

Debtors' Motion for Contempt (the "Contempt Motion").

By the Contempt Motion, the Debtors seek entry of an order (i) holding Calogero Siracusa and Patricia J. Siracusa (together, the "Siracusas") in contempt of court for violation of the automatic stay imposed by Bankruptcy Code section 362; (ii) assessing appropriate sanctions for civil contempt; and (iii) permitting the Siracusas to cure the contempt by immediately withdrawing the Complaint with respect to the WCI Defendants (each as defined below).

On August 11, 2008 (seven days after the Debtors filed their chapter 11 cases (the "Chapter 11 Cases")), the Siracusas filed a complaint (the "Complaint") against Debtors WCI Towers Northeast USA, Inc. and WCI Communities, Inc. (together, the "WCI Defendants") and Stewart Title Guaranty Company (a non-Debtor) in the Superior Court of New Jersey (the "Siracusas Action"). The Complaint purports to commence an action against the WCI Defendants for declaratory relief regarding a contract (the "Contract") entered into prior to the filing of the Chapter 11 Cases between the WCI Defendants and the Siracusas for the purchase of a condominium in the Watermark Condominium Residences. Specifically, the Complaint seeks an order declaring the Contract null and void and directing that certain funds currently held in escrow be released to the Siracusas. The Debtors dispute the allegations in the Complaint.

According to the Contempt Motion, on September 9, 2008, the Debtors' attorneys sent a letter to the attorneys for the Siracusas (i) informing them of (a) the Chapter 11 Cases and (b) the attendant automatic stay that prevents the commencement and prosecution of the Siracusas Action and (ii) demanding immediate dismissal of the Complaint, and that, upon the failure to do so, the Debtors would seek to hold the Siracusas in contempt and collect sanctions. After further discussions between the parties, the Siracusas did not dismiss the Siracusas Action.

On or about October 16, 2008, the WCI Defendants filed a suggestion of stay in the Siracusas Action. As of the date of the Contempt Motion, the Siracusas have not dismissed the Complaint. As such, the Debtors seek to hold the Siracusas in contempt for willful and knowing violations of the automatic stay and seek, as damages, costs and fees incurred in connection with the filing of the Contempt Motion.