

FUNDAMENTAL CHANGE COMPANY NOTICE, NOTICE OF RIGHT TO CONVERT, NOTICE OF ENTRY INTO SUPPLEMENTAL INDENTURE AND OFFER TO REPURCHASE

AV HOMES, INC.

**TO THE HOLDERS OF
AV HOMES, INC.**

6.00% CONVERTIBLE SENIOR NOTES DUE 2020 (CUSIP No. 00234P AG7)

THE OFFER TO REPURCHASE WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON OCTOBER 31, 2018, UNLESS EXTENDED (SUCH TIME AND DATE, AS THE SAME MAY BE EXTENDED, THE “EXPIRATION DATE”). TENDERS OF NOTES MAY BE VALIDLY WITHDRAWN (IN WHOLE OR IN PART) AT ANY TIME PRIOR TO THE EXPIRATION DATE.

NOTICE IS HEREBY GIVEN that on October 2, 2018, pursuant to that certain Agreement and Plan of Merger, dated as of June 7, 2018 (as amended, supplemented or otherwise modified, the “*Merger Agreement*”), by and among Taylor Morrison Home Corporation, a Delaware corporation (“*Parent*”), Taylor Morrison Communities, Inc., a Delaware corporation and an indirect subsidiary of Parent (“*Intermediate Parent*”), Thor Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of Intermediate Parent (“*Merger Sub*”), and AV Homes, Inc., a Delaware corporation (“*AV Homes*” or the “*Company*”), Merger Sub merged with and into the Company (the “*Merger*”), with the Company continuing as the surviving corporation and a wholly owned subsidiary of Intermediate Parent, and each issued and outstanding share of common stock, par value \$1.00 per share (the “*Common Stock*”), of AV Homes (other than certain shares as set forth in the Merger Agreement) of AV Homes was converted into the right to receive (A) 0.9793 validly issued, fully paid and nonassessable shares of Class A common stock, \$0.00001 par value per share, of Taylor Morrison (“*Taylor Morrison Common Stock*”), pursuant to applicable election procedures (subject to pro ration as described in the Merger Agreement); (B) \$21.50 in cash, without any interest thereon, pursuant to applicable election procedures (subject to pro ration as described in the Merger Agreement); or (C) \$12.64 in cash, without any interest thereon, and 0.4034 validly issued, fully paid and nonassessable shares of Taylor Morrison Common Stock. Holders of a plurality of the Common Stock elected to receive \$21.50 per share (the “*Plurality Elected Per Share Merger Consideration*”). As a result of the consummation of the Merger, a Fundamental Change and a Non-Stock Change of Control, each as defined in the Third Supplemental Indenture, dated as of June 23, 2015 (the “*Third Supplemental Indenture*”), which supplements the Indenture, dated as of February 4, 2011 (the “*Base Indenture*” and the Base Indenture as supplemented by the Third Supplemental Indenture, the Fourth Supplemental Indenture, dated as of July 17, 2015, among the Company, the guaranteeing subsidiary party thereto and the Trustee, the Fifth Supplemental Indenture, dated as of December 29, 2016, among the Company, the guaranteeing subsidiary party thereto and the Trustee, the Sixth Supplemental Indenture, dated as of January 11, 2018, among the Company, the guaranteeing subsidiary party thereto and the Trustee, the “*Original Indenture*”), as further supplemented by the Seventh Supplemental Indenture, dated as of October 2, 2018 (the “*Seventh Supplemental Indenture*” and the Original Indenture as further supplemented by the Seventh Supplemental Indenture, the “*Indenture*”), governing the Company’s 6.00% Convertible Senior Notes due 2020 (the “*Notes*”), occurred on October 2, 2018, and accordingly, each Holder has the Fundamental Change Repurchase Right and conversion rights described below.

NOTICE IS HEREBY GIVEN that pursuant to Section 8.01 of the Third Supplemental Indenture and in connection with the Fundamental Change, (i) the Company hereby specifies that October 31, 2018 as the Fundamental Change Repurchase Date (as the same may be extended, the “*Fundamental Change Repurchase Date*”) for purposes of Section 8.01 of the Third Supplemental Indenture, and (ii) each holder of the Notes (each, a “*Holder*”) has the right (the “*Fundamental Change Repurchase Right*”), at the Holder’s option, to require the Company to repurchase for cash all of such Holder’s Notes, or any portion thereof that is equal to \$1,000 or an integral multiple thereof, in accordance with the terms and conditions of the Indenture and the Notes, on the Business Day following the Fundamental Change Repurchase Date at a repurchase price (the “*Fundamental Change Repurchase Price*”) to be paid by the Company for Notes validly tendered and not validly withdrawn that is equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest thereon up to, but excluding, the Fundamental Change Repurchase Date.

The Fundamental Change Repurchase Date is not an Interest Payment Date (as defined herein) under the terms of the Indenture. Accordingly, interest accrued and unpaid up to, but excluding, the Fundamental Change Repurchase Date will be paid to the Holders tendering their Notes for purchase on the Fundamental Change Repurchase Date. We expect there will be accrued and unpaid interest due as part of the Fundamental Change Repurchase Price equal to \$20.00 per \$1,000 principal amount of the Notes tendered for purchase.

The Trustee has informed the Company that, as of the date of this Notice, all custodians and beneficial holders of the Notes hold the Notes through accounts with The Depository Trust Company (“DTC”). Accordingly, all Notes tendered for purchase or surrendered for conversion must be delivered through the transmittal procedures of DTC’s Automated Tender Offer Program (“ATOP”), subject to the terms and conditions of that system.

To exercise your Fundamental Change Repurchase Right to have the Company repurchase your Notes and to receive payment of the Fundamental Change Repurchase Price, you must validly deliver your Notes through DTC’s transmittal procedures, in each case, prior to 5:00 p.m., New York City time, on the Expiration Date. Notes tendered for repurchase may be withdrawn by the Holders of such Notes at any time prior to 5:00 p.m., New York City time, on the Expiration Date. The right of Holders to tender Notes for repurchase pursuant to the Fundamental Change Repurchase Right expires at 5:00 p.m., New York City time, on the Expiration Date.

**Alternative to the Fundamental Change Repurchase Right:
You May Elect to Convert the Notes**

If you do not exercise your Fundamental Change Repurchase Right in accordance with the terms of this Notice, you will retain the conversion rights associated with your Notes under the Indenture.

Pursuant to the Original Indenture, the Conversion Rate for the Notes is 50.200800 shares of Common Stock for each \$1,000 principal amount of the Notes. Holders electing to convert their Notes in connection with the Non-Stock Change of Control are entitled to the Additional Shares (as defined in the Third Supplemental Indenture) of 5.015004 shares of Common Stock as described in Section 7.01(b) of the Third Supplemental Indenture. Accordingly, for conversion of Notes made in connection with the Non-Stock Change of Control, each \$1,000 principal amount of the Notes is convertible into approximately \$1,187.14, which is equal to the Conversion Rate (50.200800) plus the Additional Shares (5.015004), multiplied by the Plurality Elected Per Share Merger Consideration (\$21.50 per share). For the avoidance of doubt, Holders who choose to convert their Notes will receive only cash and will not receive any shares of Common Stock upon conversion.

Holders of Notes currently have the right to convert their Notes at any time prior to 5:00 p.m., New York City time, on June 29, 2020. Conversion of Notes will be deemed to be “in connection with” the Non-Stock Change of Control only if the appropriate instruction form is delivered pursuant to DTC’s book-entry conversion program to Wilmington Trust, National Association, as conversion agent (the “*Conversion Agent*”), from, and including, the effective date of the Merger up to, and including (but prior to 5:00 p.m., New York City time, on), the Business Day (as defined in the Indenture) immediately prior to the Fundamental Change Repurchase Date. If the appropriate instruction form is not delivered pursuant to DTC’s book-entry conversion program to the Conversion Agent by the Business Day immediately prior to the Fundamental Change Repurchase Date, Holders will not be eligible to receive the Additional Shares upon conversion.

