

Debtors' Motion for Entry of an Order (I) Authorizing the Assumption of an Unexpired Lease of Non-Residential Real Property, as Amended, in Connection with Office Space Located in Danbury, Connecticut; and (II) Establishing Cure Amount (the "Assumption Motion")

By the Assumption Motion, the Debtors seek entry of an order (i) authorizing the assumption of an unexpired office lease (the "Lease") between WCI Communities, Inc. ("WCI") and One Reserve Road, LLC (the "Lessor"), relating to 6,179 square feet of office space (the "Leased Premises") located in Danbury, Connecticut that currently house the headquarters for the Debtors' Northeast operations; and (ii) establishing the cure amount in connection with the assumption of the Lease as \$2,379.30 (the "Cure Amount").¹

The Debtors maintain that (i) they pay approximately \$13,310.59 in monthly rent under the Lease, (ii) they are current on these rental obligations on a postpetition basis, and (iii) the Lease expires on March 31, 2011. The Debtors assert that they no longer require the full amount of the Leased Premises as a result of headcount reductions at their Northeast headquarters location. As such, in recent months the Debtors initiated negotiations with the Lessor to reduce the space covered by the Lease.

As a result of these negotiations, on April 1, 2009, the Debtors entered into the Second Amendment of Lease (the "Lease Amendment" and, together with the Lease, the "Amended Lease"), the key terms of which are as follows:

- Leased Premises. The Leased Premises are reduced by 1,798 rentable square feet, for a total of 4,381 rentable square feet (the "Amended Premises").
- Term. The Lease term remains unchanged.
- Rent. The annual rent is reduced by \$33,627.65, from \$110,295.15 under the Lease to \$76,667.50 under the Amended Lease.
- Additional Rent. The monthly estimated taxes and common area maintenance charges are reduced by \$505.00, from \$4,119.33 under the Lease to \$3,614.33 under the Amended Lease.

While the Lessor has extended the deadline to assume or reject the Lease to May 1, 2009, it is not willing to further extend this deadline. Therefore, by May 1, 2009, the Debtors must assume or reject the Lease, vacate the Leased Premises, and sign a new lease for office space. The Debtors believe that the \$17.50 per square foot annual rent under the Amended Lease is at market level for similar properties in the local area. Furthermore, the Debtors estimate that by assuming the Amended Lease they will save (i) approximately \$80,000 through the end of the

¹ Under section 365(d)(4) of the Bankruptcy Code, if the Debtors do not assume or reject a nonresidential real property lease where the Debtors are a lessee by the date that is 210 days after the petition date (the "Assumption Deadline") and do not obtain the landlord's consent to a further extension, such lease will be deemed rejected. On February 10, 2009, the Court approved an agreement between WCI and the Lessor extending the Assumption Deadline for the Lease to May 1, 2009.

Lease term on account of the Lease Amendment and (ii) any costs associated with moving their Northeast operations headquarters. Finally, the Debtors assert that the Cure Amount is minimal compared to the benefits received under the Amended Lease.

The Debtors submit that they will promptly cure the default under the Amended Lease by paying the Cure Amount to the Lessor within 15 days of the entry of an order granting the Assumption Motion.