AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 12, 1999

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MANUFACTURED HOME COMMUNITIES, INC.
(Exact name of registrant as specified in its governing instrument)

MARYLAND	36-3857664
(State of Organization)	(I.R.S. Employer Identification Number)

TWO NORTH RIVERSIDE PLAZA, SUITE 800
CHICAGO, ILLINOIS 60606
(Address of principal executive offices)

HOWARD WALKER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
MANUFACTURED HOME COMMUNITIES, INC.
TWO NORTH RIVERSIDE PLAZA, SUITE 800
CHICAGO, ILLINOIS 60606
(312) 279-1400
(Name, address and telephone number of agent for service)

Copies to:

BLAKE D. RUBIN, ESQ.	ELLEN KELLEHER, ESQ.
STEPTOE & JOHNSON LLP	EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL
1330 CONNECTICUT AVENUE, N.W.	MANUFACTURED HOME COMMUNITIES, INC.
WASHINGTON, D.C. 20036-1795	TWO NORTH RIVERSIDE PLAZA, SUITE 800
(202) 429-3000	CHICAGO, ILLINOIS 60606
	(312) 279-1656

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF CLASS OF SECURITIES BEING REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE(1)
Common Stock, $.01 par value per share.....	2,000,000	$24.0625	$48,125,000	$13,379

(1) Estimated solely for the purpose of computing the registration fee in accordance with Rule 457(c) based on the average of the high and low reported sales prices on the New York Stock Exchange on November 9, 1999.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a),

MAY DETERMINE.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN DECLARED EFFECTIVE BY THE SECURITIES AND EXCHANGE COMMISSION. THIS PROSPECTUS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE SUCH OFFER OR SALE IS UNLAWFUL.

SUBJECT TO COMPLETION, DATED NOVEMBER 12, 1999

PROSPECTUS

MANUFACTURED HOME COMMUNITIES, INC.
DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

2,000,000
SHARES OF COMMON STOCK

Manufactured Home Communities, Inc., a Maryland corporation, is a REIT (real estate investment trust) for U.S. federal income tax purposes.

MHC is self-administered and self-managed. We are primarily in the business of owning, operating, leasing, developing, redeveloping and acquiring manufactured home communities.

We are the general partner of MHC Operating Limited Partnership, an Illinois partnership. We own all of our assets and conduct substantially all of our business through MHC Operating Partnership and our subsidiaries.

With this prospectus, we are offering participation in our Dividend Reinvestment and Share Purchase Plan to record holders of our common shares and to holders of operating partnership units in MHC Operating Partnership, as well as to other interested investors. The Dividend Reinvestment and Share Purchase Plan is a simple, convenient and low-cost means of investing in our common shares.

PLAN HIGHLIGHTS

- You may participate in the Plan if you own our common shares or OP Units in MHC Operating Partnership. If you do not own any common shares or OP Units, you can participate in the Plan by making your initial investment in our common shares through the Plan with a minimum initial investment of $1,000.

- Once you are enrolled in the Plan, you may buy additional common shares by automatically reinvesting all or a portion of the cash dividends paid on your common shares or cash distributions paid on your OP Units. To participate in the dividend reinvestment feature of the Plan, you must hold and elect to reinvest the dividends on a minimum of 10 common shares or the cash distributions on a minimum of 10 OP Units.

- Once you are enrolled in the Plan, you may buy additional common shares by making optional cash investments of $250 to $5,000 per month. In some instances, however, we may permit greater optional cash investments.

Your participation in the Plan is entirely voluntary, and you may terminate your participation at any time. If you do not elect to participate in the Plan, you will continue to receive cash dividends, if and when declared by our board of directors, in the usual manner.

Our common shares are traded on the New York Stock Exchange under the ticker symbol "MHC." The closing price of our common shares on , 1999 was $ per share.

Investing in our common shares involves risks. Potential investors should consider the information presented under our discussion of "Risk Factors" beginning on page 7 .

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or has determined if this prospectus is adequate or accurate. Any representation to the contrary is a criminal offense.

THE DATE OF THIS PROSPECTUS IS , 1999.

SUMMARY OF THE PLAN

The following summary of our Dividend Reinvestment and Share Purchase Plan may omit information that may be important to you. You should carefully read the entire text of the Plan contained in this prospectus beginning on page 15 before you decide to participate in the Plan. References to Questions in this summary are those found under "Terms and Conditions of the Plan."

ENROLLMENT.....	You can participate in the Plan if you own our common shares or OP Units in MHC Operating Partnership by submitting a completed authorization form. You may obtain an authorization form from the Plan's Administrator, The Chase Manhattan Bank. Please see Question 6 for more detailed information.
INITIAL INVESTMENT.....	If you do not own any of our common shares or OP Units in MHC Operating Partnership, you can participate in the Plan by making an initial investment in our common shares through the Plan with a minimum initial investment of $1,000. Please see Question 5 for more detailed information.
REINVESTMENT OF DIVIDENDS.....	You can reinvest your cash dividends on all or a portion of your common shares or your cash distributions on all or a portion of your OP Units to purchase additional common shares. To participate in the dividend and distribution reinvestment feature of the Plan, you must hold and elect to reinvest the dividends on a minimum of 10 common shares or the cash distributions on a minimum of 10 OP Units. Please see Question 6 for more detailed information.
OPTIONAL CASH INVESTMENTS.....	After you are enrolled in the Plan, you can buy additional common shares. You can invest a minimum of $250 to a maximum of $5,000 in any one month. Under some circumstances, we may approve a written request to waive the $5,000 per month maximum amount. Please see Question 6 for more detailed information.
ADMINISTRATION.....	The Chase Manhattan Bank initially will serve as the Administrator of the Plan. ChaseMellon Shareholder Services L.L.C., a registered transfer agent, will provide administrative support to the Administrator. You should send all correspondence with the Administrator to: Manufactured Home Communities, Inc., c/o ChaseMellon Shareholder Services, P.O. Box 3338, South Hackensack, NJ 07606-1938. You may call the Administrator at (888) 847-1159. Please see Question 4 for more detailed information.
SOURCE OF SHARES.....	The Administrator of the Plan will purchase our common shares directly from us as newly issued common shares, in the open market or in privately negotiated transactions with third parties. Please see Question 8 for more detailed information.
PURCHASE PRICE.....	Under the Plan, with respect to reinvested dividends and distributions and optional cash investments of $5,000 or less, the purchase price for our common shares that the Administrator purchases directly from us initially will equal 100% of the average of the daily high and low sales prices for a common share reported by the New York Stock Exchange on the applicable Investment Date or, if no trading occurs in our common shares on the applicable Investment Date, the average of the daily high and low sales prices for the first trading day immediately

preceding the Investment Date for which trades are reported. Please see Question 8 for more detailed information.

With respect to optional cash investments of greater than $5,000, the purchase price for newly issued common shares that the Administrator purchases directly from us initially will equal 100% of the average of the daily high and low sales prices of our common shares reported by the New York Stock Exchange for the trading day relating to each Investment Date, less any discount that we may elect to offer in connection with a waiver of the $5,000 limit. Please see Questions 8 and 10 for more detailed information.

The purchase price for common shares purchased in the open market or in privately negotiated transactions with third parties will equal the price paid for the shares on the relevant Investment Date. Please see Question 8 for more detailed information.

The reinvestment of cash dividends and distributions in additional common shares is not subject to a maximum limit.

The Waiver Discount, if any, described in the response to Question 10 will not be available for optional cash investments that do not exceed $5,000. Similarly, these investments will not be subject to the Minimum Waiver Price. However, MHC reserves the right to grant a discount and set a minimum price in the future for these investments. MHC also reserves the right to offer a discount or change any discount offered on common shares purchased with reinvested dividends or distributions. In no event will the discount be greater than 5% of the average of the high and low trading prices of MHC's common shares on the Investment Date.

Optional cash investments of less than $250 and that portion of any optional cash investment that exceeds $5,000, unless the limit has been waived, will be returned to the participant without interest.

TRACKING YOUR INVESTMENTS..... You will receive periodic statements of the transactions made in your Plan account. These statements will provide you with details of the transactions and will indicate the share balance in your Plan account. Please see Question 14 for more detailed information.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-3. This prospectus, which is part of the registration statement, does not contain all the information included in the registration statement. Some information is omitted and you should refer to the registration statement and its exhibits. With respect to references made in this prospectus to any contract, agreement or other document of ours, our descriptions are summaries and you should refer to the exhibits attached to the registration statement for copies of the actual contract, agreement or other document.

We also file annual, quarterly and current reports, proxy statements and other information with the Commission. You may read and copy any materials we file with the Commission at the Public Reference Room of the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and 7 World Trade Center, Suite 1300, New York, New York 10048. You may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. In addition, we file many of our documents electronically with the Commission, and you may access those documents over the internet. The Commission maintains a "web site" that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. The address is "http://www.sec.gov."

You may inspect any reports, proxy statements and other information we file with the NYSE at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The Commission allows us to "incorporate by reference" the information we file with them in this prospectus. This helps us disclose information to you by referring you to the documents we file. The information we incorporate by reference is an important part of this prospectus. We incorporate by reference each of the documents listed below.

- Our Annual Report on Form 10-K for the year ended December 31, 1998.

- Our Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 1999.

- Our Current Report on Form 8-K dated January 22, 1999, filed with the Commission on February 4, 1999.

- The description of our common stock contained in our Registration Statement on Form 8-A/A, filed with the Commission on February 22, 1993.

We also incorporate by reference any future filings we make under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, until all of the common shares to which this prospectus relates have been issued or the offering is terminated. You should note that any of our future filings which are incorporated by reference will automatically update and supersede the information in this prospectus.

Copies of all documents which are incorporated by reference (not including the exhibits to this information, unless these exhibits are specifically incorporated by reference in this information) will be provided without charge to each person, including any beneficial owner, to whom this prospectus is delivered upon written or oral request. Requests should be directed to Manufactured Home Communities, Inc., Two North Riverside Plaza, Chicago, Illinois 60606, Attention: Investor Relations Department (telephone number: (800) 247-5279).

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Information contained in or incorporated by reference into this prospectus and any accompanying prospectus supplement contains "forward-looking statements" within the meaning of Section 27A of the Securities Act. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act. These forward-looking statements relate to, without limitation, future economic performance, our plans and objectives for future operations and projections of revenue and other financial items, and can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "estimate," or "continue" or the negative or other variations of these terms or comparable terminology. The cautionary statements under the caption "Risk Factors" and other similar statements contained in this prospectus or any accompanying prospectus supplement identify important factors with respect to the forward-looking statements, including risks and uncertainties, that could cause actual results to differ materially from those in the forward-looking statements.

RISK FACTORS

Before you invest in our common shares, you should be aware that your investment is subject to various risks, including those described below. You should consider carefully these risks together with all of the other information included in this prospectus and incorporated by reference before you decide to purchase any of our common shares.

OP Units in MHC Operating Partnership are exchangeable on a one-for-one basis for shares of MHC common stock or their cash equivalent. In the following discussion of risk factors, we refer to our common shares and the OP Units together as our securities, and the investors who own shares of our common stock and/or OP Units as our securityholders.

OUR PERFORMANCE AND SHARE VALUE ARE SUBJECT TO RISKS ASSOCIATED WITH THE REAL ESTATE INDUSTRY.

Adverse Economic And Real Estate Conditions Could Adversely Affect Our Properties.

Our ability to make payments to our securityholders depends on our ability to generate income sufficient to pay our expenses, service our debt and maintain our portfolio of manufactured home community properties. The economic performance and value of our properties may be adversely affected by factors that are beyond our control, including:

- changes in the national, regional and local economic climate;
- local conditions such as an oversupply of manufactured home sites or a reduction in demand for manufactured home sites in the area;
- the attractiveness of our properties to tenants;
- competition from other available manufactured home communities and alternative forms of housing (such as apartment buildings and site-built single family homes);
- high vacancy rates; and
- changes in market rental rates.

Our performance also depends on our ability to collect rent from tenants and pay maintenance, insurance and other operating costs (including real estate taxes), which could increase over time.

The expenses of owning and operating a property are not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the property. If a property is mortgaged and we are unable to meet the mortgage payments, the lender could foreclose on the mortgage and take the property. In addition, other factors, such as

- interest rate levels;
- the availability of financing;
- changes in laws and governmental regulations (including those governing usage, zoning and taxes);
- potential environmental or other legal liabilities; and
- acts of God, such as floods, hurricanes and earthquakes,

may adversely affect our financial condition.

Risks Associated With Our Expansion Activities Could Adversely Affect Us.

Our expansion and redevelopment of properties subjects us to a variety of risks. In the case of an unsuccessful expansion or redevelopment project, we may fail to recoup our investment in the project. These risks include:

- abandonment of expansion or redevelopment opportunities after the payment of funds;
- failure to obtain required permits, licenses or approvals for a project;
- temporary disruption of income from a property;
- loss of tenants due to inconvenience caused by construction; and
- failure to maintain occupancy rates and rents at a level sufficient to make a project profitable.

Risks Associated With Our Acquisition Activities Could Adversely Affect Us.

We intend to continue to acquire manufactured home community properties to the extent they can be acquired on advantageous terms and meet our investment criteria. However, we may not be able to complete transactions in the future. When we acquire, develop or expand properties, we are subject to the risks that:

- competition for new acquisitions may result in increased prices for properties;
- we may underestimate the costs necessary to bring an acquired property up to standards established for its intended market position;
- projected occupancy and rental rates at the property may not be realized;
- we may fail to recoup our investment in the properties; and
- we may experience difficulty or delays in obtaining necessary zoning, land-use and other governmental permits and authorizations.

We expect that other real estate investors with significant capital will compete with us for attractive investment opportunities. These competitors include publicly traded REITs, private REITs and other types of investors. Competition often drives up the price of attractive manufactured home community properties.

We expect to acquire properties with cash from secured or unsecured financings and proceeds from offerings of equity or debt. We may not be in a position or have the opportunity in the future to make suitable property acquisitions on favorable terms.

Because Real Estate Investments Are Illiquid, We May Not Be Able To Sell Properties When Appropriate.

Limitations on our ability to sell our investments could adversely affect our ability to service debt and make distributions to our securityholders. Real estate investments generally cannot be sold quickly. We may not be able to vary our portfolio promptly in response to economic or other conditions. This inability to respond promptly to changes in the performance of our investments could adversely affect our financial condition.

WE ARE SUBJECT TO RISKS ASSOCIATED WITH DEBT FINANCING.

Scheduled Debt Payments Could Adversely Affect Our Financial Condition.

We have a substantial amount of debt. As of June 30, 1999, the total principal amount of our outstanding indebtedness was $756 million. As a result, we are subject to the following risks:

- the risk that our cash flow from operations could be insufficient to meet required payments of principal and interest and pay distributions at expected levels;

- the risk that we will not be able to refinance our existing indebtedness on favorable terms, or at all; and

- the risk that we will be unable to obtain financing for necessary capital expenditures on favorable terms, or at all.

If we are unable to meet mortgage payments for a mortgage that is secured by one of our properties, that property could be transferred to the lender, or other third parties, resulting in a loss of income and asset value.

Virtually all of our debt requires the payment of substantial principal at maturity. If principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow will not be sufficient in all years to repay all maturing debt. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates, increased interest expense would adversely affect cash flow and our ability to service debt and make distributions to securityholders.

The Obligation To Comply With Financial Covenants In Our Debt Instruments Could Adversely Affect Our Financial Condition.

The mortgages on our properties contain customary negative covenants which, among other things, limit our ability, without the prior consent of the lender, to further mortgage the property or to discontinue insurance coverage.

In addition, our credit facilities contain certain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including:

- total debt to assets ratios,

- secured debt to total assets ratios,

- debt service coverage ratios, and

- minimum ratios of unencumbered assets to unsecured debt.