In order to be eligible to receive the Additional Shares upon conversion, a Holder must deliver the appropriate instruction form pursuant to DTC’s book-entry conversion program to the Conversion Agent no later than 5:00 p.m., New York City time, on the Business Day immediately prior to the Fundamental Change Repurchase Date. If a Holder fails to deliver the appropriate instruction form to the Conversion Agent through DTC’s book-entry conversion program by such date and time, any later conversion will not be “in connection” with the Non-Stock Change of Control and such Holder would not be eligible to receive the Additional Shares or any payment in respect thereof.

A Holder may not deliver the appropriate instruction form pursuant to DTC’s book-entry conversion program to the Conversion Agent to convert its Notes if such Holder has also delivered a Fundamental Change Repurchase Notice that has not been validly withdrawn.

NOTICE IS HEREBY GIVEN, pursuant to Section 7.06(b) of the Third Supplemental Indenture and in connection with the Merger, that the Company has executed with the Trustee and entered into the Seventh Supplemental Indenture providing that, at and after the effective time of the Merger, the right to convert each \$1,000 principal amount of Notes shall be changed into a right to convert such principal amount of Notes into \$21.50 in cash multiplied by the Conversion Rate (subject to increase for the Additional Shares). Accordingly, subject to and upon compliance with the provisions of the Original Indenture, for all conversions for which the relevant Conversion Date occurs from and after the effective time of the Merger, the consideration due upon conversion of each \$1,000 principal amount of Notes shall be solely cash in an amount equal to the Conversion Rate in effect on the Conversion Date (as may be increased by the Additional Shares pursuant to Section 7.01(b) of the Original Indenture, if applicable), multiplied by the Plurality Elected Per Share Merger Consideration. For the avoidance of doubt, Holders who choose to convert their Notes will receive only cash and will not receive any shares of Common Stock upon conversion.

This notice will also constitute notice under any other section of the Original Indenture, to the extent notice is required under such section and this notice satisfies such requirements.

The value that you will receive if you validly exercise the Fundamental Change Repurchase Right is substantially less than the funds that you will receive if you convert your Notes in connection with the Non-Stock Change of Control. You should review this Notice carefully and consult with your own financial and tax advisors. You must make your own decision as to whether or not to surrender your Notes for repurchase or to exercise your conversion rights (if at all) and, if you choose to exercise either of these rights, the amount of Notes to surrender or convert. Neither the Company nor the Parent or any of their respective affiliates, or any of its or their respective boards of directors, employees, advisors or representatives, or Wilmington Trust, National Association, in its role as Trustee, Paying Agent and Conversion Agent, is making any representation or recommendation to any Holder as to whether or not to surrender or convert that Holder's Notes.

The Trustee is:

Regular Mail, Hand or Air Courier:
Wilmington Trust, National Association
50 S. 6th Street, Suite 1290
Minneapolis, MN 55402
Attention: AV Homes, Inc. Administrator

By Facsimile Transmission:

612-217-5651

Or

By Facsimile Transmission:

612-217-5651

The Paying Agent and Conversion Agent is:

Regular Mail, Hand or Air Courier:
Wilmington Trust, National Association
1100 North Market Street
Wilmington, DE 19801
Attention: Robert V. Rago, Jr.

Email: DTC@WilmingtonTrust.com

Telephone: 302-636-6470

The date of this Notice is October 2, 2018

No person has been authorized to give any information or to make any representations other than those contained in this Notice and, if given or made, such information or representations must not be relied upon as having been authorized. This Notice does not constitute an offer to buy or the solicitation of an offer to sell Notes in any circumstances or jurisdiction in which such offer or solicitation is unlawful. The delivery of this Notice shall not under any circumstances create any implication that the information contained in this Notice is current as of any time subsequent to the date of such information. Neither the Company nor the Parent or any of their respective affiliates, or any of its or their respective boards of directors, employees, advisors or representatives, or Wilmington Trust, National Association, in its role as Trustee, Paying Agent and Conversion Agent, is making any representation or recommendation to any Holder as to whether or not to surrender or convert (if at all) such Holder's Notes. You should consult your own financial and tax advisors and must make your own decision as to whether or not to surrender your Notes for repurchase or to exercise your conversion rights and, if you choose to exercise either of these rights, the amount of Notes to surrender or convert.

SUMMARY TERM SHEET

The following are answers to some of the questions that you may have about the Fundamental Change Repurchase Right, the obligation of the Company to repurchase the Notes and Holders' conversion rights, in each case subject to the terms and conditions of the Indenture, the Notes and this Fundamental Change Company Notice, Notice of Right to Convert, Notice of Entry into Supplemental Indenture and Offer to Repurchase (this "Notice"). To understand the Fundamental Change Repurchase Right and Holders' conversion rights fully and for a more complete description of the terms of the Fundamental Change Repurchase Right and Holders' conversion rights, the Company urges you to read carefully the remainder of this Notice because the information in this summary is not complete and the remainder of this Notice contains additional important information. Section references are included to direct you to a more detailed description of the topics in this summary. Unless stated to the contrary, or unless the context otherwise requires, references to the "Company," "we," "our" or "us" in this Notice refer to AV Homes, Inc.

Who is obligated to repurchase my Notes?

The Company is offering to repurchase the Notes subject to the terms and conditions of this Notice, the Indenture and the Notes.

Why is the Company offering to repurchase my Notes?

As a result of the Merger, a Fundamental Change occurred on October 2, 2018. The Company is offering to repurchase the Notes to satisfy its contractual obligation under Section 8.01 of the Third Supplemental Indenture, which requires the Company to offer to repurchase any outstanding Notes for cash following a Fundamental Change at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus any accrued and unpaid interest up to, but not excluding, the Fundamental Change Repurchase Date.

What Notes are the Company obligated to repurchase?

We are obligated to repurchase all of the Notes, or any portion of the principal amount thereof that is equal to or an integral multiple of \$1,000, validly tendered pursuant to the Fundamental Change Repurchase Right, at the option of the Holder, and not validly withdrawn. As of the date of this Notice, there was \$80,000,000 aggregate principal amount of Notes outstanding. (See "Information Concerning the Notes")

How much will the Company pay for my Notes and what is the form of payment?

Pursuant to the terms of the Original Indenture and the Notes, the Company will pay, in cash, the Fundamental Change Repurchase Price, with respect to any and all Notes validly surrendered through a Fundamental Change Repurchase Notice in accordance with DTC's applicable procedures and delivered to the Paying Agent, and not validly withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date, and which Notes are delivered to the Paying Agent by book-entry transfer on or after delivery of this Notice. The amount of accrued and unpaid interest per \$1,000 principal amount of Notes will be calculated based on the number of days that have elapsed since July 1, 2018 (the last interest payment date for the Notes) to, but excluding, the Fundamental Change Repurchase Date, computed on the basis of a 360-day year comprised of twelve 30 day-months, and for partial months on the basis of actual days elapsed over a 30-day month. The Company estimates that the accrued and unpaid interest payable on the Notes that are surrendered for repurchase will be \$20.00 per \$1,000 principal amount of Notes surrendered. (See "Information Concerning the Notes—Fundamental Change Repurchase Price")

How can I determine the market value of the Notes?

There currently is a limited or no established reporting system or trading market for the Notes. To the extent that the Notes are traded, prices of the Notes may fluctuate widely depending on such factors as trading volume, the balance between buy and sell orders, prevailing interest rates, Parent's operating results (including the Company's operating results) and the market for similar securities. (See "Information Concerning the Notes—Market for the Notes")

Are my Notes currently convertible?

Yes. Holders of Notes currently have the right to convert their Notes at any time prior to 5:00 p.m., New York City time, on June 29, 2020 (the “*Conversion Period*”); however, in order to receive the Additional Shares, Holders must deliver the appropriate instruction form pursuant to DTC’s book-entry conversion program to the Conversion Agent before 5:00 p.m., New York City time, on the Business Day immediately prior to the Fundamental Change Repurchase Date. If you do not exercise your Fundamental Change Repurchase Right in accordance with the terms of this Notice, you will retain the conversion rights associated with your Notes under the Indenture. If you deliver a Fundamental Change Repurchase Notice to the Paying Agent, you may not surrender such Notes for conversion unless you have validly withdrawn such Fundamental Change Repurchase Notice. If you surrender your Notes for conversion at any time, you will no longer be able to exercise the Fundamental Change Repurchase Right. For the avoidance of doubt, Holders who choose to convert their Notes will receive only cash and will not receive any shares of Common Stock upon conversion. (See “Information Concerning the Notes—Conversion Rights of the Notes”)

What consideration will I receive if I convert my Notes?

