

LANDOWNER CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is executed and delivered by Lennar Homes of California, Inc., a California corporation (the “**Landowner**”), in connection with the issuance of \$[principal amount] aggregate principal amount of the Community Facilities District No. 2006-1 of the City of Merced (Moraga of Merced) 2019 Special Tax Refunding Bonds (the “**Bonds**”). The Bonds are being issued under the Fiscal Agent Agreement, dated as of December 1, 2019 (the “**Fiscal Agent Agreement**”), by and between Community Facilities District No. 2006-1 (Moraga of Merced) of the City of Merced (the “**District**”) and MFUG Union Bank, N.A. The Landowner covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Landowner for the benefit of the Owners.

Section 2. Definitions. In addition to the definitions set forth in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Affiliate**” of another Person means any other Person directly or indirectly controlling, controlled by, or under common control with, such other Person; for purposes hereof, “**control**”, “**controlling**” and “**controlled**” means the power to direct the management and policies of a Person, directly, or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“**Assumption Agreement**” means an undertaking of a Major Owner, or an Affiliate thereof (as applicable), for the benefit of the Owners of the Bonds to assume the obligations of “Landowner” under this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the portion of the property in the District owned by such Major Owner and/or its Affiliates), whereby such Major Owner or Affiliate agrees to provide semi-annual reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in the District owned by such Major Owner and/or its Affiliates.

“**Development Plan**” means, with respect to a Major Owner, the specific improvements such Major Owner intends to make, or cause to be made, in order for such Major Owner’s Property to be fully developed, the time frame in which such improvements are intended to be made and the estimated costs of such improvements. Given previous disclosure by the Landowner in the Official Statement, the Landowner’s Development Plan set forth in the Official Statement will be updated in the Semi-Annual Report.

“**Dissemination Agent**” means any dissemination agent designated in writing by the Landowner and which has filed with the Landowner and the District a written acceptance of such designation.

“**District**” means Community Facilities District No. 2006-1 (Moraga of Merced) of the City of Merced.

“**Financing Plan**” means, with respect to a Major Owner, the method by which such Major Owner intends to finance its Development Plan, including specific sources of funding for such Development Plan. Given previous disclosure by the Landowner in the Official Statement, the Landowner’s Financing Plan set forth in the Official Statement will be updated in each Semi-Annual Report.

“**Listed Events**” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“Major Owner” means, as of any date, an owner (including all Affiliates of such owner that own land within the District) of land in the District responsible in the aggregate for 10% or more of the annual Special Taxes levied in the District.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement relating to the Bonds dated November __, 2019.

“Owner” shall mean the person in whose name any Bonds shall be registered.

“Participating Underwriter” means Brandis Tallman LLC, the original underwriter of the Bonds.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Property” means, at the time of inquiry, all real property within the District on which Special Taxes have been levied by the District then-owned by (i) Landowner and its Affiliates that are not subject to a separate continuing disclosure agreement and (ii) property conveyed from the Landowner to a Major Owner for which an Assumption Agreement was not executed. For avoidance of doubt, any parcel that is exempt from the Special Taxes shall not be considered Property for purposes of this Disclosure Certificate.

“Report Date” means September 30 and March 31 of each year, commencing March 31, 2020.

“Semi-Annual Report” means any Semi-Annual Report provided by the Landowner or Major Owner, as applicable, pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Special Taxes” means the special taxes to be levied within the District pursuant to the Fiscal Agent Agreement.

Section 3. Provision of Semi-Annual Reports.

(a) Until the obligations of the Landowner provided in this Disclosure Certificate terminate in accordance with Section 6 below, Landowner shall, or shall cause the Dissemination Agent (if any) to, not later than each Report Date, commencing with the Semi-Annual Report due no later than March 31, 2020, provide to the MSRB a Semi-Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If, in any year, a Report Date falls on a Saturday, Sunday, or a holiday, such deadline shall be extended to the next following day that is not a Saturday, Sunday, or holiday.

(b) Not later than fifteen (15) calendar days prior to the date specified in subsection (a) of this Section for the providing of the Semi-Annual Report to the MSRB, Landowner shall provide the Semi-Annual Report to the Dissemination Agent (if any) or shall provide notification to the Dissemination

Agent that the Landowner is preparing, or causing to be prepared, the Semi-Annual Report and the date which the Semi-Annual Report is expected to be available. If by such date, the Dissemination Agent has not received a copy of the Semi-Annual Report or notification from the Landowner that the Landowner intends to file the Semi-Annual Report, the Dissemination Agent shall contact the Landowner to determine if the Landowner is in compliance with the first sentence of this subsection (b). Neither the Dissemination Agent nor the District shall have any duty or obligation to review such Semi-Annual Report. The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement.