Foreclosure on our mortgaged properties or our inability to refinance existing indebtedness would likely have a negative impact on our financial condition and results of operations.

Our Degree Of Leverage Could Limit Our Ability To Obtain Additional Financing.

As of September 30, 1999, our "debt to market capitalization ratio" (which we calculate as total debt as a percentage of total debt plus the market value of the outstanding common stock and OP Units) was approximately 41%. This degree of leverage could have important consequences to our business and securityholders, including affecting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes and making us more vulnerable to a downturn in business or of the economy generally.

STOCKHOLDERS ARE LIMITED IN THEIR ABILITY TO CHANGE CONTROL OF US.

Provisions Of Our Charter And Bylaws Could Inhibit Changes In Control.

There are significant limitations on the ability of stockholders to change control of us. Certain provisions of our charter and bylaws may delay or prevent a change in control, tender offers for our common stock, attempts to assemble a block of common stock through purchases of common stock from stockholders at a premium to the prevailing market price or which might otherwise be in the best interest of our stockholders. These include a board of directors that is elected for three year terms, with approximately one-third of its directors elected each year, and the Ownership Limitation that we describe

below. Also, any future series of preferred stock may have voting provisions that could delay or prevent a change of control or other transaction that might involve a premium price or otherwise be good for our stockholders.

We Could Adopt Maryland Law Limitations On Changes In Control.

Certain provisions of Maryland law prohibit "business combinations" (including certain issuances of equity securities) with any person who beneficially owns ten percent or more of the voting power of outstanding stock, or with an affiliate of the company who, at any time within the two-year period prior to the date in question, was the owner of ten percent or more of the voting power of the outstanding voting stock (defined under Maryland law as an "Interested Stockholder"), or with an affiliate of an Interested Stockholder. These prohibitions last for five years after the most recent date on which the Interested Stockholder became an Interested Stockholder. After the five-year period, a business combination with an Interested Stockholder must be approved by two super-majority stockholder votes unless, among other conditions, common stockholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Stockholder for its shares of common stock.

Our board of directors has exempted from these provisions of Maryland law any business combination with any of the following or their affiliates:

- Mr. Samuel Zell (Chairman of our board of directors);
- certain holders of OP Units who received them at the time of our initial public offering;
- the General Motors Hourly Rate Employes Pension Trust and the General Motors Salaried Employes Pension Trust (which we sometimes refer to as the GM Trusts); and
- our officers who acquired shares of our common stock at the time we were formed.

We Have A Stock Ownership Limit For REIT Tax Purposes.

To remain qualified as a REIT for federal income tax purposes, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the federal income tax laws applicable to REITs) at any time during the last half of any year. To facilitate maintenance of our REIT qualification, our charter, subject to certain exceptions, prohibits ownership by any single stockholder of more than 5% (in value or number of shares, whichever is more restrictive) of our stock. We refer to this as the Ownership Limitation. Our charter permits the board of directors to increase the Ownership Limitation with respect to any class or series of stock. Further, the board of directors is required to waive or modify the Ownership Limitation with respect to a stockholder who would not be treated as an "individual" for purposes of the Internal Revenue Code of 1986, as amended, if this stockholder's ownership in excess of the Ownership Limitation will not cause a stockholder who is an individual to be treated as owning stock in excess of the Ownership Limitation or otherwise jeopardize our REIT status. In the absence of an exemption or waiver, stock acquired or held in violation of the Ownership Limitation will be transferred to us by operation of law as trustee for the benefit of the person to whom the stock is ultimately transferred, and the stockholder's rights to distributions and to vote would terminate. The stockholder would be entitled to receive, from the proceeds of any subsequent sale of the stock transferred to us as trustee, the lesser of (i) the price paid for the stock or, if the owner did not pay for the stock (for example, in the case of a gift, devise or other such transaction), the market price of the stock on the date of the event causing the stock to be transferred to us as trustee or (ii) the amount realized from such sale. A transfer of stock may be void if it causes a person to violate the Ownership Limitation. The Ownership Limitation could delay or prevent a change in control of us and, therefore, could adversely affect our stockholders' ability to realize a premium over the then-prevailing market price for their stock.

CONFLICTS OF INTEREST COULD RESULT IN DECISIONS CONTRARY TO OUR BEST INTEREST.

Mr. Zell's Affiliates Control Our Management Corporations.

Controlling ownership interests of affiliates allows affiliates to exercise significant influence on us.

LP Management Corp. and DeAnza Group, Inc., which we call the Management Corporations, are limited partners of MHC Management Limited Partnership and MHC-DAG Management Limited Partnership, respectively. We sometimes refer to these partnerships as the Management Partnerships. The Management Partnerships provide property management services and asset management services to most of our properties. The management contracts for these services were not negotiated on an arms length basis. While we believe that the management fees the Management Partnerships receive from these properties are at current market rates, there is no assurance that these management fees will equal at all times those fees that would be charged by an unaffiliated third party. While we generally own 95% of the economic interest in the Management Corporations, Mr. Zell controls and has a substantial interest in the private company which has voting control of the Management Corporations. Due to his position at MHC, Mr. Zell may have a conflict with respect to enforcing the terms of these management contracts, which could adversely affect our financial condition and results of operations.

Certain Directors, Officers And Stockholders Have Conflicts Of Interest And Could Exercise Influence In A Manner Inconsistent With Stockholders' Best Interest.

As of March 17, 1999, Mr. Zell and Ms. Sheli Z. Rosenberg (one of our directors) owned (as determined in accordance with the rules of the Securities and Exchange Commission) approximately 9.8%, and all other directors and executive officers as a group owned approximately 15.2%, of our outstanding stock (in each case including common stock issuable upon exchange of OP Units and options to purchase an aggregate of 792,658 shares of common stock). Finally, the GM Trusts own approximately 8.6% of our common stock. Accordingly, these persons have significant influence on our management and operation. This influence might be exercised in a manner that is inconsistent with the interests of other securityholders.

Mr. Zell And His Affiliates Continue To Be Involved In Other Investment Activities.

Although Mr. Zell entered into a noncompetition agreement at the time of our initial public offering, he and his affiliates have a broad and varied range of investment interests, including interests in other real estate investment companies involved in other forms of housing, including multifamily housing. Mr. Zell and his affiliates may acquire interests in other companies. He may not be able to control whether any of these companies competes with us. Consequently, Mr. Zell's continued involvement in other investment activities could result in competition with us as well as management decisions that might not reflect the interests of our securityholders.

We Lease Our Corporate Offices From An Affiliate Of Mr. Zell.

Our corporate offices are at Two North Riverside Plaza in Chicago, Illinois. We lease our office space there from one of Mr. Zell's affiliates. We believe that the lease terms, including the rental rates, reflect current market terms.

WE DO NOT CONTROL REALTY SYSTEMS, INC.

Realty Systems, Inc. provides sales, leasing, brokerage and construction services to our properties and we provide RSI with an unsecured credit line to purchase inventory. Certain persons with significant business relationships with Mr. Zell control the voting stock and management of RSI, although we own 95% of the economic interests in RSI. We therefore do not control the timing or amount of distributions or the management and operations of RSI. As a result, decisions relating to the declaration and payment of distributions, the credit line and the business policies and operations of RSI could be adverse to our interests or could lead to adverse financial results, which could adversely affect our financial condition and results of operations.

SOME POTENTIAL LOSSES ARE NOT COVERED BY INSURANCE.

We carry comprehensive liability, fire, extended coverage and rental loss insurance on all of our properties. We believe the policy specifications and insured limits of these policies are adequate and appropriate. There are, however, certain types of losses, such as lease and other contract claims, that generally are not insured. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property.

ENVIRONMENTAL PROBLEMS ARE POSSIBLE AND CAN BE COSTLY.

Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or petroleum product releases at the property. If unidentified environmental problems arise, we may have to make substantial payments which could adversely affect our cash flow and our ability to make distributions to our securityholders because:

- the owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by those parties in connection with the contamination;

- these laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the contamination;

- even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred; and

- third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site.

Environmental laws also govern the presence, maintenance and removal of asbestos. These laws require that owners or operators of property containing asbestos properly manage and maintain the asbestos, that they notify and train those who may come into contact with asbestos and that they undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. These laws may impose fines and penalties on real property owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

Independent environmental consultants have conducted Phase I environmental site assessments at all of our properties. These assessments included, at a minimum, a visual inspection of the properties and the surrounding areas, an examination of current and historical uses of the properties and the surrounding areas and a review of relevant federal, state, and historical documents. Where appropriate, on a property by property basis, these consultants have conducted additional testing, including sampling for asbestos, for lead in drinking water, for soil contamination where underground storage tanks are or were located or where other past site usages create a potential environmental problem, and for contamination in groundwater.

These environmental assessments have not revealed any environmental liabilities at the properties that we believe would have a material adverse effect on our business, assets, financial condition or results of operations, nor are we aware of any material environmental liability. There can be no assurances, however:

- that circumstances have not changed since any assessments were completed;

- that they reveal all potential environmental liabilities;

- that they are accurate; or

- that prior owners or operators of the properties have not created a potential environmental liability unknown to us.

We cannot be sure that environmental laws will not become more stringent in the future or that the environmental conditions on or near our properties will not have a material adverse effect on individual properties or on us as a whole in the future.

THE MARKET VALUE OF OUR STOCK CAN BE ADVERSELY AFFECTED BY A NUMBER OF FACTORS.

Changes In Market Conditions Could Adversely Affect The Market Price Of Our Stock.

As with other publicly traded equity securities, the value of our common stock depends on various market conditions, which may change from time to time. Among the market conditions that may affect the value of our publicly traded securities are the following:

- the extent of institutional investor interest in us;
- the reputation of REITs and manufactured home community REITs generally, and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate companies);
- our financial condition and performance; and
- general financial market conditions.

Our Earnings And Cash Distributions Will Affect The Market Price Of Our Stock.

We believe that the market value of a REIT's equity securities is based primarily upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, and is secondarily based upon the real estate market value of the underlying assets. For that reason, our common stock may trade at prices that are higher or lower than the net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our common stock. Our failure to meet the market's expectations with regard to future earnings and cash distributions would likely adversely affect the market price of our publicly traded securities.

Market Interest Rates May Have An Effect On The Value Of Our Stock.

One of the factors that investors consider important in deciding whether to buy or sell shares of a REIT is the distribution rate with respect to its shares (as a percentage of the price of its shares) relative to market interest rates. If market interest rates go up, prospective purchasers of REIT shares may expect a higher distribution rate. Higher interest rates would not, however, result in more funds for us to distribute and, in fact, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our publicly traded securities to go down.

Our Earnings are Affected by Changes in Interest Rates.

Because a portion of our outstanding indebtedness is at variable rates based on the London Inter-Bank Offer Rate, our earnings are affected by changes in interest rates. We have a $175 million line of credit (of which $40 million dollars was outstanding as of September 30, 1999) that bears interest at LIBOR plus 1.125% as well as a $100 million Term Loan that bears interest at LIBOR plus 1.0%. In addition, we are party to an interest rate swap agreement that fixes LIBOR at 6.4% on $100 million of our floating rate debt for the period 1998 through 2003. By way of illustration, if LIBOR had increased or decreased by 1.0% during 1998, our interest expenses would have increased or decreased, respectively, by approximately $1.0 million based on the average balance outstanding under our line of credit for the year ended December 31, 1998.

WE ARE DEPENDENT ON EXTERNAL SOURCES OF CAPITAL FOR FUTURE GROWTH.

To qualify as a REIT, we must distribute to our stockholders each year at least 95% of our net taxable income (excluding any net capital gain). Because of these distribution requirements, it is not likely that we will be able to fund all future capital needs, including for acquisitions, from income from operations. We will have to rely on third-party sources of capital, which may or may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings. Moreover, additional equity offerings may result in substantial dilution of securityholders' interests, and additional debt financing may substantially increase our leverage.

IF WE FAIL TO QUALIFY AS A REIT OUR SECURITYHOLDERS WOULD BE ADVERSELY AFFECTED.

We believe that, since our initial public offering in March 1993, we have qualified for taxation as a REIT for federal income tax purposes. We plan to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from certain sources that are itemized in the REIT tax laws. We are also required to distribute to stockholders at least 95% of our REIT taxable income (excluding capital gains). The fact that we hold our assets through MHC Operating Partnership and its subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the Internal Revenue Service might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for us to remain qualified as a REIT. We do not believe, however, that any pending or proposed tax law changes would jeopardize our REIT status.

In addition, although REITs are prohibited from holding more than 10% of the voting securities of any corporation, a REIT is not currently prohibited from holding more than 10% of the value of the stock of a corporation, subject to the general REIT asset requirements. Several proposals affecting REITs are included in both the conference language of the Taxpayer Refund and Relief Act of 1999 that was vetoed by President Clinton and the federal budget for 2000. One such proposal, if enacted, would prohibit a REIT from holding securities representing more than 10% of the vote or value of all classes of stock of a corporation, other than stock of a qualified REIT subsidiary or another REIT. Although stock currently owned in existing subsidiaries, such as RSI, would be grandfathered under this type of proposal, those subsidiaries would be prohibited from acquiring substantial new assets or engaging in a new trade or business. If enacted in its present form, the proposal may limit our future activities and growth, absent restructuring those subsidiaries into taxable REIT subsidiaries. There can be no assurance that these or similar proposals will not be enacted.

If we fail to qualify for taxation as a REIT and the relief provisions of the Internal Revenue Code do not apply, we would be subject to federal income tax at regular corporate rates. Also, unless the Internal Revenue Service granted us relief under certain statutory provisions, we would be ineligible for qualification as a REIT for four years following the year we first failed to qualify. If we failed to qualify as a REIT, we would have to pay significant income taxes and would therefore have less money available for investments or for distributions to stockholders. This would likely have a significant adverse affect on the value of our securities. In addition, we would no longer be required to make any distributions to stockholders.

WE PAY SOME TAXES.

Even if we qualify as a REIT, we are required to pay certain federal, state and local taxes on our income and property. In addition, any net taxable income earned directly by certain noncontrolled subsidiaries is subject to federal and state income tax.

OUR BUSINESS MAY BE DISRUPTED AS A RESULT OF THE YEAR 2000 ISSUE.

The "Year 2000 Issue" is the result of computer programs being written using two digits rather than four to define the applicable year. Any of our computer programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, collect rents or engage in similar normal business activities.

We have conducted an assessment of our exposure to Year 2000 related business disruptions. The assessment examined our internal systems, including computer hardware and software such as Accounts Receivable, Accounts Payable, General Ledger and Payroll systems. We have substantially completed vendor and manufacturer recommended procedures to remedy Year 2000 issues identified during our assessment, and have upgraded, replaced, or retired non-year 2000 compliant hardware and software.

We have retained consultants to conduct on-site inspections of our utility operations, such as drinking water systems, waste water treatment plants and lift stations. Our inspections lead us to believe there will be no material issue. In addition, we have contacted our significant suppliers in order to assess and, to the extent possible, minimize potential exposure to Year 2000 Issue related disruptions.

We have commenced contingency planning for critical operational areas that might be affected by the Year 2000 Issue if compliance is delayed. Aside from catastrophic failures of banks, governmental agencies, utilities or similar entities, we believe that we could continue routine operations. For example, rent on properties can be collected and recorded by manual methods using hardcopy reports from previous months; payroll can be processed by issuing manual checks relying on existing payroll registers; bills can be paid as long as banks can process checks; and basic financial statements can be prepared manually. The pervasiveness of Year 2000 Issues, however, makes it likely that previously unidentified issues will require remediation during the normal course of business.

Although we believe that our efforts to minimize business disruptions resulting from the Year 2000 Issue are adequate, we can give no assurance that such efforts, and those of our tenants and suppliers, will be adequate to prevent a material adverse effect on us.