Pursuant to the terms of the Original Indenture, in connection with the consummation of the Merger, the Company and the Trustee entered into the Seventh Supplemental Indenture to provide that, from and after the effective date of the Merger, the consideration due upon conversion of each \$1,000 principal amount of Notes shall be solely cash in an amount equal to the Conversion Rate (as defined in the Third Supplemental Indenture, the “*Conversion Rate*”) multiplied by the Plurality Elected Per Share Merger Consideration. As a result, if you decide to convert your Notes, the Company’s conversion obligation with respect to each \$1,000 principal amount of Notes that are converted during the Conversion Period is fixed at an amount in cash equal to the Conversion Rate of 50.200800 for the Notes, multiplied by \$21.50 in cash (i.e., the Plurality Elected Per Share Merger Consideration). Accordingly, you will be entitled to receive approximately \$1,079.32 in cash per \$1,000 principal amount of Notes validly surrendered for conversion during the Conversion Period. Holders electing to convert their Notes in connection with the Non-Stock Change of Control are entitled to cash in an amount per \$1,000 principal amount of Notes equal to Additional Shares of 5.015004 shares of Common Stock as described in Section 7.01(b) of the Third Supplemental Indenture multiplied by the Plurality Elected Per Share Merger Consideration. Accordingly, for conversions of Notes made in connection with the Non-Stock Change of Control, each \$1,000 principal amount of the Notes is convertible into approximately \$1,187.14, which is equal to the Conversion Rate (50.200800) plus the Additional Shares (5.015004), multiplied by the Plurality Elected Per Share Merger Consideration. For the avoidance of doubt, Holders who choose to convert their Notes will receive only cash and will not receive any shares of Common Stock upon conversion.

Conversion of Notes will be deemed to be “in connection with” the Non-Stock Change of Control only if the appropriate instruction form is delivered pursuant to DTC’s book-entry conversion program to the Conversion Agent from, and including, the effective date of the Merger up to, and including (but prior to 5:00 p.m., New York City time, on), the Business Day immediately prior to the Fundamental Change Repurchase Date. The value that you will receive if you validly exercise the Fundamental Change Repurchase Right is substantially less than the funds that you will receive if you convert your Notes in connection with the Non-Stock Change of Control.

What is the relationship between the offer to repurchase and the convertibility of the Notes?

The right to exercise the Fundamental Change Repurchase Right is a separate right from the right to convert the Notes. If you exercise your Fundamental Change Repurchase Right by delivering a Fundamental Change Repurchase Notice with respect to your Notes, you will not be able to convert such Notes unless you validly withdraw your Fundamental Change Repurchase Notice. If you do not exercise your Fundamental Change Repurchase Right, your conversion rights will not be affected. If you have exercised your conversion right and converted your Notes, you may not surrender such Notes under the Fundamental Change Repurchase Right. (See “Information Concerning the Notes—Conversion Rights of the Notes”)

Is the Company making any recommendation about the offer to repurchase?

Neither the Company nor Parent or any of their respective affiliates, or any of its or their respective boards of directors, employees, advisors or representatives, or the Trustee, the Paying Agent or the Conversion Agent makes any representation or recommendation as to whether Holders should tender or refrain from tendering Notes for repurchase pursuant to the offer. Each Holder should consult its legal, financial and tax advisors and make its own decision as to whether to tender Notes for repurchase and, if so, the principal amount of Notes to tender.

When does the Fundamental Change Repurchase Right expire?

The Fundamental Change Repurchase Right expires at 5:00 p.m., New York City Time on October 31, 2018, which is the Fundamental Change Repurchase Date. We do not intend to extend the period that Holders have to exercise the Fundamental Change Repurchase Right unless required by applicable law. (See “Information Concerning the Notes—The Company’s Obligation to Repurchase the Notes”)

What are the conditions to the repurchase by the Company of the Notes?

The repurchase by the Company of Notes that are validly surrendered and not validly withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date is not subject to any condition other than such repurchase being lawful and the satisfaction of the procedural requirements described in this Notice. (See “Information Concerning the Notes—The Company’s Obligation to Repurchase the Notes”)

How do I tender my Notes for repurchase?

To tender your Notes for purchase pursuant to the Fundamental Change Repurchase Right, you must tender the Notes through the transmittal procedures of DTC on or before the Expiration Date.

If your Notes are held by a broker, dealer, commercial bank, trust company or other nominee, you must contact that nominee if you decide to tender your Notes and instruct that nominee to timely tender the Notes on your behalf through the transmittal procedures of DTC on or before the Expiration Date.

If you are a DTC participant, you should tender your Notes electronically through ATOP, subject to the terms and procedures of that system on or before the Expiration Date.

You bear the risk of untimely tender of your Notes. You must allow sufficient time for completion of the necessary DTC procedures before 5:00 p.m., New York City time, on the Expiration Date. By tendering your Notes through the transmittal procedures of DTC, you agree to be bound by the terms of the Fundamental Change Repurchase Right set forth in this Notice. (See “Procedures to be Followed by Holders Electing to Tender Notes for Repurchase”)

If I tender my Notes for repurchase, when will I receive payment for them?

Promptly upon expiration of the Fundamental Change Repurchase Right, we will accept for payment all Notes validly tendered for purchase and not validly withdrawn by the Expiration Date. The Company expects to deposit with the Paying Agent, on or prior to 11:00 a.m., New York City time, on the Business Day following the Fundamental Change Repurchase Date, an amount of cash in immediately available funds required to pay the Fundamental Change Repurchase Price for all Notes that are to be repurchased as of the Business Day following the Fundamental Change Repurchase Date. The Paying Agent will, on the later of (i) the Business Day following the Fundamental Change Repurchase Date and (ii) the time of book-entry transfer of such Notes to the Paying Agent by the Holder thereof in the manner described in this Notice, promptly make payment of the Fundamental Change Repurchase Price by wire transfer of immediately available funds to DTC, the sole record holder. DTC will thereafter distribute the cash to its participants in accordance with its procedures. (See “Payment for Tendered Notes; Source and Amount of Funds”)

Can I withdraw previously tendered Notes?

Yes. To withdraw Notes previously tendered for purchase, you (or your broker, dealer, commercial bank, trust company or other nominee) must comply with the applicable withdrawal procedures of DTC in sufficient time to allow DTC to withdraw your Notes prior to 5:00 p.m., New York City time, on the Expiration Date.

You bear the risk of untimely withdrawal of previously tendered Notes. You must allow sufficient time for completion of the DTC procedures prior to 5:00 p.m., New York City time, on the Expiration Date. (See “Right of Withdrawal”)

Do I need to do anything if I do not wish to exercise the Fundamental Change Repurchase Right?

No. If you do not tender your Notes before the Expiration Date, the Company will not purchase your Notes and your Notes will remain outstanding subject to their existing terms.

If I choose to tender any of my Notes for repurchase, do I have to tender all of my Notes?

No. You may tender all of your Notes, a portion of your Notes or none of your Notes. If you wish to tender a portion of your Notes, however, you must tender Notes in principal amount of \$1,000 or an integral multiple thereof. (See “Procedures to be Followed by Holders Electing to Tender Notes for Repurchase”)

If I do not tender my Notes for repurchase, will I continue to be able to exercise my conversion rights?

Yes. If you do not tender your Notes for repurchase your conversion rights will not be affected. If you want to convert your Notes during the Conversion Period, you must deliver the appropriate instruction form pursuant to DTC’s book-entry conversion program and transfer such Notes to the Conversion Agent, through the transmittal procedures of DTC prior to the end of the Conversion Period. (See “Information Concerning the Notes—Conversion Rights of the Notes”)

What happens if I fail to exercise my right to convert before the Business Day immediately prior to the Fundamental Change Repurchase Date?

If you do not provide the appropriate instruction form pursuant to DTC’s book-entry conversion program to the Conversion Agent by no later than, and including, the Business Day immediately prior to the Fundamental Change Repurchase Date, you will still be able to convert your Notes until the end of the Conversion Period; however, you will not receive the Additional Shares upon such conversion. For the avoidance of doubt, Holders who choose to convert their Notes will receive only cash and will not receive any shares of Common Stock upon conversion.

