

LETTER AGREEMENT

This letter agreement ("Letter Agreement") among North County Advocates ("NCA"), Lennar Homes of California, Inc. ("Lennar") and the City of Carlsbad ("City"), collectively referred to herein as the "Parties," concerns the attorneys' fees and costs claimed by NCA in connection with its pending lawsuit against the City, entitled *North County Advocates v. City of Carlsbad*, San Diego Superior Court Case No. 37-2015-00035458-CU-WM-NC ("Lawsuit"), the pending administrative proceedings concerning Lennar's application for certification of a Final Environmental Impact Report ("Final EIR") and approval of the land use entitlements necessary to proceed with a proposed development referred to as the "Poinsettia 61 Project," and the negotiations and other activities relating to the Settlement Agreement and Settlement and Community Benefit Agreement described in the following paragraph of this Letter Agreement.

This Letter Agreement is entered into in anticipation of the City's certification of the Final EIR and approval of the Poinsettia 61 Project and the Parties' approval of the Settlement Agreement between NCA and the City concerning the Lawsuit, dated March 14, 2017, and the Settlement and Community Benefit Agreement among NCA, Lennar, the City and others concerning the Poinsettia 61 Project, dated March 14, 2017. Therefore, this Letter Agreement shall terminate and be of no force and effect if the City exercises its discretion not to approve the Poinsettia 61 Project in substantially the same form as described in the Final EIR, or if any of the parties to the Settlement Agreement or the Settlement and Community Benefit Agreement exercise their discretion not to execute and approve either or both of said agreements.

Subject to the foregoing, the Parties to this Letter Agreement agree as follows:

1. Within five (5) business days after NCA delivers the request for dismissal of the Lawsuit to the City pursuant to section 3.1 of the Settlement Agreement between them, the City and Lennar shall pay the total amount of Seventy-Seven Thousand, Five Hundred Dollars (\$77,500.00) to NCA as follows: the City shall pay to NCA the amount of Forty-Two Thousand Five Hundred Dollars (\$42,500.00); and Lennar shall pay to NCA the amount of Thirty-Five Thousand Dollars (\$35,000.00). Said payments shall be made to NCA by delivering checks in said total amount to NCA's counsel of record, Delano & Delano, made payable to "Client Trust Account."
2. The payment required by section 1 of this Letter Agreement shall constitute payment in full satisfaction of any and all attorneys' fees, costs and other expenses claimed by NCA and its officers, directors, members, attorneys and all other persons acting by or on its behalf, or which could have been claimed by NCA and its officers, directors, members, attorneys and all other persons acting by or on its behalf, arising out of or relating to the Lawsuit, including without limitation the Interim Agreement between NCA and the City, and/or the Poinsettia 61 Project. Except for the payment required by section 1 of this Letter Agreement, the Parties hereto shall bear their own attorneys' fees, costs and other expenses arising out of or relating to the Lawsuit, the Poinsettia 61 Project, and the Settlement Agreement and Settlement and Community Benefit Agreement.
3. Except as provided in section 8.6 of the Settlement Agreement and section 9.6 of the Settlement and Community Benefit Agreement, upon payment of the amount required by section 1 of this Letter Agreement, the City and NCA, on behalf of their officers, directors, members, attorneys, elected and appointed officials, employees, representatives and all other persons acting by or on their behalf, do hereby fully and forever release, acquit, and discharge each other, together with their officers, directors, members, attorneys, elected and appointed officials, employees, representatives and all other persons acting by or on their behalf, from any and all claims or demands for costs, attorneys' fees and other expenses, whether known or unknown, which they have or

may have against each other arising out of or relating to the Lawsuit, the Interim Agreement and the Poinsettia 61 Project.

4. Except as provided in section 8.6 of the Settlement Agreement and section 9.6 of the Settlement and Community Benefit Agreement, upon payment of the amount required by section 1 of this Letter Agreement, Lennar and NCA, on behalf of their officers, directors, members, attorneys, shareholders, employees, representatives and all other persons acting by or on their behalf, do hereby fully and forever release, acquit, and discharge each other, together with their officers, directors, members, attorneys, shareholders, employees, representatives and all other persons acting by or on their behalf, from any and all claims or demands for costs, attorneys' fees and other expenses, whether known or unknown, which they have or may have against each other arising out of or relating to the Poinsettia 61 Project.

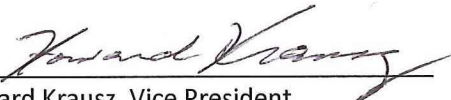
5. This Letter Agreement may be executed in one or more counterparts and, when executed by each of the Parties signatory hereto, said counterparts shall constitute a single valid Letter Agreement even though one or more of the signatory Parties may have executed separate counterparts hereof.

6. Each the Parties to this Letter Agreement represents and warrants that it has authorized the person identified below to obligate the party on whose behalf it is signing and that no further action or authorization is necessary to execute this Letter Agreement on behalf of such party or its members.

IT IS SO AGREED.

Dated: March 14, 2017

NORTH COUNTY ADVOCATES

By: 
Howard Krausz, Vice President

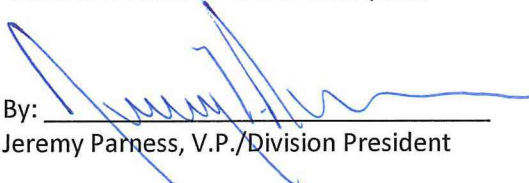
Dated: March 14, 2017

CITY OF CARLSBAD

By: 
Matt Hall, Mayor

Dated: March 14, 2017

LENNAR HOMES OF CALIFORNIA, INC.

By: 
Jeremy Parness, V.P./Division President