TERMS AND CONDITIONS OF THE PLAN

The following constitutes our Dividend Reinvestment and Share Purchase Plan, as in effect beginning , 1999. All references in this prospectus to common shares refer to our shares of common stock, par value $.01 per share.

PURPOSE

1. WHAT IS THE PURPOSE OF THE PLAN?

The primary purpose of the Plan is to give holders of record of our common shares and holders of OP Units in MHC Operating Partnership, as well as other interested investors, a convenient and economical way to purchase and to reinvest all or a portion of their cash dividends or cash distributions in common shares. A secondary purpose of the Plan is to provide us another way to raise additional capital for general corporate purposes through sales of common shares.

PARTICIPATION OPTIONS

2. WHAT ARE MY INVESTMENT OPTIONS UNDER THE PLAN?

Once enrolled in the Plan, you may buy common shares through any of the following investment options:

- Full Distribution Reinvestment. You may reinvest cash dividends paid on all of your common shares to purchase additional common shares if you have at least 10 common shares in your Plan account. Similarly, you may invest cash distributions paid on all of your OP Units if you have at

least 10 OP Units in your Plan account. This option also permits you to make optional cash investments from $250 to $5,000 per month to buy additional common shares.

- Partial Distribution Reinvestment. You may reinvest cash dividends paid on some of your common shares to purchase additional common shares if you have at least 10 common shares in your Plan account. Similarly, you may invest cash distributions paid on some of your OP Units if you have at least 10 OP Units in your Plan account. In either case, you must elect to reinvest the dividends on a minimum of 10 common shares or the cash distributions on a minimum of 10 OP Units. We will continue to pay you cash dividends on the remaining common shares and cash distributions on the remaining OP Units, when and if declared by our board of directors. This option also permits you to make optional cash investments from $250 to $5,000 per month to buy additional common shares.

- Optional Cash Investments. You may make optional cash investments from $250 to $5,000 per month to buy additional common shares. If you currently do not own any of our common shares or OP Units, you can participate in the Plan by making a minimum initial investment of $1,000. You may request, and in some instances we may approve, a waiver from us permitting you to make optional cash investments in an amount greater than $5,000 per month. See Question 10 to learn how to request a waiver.

BENEFITS AND DISADVANTAGES

3. WHAT ARE THE BENEFITS AND DISADVANTAGES OF THE PLAN?

Benefits

Before deciding whether to participate in the Plan, you should consider the following benefits of the Plan:

- There are minimal costs associated with the Plan that you must pay, including costs related to your voluntary selling of common shares. Therefore, you will not pay trading fees or service fees to purchase common shares through the Plan, unless we authorize the Administrator to purchase common shares in the open market. Please see the "Plan Service Fees Schedule" attached as Exhibit A for a detailed description of the costs for which you will be responsible.

- You will get the convenience of having all or a portion of your cash dividends automatically reinvested in additional common shares. You can also invest distributions paid on all or a portion of your OP Units. Since the Administrator will credit fractional common shares to your Plan account, you will receive full investment of your dividends or distributions and optional cash investments.

- You will have the option of having your share certificates held for safekeeping by the Administrator, protecting against loss, theft or destruction of the certificates representing your common shares.

- You will simplify your record keeping by receiving periodic statements which will reflect all current activity in your Plan account, including purchases, sales and latest balances.

- You will have the flexibility of making optional cash investments of $250 to $5,000 in any one month to buy additional common shares. You may make these optional cash investments on a regular or occasional basis.

- At any time, you may direct the Administrator to sell or transfer all or a portion of the common shares held in your Plan account. You will be responsible for any trading fees associated with the sale.

Disadvantages

Before deciding whether to participate in the Plan, you should consider the following disadvantages of the Plan:

- We are not now offering a discount on purchases of common shares made through dividend or distribution reinvestments or optional cash investments, although we reserve the right to offer discounts in the future.

- In no event will the discount be greater than 5% of the average of the high and low trading prices of MHC's common shares on the Investment Date.

- Without giving you prior notice, we may direct the Administrator to buy common shares under the Plan either directly from us or in the open market or in privately negotiated transactions with third parties.

- Your reinvestment of cash dividends on common shares will result in your being treated for federal income tax purposes as having received a dividend on the dividend payment date, to the extent of our earnings and profits. The dividend may give rise to a liability for the payment of income tax without providing you with immediate cash to pay the tax when it becomes due.

- You may not know the actual number of common shares that the Administrator of the Plan buys for your account until after the applicable "Investment Date", as we define that term in Question 8.

- Because the Administrator of the Plan will buy common shares for your account at an average price per share, the price paid for the shares on any date may be greater than the price at which common shares are then trading.

- Sales of common shares held in your Plan account may be delayed up to three (3) business days.

- As described in Exhibit A, you will pay trading fees or transaction fees on the sale of common shares held in your Plan account. You will also be charged for your pro rata share of trading fees on the purchase of common shares which are acquired in the open market for your Plan account should we elect not to issue such shares directly.

- The administrator will not pay interest on funds that it holds pending reinvestment or investment.

- You may not pledge common shares deposited in your Plan account unless you withdraw the shares from the Plan.

ADMINISTRATION

4. WHO WILL ADMINISTER THE PLAN?

Administrator. The Chase Manhattan Bank or another entity as we may designate, will serve as the Administrator of the Plan. ChaseMellon Shareholder Services, L.L.C., a registered transfer agent, will provide administrative support to the Administrator. The Administrator:

- acts as your agent,

- keeps records of all Plan accounts,

- sends your account statements to you,

- buys and sells, on your behalf, all common shares under the Plan, and

- performs other duties relating to the Plan. You should send all correspondence with the Administrator to:

Manufactured Home Communities, Inc.
c/o ChaseMellon Shareholder Services
P.O. Box 3338
South Hackensack, NJ 07606-1938
Telephone (888) 847-1159

Successor to Administrator. We may replace the Administrator at any time. The Administrator may resign as Administrator of the Plan at any time. In either case, we will appoint a successor Administrator, and will notify you of the change.

PARTICIPATION

For purposes of this section, we have based our responses upon the method by which you hold your common shares. Generally, you either are a record owner or a beneficial owner. You are a record owner if you own common shares in your own name. You are a beneficial owner if you own common shares that are registered in a name other than your own; for example, if the shares are held in the name of a broker, bank or other nominee. If you are a record owner, you may participate directly in the Plan. If you are a beneficial owner, you will have to become either a record owner by having ten or more shares transferred into your own name or coordinate your participation in the Plan through the broker, bank or other nominee in whose name your shares are held.

Holders of OP Units in MHC Operating Partnership can also automatically invest some or all of their quarterly distributions from the operating partnership in shares of MHC common stock as well as participate in the optional cash investment portion of the Plan. Except as otherwise noted, the discussion on the following questions in this prospectus relating to reinvestment of dividends on our common shares also applies to the investment choices available to holders of OP Units and to the mechanics and timing of the investment of quarterly distributions from MHC Operating Partnership.

5. WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?

You may participate in the Plan if you meet the following requirements:

Minimum Ownership Interest. You may directly join the Plan if you are a registered holder of common shares. For instructions on enrolling, see Question 6.

There is no minimum requirement as to the number of common shares that you must hold in your Plan account in order to participate in the optional cash investment portion of the Plan. However, if you wish to reinvest all or a portion of your dividends, you must hold at least 10 common shares in your Plan account and reinvest the dividends on at least 10 shares.

If you are an interested investor but not yet a shareholder, you initially can purchase from us at least $1,000 of common shares in order to participate in the Plan. This initial purchase will enable you to participate in both the optional cash investment and dividend reinvestment portions of the Plan, subject to eligibility requirements. You may purchase common shares pursuant to this paragraph in the manner set forth in the response to Question 8.

Non-transferability of right to participate. You may not transfer your right to participate in the Plan to another person.

Foreign Law Restrictions. You may not participate in the Plan if it would be unlawful for you to do so in the jurisdiction where you are a citizen or reside. If you are a citizen or resident of a country other than the United States, you should confirm that by participating in the Plan you will not violate local laws governing, among other things, taxes, currency and exchange controls, stock registration and foreign investments.

Exclusion From Plan For Short-Term Trading Or Other Practices. You should not use the Plan to engage in short-term trading activities that could change the normal trading volume of the common shares. If you do engage in short-term trading activities, we may prevent you from participating in the Plan. We reserve the right to modify, suspend or terminate participation in the Plan, by otherwise eligible holders of common shares, in order to eliminate practices which are, in our sole discretion, not consistent with the purposes or operation of the Plan or which adversely affect the price of the common shares. In addition to short-term trading activities, we reserve the right to prevent you from participating in the Plan for any other reason. It is in our sole discretion to exclude you from, or terminate your participation in, the Plan.

ENROLLMENT

6. HOW DO I ENROLL IN THE PLAN?

If you are eligible to participate in the Plan, you may join the Plan at any time. Once you enroll in the Plan, you will remain enrolled until you withdraw from the Plan or we terminate the Plan or your participation in the Plan.

The Authorization Form. To enroll and participate in the Plan, you must complete the enclosed Authorization Form and mail it to the Administrator of the Plan at the address set forth in Question 4. If your common shares are registered in more than one name (such as joint tenants or trustees), all registered holders must sign the Authorization Form. If you are eligible to participate in the Plan, you may sign and return the Authorization Form to join the Plan at any time.

However, if you are a beneficial owner of common shares and wish to enroll and participate in the Plan, you must do one of the following: (1) contact your broker to have your brokerage account coded for full or partial dividend reinvestment through the Depository Trust Company; or (2) instruct your broker to have your shares transferred to ChaseMellon Shareholder Services to be held for your benefit and then request Plan materials by calling (888) 847-1159; or (3) if you desire to participate in optional cash purchase transactions, fill out the Broker and Nominee Form, which you can obtain by calling the Plan Administrator.

If you are an interested investor but not presently a shareholder, and you desire to participate in the Plan by making an initial purchase from us of at least $1,000 of common shares, you may join the Plan by signing an Authorization Form and forwarding it, together with the funds, to the Administrator. You may obtain an Authorization Form at any time by contacting the Administrator as set forth in Question 4.

Choosing Your Investment Option. When completing the Authorization Form, you should choose one of the investment options discussed in Question 2 and repeated below:

- "Full Distribution Reinvestment" -- This option directs the Administrator to reinvest the cash dividends paid on all of the common shares owned by you then or in the future in common shares. To participate in the full distribution reinvestment feature of the Plan, you must hold a minimum of 10 common shares in your Plan account. This option also permits you to make optional cash investments from $250 to $5,000 per month to buy additional common shares.

- "Partial Distribution Reinvestment" -- This option directs the Administrator to reinvest cash dividends paid on a specified number of 10 or more common shares then owned by you in common shares. We will continue to pay you cash dividends on the remaining common shares, when and if declared by our board of directors. To participate in the partial distribution reinvestment feature of the Plan, you must hold a minimum of 10 common shares in your Plan account, and you must elect to reinvest the dividends on at least 10 common shares. This option also permits you to make optional cash investments from $250 to $5,000 per month to buy additional common shares.

- "Optional Cash Investments" -- This option permits you to make optional cash investments from $250 to $5,000 per month to buy additional common shares. We will continue to pay you cash dividends, when and if declared by our board of directors, on the common shares owned by you then or in the future, unless you designate the shares for reinvestment pursuant to the Plan.

You should choose your investment option by checking the appropriate box on the Authorization Form. If you sign and return an Authorization Form without checking an option, the Administrator will choose the "Full Distribution Reinvestment" option and will reinvest all cash dividends on all common shares registered in your name, provided that you are the registered holder of at least 10 common shares. If you are not the registered holder of at least 10 common shares, the Administrator will choose the "Optional Cash Investments" option.

The Administrator automatically will reinvest all cash dividends paid on all common shares that you have designated for participation in the Plan until you indicate otherwise or withdraw from the Plan, or

until we terminate the Plan. If you have elected to have your dividends reinvested, we will pay to the Administrator dividends on all common shares held in your Plan account. The Administrator will credit the common shares purchased with your reinvested dividends to your Plan account.

Changing Your Investment Option. You may change your investment option by completing and signing a new Authorization Form and returning it to the Administrator of the Plan. The Administrator must receive any change at least one business day before the record date for a dividend payment in order for the change to become effective for that dividend payment. The Administrator also must receive any change in the number of common shares that you have designated for partial dividend reinvestment at least one business day before the record date for a dividend payment in order to reinvest for the new number of shares on the next Investment Date.

The Broker And Nominee Form. If you are a beneficial owner of common shares and wish for your broker, bank or other nominee in whose name your shares are held to participate in the Plan on your behalf, the broker, bank or other nominee in whose name your shares are held must complete a Broker and Nominee Form. The Broker and Nominee Form provides the only means by which a broker, bank or other nominee in whose name your shares are held, may make optional cash investments on your behalf. Your broker, bank or other nominee in whose name your shares are held must submit a Broker and Nominee Form to the Administrator each time the broker, bank or other nominee in whose name your shares are held transmits optional cash investments on your behalf. You, your broker, bank or other nominee in whose name your shares are held may request a Broker and Nominee Form at any time by contacting the Administrator as set forth in Question 4. Prior to submitting a Broker and Nominee Form, your broker, bank or other nominee must have submitted a completed Authorization Form on your behalf.

The Administrator must receive the Broker and Nominee Form and appropriate instructions at least three business days before the applicable Investment Date or the optional cash investment will not be invested until the following Investment Date.

7. WHEN WILL MY PARTICIPATION IN THE PLAN BEGIN?

The date on which the Administrator receives your properly completed Authorization Form will determine the date on which the Administrator will buy common shares for your account. If you choose either the full or partial dividend reinvestment option, the Administrator will begin to reinvest dividends and distributions on the Investment Date after receipt of your Authorization Form, provided it receives the Authorization Form at least one business day before the record date set for the related dividend or distribution payment.

If you choose the optional cash investments option and wish to invest $5,000 or less in any one month, the Administrator will purchase common shares for you on the Investment Date after receipt of both your Authorization Form and the funds to be invested, provided it receives the Authorization Form and funds on or before the close of business on the third business day immediately preceding the Investment Date. If the Administrator receives your Authorization Form and funds for optional cash investment after the third business day indicated above but before the subsequent Investment Date, then the Administrator will hold your funds, without interest, for investment on the next following Investment Date. Please see the provisions of Question 10 if you wish to invest more than $5,000.

Once you enroll in the Plan, you will remain enrolled in the Plan until you withdraw from the Plan or we terminate the Plan or your participation in the Plan.

PURCHASES

8. HOW ARE SHARES PURCHASED UNDER THE PLAN?

Initial Purchase Of Common Shares. If you are an interested investor but not yet our shareholder, then you initially may direct the Administrator to purchase for your account at least $1,000 worth of common shares, making you eligible to participate in the Plan. You should send, together with your Authorization Form, a check or money order or wire transfer, payable to The Chase Manhattan Bank, in

an amount from $1,000 to $5,000 made out in U.S. funds drawn on a U.S. bank to the Administrator at the address set forth in Question 4. The other provisions of this Question 8 will apply to your purchase of common shares in this manner.

Source of The Common Shares. The Administrator will use all dividends and distributions reinvested through the Plan and all optional cash investments to buy either common shares directly from us, on the open market or in privately negotiated transactions with third parties, or a combination of them, at our discretion. Common shares purchased directly from us will consist of newly issued common shares. We cannot revise our determination that shares purchased through the Plan will be purchased either (1) from us, or (2) on the open market or in privately negotiated transactions, more than once every three months.

Investment Dates. When the Administrator purchases common shares from us, the purchases shall be made on the "Investment Date" in each month. If the Administrator is buying common shares directly from us through dividend reinvestment or optional cash investments of $5,000 or less, then the Investment Date will occur on either (1) the dividend payment date during any month in which we pay a cash dividend or (2) on or around the second Friday of any month in which we do not pay a cash dividend. See "Calendar of Expected Events -- Optional Cash Investments of $5,000 or Less" attached as Exhibit B to this prospectus for a list of the expected Investment Dates.

