

Emergency Motion to Compel Rejection of Executory Contracts with Golden Hills Golf LLC and Castro Realty Holding LLC Pursuant to Bankruptcy Code Section 365 (the “Golden Hills Motion”).

By the Golden Hills Motion, Golden Hills Golf LLC (“Golden Hills”) and Castro Realty Holding LLC (“Castro,” together with Golden Hills, the “Movants”) seek (i) entry of an order rejecting (a) a management agreement between WCI and Golden Hills (as amended, the “Management Agreement”) requiring WCI Communities, Inc. (“WCI”) to manage and maintain the Golden Hills Golf and Turf Club (the “Club Facilities”) and (b) an option agreement between WCI and Castro (the “Option Agreement,” together with the Management Agreement, the “Agreements”) providing an option (the “Option”) for WCI to purchase certain undeveloped land in Marion County, Florida (the “Option Property”) from Castro, (ii) to compel the Debtors to cooperate in the immediate transition of the Club Facilities to Golden Hills, and (iii) to reserve the parties’ rights with respect to all claims against each other (collectively, the “Requested Relief”).

On March 20, 2006, WCI entered into the Management Agreement with Golden Hills and the Option Agreement with Castro. Pursuant to the Management Agreement, WCI agreed, among other things, (i) to operate and maintain the Club Facilities (the “Club Operations”) at WCI’s expense until February 28, 2010 (the “Termination Date”), (ii) to fund at least \$2 million for improvements to the Club Facilities (the “Capital Expenditures”) by March 20, 2010, and (iii) to fund certain renovations required as a result of casualty or condemnation (together with the Capital Expenditures, the “Expenditures”) until the Termination Date. Pursuant to the Option Agreement, WCI received the Option in exchange for (a) entering into the Management Agreement, (b) paying Castro \$100,000, and (c) becoming obligated to obtain certain regulatory approvals necessary to develop the Option Property. Pursuant to the Agreements, the cost of the Expenditures shall be applied against the Option purchase price or returned to WCI if the Option is not exercised. The Movants claim that (i) the Management Agreement entitles Golden Hills to seek collection of any actual damages resulting from WCI’s breach thereunder and (ii) if WCI fails to fund the Club Operations or the Expenditures, Castro is entitled to terminate the Option Agreement and seek \$1 million in liquidated damages thereunder.

The Movants allege that, after August 4, 2008 (the petition date), there were serious deficiencies in WCI’s performance of the Club Operations, including failure to pay vendors and employ necessary personnel. The Movants maintain that soon after they raised these concerns with WCI, the parties began negotiating towards a consensual rejection of the Agreements and the return of possession of the Club Facilities and their management to Golden Hills. On August 12, 2008, the Movants state that they delivered a term sheet for a proposed global resolution of the parties’ outstanding disputes. Despite several subsequent discussions, the parties have not been able to reach a resolution.

The Movants allege that WCI’s insufficient performance of the Club Operations has led, and will continue to lead, to the deterioration of the physical and financial condition of the Club Facilities, thereby harming both Golden Hills and the Debtors’ estates. The Movants maintain that the Requested Relief is necessary to allow Golden Hills to take over the Club Operations in order to preserve the Club Facilities’ value. In addition, the Movants believe the Requested

Relief is appropriate because the Debtors have made the business decision that the Agreements are burdensome and have no value to the Debtors' estates.

In separate correspondence to the Movants, WCI has claimed that the Movants materially breached the Agreements as a result of an improper transfer of cash from the operating account at the Club Facilities to the Movants' own accounts. Accordingly, WCI notified the Movants that WCI was excused from performance under the Agreements and was immediately suspending all such performance.

Because the Golden Hills Motion was filed on an emergency basis, a telephonic status conference was held on August 20, 2008 (the "Emergency Conference"). We appeared on behalf of the Committee at the Emergency Conference, where WCI agreed to manage the Club Operations in conformance with the Management Agreement and the parties agreed to adjourn discussion of the Golden Hills Motion until the hearing scheduled for September 10 (with a reservation of all of the parties' rights), so they could continue to negotiate towards a resolution of their outstanding disputes.