(c) If the Landowner does not provide, or cause the Dissemination Agent to provide, a Semi-Annual Report to the MSRB by the Report Date as required in subsection (a) above, the Landowner or the Dissemination Agent (if any) shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall, (i) provide each Semi-Annual Report received by it to the MSRB, as provided herein, and (ii) to the extent the Semi-Annual Report has been furnished to it, file a report with the Landowner (if the Dissemination Agent is other than the Landowner), the District and the Participating Underwriter certifying that the Semi-Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. Content of Semi-Annual Reports. (a) The Landowner's Semi-Annual Report shall contain or incorporate by reference the following:

(i) An update to the development status for the Property since the date of the Official Statement (for the first Semi-Annual Report) and from the date of the last Semi-Annual Report (for all other Semi-Annual Reports), including:

(A) number of lots owned by the Landowner,

(B) if applicable, progress of construction activities on the Property, including number of building permits pulled, and

(C) if applicable, number of lots sold by the Landowner to homeowners as of the end of the applicable reporting period.

(ii) Any material change in the description of the Landowner since the date of the Official Statement (for the first Semi-Annual Report) and from the date of the last Semi-Annual Report (for all other Semi-Annual Reports).

(iii) If applicable, a description of any change in the legal structure of the Landowner and/or the financial condition of the Landowner that would materially interfere with its ability to pay its special taxes prior to delinquency, or to complete its Development Plan, if any.

(iv) If applicable, a description of any material changes in the Development Plan, if any, including any significant amendments to land use or development entitlements.

(v) If applicable, an update on the status of any previously reported Listed Event.

(vi) A statement as to whether or not the Landowner is current on all special taxes levied on the property owned by the Landowner within the Community Facilities District, and if

the Landowner is delinquent in the payment of such special taxes, a statement identifying each entity that is so delinquent, specifying the amount of each such delinquency and describing any plans to resolve such delinquency.

(vii) If applicable, an update in the Financing Plan, if any, and description of any material changes thereto and the causes or rationale for such changes.

(b) In addition to any of the information expressly required to be provided under the preceding paragraph (a), the Landowner shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading. Major Owners that are Affiliates of each other may file a single Semi-Annual Report covering all such entities. Any or all of the items listed above may be included by specific reference to other documents that have been made available to the public on the MSRB's website or through the Securities and Exchange Commission's EDGAR database. The Developer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Until the obligations of the Landowner provided in this Disclosure Certificate terminate in accordance with Section 6 below, pursuant to the provisions of this Section 5, the Landowner shall give, or cause to be given, notice of the occurrence of any of the following events, if material to the ability of the Landowner to pay the Special Taxes prior to delinquency:

(1) bankruptcy or insolvency proceedings commenced by or against Landowner or a partner or Affiliate thereof that would materially interfere with its ability to complete the Development Plan or to pay its special taxes (to the extent the responsibility of the Landowner) prior to delinquency;

(2) failure by the Landowner to pay any taxes, special taxes or assessments with respect to the Property (to the extent the responsibility of the Landowner) prior to delinquency;

(3) filing of a lawsuit against Landowner or Affiliate thereof seeking damages, or a judgment in a lawsuit against Landowner or Affiliate thereof, which could have a significant impact on the Landowner's ability to pay Special Taxes or to sell or develop the Property;

(4) any conveyance by the Landowner of any portion of the Property to an entity that is not an Affiliate of such Landowner, the result of which conveyance is to cause the transferee to become a Major Owner;

(5) any denial or termination of credit, any denial or termination of, or default under, any line of credit or loan, or any other loss of a source of funds that could have a material adverse effect on the Landowner's most recently disclosed Financing Plan for the Property or the ability of the Landowner to pay special taxes due with respect to the Property (to the extent the responsibility of the Landowner) prior to delinquency.

(6) any significant amendments to the land use entitlements for the Property;

(7) any previously undisclosed governmentally-imposed preconditions to commencement or continuation of development on the Property.

(8) any previously undisclosed legislative, administrative or judicial challenges to development on the Property; and

(9) the assumption of any obligation by a Major Owner another Person making them a Major Owner.

(b) Whenever Landowner obtains knowledge of the occurrence of a Listed Event, the Landowner shall as soon as possible determine if such event would be material to the ability of the Landowner to pay the Special Taxes prior to delinquency.

(c) If the Landowner has determined that the occurrence of a Listed Event would be material to the ability of the Landowner to pay the Special Taxes prior to delinquency, the Landowner shall, or shall cause the Dissemination Agent (if any) to, within ten (10) Business Days of obtaining actual knowledge of the occurrence of a Listed Event, or as soon as reasonably practicable thereafter, file a notice of such occurrence with the MSRB.

Section 6. Assumption of Obligations and Termination of Reporting Obligation.