If the Administrator is buying common shares directly from us through an optional cash investment of greater than $5,000 pursuant to a request for waiver (see Question 10 for how to obtain a waiver), then there will be ten Investment Dates, each of which will occur on a separate "trading day", or a day on which trades in our common shares are reported on the New York Stock Exchange, in a Pricing Period, as defined in the next paragraph, with one-tenth of your optional cash investment being invested on each trading day, subject to the qualifications under "Minimum Waiver Price" in Question 10 below.

The "Pricing Period" is the period encompassing the ten consecutive trading days ending on either (1) the dividend payment date during any month in which we pay a cash dividend or (2) on or around the second Friday of any month in which we do not pay a cash dividend. See "Calendar of Expected Events -- Optional Cash Investments of Greater than $5,000" attached as Exhibit B to this prospectus for a list of the expected Pricing Period commencement and conclusion dates.

If the Administrator is buying common shares for the Plan through open market or privately negotiated transactions, then the Administrator will reinvest dividends or make optional cash investments as soon as is practical on or after the applicable Investment Date.

In the past, record dates for dividends have preceded the dividend payment dates by approximately two weeks. We historically have paid dividends on the second Friday of each April, July and October and the last business day of December. We cannot assure you that we will pay dividends according to this schedule in the future, and nothing contained in the Plan obligates us to do so. In fact, we now plan to pay the fourth quarter dividend on the second Friday of January, with the record date for such payment being the last Friday of December. Neither we nor the Administrator will be liable when conditions, including compliance with the rules and regulations of the Commission, prevent the Administrator from buying common shares or interfere with the timing of purchases.

We pay dividends as and when declared by our board of directors. We cannot assure you that we will declare or pay a dividend in the future, and nothing contained in the Plan obligates us to do so. The Plan does not represent a guarantee of future dividends.

Price of Common Shares. If the Administrator purchases common shares directly from us, then with respect to reinvested dividends and distributions and optional cash investments of $5,000 or less, the Administrator will pay a price equal to 100% of the average of the daily high and low sales price for a common share reported by the New York Stock Exchange on the applicable Investment Date, or, if no trading occurs in common shares on the applicable Investment Date, the first trading day immediately preceding the Investment Date for which trades are accepted.

If the Administrator purchases common shares directly from us, then with respect to optional cash investments of greater than $5,000, the Administrator will pay a price equal to 100% of the average of the daily high and low sales prices of our common shares reported by the New York Stock Exchange for each Investment Date in the Pricing Period. If we have granted a Waiver Discount, as described in the response to Question 10, with respect to a purchase under the Plan, the Administrator will receive the same discount when purchasing the shares from us.

If the Administrator purchases common shares in the open market or in privately negotiated transactions, then the Administrator will pay a price equal to the weighted average purchase price paid by the Administrator for the shares. Each participant will be charged a pro rata portion of any trading fees or other fees or charges paid by the Administrator in connection with such open market purchases. The Administrator will purchase the shares as soon as is practical on or after an Investment Date.

Number of Shares to Be Purchased. If you elect to participate in the Plan by reinvesting your dividends or distributions, the Administrator will invest for you the total dollar amount equal to the sum of (1) the dividend on all common shares, including fractional shares, and distributions on OP Units held in your Plan account for which you have requested dividend or distribution reinvestment and (2) any optional cash investments to be made as of that Investment Date. There is no limit on the number of shares you may purchase through dividend reinvestment. We reserve the right to offer a discount or change any discount on common shares purchased with reinvested dividends.

If you elect to make only optional cash investments, the Administrator will invest for you the total dollar amount equal to any optional cash investments to be made as of that Investment Date.

As of any Investment Date, the Administrator will purchase for your account the number of common shares equal to the total dollar amount to be invested for you, as described above, divided by the applicable purchase price. The Administrator will deduct from the amount to be invested for you any amount that we are required to deduct for withholding tax purposes.

Administrator's Control of Purchase Terms. With respect to purchases of common shares in the open market or in privately negotiated transactions that the Administrator makes under the Plan, the Administrator, or a broker that the Administrator selects, will determine the following:

- the exact timing of open market purchases;

- the number of common shares, if any, that the Administrator purchases on any one day or at any time of that day;

- the prices for the common shares that the Administrator pays;

- the markets on which the Administrator makes the purchases; and

- the persons, including brokers and dealers, from or through which the Administrator makes the purchases.

Commingling of Funds. When making purchases for an account under the Plan, we or the Administrator may commingle your funds with those of other investors participating in the Plan.

9. HOW DO I MAKE OPTIONAL CASH INVESTMENTS?

You may make optional cash investments at any time if you have submitted a signed Authorization Form or your broker, bank or other nominee has submitted a Broker and Nominee Form, and if you are (1) a registered holder of common shares, (2) a holder of OP Units, (3) an interested investor who has purchased from us at least $1,000 of common shares or (4) a beneficial owner of common shares and either have directed your broker, bank or other nominee in whose name your shares are held to transfer at least 10 common shares to your name or you have arranged with your broker, bank or other nominee in whose name your shares are held to participate in the Plan on your behalf.

Initial Optional Cash Investments. You may make an initial optional cash investment when enrolling in the Plan by sending your properly completed Authorization Form and a check or money order, payable to The Chase Manhattan Bank, in an amount from $1,000 to $5,000 made out in U.S. funds drawn on a U.S. bank to the Administrator at the address set forth in Question 4 by the close of the third business day preceding an Investment Date. Please see Question 10 if you wish to make an optional cash investment of more than $5,000 in any month.

Subsequent Optional Cash Investments. Once you enroll in the Plan and make an initial investment, whether by dividend or distribution reinvestment or optional cash investment, the Administrator will attach an Optional Cash Investment Form to each statement of account it sends to you. To make an optional cash investment once enrolled in the Plan, you should send a properly completed Optional Cash Investment Form and a check, money order or wire transfer, payable to The Chase Manhattan Bank, in an amount from $250 to $5,000 made out in U.S. funds drawn on a U.S. bank to the Administrator at the address set forth in Question 4 so that it is received by the close of the third business day preceding an Investment Date.

If you are a beneficial owner of common shares you, through your broker, bank or other nominee, must make all optional cash investments through the use of a Broker and Nominee Form. See Question 6.

The Administrator will hold, without interest, all optional cash investments that it receives after the close of business on the third business day before an Investment Date through the next subsequent Investment Date. The Administrator will invest the held-over funds on the next subsequent Investment Date, provided that the next subsequent Investment Date falls within 35 or fewer days. If the next subsequent Investment Date will occur in more than 35 days, then the Administrator will return the funds to you, without interest.

Minimum and Maximum Limits. For any Investment Date that you choose to make an optional cash investment, you must invest at least $250 but not more than $5,000. You may invest an amount greater than $5,000 in any month if you obtain a prior written waiver from us to do so. See Question 10 to learn how to request a waiver.

Items to Remember When Making Optional Cash Investments. When making your optional cash investment, you should consider the following:

- All optional cash investments must equal at least $250 but not more than $5,000 per month;

- You do not have to make an optional cash investment in any month;

- You do not have to send the same amount of cash payment each month;

- You must make all optional cash investments in United States dollars; and

- You must send optional cash investments in the form of a check, money order or wire transfer payable to The Chase Manhattan Bank. Do not send cash.

Refunds of Uninvested Optional Cash Investments. To obtain a refund of optional cash investments which the Administrator has not yet invested, you must contact the Administrator as set forth in Question 4. The Administrator must receive your request no later than two business days prior to the Investment Date in order to refund your money for the Investment Date.

No Interest On Optional Cash Investments. You will not earn interest on optional cash investments held pending investment. We therefore suggest that you send any optional cash investment that you wish to make so as to reach the Administrator as close as possible to the third business day preceding the next Investment Date. You should contact the Administrator if you have any questions regarding these dates.

Returned Checks. In the event that any check is returned unpaid for any reason, the Administrator will consider the request for investment of the money null and void and will immediately remove from the participant's account any common shares purchased upon the prior credit of the money. The Administrator will be entitled to sell these common shares to satisfy any uncollected amounts. If the net proceeds of the sale of the common shares are insufficient to satisfy the balance of the uncollected amounts, the Administrator will be entitled to sell additional common shares from the participant's account to satisfy the uncollected balance. A $25.00 fee will be charged for any deposit returned unpaid.

10. HOW DO I MAKE AN OPTIONAL CASH INVESTMENT OVER THE MAXIMUM MONTHLY AMOUNT?

If you wish to make an optional cash investment in excess of $5,000 for any Investment Date, you must obtain our prior written approval by submitting a request for waiver. To obtain a Request For Waiver Form, please call our Investor Relations Department at (312) 279-1528. Once completed, you should return the Request For Waiver Form to our Investor Relations Department via facsimile at (312) 279-1529 no later than three (3) business days preceding the start of the Pricing Period for the applicable Investment Date. If we have approved your request for waiver, then we will send to you and the Administrator a copy of our written waiver approval. After you receive our approval form, you should send your optional cash investment of greater than $5,000 by wire transfer pursuant to the instructions in the approval form. The Administrator must receive your optional cash investment by wire transfer in good funds pursuant to a Request For Waiver by the close of business on the last business day immediately preceding the first day of the Pricing Period. Subject to our right to establish a Minimum Waiver Price or to suspend or terminate the plan, the investment decision is irrevocable. Please see Question 9 for other provisions relating to optional cash investments.

We have the sole discretion to approve any request to make an optional cash investment in excess of the $5,000 maximum allowable amount. We may grant the requests for waiver in order of receipt or by any other method that we determine to be appropriate. We also may determine the amount that you may invest pursuant to a waiver. In deciding whether to approve your request for waiver, we may consider, among other things, the following factors:

- whether, at the time of the request, the Administrator is acquiring common shares for the Plan directly from us or in the open market or in privately negotiated transactions with third parties;

- our need for additional funds;

- our desire to obtain the additional funds through the sale of common shares as compared to other sources of funds;

- the purchase price likely to apply to any sale of common shares;

- the extent and nature of your prior participation in the Plan;

- the number of common shares you hold of record or beneficially; and

- the total amount of optional cash investments in excess of $5,000 for which requests for waiver have been submitted.

Minimum Waiver Price. We may set a minimum purchase price per share (the "Minimum Waiver Price") for optional cash investments made pursuant to requests for waiver for any Pricing Period. We will determine whether to set a Minimum Waiver Price, and, if so, its amount, not later than four business days before the first day of a Pricing Period. We will notify the Administrator of the Minimum Waiver Price, if any. In deciding whether to set a Minimum Waiver Price, we will consider current market conditions, the level of participation in the Plan and our current and projected capital needs.

We will fix the Minimum Waiver Price for a Pricing Period as a dollar amount that the average of the high and low sale prices reported by the New York Stock Exchange for each trading day of the Pricing Period must equal or exceed. We will exclude from the Pricing Period and from the determination of the purchase price any trading day within the Pricing Period that does not meet the Minimum Waiver Price. Also, any day in which no trades of common shares are made on the New York Stock Exchange will not be considered a "trading day" or an Investment Date and will be excluded from the Pricing Period. For example, if the Minimum Waiver Price is not met for two of the ten trading days in a Pricing Period, then we will base the purchase price upon, and sell shares to the Administrator only for, the remaining eight trading days in which the Minimum Waiver Price was met.

At the end of each Pricing Period we will return a portion of each optional cash investment for each trading day of a Pricing Period for which the Minimum Waiver Price is not met or for each day in which no trades of common shares are reported on the New York Stock Exchange. The returned amount will equal one-tenth of the total amount of the optional cash investment, not just the amount exceeding $5,000, for each trading day that the Minimum Waiver Price is not met or for each day in which no trades are reported. Thus, for example, if the Minimum Waiver Price is not met or no sales of our common shares are reported for two of the ten trading days in a Pricing Period, then the Administrator will return two-tenths (or 20%) of the optional cash investment to you without interest.

The establishment of the Minimum Waiver Price and the possible return of a portion of the investment applies only to optional cash investments made pursuant to a request for waiver. Setting a Minimum Waiver Price for a Pricing Period will not affect the setting of a Minimum Waiver Price for any other Pricing Period. We may waive our right to set a Minimum Waiver Price for any particular month. Neither we nor the Administrator is required to give you notice of the Minimum Waiver Price for any Pricing Period. However, you may contact our Investor Relations Department on the Minimum Waiver Price/Waiver Discount set date (indicated on "Calendar of Expected Events -- Optional Cash Investments of Greater than $5,000" attached as Exhibit B to this prospectus) at (312) 279-1528 to learn whether we have set a Minimum Waiver Price for that Pricing Period.

Waiver Discount. We may, at our sole discretion, grant a discount on the purchase of common shares under the Plan to any person who purchases in excess of $5,000 of common shares in one month pursuant to an approved request for waiver. The discount may be between 0% and 5%, inclusive, of the market price of the common shares on the Investment Date. We will determine whether to set a Waiver Discount not later than four business days before the first day of a Pricing Period. We do not presently intend to offer a discount, and we may not do so. The Waiver Discount, if any, will not be available for optional cash investments that do not exceed $5,000. However, we reserve the right to grant a discount and set a minimum price in the future for these investments. However, in no event will any discount offered hereunder be greater than 5% of the average of the high and low trading prices of MHC's common shares on the Investment Date.

Neither we nor the Administrator is required to give you notice of any Waiver Discount or Minimum Waiver Price for any Pricing Period. However, you may contact our Investor Relations Department on the Minimum Waiver Price/Waiver Discount set date indicated on "Calendar of Expected Events -- Optional Cash Investments of Greater than $5,000" attached as Exhibit B to this prospectus at (312) 279-1528 to learn whether we have set a Waiver Discount for that Pricing Period.

11. WHAT IF I HAVE MORE THAN ONE ACCOUNT?

For purposes of the limitations discussed in Question 10, we may aggregate all optional cash investments for Plan participants with more than one account using the same social security or taxpayer identification number. If you are unable to supply a social security or taxpayer identification number, we may limit your participation to only one Plan account.

For purposes of the Plan, we may aggregate all Plan accounts that we believe, in our sole discretion, to be under common control or management or to have common ultimate beneficial ownership. Unless we have determined that reinvestment of dividends and distributions and optional cash investments for each

account would be consistent with the purposes of the Plan, we will have the right to aggregate all the accounts and to return, without interest, within 30 (for dividend reinvestment) or 35 (for optional cash investment) days of receipt, any amounts in excess of the investment limitations applicable to a single account received in respect of all the accounts.

CERTIFICATES

12. WILL I RECEIVE CERTIFICATES FOR SHARES PURCHASED?

Safekeeping of Certificates. Unless your shares are held by a broker, bank or other nominee, we will register common shares that the Administrator purchases for your account under the Plan in your name. The Administrator will credit the shares to your Plan account in "book-entry" form. This service protects against the loss, theft or destruction of certificates evidencing common shares.

You also may send to the Administrator for safekeeping all certificates for common shares which you hold. The Administrator will credit the common shares represented by the certificates to your account in "book-entry" form and will combine the shares with any whole and fractional shares then held in your Plan account. In addition to protecting against the loss, theft or destruction of your certificates, this service also is convenient if and when you sell common shares through the Plan. See Question 13 to learn how to sell your common shares under the Plan.

You may deposit certificates for common shares into your account regardless of whether you have previously authorized reinvestment of dividends. The Administrator automatically will reinvest all dividends on any shares deposited in accordance with the Plan, unless you have instructed the Administrator otherwise.

To deposit certificates for safekeeping under the Plan, you should send your share certificates, in non-negotiable form, to the Administrator by insured mail at the address specified in Question 4. You may withdraw any shares deposited for safekeeping by contacting the Administrator.

