



March 20, 2007

Dear Members of the Board of Supervisors and the Redevelopment Agency:

We are writing to update you on dust and naturally occurring asbestos at Hunters Point Shipyard.

Both last year and this year, we have made regular public presentations before the Redevelopment Agency Board and Bayview Hunters Point community regarding dust and naturally occurring asbestos during the earthmoving phase of the redevelopment of the Shipyard.

We want to continue to communicate the progress we are making at the Shipyard in developing the property and in enhancing dust and asbestos controls during the grading of Parcel A.

We will continue to ensure the contractors and subcontractors doing the earthmoving work understand the importance of this issue and are taking the appropriate steps to comply with precautions.

You may have read this Sunday's San Francisco Chronicle and this past week's San Francisco Bay Guardian stories regarding dust and asbestos. The news reports contain a number of errors, inaccuracies and misinformation. Without delving into each one, the reality is far different from what was printed in the Guardian and the Chronicle.

We want you to know the bottom line: we take the issue seriously and we have taken measures to ensure that our contractors and subcontractors understand that the regulatory guidelines and mechanisms must be followed and that there should be no more violations of the guidelines, and, if for some reason there is, that there are severe serious consequences for failure to do so.

We have worked closely with the City's Department of Public Health, California Environmental Protection Agency, the Regional Water Quality Control Board, the Bay Area Air Quality Management District and other regulatory agencies to make sure that we are working diligently to protect the health and safety of the Bayview Hunters Point community. Lennar is committed to operating responsibly, continually incorporating best community and environmental practices into our everyday business practices.

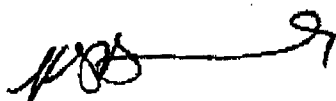
Specifically, we have worked closely with the San Francisco Public Health Department to make certain that we take the appropriate steps to protect the public's health. In a December 1, 2006, letter from Mitch Katz, San Francisco Director of Health, he writes to the Redevelopment Agency that "I want to assure you that I believe that regulatory mechanisms currently in place for Shipyard Redevelopment are appropriate and adequate to protect the public from potential environmental hazards."

Since the beginning, Lennar has openly informed the community of our construction operations and any related issues. We have held a series of dust workshops, issued regular mailings and notices, made available a 24-hour hotline in the event of community questions or concerns, and participated in public meetings in the community and with the Redevelopment Commission

When issues, such as those involving dust and asbestos during grading of the site, did arise we have been both responsive and transparent. Lennar has gone to great lengths to meet the needs and to protect the health and safety of members of the community.

Below we have included a chart that shows the chronology of events at the Shipyard as it relates to dust and asbestos. We hope this clarifies any questions or concerns that you may have. If you have any additional questions, please feel free to contact me directly.

Regards,



Kofi Bonner
Division President

Background:

In October 2004, federal and state environmental agencies, including the U.S. Environmental Protection Agency, Department of Toxic Substances Control and Regional Water Quality Control Board, formally concurred with the Navy's assessment that it is safe to develop Parcel A of Hunters Point Shipyard for residential use. Lennar has partnered with these agencies, in addition to all other relevant environmental health and safety authorities, to govern our operations at the site.

Throughout this process, Lennar has openly informed the community of our construction operations. We have held a series of community workshops, issued regular mailings and notices, and made available a 24-hour hotline in the event of community questions or concerns. When such issues do arise, we have been both responsive and transparent, as documented below.

Chronology:

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| April 2005 | San Francisco Department of Public Health (SFDPH) approves Lennar's Dust Control Plan |
| October 2005 | Bay Area Air Quality Management District (BAAQMD) approves Lennar's Asbestos Dust Mitigation Plan ¹ |
| April 25, 2006 | Lennar begins significant earthmoving |

¹ As required in its Asbestos Dust Mitigation Plan, Lennar has shut down the operations of its grading contractor in response to levels of asbestos at or above the mandatory shut down level. As the San Francisco Redevelopment Agency has acknowledged, "[t]hese shut downs therefore provide additional protection against airborne asbestos exposures in the neighborhood. In all cases, grading operations have only resumed when air-monitoring results for asbestos reached levels deemed acceptable by the BAAQMD." Informational Memorandum from Marcia Reisen, executive director, San Francisco Redevelopment Agency to Agency Commissioners, dated December 1, 2006.