If I elect to convert my Notes during the Conversion Period, when will I receive payment?

Upon conversion of a Note, we will pay the consideration due in respect of the conversion no later than the third Business Day immediately following the date that the Notes were transferred to the Conversion Agent for conversion in accordance with the procedures of DTC. (See “Information Concerning the Notes—Conversion Rights of the Notes”)

If I have already elected to exercise my Fundamental Change Repurchase Right, can I still convert my Notes?

If you have already exercised your Fundamental Change Repurchase Right by delivering a Fundamental Change Repurchase Notice with respect to your Notes, you will not be able to convert such Notes unless you validly withdraw your Fundamental Change Repurchase Notice. You bear the risk for untimely withdrawal of a Fundamental Change Repurchase Notice. Notes properly surrendered for conversion may not be withdrawn. (See “Information Concerning the Notes—Conversion Rights of the Notes”)

What are the material U.S. federal income tax consequences if I tender my Notes for repurchase or exercise my conversion rights in connection with the Non-Stock Change of Control?

A holder’s receipt of cash in exchange for Notes pursuant to the exercise of either the Fundamental Change Repurchase Right or conversion rights in connection with the Non-Stock Change of Control generally will be a taxable transaction for U.S. federal income tax purposes. For a discussion of certain material U.S. federal income tax consequences applicable to holders of Notes upon the exercise of either the Fundamental Change Repurchase Right or conversion rights in connection with the Non-Stock Change of Control, see “Certain U.S. Federal Income Tax

Considerations.” **A holder of Notes should consult its tax advisor with regard to the application of the U.S. federal income tax laws to its particular situation as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction or any other U.S. federal tax laws.**

Who is the Paying Agent and the Conversion Agent?

Wilmington Trust, National Association, the Trustee under the Indenture, is serving as Paying Agent and Conversion Agent in connection with the Fundamental Change Repurchase Right and conversion rights. Its address, facsimile number and phone number are set forth on the cover of this Notice.

Whom can I contact if I have questions about the Fundamental Change Repurchase Right or the conversion rights?

Questions and requests for assistance in connection with the mechanics of tender of Notes for repurchase under the Fundamental Change Repurchase Right or the conversion of the Notes may be directed to the Company, at the addresses and telephone numbers set forth in this Notice. You should direct any other questions you may have to your own financial and tax advisors.

IMPORTANT INFORMATION CONCERNING THE FUNDAMENTAL CHANGE REPURCHASE RIGHT AND CONVERSION RIGHTS

INFORMATION CONCERNING THE COMPANY

The Company is offering, at the option of each Holder of the Notes, to repurchase the Notes, subject to the terms and conditions of this Fundamental Change Company Notice, the Indenture and the Notes.

On June 7, 2018, AV Homes entered into the Merger Agreement with Parent, Intermediate Parent and Merger Sub. Pursuant to the terms of the Merger Agreement, Merger Sub, an entity formed by Parent for the purpose of effecting the Merger, was merged with and into AV Homes on October 2, 2018, with AV Homes surviving the Merger as a wholly owned subsidiary of Intermediate Parent, and each issued and outstanding share of Common Stock (other than certain shares as set forth in the Merger Agreement) was converted into the right to receive (A) 0.9793 validly issued, fully paid and nonassessable shares of Taylor Morrison Common Stock, pursuant to applicable election procedures (subject to pro ration as described in the Merger Agreement); (B) \$21.50 in cash, without any interest thereon, pursuant to applicable election procedures (subject to pro ration as described in the Merger Agreement); or (C) \$12.64 in cash, without any interest thereon, and 0.4034 validly issued, fully paid and nonassessable shares of Taylor Morrison Common Stock. As a result of the Merger, the Company ceased to be a publicly traded company and became a wholly owned subsidiary of Intermediate Parent. As a result of the Merger, a Fundamental Change occurred on October 2, 2018, and accordingly, each Holder has the Fundamental Change Repurchase Right described herein. The Fundamental Change also constitutes a Non-Stock Change of Control and accordingly, each Holder has the right to convert their Notes in connection with the Merger and receive the Additional Shares as described below under “Information Concerning the Notes—Conversion Rights of the Notes.” For the avoidance of doubt, Holders who choose to convert their Notes will receive only cash and will not receive any shares of Common Stock upon conversion.

The principal executive offices of the Company are located at 4900 N. Scottsdale Rd., Suite 2000, Scottsdale, AZ 85251, and its telephone number is (480) 840-8100. Additional information regarding the Company is contained in our filings with the SEC. See “Additional Information.”

INFORMATION CONCERNING THE NOTES

On June 23, 2015, the Company completed an offering of \$80.0 million aggregate principal amount of the Notes. Cash interest accrues on the Notes at a rate of 6.00% per annum on the principal amount and is payable semi-annually, in arrears, on January 1 and July 1 (each, an “*Interest Payment Date*”) to the person in whose name a Note is registered at the close of business on the preceding December 15 or June 15. The Notes mature on July 1, 2020. As of the date of this Notice, there was \$80,000,000 in aggregate principal amount of the Notes outstanding, which would result in an aggregate repurchase price of \$80,000,000, plus accrued and unpaid interest up to, but excluding, the Fundamental Change Repurchase Date, if all of the Notes are tendered pursuant to the Fundamental Change Repurchase Right.

The Company’s Obligation to Repurchase the Notes

The completion of the Merger resulted in a Fundamental Change pursuant to the terms of the Notes and the Indenture. As a result, each Holder of the Notes has the right, at the Holder’s option, to require the Company to repurchase for cash all of such Holder’s Notes, or any portion of the principal amount thereof that is equal to \$1,000 or an integral multiple of \$1,000, as of the Expiration Date. This Fundamental Change Repurchase Right will expire at the Expiration Date. We do not intend to extend the period that Holders have to exercise the Fundamental Change Repurchase Right unless required by applicable law. Holders may exercise their Fundamental Change Repurchase Right by (i) delivering notice in accordance with DTC’s applicable procedures to Wilmington Trust, National Association, as Paying Agent, at any time prior to 5:00 p.m., New York City time, on the Expiration Date and (ii) by delivering the Notes described in the Fundamental Change Repurchase Notice to the Paying Agent through book-entry transfer on or after the date of delivery of the Fundamental Change Repurchase Notice. See “Procedures to be Followed by Holders Electing to Tender Notes for Repurchase” for further information on how to deliver a Fundamental Change Repurchase Notice and surrender your Notes for repurchase. If we make any change to this Fundamental Change Repurchase Right that we determine constitutes a material change, we will promptly disclose the change in a supplement to this Notice that we will distribute, or direct to be distributed, to registered Holders, and we will make a public announcement of such change promptly by means of a press release. We may be required

to extend the Fundamental Change Repurchase Date for a period of up to five to ten business days, depending on the significance of the change, if the Fundamental Change Repurchase Right would otherwise expire during such five to ten business day period. If we are required to extend the Fundamental Change Repurchase Date, we will make a public announcement of such extension promptly by means of a press release. The repurchase by the Company of validly surrendered Notes is not subject to any condition other than such repurchase being lawful and the procedural requirements described in this Notice.

Fundamental Change Repurchase Price

Pursuant to the terms of the Indenture and the Notes, the repurchase price to be paid by the Company for the Notes is a cash price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest thereon, if any, up to, but excluding, the Fundamental Change Repurchase Date. The Fundamental Change Repurchase Price for any Notes that are validly surrendered and not validly withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date will be paid by the Paying Agent, on the Fundamental Change Repurchase Date. Notes validly surrendered for repurchase will be accepted only in principal amounts of \$1,000 or an integral multiple of \$1,000.

Holder who validly surrender and do not validly withdraw their Notes in connection with the Fundamental Change Repurchase Right will be entitled to receive accrued and unpaid interest payable on their Notes accrued up to, but excluding, the Fundamental Change Repurchase Date. The amount of accrued and unpaid interest per \$1,000 principal amount of Notes will be calculated based on the number of days that have elapsed since July 1, 2018 (the last interest payment date for the Notes) up to, but excluding, the Fundamental Change Repurchase Date, computed on the basis of a 360-day year comprised of twelve 30 day-months, and for partial months on the basis of actual days elapsed over a 30-day month. The Company estimates that the accrued and unpaid interest payable on the Notes that are validly surrendered for repurchase will be \$20.00 per \$1,000 principal amount of Notes surrendered.