Issuance of Certificates. Upon your contacting the Administrator or upon our termination of the Plan, the Administrator will issue and deliver to you certificates for all whole common shares credited to your Plan account. The Administrator will not issue certificates for fractional common shares but will issue a check representing the value of any fractional common shares valued at the then current market price. The Administrator will handle the request at no cost to you. The Administrator will continue to credit any remaining whole or fractional common shares to your account.

Effect of Requesting Certificates in Your Name. If you request a certificate for whole common shares held in your account, either of the following may occur:

- If you maintain an account for reinvestment of dividends, then the Administrator will continue to reinvest all dividends on the common shares for which you requested a certificate so long as the shares remain registered in your name; and

- If you maintain an account only for optional cash investments, then the Administrator will not reinvest dividends on common shares for which you requested a certificate unless and until you submit an Authorization Form to authorize reinvestment of dividends on the shares registered in your name.

Transfer Restrictions. You may not pledge, sell or otherwise transfer common shares credited to your Plan account. If you wish to pledge, sell or transfer the shares, you must first request that we issue a certificate for the shares in your name.

SALE OF SHARES

13. HOW DO I SELL SHARES?

Sale of Shares Held in Your Account. You may contact the Administrator to sell all or any part of the common shares held in your Plan account. After receipt of your request, the Administrator will sell the shares through a designated broker or dealer. The Administrator will mail to you a check for the proceeds of the sale, less applicable trading fees, service charges and any taxes. The Administrator will sell shares within three (3) business days of receipt of the sale request, at then current market prices through one or more brokerage firms.

If you sell or transfer only a portion of the common shares in your Plan account, you will remain a participant in the Plan and may continue to make optional cash investments and reinvest dividends, provided that you maintain the 10 share minimum dividend reinvestment eligibility threshold in your Plan account. The Administrator will continue to reinvest the dividends on the common shares credited to your account unless you notify the Administrator that you wish to withdraw from the Plan.

Costs of Selling Shares. The Plan requires you to pay all costs associated with the sale of your common shares under the Plan. Please see the "Plan Service Fees Schedule" attached as Exhibit A hereto for a detailed description of the costs.

Termination of Your Account Upon Sale of All Shares. If the Administrator sells all common shares held in your Plan account, the Administrator will automatically terminate your account. In this case, you will have to complete and file a new Authorization Form to rejoin the Plan.

REPORTS

14. HOW WILL I KEEP TRACK OF MY INVESTMENTS?

Each time the Administrator makes an investment for your account, whether by reinvestment of dividends or distributions or by optional cash investment, the Administrator will send you a detailed statement that will provide the following information with respect to your Plan account:

- total cash dividends or distributions received;

- total optional cash investments received;

- total number of common shares purchased, including fractional shares;

- price paid per common share;

- date of share purchases; and

- total number of common shares in your Plan account.

You should retain these statements to determine the tax cost basis of the shares purchased for your account under the Plan.

WITHDRAWAL

15. HOW WOULD I WITHDRAW FROM PARTICIPATION IN THE PLAN?

How to Withdraw From the Plan. You may withdraw from the Plan at any time. In order to withdraw from the Plan, you must provide notice instructing the Administrator to terminate your account. The Administrator must receive notice three business days before the record date for any dividend or distribution payment in order to terminate your account prior to the dividend or distribution payment date.

Issuance of Share Certificates Upon Withdrawal From Plan. Upon termination of your Plan account, the Administrator will issue to you share certificates for any whole common shares in your account. The Administrator will convert to cash any fractional shares held in your account at the time of termination at

the then current market price of the common shares. After the Administrator terminates your account, we will pay to you all cash dividends on common shares owned by you unless you rejoin the Plan.

Selling Shares Upon Withdrawal From Plan. As an alternative to receiving share certificates, upon termination of your Plan account you may request that the Administrator sell all or a portion of the common shares (both whole and fractional) in your account. If you instruct the Administrator only to sell a portion of your common shares, then the Administrator will issue to you certificates for the remaining shares. The Administrator will mail to you a check for the proceeds of the sale, less applicable trading fees, service charges and any taxes.

Rejoining the Plan After Withdrawal. After you withdraw from the Plan, you may rejoin the Plan at any time by filing a new Authorization Form with the Administrator. However, the Administrator has the right to reject the Authorization Form if you repeatedly join and withdraw from the Plan, or for any other reason. The Administrator's exercise of this right is intended to minimize unnecessary administrative expenses and to encourage use of the Plan as a long-term shareholder investment service.

TAXES

16. WHAT ARE SOME OF THE TAX CONSEQUENCES OF MY PARTICIPATION IN THE PLAN?

The following is a summary of all material federal income tax consequences of participation in the Plan. This summary is for general information only and does not constitute tax advice. This summary does not reflect every possible tax outcome or consequence that could result from participation in the Plan. Also, this summary does not discuss your tax consequences if you are not a United States citizen or a resident alien. We advise you to consult your own tax advisors to determine the tax consequences particular to your situation, including any applicable state, local or foreign income and other tax consequences that may result from your participation in the Plan and your subsequent sale of shares acquired pursuant to the Plan. Any state tax consequences will vary from state to state, and any tax consequences to you if you reside outside of the United States will vary from jurisdiction to jurisdiction.

Reinvestment of Dividends Paid on Common Shares. With respect to common shares that the Administrator purchases from us with cash dividends that you elect to have reinvested under the Plan, you will be treated for federal income tax purposes as having received a distribution, with respect to common shares, equal to the fair market value on the Investment Date of the common shares credited to your Plan account, which should equal the amount of cash dividends that you would have otherwise received, assuming that we have not granted a discount on your purchase of common shares under the Plan. With respect to common shares that the Administrator purchases on the open market with cash dividends that you elect to have reinvested under the Plan, you will be treated for federal income tax purposes as having received a distribution equal to the price paid by the Administrator for the common shares. In either case, you will be treated as receiving a distribution even though you will not receive the distribution in cash. For federal income tax purposes, distributions made by us will first be taxable as dividends to the extent of our current and accumulated earnings and profits. To the extent that the amount distributed by us exceeds our current and accumulated earnings and profits, the distribution will next be treated as a return of capital to you to the extent of your basis in your common shares, with any excess being taxable to you as gain from the sale of common shares. If you are a corporation, then the distributions that you receive from us which are taxable as dividends will not be eligible for the dividends received deduction.

All costs of administering the Plan, except for trading fees when shares are purchased on the open market and costs related to your voluntary selling of common shares and/or withdrawal from the Plan, will be paid by us. Consistent with the conclusion reached by the Internal Revenue Service in a recent private letter ruling issued to another real estate investment trust, we intend to take the position that these costs do not constitute a distribution which is either taxable to you or which would reduce your basis in your common shares. Since the other private letter ruling was not issued to us, we have no legal right to rely on its conclusions. We intend to request a letter ruling from the Internal Revenue Service confirming this position. However, it is possible that the Internal Revenue Service might view your share of the costs as

constituting a taxable distribution to you and/or a distribution which reduces the basis in your common shares. For this or other reasons, we may in the future take a different position with respect to the costs.

Your tax basis in the common shares acquired for your Plan account generally will equal your cash distribution, including cash used to purchase the shares and any cash used to pay trading fees. If we elect to offer a discount on the purchase price of shares you purchase with reinvested cash distributions, your tax basis in the shares would include any amount of the discount. Your holding period for the shares generally will begin on the day following the Investment Date for the shares.

Optional Cash Investments. We intend to follow three recent private letter rulings (the "IRS Rulings") issued to other real estate investment trusts. Since the other private letter rulings were not issued to us, we have no legal right to rely on their conclusions. Thus, we also intend to request a letter ruling from the Internal Revenue Service confirming this position.

Under the IRS Rulings, the tax treatment of the purchase of common shares under an optional cash investment will differ depending on whether you are participating in the dividend reinvestment feature of the Plan. If you participate in the dividend reinvestment feature of the Plan, you will be treated as having received a distribution equal to the excess, if any, of the fair market value of the common shares acquired on the Investment Date over the actual purchase price of the common shares. Your tax basis in the common shares received will equal the fair market value of such common shares on the Investment Date.

If you do not participate in the dividend reinvestment feature of the Plan, the IRS Rulings states that you will not realize any taxable income as a result of the acquisition of common shares. Thus, your tax basis in the common shares received will equal the amounts paid for such common shares. You are encouraged to consult with your own tax advisor with regard to the tax treatment of optional cash purchases.

Your holding period for the common shares generally will begin on the day following the Investment Date for the common shares.

Reinvestment of Distributions Paid on OP Units. The income tax treatment of holders of OP Units who participate in the Plan is unclear because there is no clear legal authority regarding the income tax treatment of a limited partner in a partnership who invests cash distributions from the partnership in shares of another entity that is a partner in the partnership. The following, however, sets forth our view of the likely tax treatment of holders of OP Units who participate in the Plan, and absent the promulgation of authority to the contrary, we and MHC Operating Partnership intend to report the tax consequences of a holder's participation in a manner consistent with the following.

With respect to common shares that the Administrator purchases from us or in the open market with cash distributions from MHC Operating Partnership that you elect to have reinvested under the Plan, you will be treated for federal income tax purposes as having received, on the distribution payment date, a distribution in an amount equal to the cash distribution that was invested. If we grant a discount on your purchase of common shares under the Plan, the Internal Revenue Service might contend that you should be treated for federal income tax purposes as having received an additional distribution from MHC Operating Partnership or us in an amount equal to the excess, if any, of the fair market value (determined as the average of the high and low trading prices) of the common shares credited to your account on the Investment Date less the amount paid by you for such common shares.

A cash distribution from MHC Operating Partnership will reduce your basis in your OP Units by the amount distributed. To the extent that the cash distributed exceeds your basis in the OP Units generally will be taxable as capital gain. However, under Section 751(b) of the Code, to the extent that a distribution is considered to be in exchange for your interest in substantially appreciated inventory items or unrealized receivables of MHC Operating Partnership, you may recognize ordinary income rather than a capital gain.

With respect to common shares that the Administrator purchases from us or in the open market pursuant to the optional cash purchase feature of the Plan, the tax treatment is not entirely clear. We

currently intend to take the position for tax reporting purposes that unless you also participate as a shareholder in the dividend reinvestment feature of the Plan you will not realize any taxable income as a result of the acquisition of common shares by optional cash purchases. If you participate as a shareholder in the dividend reinvestment feature of the Plan and acquire common shares by optional cash purchases, you will be treated as having received a distribution equal to the excess, if any, of the fair market value of the common shares acquired on the Investment Date over the actual purchase price of the common shares. Your tax basis in the common shares received will equal the fair market value of such common shares on the Investment Date.

Income Tax Withholding and Administrative Expenses. We or the Administrator may be required to deduct as "backup withholding" thirty-one percent (31%) of the dividends that we pay to any shareholder, regardless of whether the dividends are reinvested pursuant to the Plan. Similarly, the Administrator may be required to deduct backup withholding from the proceeds of sales of common shares held in your Plan account. You will be subject to backup withholding if:

- you fail to properly furnish us and the Administrator with your correct tax identification number, or "TIN;"

- the Internal Revenue Service or any other governmental body or agency notifies us or the Administrator that you have provided an incorrect TIN;

- the Internal Revenue Service notifies us or the Administrator that backup withholding should be commenced because you failed to properly report dividends paid to you; or

- when required to do so, you fail to certify, under penalties of perjury, that you are not subject to backup withholding.

If you are a foreign shareholder whose distributions are subject to federal income tax withholding at the 30% rate (or a lower treaty rate), the appropriate amount will be withheld and the balance in common shares will be credited to your account. As a result of the Small Business Job Protection Act of 1996, we intend to withhold an additional 10% of any distribution to a foreign shareholder to the extent it exceeds our current and accumulated earnings and profits.

All withholding amounts will be withheld from dividends before the dividends are reinvested under the Plan. Therefore, if you are subject to withholding, dividends which would otherwise be available for reinvestment under the Plan will be reduced by the withholding amount. Any amount paid as withholding will be creditable against your income tax liability.

Disposition. When you withdraw shares from the Plan and receive whole shares, you will not realize any taxable income. However, if you receive cash for a fraction of a share, you will be required to recognize gain or loss with respect to the fraction. You also will be required to recognize a gain or loss whenever your shares are sold, whether the shares are sold by the Administrator pursuant to your request or by you after the shares are withdrawn from the Plan. Generally, the amount of the gain or loss that you will be required to recognize will be the difference between the amount that you receive for the shares and your tax basis in those shares.

Exceeding the Ownership Limitation Set Forth in Our Articles of Incorporation. For us to qualify as a real estate investment trust for federal income tax purposes, no more than 50% in value of our outstanding shares may be actually and/or constructively owned by five or fewer individuals, as defined in the Internal Revenue Code to include entities, during the last half of a taxable year or during a proportionate part of a shorter taxable year (the "Closely-Held Requirement"), and our common shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year or during a proportionate part of a shorter taxable year (the "100 shareholder Requirement"). Because we expect to continue to qualify as a REIT, our Articles of Incorporation contains an ownership restriction (the "Ownership Limitation"), which is intended to help ensure compliance with these requirements, that no holder of our shares may own, or be deemed to own by virtue of any of the attribution rules of the

Internal Revenue Code, more than 5% percent, in value or number of shares, whichever is more restrictive, of our common shares or any series of our preferred shares.

If a shareholder violates the Ownership Limitation or any other restrictions in the Articles of Incorporation, the shares held in violation will be automatically transferred to MHC as Trustee of a Trust for the benefit of a beneficiary, and the shareholder would not be entitled to dividends or the right to vote those shares. In the case of transfers of shares causing a violation of the Ownership Limitation or any other restriction in the Articles of Incorporation, the transfer may be treated as void AB INITIO and the purported transferee would not be entitled to dividends or the right to vote those shares.

Under certain circumstances, our board of directors may grant to individuals an exemption from the Ownership Limitation, provided that certain conditions are met and the board is satisfied that the exemption would not jeopardize our status as a REIT.

OTHER PROVISIONS

17. HOW CAN I VOTE MY SHARES?

We will send you proxy materials for any meeting of shareholders in order to vote all whole common shares credited to your account. You may vote your common shares either by designating the vote of the shares by proxy or by voting the shares in person at the meeting of shareholders.

18. WHAT ARE THE COSTS OF THE PLAN?

We will pay service charges in connection with the reinvestment of dividends and optional cash investments to purchase common shares which we issue under the Plan. In the event, however, that we authorize the Administrator to purchase common shares in the open market, you will be responsible for your pro rata share of any trading fees incurred by the Administrator. You will be responsible for any fees payable in connection with your sale of shares from the Plan. Please see the "Plan Service Fees Schedule" attached as Exhibit A hereto for a detailed description of the costs.

19. WHAT ARE YOUR AND THE ADMINISTRATOR'S RESPONSIBILITIES?

We, any of our agents and the Administrator, in administering the Plan, are not liable for any act done in good faith or for any good faith failure to act, including, without limitation, any claim of liability (i) arising from the failure to terminate your account upon your death or judgment of incompetence prior to the Administrator's receipt of notice in writing of the death; (ii) relating to the prices and times at which the Administrator buys or sells common shares for your account; or (iii) relating to any fluctuation in the market value of the common shares.

We, any of our agents and the Administrator will not have any duties, responsibilities or liabilities other than those expressly set forth in the Plan or as imposed by applicable laws, including federal securities laws. Since the Administrator has assumed all responsibility for administering the Plan, we specifically disclaim any responsibility for any of the Administrator's actions or inactions in connection with the administration of the Plan. None of our directors, officers or shareholders shall have any personal liability under the Plan.

