

**Debtors' Motion Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure for Entry of an Order Approving Termination Agreement by and Between WCI Communities, Inc. and Ned Chestnut Hill LLC (the "Termination Motion")**

By the Termination Motion, the Debtors seek entry of an order approving the termination agreement (the "Termination Agreement") between WCI Communities, Inc. ("WCI") and Ned Chestnut Hill LLC (the "Seller" and, together with WCI, the "Parties").

According to the Termination Motion, Seller owns approximately 12 acres of land in Chestnut Hill (Newton), Massachusetts (the "Property"). The Parties intended to develop a mixed use project on the Property consisting of approximately 350,000-500,000 gross square feet of residential condominium space (the "Residential Component"). Pursuant to the Purchase and Sale Agreement between the Parties, dated November 21, 2005 (as amended, the "Purchase Agreement"), WCI agreed to pay \$29,500,000 plus certain variable consideration described in the Purchase Agreement (the "Purchase Price") to purchase from the Seller the portions of the ground and the development rights, easements, and air rights over the portions of the Property on which the Residential Component was to be constructed, together with certain other appurtenant rights and easements (the "Property Rights"). Additionally, WCI provided the Seller with a \$2 million letter of credit as a deposit (the "Deposit").

In light of the Debtors' circumstances and the downturn in the real estate market, the Debtors assert that it would be in their estates' best interest to terminate the Purchase Agreement. After extensive negotiations, the Parties entered the Termination Agreement to resolve any potential disputes and claims related to the Purchase Agreement.

The following is a summary of the salient terms of the Termination Agreement:

- Effective Date. The Termination Agreement is conditioned upon and shall become effective upon the date of entry of an order by the Bankruptcy Court approving the Termination Agreement, as to which the time to appeal has expired, or, if a timely appeal has been taken, the date upon which such appeal is overruled or denied and not subject to further appeal (the "Effective Date"). The Termination Agreement shall be rendered null and void if the Effective Date has not occurred by December 31, 2008.
- Termination. As of the Effective Date, the Purchase Agreement shall be irrevocably terminated and rendered of no further force and effect, except for those provisions which by the terms thereof expressly survive the termination or expiration of the Purchase Agreement.
- Return of Deposit. Promptly following the Effective Date, Seller shall direct its escrow agent to return the Deposit to WCI.
- Mutual Release. The Parties, on behalf of themselves and certain of their affiliated parties, agree to release and discharge each other and certain of

their respective affiliated parties from all claims existing as of the Effective Date relating to the Purchase Agreement and/or the Property, excepting only those obligations which by the terms of the Purchase Agreement expressly survive its termination or expiration.