

**Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. § 363(b) and Rules 6004 and 9019 of the Federal Rules of Bankruptcy Procedure Authorizing and Approving (i) Agreement Regarding Transfer of Club Property and Transactions Contemplated Thereunder; and (ii) Payment of Certain Expenses Related to the Transfer of Real Property Under the Agreement (the "Colony Motion")**

By the Colony Motion, the Debtors seek entry of an order approving a transfer agreement (the "Transfer Agreement") between Debtor WCI Communities, Inc. ("WCI") and The Colony Golf & Bay Club, Inc. (the "Equity Club") and the transactions contemplated thereunder, and (ii) payment of certain expenses related to the transfer of certain real property under the Transfer Agreement.

*The Colony Community.* Prior to August 4, 2008 (the "Petition Date"), the Debtors developed and built a 809-acre luxury home community in Bonita Springs, Florida known as The Colony Golf & Bay Club (the "Colony Community"). The Colony Community consisted of 1,366 planned luxury homes, villas, and luxury tower residences, a private golf course, clubhouse, and related facilities. As of the Petition Date, the Debtors had built approximately 817 of the planned homes, of which approximately 806 had been sold.

*The Equity Club.* The Equity Club was established to own and maintain the golf course, clubhouse, and related facilities of the Colony Community (the "Facilities"). As a privilege of home ownership in the Colony Community, residents are permitted to purchase from WCI equity memberships ("Equity Membership") in the Equity Club. WCI also reserves the right to sell Equity Memberships to non-Colony Community residents. WCI has already generated nearly \$30 million from sales of the Equity Memberships, and at the current prices, it could potentially realize in excess of \$61 million from the sale of the remaining Equity Memberships that it holds. However, WCI is reevaluating the Equity Membership sale prices, and given current market conditions, the actual amount realized may be significantly less.

WCI originally acquired the Equity Memberships pursuant to an agreement between WCI and the Equity Club (the "Club Acquisition Agreement"), whereby WCI agreed to construct and fund the construction of the Facilities and then transfer to the Equity Club the real property upon which the Facilities were built (the "Facilities Property"), the improvements on such real property, and the contracts, equipment, and permits associated with the Facilities (collectively, the "Club Assets").

*The Asset Transfer.* The Facilities have been fully constructed and WCI has been selling the Equity Memberships. However, WCI has not yet transferred the Club Assets to the Equity Club (the "Asset Transfer"), as required by the Club Acquisition Agreement. After analyzing their options, in an effort to continue to benefit from the significant value gained through WCI's continued sale of the Equity Memberships, which value can only be realized if the Equity Club owns the Club Assets, the Debtors believe that it is in the interest of their estates to satisfy the terms of the Club Acquisition Agreement and perform the Asset Transfer.

*The Transfer Agreement.* Based on the foregoing, WCI entered into the Transfer Agreement with the Equity Club on March 18, 2009, pursuant to which WCI agreed to convey the Club

Assets to the Equity Club in accordance with the terms of the Club Acquisition Agreement. In exchange, the Equity Club will release any claims it may have against the Debtors relating to the timing of the Asset Transfer (the “Release”).

*Expenses Related to the Transfer of the Real Property.* As a result of the Asset Transfer, the Debtors seek authority to pay the following anticipated expenses: (i) an approximately \$140,000 administrative expense claim against the Debtors for documentary stamp transfer taxes likely to be asserted by the Florida Department of Revenue, (ii) approximately \$46,325 for the purchase of a title insurance policy and fees associated with recording of the real property transfer deed, as required by the Club Acquisition Agreement, (iii) an estimated \$50,000 to \$75,000 of fees associated with conducting a survey of the property, and (iv) other closing costs, including with respect to recording and filing of certain documents.