20. CAN I PLEDGE MY SHARES UNDER THE PLAN?

You may not pledge any common shares credited to your Plan account. Any attempted pledge will be void. If you wish to pledge your common shares, you first must withdraw the shares from the Plan. See Question 15 to learn how to withdraw your shares under the Plan.

21. HOW CAN I TRANSFER MY SHARES?

You may transfer ownership of all or part of the common shares held in your Plan account through gift, private sale or otherwise by contacting the Administrator, as set forth in Question 4. The Administrator will provide the information necessary to complete the transfer of your shares.

You also may transfer ownership of all or part of the common shares held in your Plan account into the account of another person within the Plan. To complete a transfer, you must mail to the Administrator a letter with specific instructions regarding the transfer and an Authorization Form completed by the person to whom you are transferring your shares.

22. CAN THE PLAN BE AMENDED, MODIFIED, SUSPENDED OR TERMINATED?

Although we expect to continue the Plan indefinitely, we reserve the right to amend, modify, suspend or terminate the Plan in any manner at any time. We will notify you in writing of any modifications made to the Plan.

23. WHAT HAPPENS IF YOU TERMINATE THE PLAN?

If we terminate the Plan, you will receive a certificate for all whole common shares held in your Plan account and a check representing the value of any fractional common shares valued at the then current market price and any uninvested dividends or optional cash investments held in your account.

24. ARE THERE ANY RISKS ASSOCIATED WITH THE PLAN?

Your investment in shares purchased under the Plan is no different from any investment in shares that you hold directly. Neither we nor the Administrator can assure you a profit or protect you against a loss on shares that you purchase. You bear the risk of loss and enjoy the benefits of any gain from changes in the market price with respect to common shares purchased under the Plan.

25. HOW WILL YOU INTERPRET AND REGULATE THE PLAN?

We may interpret, regulate and take any other action in connection with the Plan that we deem reasonably necessary to carry out the Plan. As a participant in the Plan, you will be bound by any actions taken by us or the Administrator.

26. WHAT LAW GOVERNS THE PLAN?

The laws of the State of Maryland will govern the terms, conditions and operation of the Plan.

27. WHERE WILL NOTICES BE SENT?

The Administrator will address all of its notices to you at your last known address. You should notify the Administrator promptly of any change of address.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following is a description of the material federal income tax consequences to MHC and holders of our common shares of the treatment of MHC as a REIT. This prospectus addresses the taxation of MHC and the impact on MHC of its election to be taxed as a REIT. The following discussion assumes that MHC continues to qualify as a REIT during all relevant periods. Since these provisions are highly technical and complex, and because the following discussion is not exhaustive of all possible tax considerations, each prospective purchaser of common shares is urged to consult his or its own tax advisor with respect to the federal, state, local, foreign and other tax consequences of the purchase, ownership and disposition of the common shares. This discussion does not purport to deal with the federal income or other tax consequences applicable to all investors in light of their particular investment circumstances or to all categories of investors, some of whom may be subject to special rules (including, for example, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, foreign corporations and persons who are not citizens or residents of the United States).

THIS DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING, AND EACH PROSPECTIVE SHAREHOLDER IS ENCOURAGED TO CONSULT WITH HIS OR ITS TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND SALE OF COMMON SHARES IN AN ENTITY ELECTING TO BE TAXED AS A REIT, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE AND ELECTION, AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

If certain detailed conditions imposed by the REIT provisions of the Internal Revenue Code of 1986, as amended (the "Code") are met, entities, such as MHC, that invest primarily in real estate and that otherwise would be treated for federal income tax purposes as corporations generally are not taxed at the corporate level on their "REIT taxable income" that is currently distributed to shareholders. This treatment substantially eliminates the "double taxation" (at the corporate and shareholder levels) that generally results from the use of corporate investment vehicles.

If MHC fails to qualify as a REIT in any year, however, it will be subject to federal income tax as if it were a domestic corporation, and its shareholders will be taxed in the same manner as shareholders of ordinary corporations. In this event, MHC could be subject to potentially significant tax liabilities, and therefore the amount of cash available for distribution to its shareholders would be reduced.

MHC elected REIT status commencing with its taxable year ended December 31, 1993. In the opinion of Steptoe & Johnson LLP, which has acted as its special tax counsel, MHC was organized and has operated in conformity with the requirements for qualification and taxation as a REIT under the Code for its taxable years ended December 31, 1993, 1994, 1995, 1996, 1997 and 1998, and MHC's current organization and method of operation should enable it to continue to meet the requirements for qualification and taxation as a REIT. It must be emphasized that this opinion is based on various assumptions relating to the organization and operation of MHC, MHC Operating Partnership, the Management Partnerships, sub-partnerships of MHC Operating Partnership created to (i) facilitate mortgage financing (the "Financing Partnerships") and (ii) facilitate MHC's ability to provide financing to the owners of manufactured home communities (the "Lending Partnership"), RSI, LP Management Corp. and De Anza Group, Inc. (collectively, the "Management Corporations") and the various qualified REIT subsidiaries wholly-owned by MHC (each a "QRS Corporation") (collectively, the Management Partnerships, the Financing Partnerships, the Lending Partnership, RSI, the Management Corporations and the QRS Corporations may be referred to herein as the "Subsidiary Entities") and is conditioned upon the accuracy of certain representations made by MHC and MHC Operating Partnership to Steptoe & Johnson LLP as to certain relevant factual matters, including matters related to (i) the organization, past operation, expected future operation, and assets of MHC, MHC Operating Partnership and the Subsidiary Entities, and (ii) that certain services rendered are those usually or customarily rendered in connection with the rental of space for occupancy only at particular manufactured home communities. MHC's qualification and taxation as a REIT depend upon (i) MHC's having met for each of its taxable years, through actual annual operating and other results, the various requirements under the Code and described in this prospectus with regard to, among other things, the sources of its gross income,

the composition of its assets, the level of its distributions to shareholders, and the diversity of its share ownership, and (ii) MHC's ability to meet such requirements on a continuing basis. Steptoe & Johnson LLP will not review MHC's compliance with these requirements on a continuing basis. No assurance can be given that the actual results of the operations of MHC, MHC Operating Partnership and the Subsidiary Entities, the sources of their income, the nature of their assets, the level of MHC's distributions to shareholders and the diversity of its share ownership for any given taxable year will satisfy the requirements under the Code for qualification and taxation as a REIT.

TAXATION OF MHC

General. In any year in which MHC qualifies as a REIT, it will not generally be subject to federal income tax on that portion of its REIT taxable income or capital gain which is distributed to shareholders. MHC may, however, be subject to tax at normal corporate rates upon any taxable income or capital gain not distributed.

If MHC should fail to satisfy either the 75% or the 95% gross income test (as discussed below), and nonetheless maintains its qualification as a REIT because certain other requirements are met, it would be subject to a 100% tax on the greater of the amount by which it fails the 75% or the 95% test, multiplied by a fraction intended to reflect its profitability. MHC would also be subject to a tax of 100% on net income from any "prohibited transaction," as described below. In addition, if MHC should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior years, MHC would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. MHC would also be subject to the corporate "alternative minimum tax," as well as tax in certain situations and on certain transactions not presently contemplated. MHC uses the calendar year both for federal income tax purposes and for financial reporting purposes.

In order to qualify as a REIT, MHC must meet, among others, the following requirements:

Stock Ownership Test. -- The capital stock of MHC must be held by a minimum of 100 persons for at least 335 of the days in each taxable year subsequent to 1993. In addition, at all times during the second half of each taxable year subsequent to 1993, no more than 50% in value of the capital stock of MHC may be owned, directly or indirectly and by applying certain constructive ownership rules, by five or fewer individuals. MHC believes that it has satisfied both of these tests, and it believes it will continue to do so. In order to ensure compliance with this test, MHC has placed certain restrictions on the transfer of its capital stock to prevent further concentration of stock ownership. Moreover, to evidence compliance with these requirements, MHC must maintain records which disclose the actual ownership of its outstanding capital stock. In fulfilling its obligations to maintain records, MHC must demand written statements each year from the record holders of designated percentages of its capital stock disclosing the actual owners of such capital stock. A list of those persons failing or refusing to comply with such demand must be maintained as a part of MHC's records. A shareholder failing or refusing to comply with MHC's written demand must submit with his tax returns a similar statement disclosing the actual ownership of capital stock and certain other information. MHC's charter provides restrictions regarding the transfer of its capital stock that are intended to assist MHC in continuing to satisfy the stock ownership requirements. See "Risk Factors -- We Have a Stock Ownership Limit for REIT Tax Purposes". For MHC's taxable years commencing on or after January 1, 1998, if MHC complies with regulatory rules pursuant to which it is required to send annual letters to holders of capital stock requesting information regarding the actual ownership of capital stock, but does not know, or exercising reasonable diligence would not have known, whether it failed to meet the requirement that it not be closely held, MHC will be treated as having met the requirement.

Asset Tests -- At the close of each quarter of MHC's taxable year, MHC must satisfy two tests relating to the nature of its assets. First, at least 75% of the value of MHC's total assets must be represented by "real estate assets" (including any combination of interests in real property, interests in

mortgages on real property, and stock in other REITs), cash, cash items and certain government securities. Second, although the remaining 25% of MHC's assets generally may be invested without restriction, securities in this class may not exceed either (i) 5% of the value of MHC's total assets as to any one issuer (other than an interest in a partnership) or (ii) 10% of the outstanding voting securities of any one issuer (other than an interest in a partnership or stock of a qualified REIT subsidiary or another REIT). Where MHC invests in a partnership, it will be deemed to own a proportionate share of the partnership's assets in accordance with its capital interest. MHC's investment in the properties through its interest in MHC Operating Partnership will constitute qualified assets for purposes of the 75% asset test.

MHC Operating Partnership owns none of the voting stock, but owns 100% of the non-voting stock, of the Management Corporations and RSI. By virtue of its partnership interest in MHC Operating Partnership, MHC is deemed to own its pro rata share of the assets of MHC Operating Partnership, including the stock of the Management Corporations and RSI as described above.

MHC Operating Partnership has not owned and will not own more than 10% of the voting securities of the Management Corporations and RSI. In addition, based upon its analysis of the estimated value of the stock of the Management Corporations and RSI owned by MHC Operating Partnership relative to the estimated value of the other assets owned by MHC Operating Partnership, MHC believes that its pro rata share of the stock of the Management Corporations and RSI held by MHC Operating Partnership together has not and will not exceed 5% of the total value of MHC's assets. No independent appraisals have been obtained, however, to support this conclusion. This 5% limitation must be satisfied not only on the date that MHC first acquired stock of the Management Corporations and RSI, but also at the end of each quarter in which MHC increases its interest in the Management Corporations and RSI (including as a result of increasing its interest in MHC Operating Partnership as a result of the offering, and as the holders of OP Units exercise their exchange rights). Although MHC plans to take steps to ensure that it satisfies the 5% value test for any quarter with respect to which retesting is to occur, there can be no assurance that such steps always will be successful or will not require a reduction in MHC Operating Partnership's overall interest in the Management Corporations or RSI.

MHC's indirect interests as a general partner in the Financing Partnerships and the Lending Partnership are held through the QRS Corporations, each of which is organized and operated as a "qualified REIT subsidiary" within the meaning of the Code. Qualified REIT subsidiaries are not treated as separate entities from their parent REIT for federal income tax purposes. Instead, all assets, liabilities and items of income, deduction and credit of the QRS Corporations will be treated as assets, liabilities and items of MHC. The QRS Corporations therefore will not be subject to federal corporate income taxation, although they may be subject to state or local taxation. In addition, MHC's ownership of the voting stock of each QRS Corporation will not violate the general restriction against ownership of more than 10% of the voting securities of any issuer. MHC may in the future form one or more additional qualified REIT subsidiaries. MHC must own all of the stock of each such subsidiary, although it will not be required to own such stock of such subsidiary from the commencement of such subsidiary's existence.

Gross Income Tests -- There are currently two separate percentage tests relating to the sources of MHC's gross income which must be satisfied for each taxable year. For purposes of these tests, where MHC invests in a partnership, MHC will be treated as receiving its proportionate share of the income and loss of the partnership, and the gross income of the partnership will retain the same character in the hands of MHC as it has in the hands of the partnership. See "-- Tax Aspects of MHC's Investments in Partnerships -- General" below.

1. The 75% Test. -- At least 75% of MHC's gross income for each taxable year must be "qualifying income." Qualifying income generally includes (i) rents from real property (except as modified below); (ii) interest on obligations collateralized by mortgages on, or interests in, real property; (iii) gains from the sale or other disposition of interests in real property and real estate mortgages, other than gain from property held primarily for sale to customers in the ordinary course of MHC's trade or business ("dealer property"); (iv) dividends or other distributions on stock in other REITs, as well as gain from the sale of such stock; (v) abatements and refunds of real property taxes; (vi) income from the operation, and gain

from the sale, of real property acquired at or in lieu of a foreclosure of the mortgage collateralized by such real property ("foreclosure property"); (vii) commitment fees received for agreeing to make loans collateralized by mortgages on real property or to purchase or lease real property; and (viii) certain qualified temporary investment income attributable to the investment of new capital received by MHC in exchange for its stock (including common shares issued pursuant to the offering) during the one-year period following the receipt of such new capital.

Rents received from a tenant will not, however, qualify as rents from real property in satisfying the 75% gross income test (or the 95% gross income test described below) if MHC, or a direct or indirect owner of 10% or more of the stock of MHC, directly or constructively owns 10% or more of such tenant (a "Related Party Tenant"). For MHC's taxable year which began on January 1, 1998 and for all taxable years thereafter, only partners who own 25% or more of the capital or profits interest in a partnership are included in the determination of whether a tenant is a "Related Party Tenant." In addition, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as rents from real property. Moreover, an amount received or accrued will not qualify as rents from real property (or as interest income) for purposes of the 75% and 95% gross income tests if it is based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not fail to qualify as rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Finally, for rents received to qualify as rents from real property, MHC generally must not operate or manage the real property or furnish or render services to tenants, other than through an "independent contractor" from whom MHC derives no revenue. The "independent contractor" requirement, however, does not apply to the extent that the services provided by MHC are "usually or customarily rendered" in connection with the rental of space for occupancy only, and are not otherwise considered "rendered for the convenience of the occupant". For MHC's taxable years commencing on or after January 1, 1998, rents received generally will qualify as rents from real property notwithstanding the fact that MHC provides non-customary services so long as the amount received for such services is de minimis. If the value of the non-customary service income received with respect to a property (valued at no less than 150% of MHC's direct costs of performing such services) is 1% or less of the total income derived from the property, then all rental income with respect to the property, except the non-customary service income, will qualify as "rents from real property."

MHC, through the Management Partnerships and RSI (none of which are independent contractors), undertakes certain activities and provides certain services with respect to the properties and will do the same for any newly acquired manufactured home community properties. MHC believes that such activities and services (i) primarily benefit MHC by maintaining and enhancing occupancy and/or (ii) are activities and services usually or customarily rendered in connection with the rental of space in manufactured home communities in the geographic market in which the particular communities are located and are not services rendered primarily for the convenience of the occupant. Accordingly, MHC believes that the activities of the Management Partnerships and RSI have not caused and will not cause the rents received with respect to the properties to fail to qualify as rents from real property for purposes of the 75% gross income test or for purposes of the 95% gross income test as described below.

2. The 95% Test. -- In addition to the requirement that MHC derive at least 75% of its gross income from the sources listed above, at least 95% of MHC's gross income for the taxable year must be derived from the above-described qualifying income, or from dividends, interest or gains from the sale or disposition of stock or other securities that are not dealer property. Dividends (including MHC's share of dividends paid by the Management Corporations or RSI) and interest on any obligations not collateralized by an interest in real property (including interest received on a note receivable from RSI (the "RSI Note") if the RSI Note is not collateralized by RSI's inventory and interests in notes secured by real property) are included for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. Similarly, for tax years beginning prior to January 1, 1998, any payments made to MHC under an interest rate swap or cap agreement entered into by MHC to hedge certain of its variable rate indebtedness is included as qualifying income for purposes of the 95% gross income test, but not for

purposes of the 75% gross income test. For MHC's tax years commencing on or after January 1, 1998, such payments made to MHC will so qualify even though MHC's indebtedness does not bear interest at a variable rate, and payments pursuant to certain similar financial instruments entered into to reduce interest rate risks will be treated in a similar manner.