The Fundamental Change Repurchase Price is based solely on the requirements of the Original Indenture and the Notes and bears no relationship to the market price of the Notes or the shares of Common Stock. Thus, the Fundamental Change Repurchase Price may be significantly higher or lower than the market price of the Notes on the Fundamental Change Repurchase Date.

The value that you will receive if you validly exercise the Fundamental Change Repurchase Right is substantially less than the funds that you will receive if you convert your Notes in connection with the Non-Stock Change of Control. You should review this Notice carefully and consult with your own financial and tax advisors. You must make your own decision as to whether or not to surrender your Notes for repurchase or to exercise your conversion rights and, if you choose to exercise either of these rights, the amount of Notes to surrender or convert. Neither the Company nor Parent or any of their respective affiliates, or any of its or their respective boards of directors, employees, advisors or representatives, or Wilmington Trust, National Association, in its role as the Trustee, the Paying Agent and the Conversion Agent, is making any representation or recommendation to any Holder as to whether or not to surrender or convert that Holder's Notes.

Conversion Rights of the Notes

The Notes are convertible, at the option of the Holder, at any time prior to 5:00 p.m., New York City time, on June 29, 2020. Pursuant to the terms of the Original Indenture, in connection with the consummation of the Merger, the Company and the Trustee entered into the Seventh Supplemental Indenture to provide that, from and after the effective date of the Merger, the consideration due upon conversion of each \$1,000 principal amount of Notes shall be solely cash in an amount equal to the Conversion Rate multiplied by the Plurality Elected Per Share Merger Consideration. As a result, if you decide to convert your Notes, the Company's conversion obligation with respect to each \$1,000 principal amount of Notes that are converted during the Conversion Period is fixed at an amount in cash equal to the Conversion Rate of 50.200800 for the Notes, multiplied by \$21.50 in cash (i.e., the Plurality Elected Per Share Merger Consideration). Accordingly, you will be entitled to receive approximately \$1,079.32 in cash per \$1,000 principal amount of Notes validly surrendered for conversion during the Conversion Period. Holders electing to convert their Notes in connection with the Non-Stock Change of Control are entitled to the Additional Shares of 5.015004 shares of Common Stock as described in Section 7.01(b) of the Third Supplemental Indenture. Accordingly, for conversions of Notes made in connection with the Non-Stock Change of Control, each \$1,000 principal amount of the Notes is convertible into approximately \$1,187.14, which is equal to

the Conversion Rate (50.200800) plus the Additional Shares (5.015004), multiplied by the Plurality Elected Per Share Merger Consideration. For the avoidance of doubt, Holders who choose to convert their Notes will receive only cash and will not receive any shares of Common Stock upon conversion.

Conversion of Notes will be deemed to be “in connection with” the Non-Stock Change of Control only if the appropriate instruction form is delivered pursuant to DTC’s book-entry conversion program to the Conversion Agent from, and including, the effective date of the Merger up to, and including (but prior to 5:00 p.m., New York City time, on), the Business Day (as defined in the Indenture) immediately prior to the Fundamental Change Repurchase Date. The value that you will receive if you validly exercise your right to convert after the Fundamental Change Repurchase Date is substantially less than the funds that you will receive if you convert your Notes in connection with the Non-Stock Change of Control.

Upon the conversion of any Notes, a Holder will not receive any separate cash payment for accrued and unpaid interest, and the Company’s settlement of the conversion obligations described above will be deemed to satisfy in full its obligation to pay the principal amount of the Notes and any accrued and unpaid interest thereon up to, but not including the Conversion Date. As a result, any accrued and unpaid interest up to but not including the Conversion Date will be deemed to be paid in full rather than cancelled, extinguished or forfeited upon conversion of any Notes.

If you want to convert your Notes, you must provide the appropriate instruction form to Wilmington Trust, National Association, as the Conversion Agent, through the transmittal procedures of DTC, from, and including, the effective date of the Merger up to, and including (but prior to 5:00 p.m., New York City time, on), the Business Day immediately prior to the Fundamental Change Repurchase Date, in order to receive the Additional Shares, or otherwise prior to the end of the Conversion Period. For the avoidance of doubt, Holders who choose to convert their Notes will receive only cash and will not receive any shares of Common Stock upon conversion.

Holders whose Notes are held by a broker, dealer, commercial bank, trust company or other nominee must contact such nominee if such Holder desires to exercise its conversion right and instruct such nominee to deliver the appropriate instruction form to the Conversion Agent through the transmittal procedures of DTC, from, and including, the effective date of the Merger up to, and including (but prior to 5:00 p.m., New York City time, on), the Business Day immediately prior to the Fundamental Change Repurchase Date, in order to receive the Additional Shares, or otherwise prior to the end of the Conversion Period. For the avoidance of doubt, Holders who choose to convert their Notes will receive only cash and will not receive any shares of Common Stock upon conversion.

Timely delivery of the appropriate instruction form and the Notes in compliance with the transmittal procedures of DTC is the responsibility of the surrendering Holder.

The Conversion Date with respect to each Holder electing to convert their Notes will be the date on which such Holder has satisfied all of the foregoing requirements. The Company will pay the consideration due in respect of the conversion no later than the third Business Day immediately following the relevant Conversion Date.

If you exercise your Fundamental Change Repurchase Right by delivering a Fundamental Change Repurchase Notice with respect to your Notes, you will not be able to convert such Notes unless you validly withdraw your Fundamental Change Repurchase Notice. Holders bear the risk for untimely withdrawal of a Fundamental Change Repurchase Notice.

Any Notes that are properly surrendered for conversion may not be withdrawn. Holders that do not tender their Notes for repurchase pursuant to the Fundamental Change Repurchase Right may surrender their Notes for conversion into cash at any time prior to the end of the Conversion Period as described herein or as otherwise provided in the Indenture.

Please refer to the Indenture for a more complete description of the conversion rights of the Notes and the increase in the Conversion Rate due to a Non-Stock Change of Control.

The right of Holders to convert their Notes is separate from the Fundamental Change Repurchase Right. The value that you will receive if you validly exercise the Fundamental Change Repurchase Right is substantially less than the funds that you will receive if you convert your Notes in connection with the Non-Stock Change of Control. You should review this Notice carefully and consult with your own financial and tax advisors. You must make your own decision as to whether or not to surrender your Notes for repurchase

or to exercise your conversion rights and, if you choose to exercise either of these rights, the amount of Notes to surrender or convert. Neither the Company nor Parent or any of their respective affiliates, or any of its or their respective boards of directors, employees, advisors or representatives, or Wilmington Trust, National Association, in its role as the Trustee, the Paying Agent and the Conversion Agent, is making any representation or recommendation to any Holder as to whether or not to surrender or convert that Holder's Notes.

Market for the Notes

There currently is a limited or no established reporting system or trading market for the Notes. To the extent that the Notes are traded, prices of the Notes may fluctuate widely depending on such factors as trading volume, the balance between buy and sell orders, prevailing interest rates, the Parent's operating results (including the Company's operating results) and the market for similar securities. A debt security with a smaller outstanding principal amount available for trading (a smaller "float") may command a lower price and trade with greater volatility than would a comparable debt security with a larger float. Consequently, our purchase of the Notes, if any, pursuant to the Fundamental Change Repurchase Right may reduce the float and may negatively affect the liquidity, market value and price volatility of the Notes that remain outstanding following the offer to repurchase. The Company cannot assure you that a market will exist for the Notes following the Merger.

We urge you to obtain current market information for the Notes, to the extent available, before making any decision whether to exercise or refrain from exercising the Fundamental Change Repurchase Right.

Ranking

The Notes are senior unsecured obligations and rank senior in right of payment to the Company's future indebtedness that is expressly subordinated in right of payment by the Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not subordinated; effectively subordinated in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally subordinated to all existing and future indebtedness and other liabilities of the Company's subsidiaries.

