

## **Clarification to the Lien Procedures Contained in the Home Sales Order**

On August 20, 2008, the Signal Group, Inc. (“Signal”) filed a limited objection (the “Limited Objection”) (Docket No. 162) to the lien procedures (the “Lien Procedures”) contained in the order authorizing WCI Communities, Inc., et al., (the “Debtors”) to deliver title to homes free and clear of liens and establishing procedures for the resolution of payment of certain lien claims, entered on August 5, 2008 (the “Home Sales Order”) (Docket No. 61). A copy of the Home Sales Order is attached hereto as Exhibit A.

In order to resolve the Limited Objection, Signal and the Debtors, with the Committee’s approval, agreed to have the following clarification read into the record at the Bankruptcy Court hearing in the Debtors’ chapter 11 cases held on August 27, 2008 (the “Hearing”) in order to clarify the intent of the Home Sales Order:

1. Nothing in the [Home Sales Order] affects or is intended to affect a claimant’s rights under 362(b)(3) of the Bankruptcy Code;
2. Nothing in the [Home Sales Order] is intended to alter the rights of creditors under bankruptcy law and applicable state law with respect to the creation, perfection, and attachment of liens on property, and, in fact, the rights of creditors are expressly preserved notwithstanding a sale free and clear such that if bankruptcy law and state law permit a creditor’s lien to be perfected and attach to the property after that property has been sold to a third party, then such creditor’s lien would attach to the proceeds of the sale under the [Home Sales Order].
3. As set forth in the [Home Sales Order], the Debtors may not sell property free and clear of liens if the purchase price of the property is not sufficient to satisfy the aggregate face amount of all construction liens on such property to be sold; and
4. Nothing in the [Home Sales Order] affects or is intended to affect the amount of proof required to support a construction lien claim under the Bankruptcy Code or applicable state law.

**EXHIBIT A**