For purposes of determining whether MHC complies with the 75% and 95% gross income tests, gross income does not include income from prohibited transactions. A "prohibited transaction" is a sale of dealer property, excluding certain dealer property held by MHC for at least four years and excluding foreclosure property and dispositions of property that occur due to involuntary conversion. See "-- Taxation of MHC -- General" and "-- Tax Aspects of MHC's Investments in Partnerships -- Sale of the Properties."

MHC's investment in the properties, through MHC Operating Partnership and the Financing Partnerships, in major part gives rise to rental income qualifying under the 75% and 95% gross income tests. Gains on sales of the properties or of MHC's interest in MHC Operating Partnership or the Financing Partnerships generally qualify under the 75% and 95% gross income tests. MHC believes that income on its other investments, including its indirect investment in the Management Corporations and in RSI, has not resulted in MHC failing the 75% or 95% gross income test for any year, and MHC anticipates that this will continue to be the case. MHC has received a ruling from the Internal Revenue Service (the "IRS") that interest income received by MHC Operating Partnership with respect to the RSI Note qualifies for purposes of the 75% gross income test provided that the obligation is collateralized by RSI's inventory and interests in notes secured by real property on the condition that the RSI Note constitutes the indebtedness of RSI.

Even if MHC fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may still qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. These relief provisions will generally be available if: (i) MHC's failure to comply was due to reasonable cause and not to willful neglect; (ii) MHC reports the nature and amount of each item of its income included in the tests on a schedule attached to its tax return; and (iii) any incorrect information on this schedule is not due to fraud with intent to evade tax. It is not possible to state whether in all circumstances MHC would be entitled to the benefit of these relief provisions. If these relief provisions apply, MHC will, however, still be subject to a special tax based upon the greater of the amount by which it fails either the 75% or 95% gross income test for that year, less associated expenses. See "-- Taxation of MHC -- General."

3. The 30% Test. -- In addition to the 75% and 95% gross income tests, MHC had to meet a 30% gross income test for each of its taxable years ended on or before December 31, 1997. The 30% gross income test required that short-term gain from the sale or other disposition of stock or securities, gain from prohibited transactions and gain on the sale or other disposition of real property held for less than four years, apart from involuntary conversions and sales of foreclosure property, represent less than 30% of MHC's gross income, including gross income from prohibited transactions. The 30% gross income test is not applicable for taxable years starting on or after January 1, 1998.

Annual Distribution Requirements. -- MHC, in order to qualify as a REIT, generally is required to make distributions (other than capital gain distributions) to its shareholders each year in an amount at least equal to (A) the sum of (i) 95% of MHC's REIT taxable income (computed without regard to the dividends paid deduction and MHC's net capital gain) and (ii) 95% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income (including cancellation of indebtedness and original issue discount income). Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before MHC timely files its tax return for such year and if paid on or before the first regular dividend payment after such declaration. See "Taxation of Taxable Domestic Shareholders -- General." To the extent that MHC does not distribute all of its net capital gain or distributes at least 95%, but less than 100%, of its REIT taxable income, as adjusted, it will be subject to tax on the undistributed amount at regular corporate tax rates. Furthermore, if MHC should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain income for such year, and (iii) any undistributed taxable

income from prior periods, MHC would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed.

MHC has made and intends to make timely distributions sufficient to satisfy the annual distribution requirements. In this regard, the Partnership Agreement of MHC Operating Partnership authorizes MHC, as general partner, to take such steps as may be necessary to cause MHC Operating Partnership to distribute to its partners an amount sufficient to permit MHC to meet these distribution requirements. It is possible that MHC may not have sufficient cash or other liquid assets to meet the 95% distribution requirement, due to timing differences between the actual receipt of income and actual payment of expenses on one hand, and the inclusion of such income and deduction of such expenses in computing MHC's REIT taxable income on the other hand, or if the amount of nondeductible expenses such as principal amortization or capital expenditures exceed the amount of non-cash deductions such as depreciation. In order to satisfy the 95% distribution requirement, MHC will closely monitor the relationship between its REIT taxable income and cash flow and, if necessary, will borrow funds (or cause MHC Operating Partnership or other affiliates to borrow funds) in order to satisfy the distribution requirement.

If MHC fails to meet the 95% distribution requirement as a result of an adjustment to MHC's tax return by the IRS, MHC may retroactively cure the failure by paying a "deficiency dividend" (plus applicable penalties and interest) within a specified period.

Failure to Qualify. -- If MHC fails to qualify for taxation as a REIT in any taxable year and the relief provisions of the Code do not apply, MHC will be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Distributions to shareholders in any year in which MHC fails to so qualify will not be required and, if made, will not be deductible by MHC. In such event, to the extent of current and accumulated earnings and profits, all distributions to shareholders will be taxable as ordinary income, and, subject to certain limitations in the Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, MHC also will be ineligible for qualification as a REIT for the four taxable years following the year during which qualification was lost.

TAX ASPECTS OF MHC'S INVESTMENTS IN PARTNERSHIPS

General. MHC holds direct or indirect interests in MHC Operating Partnership, the Management Partnerships, the Financing Partnerships and the Lending Partnership and certain other partnerships (each individually a "Partnership", and collectively the "Partnerships").

Tax Allocations with Respect to the Properties. -- Pursuant to Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership (such as certain of the properties contributed at the time of MHC's initial public offering) must be allocated in a manner such that the contributing partner is charged with, or benefits from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the book-tax difference between the fair market value of contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution. Such allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. MHC Operating Partnership and certain of the Financing Partnerships were formed by way of contributions of appreciated property. Consequently, the partnership agreements for such Partnerships require such allocations to be made in a manner consistent with Section 704(c) of the Code.

In general, the contributing partners will be allocated lower amounts of depreciation deductions for tax purposes, and increased taxable income and gain on sale by the Partnerships of the contributed assets, than would have been allocated to them if the assets had a tax basis equal to their fair market value at the time of contribution. The allocations will tend to eliminate the book-tax difference over the life of the Partnerships. However, the special allocation rules of Section 704(c) of the Code as applied by MHC do

not always entirely rectify the book-tax difference on an annual basis or with respect to a specific taxable transaction such as a sale. Thus, the carryover basis of the contributed assets in the hands of the Partnerships will cause MHC to be allocated lower depreciation and other deductions, and possibly greater amounts of taxable income in the event of a sale of such contributed assets in excess of the economic or book income allocated to it as a result of such sale. This may cause MHC to recognize taxable income in excess of cash proceeds, which might adversely affect MHC's ability to comply with the REIT distribution requirements. See "-- Taxation of MHC -- Annual Distribution Requirements." In addition, to the extent that the carryover basis of the contributed assets will cause MHC to have greater current and accumulated earnings and profits, the amount, if any, of distributions to shareholders that may be treated as a tax-free return of capital will be reduced. See "-- Taxation of Taxable Domestic Shareholders -- General."

With respect to any property purchased or to be purchased by any of the Partnerships subsequent to the formation of MHC, such property will initially have a tax basis equal to its fair market value and Section 704(c) of the Code will not apply.

Sale of the properties. -- MHC's share of any gain realized by a Partnership on the sale of any dealer property generally will be treated as income from a prohibited transaction that is subject to a 100% penalty tax, and will have an adverse effect upon MHC's ability to satisfy the income tests for qualification as a REIT. See "-- Taxation of MHC -- General" and "-- Gross Income Tests -- The 95% Test." Under existing law, whether property is dealer property is a question of fact that depends on all the facts and circumstances with respect to the particular transaction. The Partnerships have held and intend to hold the properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing, owning and operating the properties and other manufactured home communities. In addition, the Partnerships may make such occasional sales of the properties as are consistent with MHC's investment objectives. Based upon such investment objectives, MHC believes that in general the properties should not be considered dealer property and that the amount of income from prohibited transactions, if any, will not be material.

TAXATION OF TAXABLE DOMESTIC SHAREHOLDERS

General. -- As long as MHC qualifies as a REIT, distributions made to MHC's taxable domestic shareholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by them as ordinary income and will not be eligible for the dividends received deduction for shareholders that are corporations. Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (to the extent that they do not exceed MHC's actual net capital gain for the taxable year) without regard to the period for which the shareholder has held its common shares.

On November 10, 1997, the IRS issued IRS Notice 97-64, which provides generally that MHC may classify portions of its designated capital gains dividend as (i) a 20% rate gain distribution (which would be taxable to taxable domestic shareholders who are individuals, estates or trusts at a maximum rate of 20%), (ii) an unrecaptured Section 1250 gain distribution (which would be taxable to taxable domestic shareholders who are individuals, estates or trusts at a maximum rate of 25%), or (iii) a 28% rate gain distribution (which would be taxable to taxable domestic shareholders who are individuals, estates or trusts at a maximum rate of 28%). If no designation is made, the entire designated capital gain dividend will be treated as a 28% rate gain distribution. Notice 97-64 provides that a REIT must determine the maximum amounts that it may designate as 20% and 25% rate capital gain dividends by performing the computation required by the Code as if the REIT were an individual whose ordinary income were subject to a marginal tax rate of at least 28%. Notice 97-64 further provides that designations made by the REIT only will be effective to the extent that they comply with Revenue Ruling 89-81, which requires that distributions made to different classes of shares be composed proportionately of dividends of a particular type. Distributions that are properly designated by MHC as capital gain dividends will be taxable to taxable corporate domestic shareholders as long-term capital gain (to the extent that capital gains dividends do not exceed MHC's actual net capital gain for the taxable year) without regard to the period for which such corporate domestic shareholder has held its common shares. Corporate domestic shareholders may,

however, be required to treat up to 20% of certain capital gain dividends as ordinary income. In 1998, the required holding period for the application of the 20% and 25% capital gain tax rates was reduced from more than 18 months to more than one year for capital gain properly taken into account on or after January 1, 1998. It is expected that the IRS will issue clarifying guidance (most likely applying the same principles set forth in IRS Notice 97-64) regarding the application of the new holding period requirement to capital gain dividend designations by REITs.

If, for any taxable year, MHC elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends (within the meaning of the Code) paid or made available for the year to holders of all classes of shares of beneficial interest (the "Total Dividends"), then the portion of the Capital Gains Amount that will be allocable to the holders of common shares will be the Capital Gains Amount multiplied by a fraction, the numerator of which will be the total dividends (within the meaning of the Code) paid or made available to the holders of the common shares for the year and the denominator of which will be the Total Dividends.

To the extent that MHC makes distributions in excess of current and accumulated earnings and profits, these distributions are treated first as a tax-free return of capital to the shareholder, reducing the tax basis of a shareholder's common shares by the amount of such distribution (but not below zero), with distributions in excess of the shareholder's tax basis taxable as capital gains (if the common shares is held as a capital asset). In addition, any dividend declared by MHC in October, November or December of any year and payable to a shareholder of record on a specific date in any such month shall be treated as both paid by MHC and received by the shareholder on December 31 of such year, provided that the dividend is actually paid by MHC during January of the following calendar year. Shareholders may not include in their individual income tax returns any net operating losses or capital losses of MHC.

In general, upon any sale or other disposition of common shares, a shareholder will recognize gain or loss for federal income tax purposes in an amount equal to the difference between (i) the amount of cash and the fair market value of any property received on such sale or other disposition and (ii) the holder's adjusted basis in such common shares for tax purposes. Such gain or loss will be capital gain or loss if the common shares has been held as a capital asset. In the case of a shareholder that is a corporation, such capital gain or loss will be long-term capital gain or loss if such common shares has been held for more than one year. Generally, in the case of a taxable domestic shareholder who is an individual or an estate or trust, such capital gain (i) taken into account on or after January 1, 1998, will be taxed at a maximum rate of 20% if such common shares has been held for more than one year; and (ii) taken into account on or after December 31, 2000, will be taxed at a maximum rate of 18% if the common shares has been held for more than five years. The IRS is authorized to issue regulations relating to the manner in which the capital gain rates will apply to sales of capital assets by "pass-through entities," which include REITs such as MHC, and to sales of interests in "pass-through entities." On August 9, 1999, the IRS issued a notice of proposed rulemaking regarding the manner in which the capital gain rates will apply to sales of interests in partnerships, S corporations and trusts, but did not issue guidance regarding REITs (but see discussion of Notice 97-64 above). When issued, such regulations could affect the taxation of gain and loss realized on the disposition of common shares.

In general, any loss upon a sale or exchange of common shares by a shareholder who has held such common shares for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss, to the extent of distributions from MHC required to be treated by such shareholder as long-term capital gains. For shareholders who are individuals, trusts and estates, the long-term capital loss will be apportioned among the 20% and 25% long-term capital gain rate groups to the extent that distributions received by such shareholder were previously included in such rate groups.

MHC may elect to require holders of common shares to include MHC's undistributed net capital gains in their income for MHC's taxable year beginning January 1, 1998 and thereafter. If MHC makes such an election, holders of common shares will (i) include in their income as long-term capital gains their proportionate share of such undistributed capital gains and (ii) be deemed to have paid their proportionate share of the tax paid by MHC on such undistributed capital gains and thereby receive a

credit or refund for such amount. A holder of common shares will increase its basis in the common shares by the difference between the amount of capital gain included in its income and the amount of the tax it is deemed to have paid. The earnings and profits of MHC will be adjusted appropriately.

In addition, distributions from MHC and gain from the disposition of common shares will not be treated as "passive activity" income and therefore shareholders will not be able to apply losses from "passive activities" to offset such income.

TAXATION OF TAX-EXEMPT SHAREHOLDERS

Most tax-exempt employees' pension trusts are not subject to federal income tax except to the extent of their receipt of "unrelated business taxable income" as defined in Section 512(a) of the Code ("UBTI"). Distributions by MHC to a shareholder that is a tax-exempt entity should not constitute UBTI, provided that the tax-exempt entity has not financed the acquisition of its stock with "acquisition indebtedness" within the meaning of the Code and the shares of common shares held by such shareholder are not otherwise used in an unrelated trade or business of the tax-exempt entity. However, certain pension trusts that own more than 10% of a "pension-held REIT" must report a portion of the dividends that they receive from such a REIT as UBTI. MHC, though, has not been and does not expect to be treated as a pension-held REIT for purposes of this rule.

TAXATION OF FOREIGN SHAREHOLDERS

The following is a discussion of certain anticipated United States federal income tax consequences of the ownership and disposition of common shares applicable to Non-United States Holders of such stock. A "Non-United States Holder" is any person other than (i) a citizen or resident of the United States, (ii) a domestic partnership or corporation, (iii) any estate (other than a foreign estate the income of which, from sources without the United States, which is not effectively connected with the conduct of a trade or business within the United States, is not includable in gross income under subtitle A of the Code), or (iv) any trust, if a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust. The discussion is based on current law and is for general information only. The discussion addresses only certain and not all aspects of United States federal income taxation. Final regulations dealing with withholding tax on income paid to foreign persons and related matters (the "New Withholding Regulations") were promulgated on October 6, 1997. Final regulations dealing with withholding tax on certain amounts paid to foreign persons and related matters (the "New Withholding Regulations") were promulgated in October 1997. The New Withholding Regulations were amended in December 1998 to delay generally the effective dates until January 1, 2000. In April 1999, the Service announced that it intends to amend the regulations again to delay generally the effective dates of the New Withholding Regulations until January 1, 2001. The New Withholding Regulations alter the information reporting and back-up withholding rules that apply to a Non-United States Holder and provide presumptions under which such a Holder is subject to withholding unless the Non-United States Holder properly certifies its status. Accordingly, prospective Non-United States Holders are urged to consult their tax advisors concerning the application of the New Withholding Regulations.