(a) If a portion of the Property owned by the Landowner, or any Affiliate of the Landowner, is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of the Landowner hereunder with respect to the Property conveyed to such Person may be assumed by such Major Owner or by an Affiliate thereof and the Landowner's obligations hereunder with respect to the portion of the Property conveyed to such Major Owner will be terminated after the execution of the Assumption Agreement. In order to effect such assumption, such Major Owner or Affiliate shall enter into an Assumption Agreement with such Person.

(b) The Landowner's obligations under this Disclosure Certificate shall terminate upon the earliest to occur of (i) the date on which (A) the Landowner is no longer a Major Owner, and (B) the Landowner no longer has any obligations under this Disclosure Certificate with respect to any other Major Owner as a result of such obligations having not been assumed under one or more Assumption Agreements entered into pursuant to (a) above, or (ii) the date on which all of the Bonds have been legally defeased, redeemed, or paid in full. The Landowner's obligations under this Disclosure Certificate with respect to a Major Owner that did not enter into an Assumption Agreement shall terminate upon the earliest to occur of (x) the date on which such Major Owner is no longer a Major Owner, as defined herein, or (y) the date on which the Landowner's obligation with respect to such Major Owner are assumed under an Assumption Agreement entered into pursuant to (a) above; provided, however, that upon the occurrence of any of the events described in clauses (x) or (y), the Landowner's obligations hereunder with respect to each other Major Owner, if any, shall remain in full force and effect. If such termination occurs prior to the final maturity of the Bonds, the Landowner shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Landowner may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Landowner pursuant to this Disclosure Certificate. All compensation of the Dissemination Agent shall be paid by the District. The Dissemination Agent may resign by providing thirty days written notice to the Landowner. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Landowner in a timely manner and in a form suitable for filing.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Landowner may amend this Disclosure Certificate (and the Dissemination Agent, if any, shall agree to any amendment so requested by the Landowner) provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (1) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Landowner with respect to the Bonds, or the type of business conducted; and
- (2) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Landowner shall describe such amendment in the next Semi-Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Landowner.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Landowner from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Semi-Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Landowner chooses to include any information in any Semi-Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Landowner shall have no obligation under this Disclosure Certificate to update such information or include it in any future Semi-Annual Report or notice of occurrence of a Listed Event.

Section 10. Filings with the MSRB. Any reports or filing with the MSRB in accordance with this Disclosure Certificate shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 11. Default. In the event of a failure of the Landowner or the Dissemination Agent (if any) to comply with any provision of this Disclosure Certificate, the Dissemination Agent (if any), at the request of the Owners of at least 25% of the aggregate principal amount of the outstanding Bonds, shall (but only to the extent funds in any amount satisfactory to the Dissemination Agent have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges whatsoever related thereto, including without limitation, fees and expenses of its attorneys), or any Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Landowner to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Fiscal Agent Agreement and the sole remedy under this Disclosure Certificate in the event of any failure of the Landowner or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Notices. Any notice or other communication to be given pursuant to this Disclosure Certificate (including Semi-Annual Reports and certifications related thereto) may be given by mail,

unsecured email with an imaged or scanned attachment (such as a .pdf), or fax machine or other similar electronic transmission, with confirmation of receipt of such transmission, to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

To the District: Community Facilities District No. 2006-1 (Moraga of Merced) of
the City of Merced
678 West 18th Street,
Merced, California 95340
Attention: Finance Officer
Email: rodriguezv@cityofmerced.org

To the Landowner: Lennar Homes of California, Inc.
8080 N. Palm Avenue, Suite 110
Fresno, CA 93711
Attn: Project Manager
Email: bill.walls@lennar.com
Email: darryl.denius@lennar.com

To the Participating Underwriter: Brandis Tallman LLC
22 Battery Street, Suite 500
San Francisco, CA 94111
Email: rbrandis@brandistallman.com
Email: ntallman@brandistallman.com

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Landowner, the Participating Underwriter and Owners, from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: December _____, 2019

LENNAR HOMES OF CALIFORNIA, INC.
A California corporation

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE SEMI-ANNUAL REPORT

Name of Issuer: City of Merced

Name of Bond Issue: Community Facilities District No. 2006-1 (Moraga of Merced) 2019
Special Tax Refunding Bonds

Date of Issuance: December __, 2019

NOTICE IS HEREBY GIVEN that Lennar Homes of California, Inc., a California corporation (the “**Landowner**”), has not provided a Semi-Annual Report with respect to the above-named Bonds as required by the Landowner Continuing Disclosure Certificate, dated December __, 2019, with respect to the Bonds. [The Landowner anticipates that the Semi-Annual Report will be filed by _____.]

Dated: _____

LENNAR HOMES OF CALIFORNIA, INC.
A California corporation

By: _____

Name: _____

Title: _____

cc: District
Participating Underwriter