

Debtors' Motion for Entry of an Order Pursuant to Sections 363(b) and (f) of the Bankruptcy Code, Bankruptcy Rules 2002 and 6004 and Local Rule 6004-1 Authorizing and Approving the Transfer of Parcel X to Berkley Holdings Free and Clear of Liens (the "Transfer Motion")

By the Transfer Motion, the Debtors seek entry of an order authorizing and approving the transfer of Parcel X (as defined below) to Berkley Holdings Corp. (the "Buyer"), pursuant to the terms of a prepetition purchase and sale agreement (the "Purchase Agreement") between WCI Communities, Inc. ("WCI") and Buyer, free and clear of the liens of the postpetition lenders (the "DIP Lenders").

Prior to August 4, 2008 (the "Petition Date"), WCI developed a master planned community in Danbury, Connecticut known as "The Reserve." In December of 2006, WCI agreed to sell approximately 13.31 acres of real property located within The Reserve (the "Development Parcel") to the Buyer for \$2.6 million, pursuant to the Purchase Agreement. Pursuant to the Purchase Agreement, the Development Parcel was to be allocated the right to construct commercial improvements of up to 100,000 buildable square feet. The sale closed in 2006 (the "Closing").

The Purchase Agreement provides that WCI, after Closing, would reroute an arterial road commonly known as the "Reserve Road," which provides access to and from the Development Parcel. Rerouting the Reserve Road would result in a "gap" between the rerouted Reserve Road (the "Rerouted Reserve Road") and the Development Parcel. Accordingly, WCI agreed to close such gap once the Rerouted Reserve Road had been built by adding the land located in such gap ("Parcel X") to the Development Parcel. Under the Purchase Agreement, the transfer of Parcel X is considered part of the transfer of the Development Parcel to the Buyer.

The Buyer has indicated that it is now ready to apply for building permits. WCI has completed the relocation of the Reserve Road and obtained all consents required to transfer Parcel X to the Buyer, as required by the Purchase Agreement. However, the Debtors believe that the DIP Lenders may have a lien on Parcel X pursuant to the terms of the Court's postpetition financing order. Accordingly, the Debtors sought, and obtained, the consent of the DIP Lenders to the transfer of Parcel X free and clear of the DIP Lenders' liens on the terms described in the Transfer Motion.

The Debtors assert that since they have already completed the relocation of the Reserve Road and obtained the necessary releases, the transfer of Parcel X is largely a ministerial act. Additionally, the Debtors assert that failing to transfer Parcel X would expose WCI to breach of contract and other claims that could dilute recoveries to unsecured creditors. Finally, the Debtors maintain that Parcel X was created by the relocation of the Reserve Road and Parcel X has no commercial value or alternative use, except as contemplated by the Purchase Agreement.