PROCEDURES TO BE FOLLOWED BY HOLDERS ELECTING TO TENDER NOTES FOR REPURCHASE

You will not be entitled to receive the Fundamental Change Repurchase Price for your Notes unless you validly tender (and do not withdraw) your Notes on or before the Expiration Date. Only registered Holders are authorized to tender their Notes for repurchase. You may tender some or all of your Notes; provided that Notes will be accepted for purchase only in principal amounts equal to \$1,000 or integral multiples thereof.

If you do not validly tender your Notes on or before 5:00 p.m., New York City time, on the Expiration Date or if you withdraw validly tendered Notes before 5:00 p.m., New York City time, on the Expiration Date, your notes will not be purchased and will remain outstanding subject to the existing terms of the Notes and the Indenture.

Method of Delivery

The Trustee has informed us that, as of the date of this Notice, all custodians and beneficial holders of the Notes hold the Notes through accounts with DTC and that there are no certificated Notes in non-global form. Accordingly, all Notes tendered for repurchase hereunder must be delivered through ATOP, subject to the terms and conditions of that system.

This Notice constitutes the Fundamental Change Company Notice described in the Indenture and delivery of the Notes through ATOP will satisfy the Holders' requirement to exercise the Fundamental Change Repurchase Right. Delivery of the Notes, including delivery and acceptance through ATOP, is at the election and risk of the Holder tendering such Notes.

Agreement to be Bound by the Terms of the Fundamental Change Repurchase Right

By tendering, or instructing your broker, dealer, commercial bank, trust company or other nominee to tender Notes through the transmittal procedures of DTC, a Holder acknowledges and agrees as follows:

- such Notes shall be repurchased by the Company on the Business Day following the Fundamental Change Repurchase Date pursuant to the terms and conditions set forth in the Notes, the Indenture and this Notice;
- such Holder agrees to all of the terms of this Notice;
- such Holder received this Notice and acknowledges that this Notice provides the notice required pursuant to the Indenture;
- upon the terms and subject to the conditions set forth in this Notice, the Indenture and the Notes, and effective upon the Fundamental Change Repurchase Date, such Holder (i) irrevocably sells, assigns, and transfers to the Company, all right, title, and interest in and to all the Notes tendered, (ii) waives any and all rights with respect to the Notes (including, without limitation, any existing or past defaults and their consequences), (iii) releases and discharges the Company and Wilmington Trust, National Association, in its role as the Trustee, the Paying Agent and the Conversion Agent, and their respective directors, officers, employees, affiliates and subsidiaries from any and all claims such Holder may have now, or may have in the future arising out of, or related to, such Notes, including, without limitation, any claims that such Holder is entitled to receive additional principal or interest payments with respect to the Notes or to participate in any conversion, purchase or defeasance of the Notes and (iv) irrevocably constitutes and appoints the Paying Agent as the true and lawful agent and attorney-in-fact of such Holder with respect to any such Notes (with full knowledge that the Paying Agent also acts as agent of the Company), with full power of substitution and resubstitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (a) transfer ownership of such Notes, on the account books maintained by DTC, together, in any such case, with all accompanying evidences of transfer and authenticity, to the Company, (b) present such Notes for transfer on the relevant security register and (c) receive all benefits or otherwise exercise all rights of beneficial ownership of such Notes (except that the Paying Agent will have no rights to, or control over, funds from the Company, except as agent for the Company, for the Fundamental Change Repurchase Price of any tendered Notes that are repurchased by the Company), all in accordance with the terms set forth in the Indenture, the Notes and this Notice;
- such Holder represents and warrants that such Holder (i) owns the Notes tendered and is entitled to surrender such Notes and (ii) has full power and authority to surrender, sell, assign and transfer the Notes tendered hereby, and that when such Notes are accepted for repurchase and payment by the Company, the Company will acquire good title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right;
- such Holder agrees to indemnify and hold harmless Wilmington Trust, National Association, its successors and assigns, from and against all costs, expenses and liabilities of any nature in the event the undersigned is not the beneficial owner of the Notes surrendered, as represented above;
- such Holder agrees, upon request from the Company, to execute and deliver any additional documents deemed by the Paying Agent or the Company to be necessary or desirable to complete the sale, assignment and transfer of the Notes tendered;
- such Holder understands that the Company's acceptance of the Notes for payment pursuant to the procedures described in this Notice will constitute a binding agreement under the law of the State of New York between such Holder and the Company enforceable in accordance with the terms and subject to the conditions of the Fundamental Change Repurchase Right;

- such Holder understands that all Notes validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date will be repurchased at the Fundamental Change Repurchase Price, in cash, pursuant to the terms and conditions of the Indenture, the Notes, this Notice and any related notice materials, as amended and supplemented from time to time;
- payment for Notes repurchased pursuant to this Notice will be made by deposit of the Fundamental Change Repurchase Price for such Notes with the Paying Agent, which will act as agent for surrendering Holders for the purpose of receiving payments from the Company and transmitting such payments to such Holders;
- any tenders of Notes may only be withdrawn through DTC in accordance with the withdrawal procedures of DTC in sufficient time to allow DTC to withdraw such tendered Notes prior to 5:00 p.m., New York City time, on the Expiration Date;
- all authority conferred or agreed to be conferred pursuant to the terms of the Fundamental Change Repurchase Right hereby shall survive the death or incapacity of the Holder and every obligation of the Holder shall be binding upon the Holder's heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives;
- the delivery and tender of the Notes is not effective, and the risk of loss of the Notes does not pass to the Paying Agent, until receipt by the Paying Agent of any and all evidences of authority and any other required documents in form satisfactory to the Company; and
- all questions as to the validity, form, eligibility (including time of receipt) and delivery or acceptance of any Fundamental Change Repurchase Notice or the surrender of Notes for repurchase and the form and validity of any related documents (including time of receipt of notices of withdrawal) will be determined by the Company, whose determination shall be final and binding absent manifest error and subject to applicable law.

DELIVERY OF NOTES

Notes held Through a Custodian. If your Notes are held by a broker, dealer, commercial bank, trust company or other nominee, you must contact such nominee if you desire to tender your Notes for purchase on your behalf through the transmittal procedures of DTC as set forth below in “—Notes in Global Form” prior to 5:00 p.m., New York City time, on the Expiration Date.

Notes in Global Form. If you are a DTC participant, you may elect to tender your beneficial interest in the Notes to the Company by:

- delivering to the Paying Agent's account at DTC through DTC's book-entry system your beneficial interest in the Notes prior to 5:00 p.m., New York City time, on the Expiration Date; and
- electronically transmitting your acceptance through ATOP, subject to the terms and conditions of that system, prior to 5:00p.m., New York City time, on the Expiration Date. Upon receipt of your acceptance through ATOP, DTC will edit and verify the acceptance and send an agent's message to the Paying Agent for its acceptance. The term “agent's message” means a message transmitted by DTC to, and received by, the Paying Agent, which states that DTC has received an express acknowledgment from the DTC participant described in that agent's message, stating the principal amount of Notes that have been tendered by such participant pursuant to the offer to repurchase and that such participant has received and agrees to be bound by the terms of the offer to repurchase, including those set forth under “Procedures to be Followed by Holders Electing to Tender Notes for Repurchase—Agreement to be Bound by the Terms of the Fundamental Change Repurchase Right.”

In tendering through ATOP, the electronic instructions sent to DTC by you (or by your broker, dealer, commercial bank, trust company or other nominee), and transmitted by DTC to the Paying Agent, will acknowledge, on behalf of DTC and you, receipt by you of, and agreement to be bound by, the terms of the Fundamental Change Repurchase Right, including those set forth under “Procedures to be Followed by Holders Electing to Tender Notes for Repurchase—Agreement to be Bound by the Terms of the Fundamental Change Repurchase Right.”

You bear the risk of untimely tender of your Notes. You must allow sufficient time for completion of the necessary DTC procedures prior to 5:00 p.m., New York City time, on the Expiration Date.

If the Paying Agent holds, in accordance with the terms of the Indenture, on or prior to 11:00 a.m., New York City time, on the Fundamental Change Repurchase Date, cash in immediately available funds sufficient to pay the Fundamental Change Repurchase Price for each validly tendered Note or portion of a Note that is to be repurchased as of the Business Day following the Fundamental Change Repurchase Date, then as of the Fundamental Change Repurchase Date, such Notes shall cease to be outstanding and interest on such Notes shall cease to accrue.

