

**Debtors' Motion Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure for Entry of an Order Approving Mutual Release By and Between WCI Communities, Inc., One Beacon Midwest Insurance Company, and A.E. Olsen Company, Inc. (the "Olsen Motion")**

By the Olsen Motion, the Debtors seek entry of an order approving the mutual release dated February 19, 2009 (the "Release") by and between WCI Communities, Inc. ("WCI"), One Beacon Midwest Insurance Company (the "Insurer"), and A.E. Olsen Company, Inc. ("Subcontractor" and, together with the Insurer and WCI, the "Parties").

The Debtors maintain that, in April of 2002, Debtor Southbury Home & Land Company, LLC ("Southbury") and the Subcontractor entered into an agreement and indemnity agreement (together, the "Contract"), whereby the Subcontractor would provide heating and air-conditioning services in connection with the Debtors' Traditions at Historic Southbury project in Southbury, Connecticut (the "Project"), and the Subcontractor agreed to procure a policy of general liability and excess umbrella policies and to name WCI, the parent corporation of Southbury, as an additional insured on both policies. The Debtors further maintain that the general liability and excess umbrella policies (collectively, the "Policies") that the Subcontractor purchased from the Insurer contained a restrictive additional insured endorsement which limited WCI's coverage to claims based on vicarious liability (the "Restrictive Covenant"), and, as a result, the Policies did not comply with the Contract.

On November 15, 2006, a sheet metal mechanic employed by the Subcontractor at the Project (the "Plaintiff"), commenced an action against WCI (the "Camp Action"), alleging that on March 7, 2005, he suffered bodily injury as a result of a fall from a ladder that had been placed at the Project site by one of WCI's employees. WCI notified the Insurer of the Camp Action and demanded that the Insurer provide coverage under the Policies and provide defense and indemnification to WCI in connection with the Camp Action. The Insurer responded that WCI did not qualify for coverage due to the Restrictive Covenant and, as a result, the Insurer would defend WCI under a reservation of rights but would not indemnify WCI.

Thereafter, WCI commenced an action against the Subcontractor and the Insurer (the "Declaratory Judgment Litigation" and, together with the Camp Action, the "Actions"), alleging that, due to the Restrictive Covenant, the Subcontractor breached its obligations under the Contract to provide insurance to WCI. WCI also sought to invalidate the Restrictive Covenant on the basis that it was not timely.

Ultimately, the Debtors agreed to resolve the Actions through mediation and attended a mediation session commencing on May 21, 2008 (the "Mediation Proceedings"). The Mediation Proceedings resulted in a settlement of the Actions (the "Settlement") whereby, among other things, (i) the Insurer agreed to pay \$250,000 to the Plaintiff in full satisfaction of the Plaintiff's claims, (ii) the parties to the Declaratory Judgment Litigation agreed to execute mutual releases resolving the Declaratory Judgment Litigation, (iii) WCI agreed to bear its own litigation costs in connection with the Actions, and (iv) WCI agreed to execute the Release because there was no need to continue to litigate the breach of contract and coverage issues raised by the Declaratory Judgment Litigation in light of the Insurer's agreement to pay \$250,000 to the Plaintiff.

By the Release, each Party releases the other Parties from all causes of action which may arise from (i) the Camp Action; (ii) any claim for indemnification made by any Party under the Policies, for the claims made in the Actions; and (iii) any claim in connection with the Insurer's investigation, adjustment and handling of any claim for indemnification for the Actions. The Release constitutes a full, complete and final settlement (according to the terms stated in the Release) of disputes and claims among the Parties relating to the Actions.