

Gulf Harbour Turnover Agreement Synopsis

This Synopsis has been prepared by the Turnover Committee and its representatives. Neither the Club nor WCI make any representations or warranties regarding the accuracy hereof. A complete copy of the Turnover Agreement is posted on the internet at www.gulfharbour.net, and the Members are encouraged to review the Turnover Agreement in its entirety. A complete copy of the Turnover Agreement is also available for review at the Club's Membership Director's office.**

1. The Turnover agreement must be approved by the Members as well as the Bankruptcy Court having jurisdiction over WCI's bankruptcy proceedings.
2. At Turnover, the Club will assume responsibility for all maintenance, vendor and service contracts held in the name of the Club. However, with respect to contracts held in the name of WCI, the Club will have the right to designate which contracts for which it will accept assignment.
3. The current Club staff are employees of WCI (not the Club). At Turnover, WCI will terminate these employees and selected staff will be hired directly by the Club, under terms and conditions determined by the post-turnover Board.
4. At Turnover, the current Management Agreement and Marketing Agreement (under which WCI has been operating the Club) will be terminated, since the Members will be assuming control of all Club operations.
5. At Turnover, the Club will pay WCI \$960,000 in return for WCI conveying 7 unsold Golf memberships to the Club and any remaining unsold Sports memberships (there are currently 304 unsold). [note: The \$960,000 was reduced from the \$1,000,000 due to the sale of 2 Golf memberships that WCI had in its inventory at the time of preliminary negotiations.]
6. At Turnover, the Club will reimburse WCI for inventory on hand, up to a maximum of \$100,000, plus the cost of maintenance supplies (estimated at \$10,000). The Club will also reimburse WCI for contract prepayments.
7. The following items will be prorated as of the Turnover date: (i) utility charges and deposits; (ii) property taxes or assessments; (iii) any rents, revenues, and certain accounts receivable and accounts payable; (iv) all wages and payroll taxes of employees; (v) any other accrued or prepaid operating expenses; (vi) all assignable license and permit fees; (vii) any prepayment of dues, fees or assessments.
8. At Turnover, WCI will assign to the Club all accounts receivable, including dues, that are more than 90 days past due and are not collected on or before the Turnover date.
9. WCI can designate up to 5 WCI employees or other designees and their families as temporary Golf members post Turnover. WCI's rights to these memberships will expire upon the initial sale of the last unsold property in Gulf Harbour or 3 years after Turnover, whichever occurs first. These terms are much more favorable than what is allowed in the current Membership Plan, which allows WCI to retain 20 of such memberships post Turnover. While these temporary members will not be required to pay dues, they will be required to pay for any services used.
10. As provided in the current Club Acquisition Agreement, the Club will be required to accept the Club Facilities in their "Where is, as is" condition without any meaningful WCI representations or warranties.

11. WCI will contribute \$5,000 towards the Club's new accounting software and will also contribute \$31,000 towards new computer and telephone equipment and services for the Club.
12. WCI will contribute \$50,000 to be used for designated Major Repair Items described in the Turnover Agreement. These items include repair of the Clubhouse terraces and replacing portions of an irrigation pump facility that serves the golf course.
13. A more "routine" club turnover agreement would typically contain extensive mutual indemnity provisions. However, due to complex bankruptcy regulations to which WCI is subject, such provisions have been excluded from the Turnover Agreement. WCI will not indemnify the Club at all, and the Club will not be required to indemnify WCI, except for a few specific matters identified in the Turnover Agreement. Since WCI has filed for bankruptcy, they are afforded significant protections from legal action and creditor claims.
14. The Club will assume responsibility for access to Eagle Perch Island, and will be responsible for any claims relating to access and/or use of Dock A and Eagle Perch Island by the Club and its members after Turnover. The Club will be required to continue to provide parking for members of the Gulf Harbour Marina Association in accordance with the existing Cross-Access Easement.
15. After Turnover, the Club will have the ability to amend the Membership Plan documents without first obtaining WCI approval.
16. The Club, as owner of Eagle Perch Island, will be responsible for monitoring and maintaining the island as required by the Department of Environmental Protection.
17. The Club will be required to cause John Teerling to dismiss the Teerling Litigation against all defendants, with prejudice, on or before the Turnover date.
18. Except as provided in the Turnover Agreement, the Club will be required to execute a general release in favor of WCI concerning any and all matters. The Turnover Committee requested a general release from WCI, and although WCI was initially amenable to providing such a release, WCI's bankruptcy counsel would not allow it.
19. After Turnover, the Club agrees not to take any legal action against WCI unless such claim arises out of a breach of the Turnover Agreement by WCI.
20. The obligations of WCI that survive Turnover are only as specifically enumerated in Section 11.8 of the Turnover Agreement. Most of WCI's obligations terminate at Turnover.

** It is important to understand the circumstances under which the proposed Turnover is occurring. Due to its bankruptcy, WCI is afforded special protections from its creditors, as well as certain rights and protections with respect to contractual obligations, existing and contingent liabilities. Consequently, the Club's rights and remedies against WCI are limited in many circumstances (from a legal as well as practical standpoint). In addition to retaining general counsel in the turnover negotiations, the Turnover Committee retained special bankruptcy counsel to analyze and explain the ramifications of WCI's bankruptcy, its effect on the pending Turnover, and to ensure that an educated negotiation took place. Many of the terms and conditions set forth in the Turnover Agreement are unique, when compared to a more traditional turnover that is not effected by a bankruptcy proceeding. However, due to the fact that this Synopsis is not confidential, the legal analysis, advice and reasoning that the Turnover Committee obtained and relied upon is not set forth herein. Members are encouraged to contact Don Shapiro to obtain a greater explanation of these matters.