RIGHT OF WITHDRAWAL

Notes tendered for purchase may be withdrawn at any time in sufficient time to allow DTC to withdraw those Notes prior to 5:00 p.m., New York City time, on the Expiration Date. In order to withdraw Notes, you (or your broker, dealer, commercial bank, trust company, or other nominee) must comply with the withdrawal procedures of DTC. This means you must deliver, or cause to be delivered, a valid withdrawal request through ATOP from the tendering DTC participant in sufficient time to allow DTC to withdraw those Notes before 5:00 p.m., New York City time, on the Expiration Date. The withdrawal notice must:

- specify the DTC voluntary offer instruction number, the name of the participant for whose account such Notes were tendered and such participant’s account number at DTC to be credited with the withdrawn Notes;
- contain a description of the Notes to be withdrawn (including the principal amount to be withdrawn); and
- be submitted through ATOP by such participant under the same name as the participant’s name is listed in the original tender, or be accompanied by evidence satisfactory to the Company that the person withdrawing the tender has succeeded to the beneficial ownership of the Notes.

The Company will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal.

You bear the risk of untimely withdrawal of your Notes. You must allow sufficient time for completion of the necessary DTC procedures prior to 5:00 p.m., New York City time, on the Expiration Date.

PAYMENT FOR TENDERED NOTES; SOURCE AND AMOUNT OF FUNDS

The Company will, on or prior to 11:00 a.m., New York City time, on the Business Day following the Fundamental Change Repurchase Date, deposit with the Paying Agent an amount of cash in immediately available funds sufficient to pay the Fundamental Change Repurchase Price for each validly tendered Note or portion of a Note that is to be repurchased as of the Fundamental Change Repurchase Date. The Paying Agent will, on the later of (i) the Fundamental Change Repurchase Date and (ii) the time of book-entry transfer of such Notes to the Paying Agent by the Holder thereof in the manner described in this Notice, make payment of the Fundamental Change Repurchase Price by wire transfer of immediately available funds to DTC. DTC will thereafter distribute the cash to its participants in accordance with its procedures.

The total amount of funds required by us to repurchase all of the Notes pursuant to the Fundamental Change Repurchase Right (assuming all Notes are validly tendered for repurchase and accepted for payment) is approximately \$81.6 million (including accrued but unpaid interest). If any Notes are validly tendered and accepted

for payment, the Company expects to fund the repurchase with available cash, which may include borrowings by Intermediate Parent under its revolving credit facility.

Revolving Credit Facility

On October 2, 2018, the Company and certain of its subsidiaries became guarantors in respect of Intermediate Parent's revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility provides that Intermediate Parent borrow (on a revolving basis) up to a maximum principal amount of \$600.0 million. The Revolving Credit Facility matures January 26, 2022. The Revolving Credit Facility is guaranteed by certain subsidiaries of Parent.

The Revolving Credit Facility contains certain "springing" financial covenants, requiring certain subsidiaries of Parent to comply with a maximum debt to capitalization ratio of not more than 0.60 to 1.00 and a minimum consolidated tangible net worth level of at least \$1,000,655,978 plus certain additional amounts. The financial covenants would be in effect for any fiscal quarter during which any (a) loans under the Revolving Credit Facility are outstanding during the last day of such fiscal quarter or on more than five separate days during such fiscal quarter or (b) undrawn letters of credit (except to the extent cash collateralized) issued under the Revolving Credit Facility in an aggregate amount greater than \$40.0 million or unreimbursed letters of credit issued under the Revolving Credit Facility are outstanding on the last day of such fiscal quarter or for more than five consecutive days during such fiscal quarter. For purposes of determining compliance with the financial covenants for any fiscal quarter, the Revolving Credit Facility provides that we may exercise an equity cure by issuing certain permitted securities for cash or otherwise recording cash contributions to our capital that will, upon the contribution of such cash to the borrower, be included in the calculation of consolidated tangible net worth and consolidated total capitalization. The equity cure right is exercisable up to twice in any period of four consecutive fiscal quarters and up to five times overall.

The Revolving Credit Facility contains certain restrictive covenants, including limitations on incurrence of liens, dividends and other distributions, asset dispositions and investments in entities that are not guarantors, prepayment of subordinated indebtedness and fundamental changes. The Revolving Credit Facility contains customary events of default, subject to applicable grace periods, including for nonpayment of principal, interest or other amounts, violation of covenants (including financial covenants, subject to the exercise of an equity cure), incorrectness of representations and warranties in any material respect, cross default and cross acceleration, bankruptcy, material monetary judgments, ERISA events with material adverse effect, actual or asserted invalidity of material guarantees and change of control.

NOTES ACQUIRED

Any Notes repurchased by us pursuant to the offer to repurchase will be cancelled by the Trustee, pursuant to the terms of the Indenture.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

This discussion of certain U.S. federal income tax consequences of the Fundamental Change Repurchase Right and conversion rights in connection with the Non-Stock Change of Control is limited to the U.S. federal income tax issues addressed herein. Additional issues may exist that are not addressed in this discussion and that could affect the U.S. federal income tax treatment of the matters addressed herein. Holders are urged to seek advice based on their particular circumstances from a tax advisor.

The following discussion describes certain U.S. federal income tax consequences of the Fundamental Change Repurchase Right to certain holders of the Notes and their conversion rights in connection with the Non-Stock Change of Control. This discussion applies only to Notes held as capital assets and does not describe all of the tax consequences that may be relevant to holders in light of their particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Internal Revenue Code of 1986, as amended (the "Code") known as the Medicare contribution tax, and tax consequences applicable to holders subject to special rules, such as:

- certain financial institutions;

- tax-exempt organizations;
- insurance companies;
- dealers or traders using a mark-to-market method of tax accounting for the Notes;
- persons holding Notes as part of an integrated transaction;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar; or
- partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partner and the partnership. Partners of partnerships holding Notes are urged to consult their tax advisors as to their particular U.S. federal income tax consequences of holding and disposing of the Notes.

No ruling has been or will be sought from the Internal Revenue Service (the “IRS”) regarding any tax consequences relating to the matters discussed herein. Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to any of those summarized below.

This summary is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations as of the date hereof, changes to any of which subsequent to the date of this Notice may affect the tax consequences described herein, possibly on a retroactive basis. Holders should consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction or any other U.S. federal tax laws, such as estate and gift tax laws or the Medicare contribution tax on certain investment income.

Tax Consequences to Tendering U.S. Holders.

As used in this section, the term “*U.S. Holder*” means a beneficial owner of a Note that is:

- an individual who is a citizen or resident of the United States as determined for U.S. federal income tax purposes;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia (or an entity treated as a corporation for U.S. federal income tax purposes);
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

Sale of Notes Pursuant to Exercise of the Fundamental Change Repurchase Right or Exercise of Conversion Rights in connection with the Non-Stock Change of Control

Upon AV Homes’ repurchase of a Note pursuant to a U.S. Holder’s exercise of its Fundamental Change Repurchase Right or exercise of its conversion rights in connection with the Non-Stock Change of Control, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale (other than any portion attributable to accrued and unpaid interest to the extent that such interest has not been previously included in income) and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis generally will be the original cost of the Note to the U.S. Holder, less any principal payments received and increased by any market discount previously included in the U.S. Holder’s gross income and decreased (but not below zero) by any amortizable bond premium which the U.S. Holder has previously amortized. Amortizable bond premium generally is the excess of a U.S. Holder’s tax basis in the Note immediately after its acquisition over the principal amount of the Note.

Subject to the application of the market discount rules discussed below, any gain or loss upon AV Homes' repurchase of a Note pursuant to a U.S. Holder's exercise of its Fundamental Change Repurchase Right or exercise of its conversion rights in connection with the Non-Stock Change of Control will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of the repurchase. Long-term capital gains of non-corporate U.S. Holders are generally eligible for reduced rates of taxation. The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations. The cash received attributable to accrued interest will be treated as a payment of interest. Accordingly, to the extent that such accrued interest has not yet been included in a U.S. Holder's income, the cash received will be taxable as ordinary income.

