, INC., et al., ¹)	Case No. 08-11643 (KJC)
)	
Debtors.)	Jointly Administered
)	
)	
)	Related Docket No. 185

**STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
WCI COMMUNITIES, INC., ET AL., IN SUPPORT OF DEBTORS’ MOTION FOR ORDER
(I) AUTHORIZING DEBTORS TO (A) OBTAIN POST-PETITION FINANCING
PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 364(C)(1), 364(C)(2), 364(C)(3), 364(D)(1), 364(E)
AND 507 AND (B) UTILIZE CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363;
(II) GRANTING ADEQUATE PROTECTION TO PRE-PETITION SECURED PARTIES
PURSUANT TO 11 U.S.C. §§ 361, 362, 363, 364, AND 507 AND (III) AUTHORIZING
DEBTORS TO USE PROCEEDS OF POST-PETITION FINANCING AND CASH
COLLATERAL TO REPAY SECURED INDEBTEDNESS PURSUANT TO 11 U.S.C. § 363**

The Official Committee of Unsecured Creditors (the “Committee”) of WCI
Communities, Inc. (“WCI”), and its affiliated debtors and debtors in possession (collectively, the
“Debtors”), by and through its undersigned proposed co-counsel, hereby files this statement (the
“Statement”) in support of the Debtors’ Motion for Order (i) Authorizing Debtors to (a) Obtain
Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3),
364(d)(1), 364(e) and 507 and (b) Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; (ii)
Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362,
363, 364, and 507 and (iii) Authorizing Debtors to Use Proceeds of Post-Petition Financing and

¹ A list of the Debtors and their Tax Identification Numbers is located on the docket for Case No. 08-11643 (KJC) and <http://chapter11.epiqsystems.com/wcicomunities>.

Cash Collateral to Repay Secured Indebtedness Pursuant to 11 U.S.C. § 363 (the “DIP Motion”).² In support of this Statement, the Committee³ respectfully represents as follows:

STATEMENT

1. By the DIP Motion, the Debtors seek authorization to enter into and perform their obligations under the DIP Credit Agreement.⁴ The Debtors assert that entry into the DIP Credit Agreement is critical to the Debtors’ ability to reorganize and is in the best interests of the Debtors and their estates.

2. Based upon the Committee’s analysis and evaluation of the DIP Credit Agreement and proposed DIP Order, various concerns and objections were raised with the Debtors, the Pre-Petition Agents (on behalf of themselves and the Pre-Prepetition Secured Lenders), and the Agents (on behalf of themselves and the DIP Lenders) (together, the “Parties”) concerning the approval of the DIP Credit Agreement and proposed DIP Order.⁵ The Committee

² On the Petition Date, the Debtors filed an Emergency Motion Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 552 and Rule 4001(b) of the Federal Rules of Bankruptcy Procedure for (a) Entry of Stipulation and Interim Order (i) Authorizing the Use of Cash Collateral, (ii) Granting Adequate Protection to Prepetition Secured Parties and (ii) Granting Related Relief and (b) Scheduling Interim Hearing and Final Hearings (the “Cash Collateral Motion”). On August 5, 2008, the Court entered an order approving the Cash Collateral Motion on an interim basis. Since the DIP Motion includes the terms and conditions for use of Cash Collateral, if the DIP Motion were to be granted, the Cash Collateral Motion would be moot. In the event that the Court does not approve the DIP Motion, the Cash Collateral Motion would proceed to a final hearing. The Committee expressly reserves its rights, including its right to file an objection, with respect to the Cash Collateral Motion in the event the DIP Motion is not approved and after a form of final order authorizing the use of Cash Collateral has been provided to the Committee.

³ On August 13, 2008, the Office of the United States Trustee for the District of Delaware appointed the Committee. The Committee is comprised of the following entities: The Bank of New York Mellon, as indenture trustee; iStar Financial Inc.; AQR Capital Management; Law Debenture Trust Company of New York, as indenture trustee; and The Signal Group, Inc.

⁴ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the DIP Motion.

⁵ In accordance with a confidentiality arrangement between the Committee and the Agents, the Committee was provided with the information regarding the fees contained in the fee letter executed in connection with the DIP Term Sheet. The proposed fees are appropriate for a postpetition financing of this size.

engaged in several weeks of arm's-length negotiations with the Parties regarding proposed modifications to the DIP Order and DIP Credit Agreement.

3. As a result of these negotiations, the Parties have agreed to modify the DIP Credit Agreement and proposed DIP Order to address certain (but not all) of the Committee's concerns. Although the Parties did not agree to make every change to the DIP Credit Agreement and proposed DIP Order that the Committee requested, the various compromises agreed to by the Parties, when combined with the need for postpetition financing to operate the Debtors' businesses, were sufficient for the Committee to reach a decision to support approval of the DIP Motion.⁶ As such, based upon the expected valuable benefits of the DIP Credit Facility to the Debtors' operations, the Committee supports granting the relief requested in the DIP Motion in accordance with the terms of the modified proposed DIP Order (including the final grant of adequate protection provisions) and DIP Credit Agreement.

CONCLUSION

WHEREFORE, for all the foregoing reasons, the Committee respectfully requests that this Court (i) enter the DIP Order and approve the DIP Credit Agreement, each as modified, and

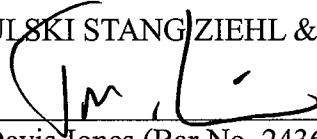
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⁶ One of the factors upon which the Committee based its decision to support the DIP Motion (in accordance with the terms of the modified proposed DIP Order and DIP Credit Agreement) was the Debtors' representations as to the value of the assets owned by the Additional Subsidiaries (as defined in the Debtors' reply to Aurelius Capital Management's objection to the DIP Motion) [Docket No. 377].

(ii) grant the Committee such other and further relief as this Court deems just, proper, and equitable.

Dated: September 22, 2008

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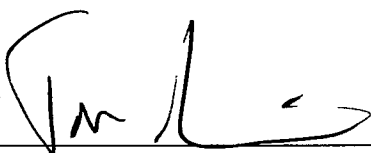
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Debtors.)	Jointly Administered
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)	
)	

CERTIFICATE OF SERVICE

I, Timothy P. Cairns, hereby certify that on the 22nd day of September, 2008, I caused a copy of the following document to be served on the individuals on the attached service list in the manner indicated:

Statement of the Official Committee of Unsecured Creditors of WCI Communities, Inc., et al., in Support of Debtors' Motion for Order (i) Authorizing Debtors to (a) Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), 364(e) and 507 and (b) Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; (ii) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363, 364 and 507; and (iii) Authorizing Debtors to Use Proceeds of Post-Petition Financing and Cash Collateral to Repay Secured Indebtedness Pursuant to 11 U.S.C. § 363.



Timothy P. Cairns (Bar No. 4228)

¹ A list of the Debtors and their Tax Identification Numbers is located on the docket for Case No. 08-11643 (KJC) and <http://chapter11.epiqsystems.com/wcicomunities>.

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