

Request of Golden Hills Golf LLC and Castro Realty Holding LLC Pursuant to Section 503(a) and 503(b)(1) of the Bankruptcy Code for Allowance and Immediate Payment of Administrative Expense Claim (the “Administrative Expense Motion”)

In early September, we posted to this website a summary of a motion filed by Golden Hills Golf LLC (“Golden Hills”) and Castro Realty Holding LLC (“Castro,” together with Golden Hills, the “Movants”) seeking, among other things, to compel (i) the rejection a management agreement (as amended, the “Management Agreement”)¹ between Debtor WCI Communities, Inc (“WCI”) and Golden Hills, pursuant to which WCI operated and maintained the Golden Hills Golf and Turf Club Facilities (the “Facilities”), and (ii) the Debtors to cooperate in the immediate transition of the Facilities to Golden Hills. On September 10, 2008, the Debtors rejected the Management Agreement pursuant to an agreed order entered by the Court. By the Administrative Expense Motion, the Movants seek the allowance and immediate payment of their administrative expense claim in the aggregate amount of \$97,203.33 (the “Claim”) for goods and services they provided for the continued operation of the Facilities from August 4, 2008 (the “Petition Date”) through September 10, 2008 (the “Services Period”).

The Movants maintain that, following the Petition Date, they repeatedly requested that the Debtors make timely payments to the Facilities’ vendors and service providers for goods and services that were necessary to continue the operation of the Facilities at the levels required by the Management Agreement. The Movants assert that such payments were the Debtors’ responsibility under the Management Agreement, but the Debtors failed to make them. The Movants claim that, as a result, they were forced to make payments to various vendors and service providers during the Services Period to maintain the Facilities.

The Movants assert that the Management Agreement requires the Debtors to reimburse the Movants within ten days of a demand for payment. The Movants further assert that during the litigation leading up to the rejection of the Management Agreement, the Debtors confirmed that they would pay all post-petition amounts requested under the Management Agreement for the post-petition period. Nevertheless, the Movants assert that, although they sent the Debtors copies of the invoices, the Debtors have not paid the Movants for such services.

¹ Pursuant to the Management Agreement, WCI agreed, among other things, (i) to operate and maintain the Facilities at WCI’s expense until February 28, 2010 (the “Termination Date”), (ii) to fund at least \$2 million for improvements to the Facilities by March 20, 2010, and (iii) to fund certain renovations required as a result of casualty or condemnation until the Termination Date.