If a U.S. Holder acquired a Note at a "market discount" (i.e., at a price that is below the stated principal amount of the Note by more than a *de minimis* amount), any gain recognized by the U.S. Holder upon the repurchase of the Note pursuant to the U.S. Holder's exercise of its Fundamental Change Repurchase Right or exercise of its conversion rights in connection with the Non-Stock Change of Control would be treated as ordinary income to the extent of any accrued market discount that the U.S. Holder had not previously included in income as ordinary income.

Backup Withholding and Information Reporting

Information returns will be filed with the IRS in connection with payments made with respect to a U.S. Holder's exercise of its Fundamental Change Repurchase Right or exercise of its conversion rights in connection with the Non-Stock Change of Control (including any amounts attributable to accrued but unpaid interest). A U.S. Holder will be subject to U.S. backup withholding on such payments if the U.S. Holder fails to timely provide its correct taxpayer identification number and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding deducted from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Tax Consequences to Tendering Non-U.S. Holders.

As used in this section, the term "Non-U.S. Holder" means a beneficial owner of a Note that is not a U.S. Holder or a partnership.

Special rules may apply to certain Non-U.S. Holders such as controlled foreign corporations, passive foreign investment companies, corporations that accumulate earnings to avoid U.S. federal income tax, expatriated entities subject to Section 7874 of the Code, and, in certain circumstances, individuals who are U.S. expatriates. Consequently, Non-U.S. Holders should consult their tax advisors to determine the U.S. federal, state, local, non-U.S. and other tax consequences that may be relevant to them in light of their particular circumstances. This discussion does not address Non-U.S. Holders that own, actually or constructively, ten percent or more of the total combined voting power of all classes of stock of AV Homes entitled to vote or that are controlled foreign corporations related to AV Homes. Additionally, this discussion does not describe the U.S. federal income tax consequences to Non-U.S. Holders who are individuals present in the United States for 183 days or more in the taxable year of disposition of the Notes, who will generally be subject to special rules and are urged to consult their tax advisors regarding the U.S. federal income tax consequences applicable to their particular situation.

Sale of Notes Pursuant to Exercise of the Fundamental Change Repurchase Right or Exercise of Conversion Rights in connection with the Non-Stock Change of Control

Payments to any Non-U.S. Holder in exchange for Notes surrendered upon exercise of the Non-U.S. Holder's Fundamental Change Repurchase Right or exercise of conversion rights in connection with the Non-Stock Change of Control generally will not be subject to U.S. federal income or withholding tax provided that (i) the Non-U.S. Holder certifies on IRS Form W-8BEN (or other applicable IRS Form W-8), under penalties of perjury, that it is not a U.S. person, and (ii) such payments are not effectively connected with the conduct of a trade or business in the United States, as discussed below.

Effectively Connected Income

If a Non-U.S. Holder of a Note is engaged in a trade or business in the United States, and if income or gain on the Note is effectively connected with the conduct of that trade or business, the Non-U.S. Holder, although exempt from the withholding tax referred to above, will generally be taxed in the same manner as a U.S. Holder (see "—Tax

Consequences to Tendering U.S. Holders” above), subject to an applicable income tax treaty providing otherwise, except that the Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or appropriate substitute form) in order to receive payments attributable to accrued and unpaid interest free of withholding. These Non-U.S. Holders should consult their tax advisors with respect to other U.S. tax consequences of the disposition of Notes pursuant to the exercise of the Fundamental Change Repurchase Right or exercise of Conversion Rights in connection with the Non-Stock Change of Control including, with respect to a foreign corporation that is a Non-U.S. Holder, the possible imposition of a branch profits tax on its effectively connected earnings and profits at a rate of 30% (or lower treaty rate).

Backup Withholding and Information Reporting

Unless a Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person, the Non-U.S. Holder may be subject to U.S. backup withholding and related information reporting on any payments received in exchange for the Notes (including any amounts attributable to accrued but unpaid interest). Compliance with the certification procedures required to claim the exemption from withholding tax referred to above will satisfy the certification requirements necessary to avoid backup withholding as well. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder’s U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Treatment of Non-Tendering and Non-Converting Holders

We believe that the changes to the Notes occurring in connection with the Seventh Supplemental Indenture should not result in a deemed exchange of the Notes for “new” notes for U.S. federal income tax purposes. Accordingly, a U.S. Holder or Non-U.S. Holder that does not exercise its Fundamental Change Repurchase Rights or its conversion rights in connection with the Non-Stock Change of Control with respect to its Notes generally should not incur U.S. federal income tax liability with respect to its Notes solely as a result of the changes to the Notes pursuant to the Seventh Supplemental Indenture.

THE FOREGOING SUMMARY IS INCLUDED FOR GENERAL INFORMATIONAL PURPOSES ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO PARTICULAR HOLDERS OF NOTES ON LIGHT OF THEIR CIRCUMSTANCES. HOLDERS OF NOTES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE EXERCISE OF THEIR FUNDAMENTAL CHANGE REPURCHASE RIGHT OR CONVERSION RIGHTS, INCLUDING THE EFFECT OF ANY FEDERAL STATE, NON-U.S. OR OTHER TAX LAWS.

ADDITIONAL INFORMATION

In accordance with its obligations under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), the Company has filed annual, quarterly and current reports and proxy statements and other information with the Securities and Exchange Commission (the “*SEC*”). You may read and copy any document that we file with the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can also request copies of the documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information. Our SEC filings are also available on the SEC’s website at www.sec.gov.

After the consummation of the Merger, the Company’s shares of Common Stock ceased trading on the Nasdaq Stock Market. The Company intends to file a Form 15 with the SEC on or around October 12, 2018 to terminate the registration of the Shares under the Exchange Act and immediately suspend its reporting obligations under Sections 13 and 15(d) of the Exchange Act.

The Company is incorporating by reference in this Notice some of the information that we file with the SEC, which means that we may disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this Notice. We incorporate by reference the documents listed below:

- the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on February 23, 2018, including portions of AV Homes’ Definitive Proxy Statement

on Schedule 14A, filed with the SEC on April 18, 2018 to the extent specifically incorporated by reference therein;

- the Company's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2018, filed with the SEC on April 27, 2018, and June 30, 2018, filed with the SEC on August 1, 2018
- the Company's Current Reports on Form 8-K, filed with the SEC on June 5, 2018, June 7, 2018 (two reports), September 7, 2018, September 14, 2018, September 19, 2018, September 27, 2018 and October 2, 2018;
- the Company's Definitive Proxy Statement on Schedule 14A, filed on August 29, 2016; and
- the Base Indenture between the Company and the Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 4, 2011; and
- the Third Supplemental Indenture between the Company, the guarantors party thereto and the Trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on June 23, 2015.

The Company also incorporates by reference into this Notice the Current Report on Form 8-K of Parent, filed with the SEC on October 2, 2018.

The Company also incorporates by reference into this Notice additional documents that the Company may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, from the date of this Notice until the Fundamental Change Repurchase Date; provided, however, that the Company is not incorporating by reference any additional documents or information furnished and not filed with the SEC. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Notice to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Notice. You should not assume that the information in this document or any other of the documents referred to above is accurate as of any date other than the date of the applicable documents.

NO SOLICITATION

We have not employed or retained any persons to make solicitations or recommendations in connection with the offer to repurchase.

DEFINITIONS

All capitalized terms used but not specifically defined herein shall have the meanings given to such terms in the Indenture.

CONFLICTS

In the event of any conflict between this Notice on the one hand and the terms of the Indenture or any applicable laws on the other hand, the terms of the Indenture or applicable laws, as the case may be, will control.

Neither the Company nor the Parent or any of their respective affiliates, or any of its or their respective boards of directors, employees, advisors or representatives, or Wilmington Trust, National Association, in its role as Trustee, Paying Agent and Conversion Agent, is making any representation or recommendation to any Holder as to whether or not to surrender or convert (if at all) such Holder's Notes. You should consult your own financial and tax advisors and must make your own decision as to whether or not to surrender your Notes for repurchase or to exercise your conversion rights and, if you choose to exercise either of these rights, the amount of Notes to surrender or convert.