

Debtors' Motion Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure for Entry of an Order Approving Gateway Agreements by and Between Renaissance Housing Corporation and Gateway Virginia Properties, Inc. (the "Gateway Termination Motion")

By the Gateway Termination Motion, the Debtors seek entry of an order approving the termination agreement, dated October 31, 2008 (the "Termination Agreement") and the letter agreement, dated November 4, 2008 (the "Letter Agreement," and together with the Termination Agreement, the "Gateway Agreements") between Debtor Renaissance Housing Corporation ("RHC") and Gateway Virginia Properties, Inc. (the "Lessor," together with RHC, the "Parties").

Background

As of the petition date, August 4, 2008, the Lessor and RHC, a debtor subsidiary of WCI, were parties to a lease (the "Lease") for approximately 18,000 square feet of office space located in Reston, Virginia (the "Premises"). The term of the Lease extends from about August 21, 2004 until about January 21, 2012. The Lessor holds a security deposit of approximately \$36,000 to secure RHC's obligations under the Lease (the "Security Deposit").

The Debtors maintain that due to their workforce reduction, the Lease is underutilized and the Premises was scheduled to be vacated by November 10, 2008. Thus, the Debtors believe the Lease is no longer necessary to their business operations and it does not hold any value for their estates. Furthermore, the Debtors have been unable to find any party willing to accept assignment of the Lease on terms that would provide value to the Debtors' estates, so the Debtors believe that the Lease should be terminated.

The Termination Agreement

In an effort to resolve any potential rejection claims related to the Lease and avoid the significant cost associated with litigating such potential claims, the Parties negotiated and agreed to the Termination Agreement. The Termination Agreement provides that, in return for the Debtors' agreement to surrender the Premises by November 10, 2008, the Lessor will provide a full waiver of claims against the Debtors, subject to certain terms and conditions.

The Debtors estimate that their estates will save in excess of \$550,000 in potential rejection claims that would have been asserted had the Debtors simply rejected the Lease.¹ Additionally, the Debtors will no longer be obligated to pay the postpetition \$40,000 monthly lease obligations through the term of the Lease.

¹ While the rejection claims could exceed this amount, the Debtors believe the actual claim would be mitigated by the Lessors' reletting a portion of the Premises.

The following summarizes the pertinent terms of the Termination Agreement:

1. Termination. The Lease shall be terminated as of November 10, 2008 (the "Termination Date"), with all obligations thereunder satisfied in full, and the Lessor shall be entitled to immediate, full, and complete possession thereof as of the Termination Date.
2. November Rent. RHC shall be obligated to pay the Lessor \$14,185.97 (the "Prorated Rent") for its occupancy of the Premises from November 1, 2008 to and through the Termination Date. The Lessor shall be entitled to deduct from the Security Deposit the amount of the Prorated Rent plus \$782.20 for additional past due amounts owed by RHC to the Lessor.
3. Return of Security Deposit. The Lessor shall pay \$20,952.07 to RHC upon the occurrence of the later of (i) five days after the entry of the order approving the Termination Agreement by the Court or (ii) RHC's surrender of the Premises and removal of all of RHC's personal property therefrom.
4. Release. The Lessor, on its own behalf and on behalf of certain affiliates, waives, releases, and discharges the Debtors and certain of their affiliates from and against all matters or actions arising out of or connected to the Lease and RHC's occupancy and use of the Premises.

The Letter Agreement

The Debtors own personal property at the Premises, including desks, chairs, and other office furniture, with an estimated book value of approximately \$16,000 (the "Personal Property"). The Debtors have contacted liquidators, but no liquidators have offered to buy the Personal Property and the Debtors estimate that the cost of moving the Personal Property would be approximately \$10,000. Accordingly, the Debtors have determined to abandon the Personal Property, and they filed a notice of proposed abandonment on November 5, 2008 (Docket No. 709) (the "Abandonment Notice"). Assuming no objections are received to the Abandonment Notice, the Debtors will be authorized to abandon the Personal Property after November 17, 2008.

In order to obtain additional time to comply with the terms of the Abandonment Order, the Debtors entered into the Letter Agreement on November 4, 2008. The Letter Agreement provides the Debtors with the right to leave the Personal Property at the Premises after the passing of the Termination Date, notwithstanding paragraph 3 of the Termination Agreement, described above. In the event no party objects to the Abandonment Notice, the Debtors may abandon the Personal Property to the Lessor, with its consent (or, in the absence of such consent, remove the Personal Property from the Premises and dispose of it).