Distributions From MHC.

1. Ordinary Dividends. The portion of dividends received by Non-United States Holders payable out of MHC's earnings and profits which are not attributable to capital gains of MHC or of MHC Operating Partnership and which are not effectively connected with a United States trade or business of the Non-United States Holder will be subject to United States withholding tax on a gross basis at the rate of 30% (unless reduced by treaty). Any amounts withheld should be creditable against the Non-United States Holder's United States federal income tax liability. In general, Non-United States Holders will not be considered engaged in a United States trade or business solely as a result of their ownership of common shares. In cases where the dividend income from a Non-United States Holder's investment in common shares is (or is treated as) effectively connected with the Non-United States Holder's conduct of a United

States trade or business, the Non-United States Holder generally will be subject to United States tax at graduated rates, in the same manner as United States shareholders are taxed with respect to such dividends, and a Non-United States Holder that is a foreign corporation may also be subject to a 30% branch profits tax (unless reduced by treaty).

2. Non-Dividend Distributions. Distributions by MHC which are not dividends out of the earnings and profits of MHC, and which do not exceed the adjusted basis of the Non-United States Holder's common shares, will not be subject to United States income tax but rather will reduce the adjusted basis of such common shares. Nevertheless, MHC anticipates that tax at the rate applicable to dividends will be withheld for all distributions to Non United States Holders. However, the Non-United States Holder may seek a refund of such amounts from the IRS if it is determined that such distribution was, in fact, in excess of current and accumulated earnings and profits of MHC. To the extent such a distribution exceeds the adjusted basis of a Non-United States Holder's common shares, it will give rise to tax liability if the Non-United States Shareholder otherwise would be subject to tax on any gain from the sale or disposition of his common shares as described below.

3. Capital Gain Dividends. Under the Foreign Investment in Real property Tax Act of 1980 ("FIRPTA"), a distribution made by MHC to a Non-United States Holder, to the extent attributable to gains from dispositions of United States Real property Interests ("USRPIs") such as the properties ("USRPI Capital Gains"), will be considered effectively connected with a United States trade or business of the Non-United States Holder and subject to United States federal income tax at the rate applicable to United States individuals or corporations (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals) without regard to whether such distribution is designated as a capital gain dividend. In addition, MHC will be required to withhold tax equal to 35% (unless reduced by treaty) of the amount of dividends to the extent such dividends constitute USRPI Capital Gains. Any amounts withheld should be creditable against the Non-United States Holder's United States federal income tax liability. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax (unless reduced by treaty) in the hands of a foreign corporate shareholder.

Although the law is not entirely clear, it appears that amounts designated by MHC as undistributed capital gains in respect of shares would be treated with respect to Non-United States Holders in the manner outlined in the preceding paragraph for actual distributions by MHC of capital gain dividends. Under that approach, the Non-United States Holders would be able to offset as a credit against their United States federal income tax liability resulting therefrom their proportionate share of the tax paid by MHC on such undistributed capital gains (and to receive from the IRS a refund to the extent their proportionate share of such tax paid by MHC were to exceed their actual United States federal income tax liability).

Dispositions of Common Shares. Unless the common shares constitutes a USRPI, a sale of common shares by a Non-United States Holder generally will not be subject to United States taxation under FIRPTA. The common shares will not constitute a USRPI if MHC is a "domestically controlled REIT." A domestically controlled REIT is a REIT in which, at all times during a specified testing period, less than 50% in value of its stock is held directly or indirectly by Non-United States Holders. MHC believes that it has been and anticipates that it will continue to be a domestically controlled REIT, and therefore that the sale of common shares by a Non-United States Holder will not be subject to taxation under FIRPTA. Because the common shares will be publicly traded, however, no assurance can be given that MHC will continue to be a domestically controlled REIT. If MHC does not constitute a domestically controlled REIT, a Non-United States Holder's sale of common shares generally still will not be subject to tax under FIRPTA as a sale of a USRPI provided that (i) the common shares is "regularly traded" (as defined by applicable United States Treasury Department regulations) on an established securities market (e.g., the NYSE, on which the common shares is listed) and (ii) the selling Non-United States Holder held 5% or less of the outstanding common shares at all times during a specified testing period.

If gain on the sale of common shares were subject to taxation under FIRPTA, the Non-United States Holder would be subject to the same treatment as a United States shareholder with respect to such gain

(subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals) and the purchaser of common shares could be required to withhold 10% of the purchase price and remit such amount to the IRS. Capital gains not subject to FIRPTA will nonetheless be taxable in the United States to a Non-United States Holder in two cases: (i) if the Non-United States Holder's investment in common shares is effectively connected with a United States trade or business conducted by such Non-United States Holder, the Non-United States Holder will be subject to the same treatment as a United States shareholder with respect to such gain, or (ii) if the Non-United States Holder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, the nonresident alien individual will be subject to a 30% tax on the individual's capital gain.

LEGISLATIVE PROPOSALS

Taxpayer Refund and Relief Act of 1999. On August 5, 1999, the United States House of Representatives and Senate passed the "Taxpayer Refund and Relief Act of 1999" (the "1999 Act"). President Clinton vetoed the 1999 Act on September 23, 1999. The 1999 Act contained several proposed changes to the REIT provisions of the Code. Some of the important REIT related provisions are set forth below.

The 1999 Act would have amended the tax rules relating to the composition of a REIT's assets. Under current law, a REIT is precluded from owning more than 10% of the outstanding voting securities of any one issuer, other than a wholly owned subsidiary or another REIT. Under the 1999 Act, a REIT would have remained subject to the current restriction and would have been precluded from owning more than 10% of the value of all classes of securities of any one issuer. This change would not have applied to certain debt instruments held by a REIT and included certain grandfathering provisions.

The 1999 Act also contained an exception to both the 10% asset test described above and a second REIT asset test which would have precluded any one issuer's securities owned by a REIT to exceed 5% of the value of a REIT's total assets. This exception would have allowed a REIT to form and own up to 100% of the outstanding securities of a taxable REIT subsidiary which could provide a limited amount of services to a REIT's tenants and others. The 1999 Act would have changed the current law by allowing a REIT (1) to have voting control of subsidiaries that provide services to third parties, and (2) to provide "non-customary" services to a REIT's tenants through a taxable REIT subsidiary without disqualifying the rents the REIT receives from those tenants. The 1999 Act would have permitted a REIT to combine and convert existing corporate subsidiaries into taxable REIT subsidiaries tax-free for a limited period of time. Pursuant to the 1999 Act, a taxable REIT subsidiary could have deducted interest on debt funded directly or indirectly by the REIT, subject only to rules regarding the subsidiary's debt to equity ratio and the amount of this interest expense.

The 1999 Act also would have included a reduction of the REIT distribution requirements from 95% to 90% of a REIT's taxable income. The 1999 Act would have applied the limitations on deductibility of interest provided under the "earnings stripping" rules of Section 163(j) of the Code to interest paid or accrued by a taxable REIT subsidiary with respect to debt owed to its parent REIT. Furthermore, under the 1999 Act, amounts paid by a taxable REIT subsidiary to its parent REIT for the rental of real property would have been considered "rents from real property" under the Internal Revenue Code.

In addition to the above described provisions regarding REITs, the 1999 Act would have lowered the maximum capital gain rates applicable to individuals from 20% to 18% with respect to gains derived from sales of capital assets occurring on or after January 1, 1999. The tax rate for Section 1250 depreciation recapture would have been lowered from 25% to 20% for assets sold on or after January 1, 1999.

Clinton Administration Proposal. On February 1, 1999 the Clinton Administration announced its budget proposal for fiscal year 2000 which contained provisions relating to REITs similar to those contained in the 1999 Act. The Clinton Administration proposals regarding taxable REIT subsidiaries differs from that contained in the 1999 Act in that it would permit REITs to form two kinds of taxable REIT subsidiaries: (1) "qualified independent contractor subsidiaries" which could perform services for

tenants and other customers that a REIT currently cannot perform and (2) "qualified business subsidiaries" which could undertake third-party management and development activities as well as other non-real estate related activities. Under the Clinton Administration proposal, no more than 15% of the value of a REIT's total assets could consist of these taxable REIT subsidiaries and no more than 5% of the value of a REIT's total assets could consist of qualified independent contractor subsidiaries. In addition, a taxable REIT subsidiary would not be entitled to deduct any interest on debt funded directly or indirectly by the REIT.

Impact of 1999 Act and Clinton Administration proposals. The 1999 Act included, and the Clinton Administration's budget proposal includes, a proposal to amend the REIT asset tests with respect to non-qualified REIT subsidiaries, such as the Management Corporations and RSI. The proposal would prohibit a REIT from owning more than 10% of the vote or value of the outstanding securities of any non-qualified REIT subsidiary. Existing non-qualified REIT subsidiaries would be grandfathered, and therefore subject only to the 5% asset test and 10% voting securities test of current law (see "-- Taxation of MHC -- Asset Tests"), except that such grandfathering would terminate under certain circumstances, including if the subsidiary engaged in a new trade or business or acquired substantial new assets. As a result, if the proposal were to be enacted, the Management Corporations and RSI would become subject to the new 10%-vote-and-value limitation if they commenced new trade or business activities or acquired substantial new assets after the specified effective date. MHC could not satisfy the new test because it would be considered to own more than 10% of the value of the stock of the Management Corporations and RSI. Accordingly, the proposal, if enacted, would materially impede the ability of MHC to engage in other activities without jeopardizing its REIT status. However, if the proposal regarding taxable REIT subsidiaries were to be enacted, Management Corporations and RSI could avoid the new 10%-vote-and-value limitation by making an election to become taxable REIT subsidiaries and such election would qualify as a reorganization.

It is presently unknown whether the Clinton Administration proposal or any other legislation regarding REITs or federal taxation will be enacted.

OTHER TAX CONSIDERATIONS

The Management Corporations and RSI. A portion of the cash to be used by MHC Operating Partnership to fund distributions to its partners, including MHC, comes from the Management Corporations and RSI through payments of interest on the RSI Note and dividends on the non-voting stock of these entities which is held by MHC Operating Partnership. The Management Corporations and RSI pay federal and state income tax at the full applicable corporate rates. To the extent that the Management Corporations and RSI are required to pay federal, state or local taxes, the cash available for distribution by MHC to shareholders will be reduced accordingly.

State and Local Taxes. MHC and its shareholders may be subject to state or local taxation in various jurisdictions, including those in which it or they transact business or reside. The state and local tax treatment of MHC and its shareholders may not conform to the federal income tax consequences discussed above. Consequently, prospective shareholders should consult their own tax advisors regarding the effect of state and local tax law.

INFORMATION ABOUT MANUFACTURED HOME COMMUNITIES

MHC was formed to continue and expand the business of an entity that owned and operated manufactured home communities since 1969. MHC is the general partner of MHC Operating Limited Partnership. We conduct substantially all of our business and own substantially all of our assets through MHC Operating Limited Partnership and our subsidiaries.

Our principal executive offices are located at Two North Riverside Plaza, Chicago, Illinois 60606, and our telephone number is (312) 279-1400.

USE OF PROCEEDS

We will receive proceeds from the sale of common shares that the Administrator purchases directly from us. We will not receive proceeds from the sale of common shares that the Administrator purchases in the open market or in privately negotiated transactions. We will use the proceeds from the sale of common shares that the Administrator purchases directly from us for general corporate purposes. We cannot estimate either the number of common shares or the prices of the shares that we will sell in connection with the Plan.

PLAN OF DISTRIBUTION

Except to the extent the Administrator purchases common shares in the open market or in privately negotiated transactions with third parties, we will sell directly to the Administrator the common shares acquired under the Plan. The shares, including shares acquired pursuant to requests for waivers, may be resold in market transactions on any national securities exchange on which common shares trade or in privately negotiated transactions. The common shares currently are listed on the New York Stock Exchange.

Pursuant to the Plan, we may be requested to approve optional cash investments in excess of the allowable maximum amounts pursuant to requests for waiver on behalf of participants in the Plan that may be engaged in the securities business. In deciding whether to approve a request for waiver, we may consider relevant factors including, among other things,

- whether, at the time of the request, the Administrator is acquiring common shares for the Plan directly from us or in the open market or in privately negotiated transactions with third parties;
- our need for additional funds;
- our desire to obtain the additional funds through the sale of common shares as compared to other sources of funds;
- the purchase price likely to apply to any sale of common shares;
- the extent and nature of your prior participation in the Plan;
- the number of common shares you hold of record; and
- the total amount of optional cash investments in excess of $5,000 for which requests for waiver have been submitted.

We may sell common shares through the Plan to persons who, in connection with the resale of the shares, may be considered underwriters. In connection with these types of transactions, compliance with Regulation M under the Exchange Act would be required. We will not give any person any rights or privileges other than those that the person would be entitled to as a participant under the Plan. We will not enter into any agreement with any person regarding the person's purchase, resale or distribution of shares. Under some circumstances, we may, however, approve requests for optional cash investments in excess of the allowable maximum limitations pursuant to requests for waivers.

Subject to the availability of common shares registered for issuance under the Plan, there is no total maximum number of shares that can be issued pursuant to the reinvestment of dividends and optional cash investments. Except to the extent that we authorize the Administrator to purchase common shares on the open market, we will pay all trading fees and service charges in connection with the reinvestment of dividends and optional cash investments to purchase common shares under the Plan. You will have to pay any fees payable in connection with your voluntary sale of shares from your Plan account and/or withdrawal from the Plan.

LEGAL MATTERS

Our counsel, Steptoe & Johnson LLP, Washington, D.C., will issue an opinion as to the validity of the issuance of the common shares offered pursuant to the Plan, and will pass upon tax matters.

EXPERTS

Ernst & Young LLP, independent auditors, have audited our consolidated financial statements and schedules at December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, included in our Annual Report on Form 10-K for the year ended December 31, 1998, as set forth in their report which is incorporated by reference in this prospectus and elsewhere in the registration statement. Our consolidated financial statements and schedules are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

EXHIBIT A

PLAN SERVICE FEES SCHEDULE

Enrollment Fee for New Investors	No Charge
Initial Purchase of Shares*	No Charge
Sale of Shares (partial or full)**	
Transaction Fee	$15.00 per sale transaction
Trading Fee	$0.12 per share
Reinvestment of Dividends*	No Charge
Optional Cash Purchases*	No Charge
Gift or Transfer of Shares	No Charge
Safekeeping of Share Certificates	No Charge
Certificate Issuance	No Charge
Deposits Returned Unpaid	$25.00 per item
Duplicate Statements	
Current Year	No Charge
Prior Year(s)	$20.00 per year requested

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* To the extent the Administrator purchases common shares in the open market, you will be charged your pro rata share of any trading fees incurred for such purchase.

** The Administrator will deduct the applicable fees from the proceeds of a sale. Note that upon sale of shares in connection with a withdrawal, participant pays the transaction and trading fee described above rather than brokerage fees. See item 15.

We reserve the right to amend or modify this Plan Service Fees Schedule at any time.

EXHIBIT B

CALENDAR OF EXPECTED EVENTS

Optional Cash Investments of $5,000 or Less

OPTIONAL CASH INVESTMENT DUE DATE(1)	INVESTMENT DATE
01/11/00	01/14/00
02/08/00	02/11/00
03/07/00	03/10/00
04/11/00	04/14/00
05/09/00	05/12/00
06/06/00	06/09/00
07/11/00	07/14/00
08/08/00	08/11/00
09/05/00	09/08/00
10/10/00	10/13/00
11/07/00	11/10/00
12/05/00	12/08/00
01/09/01	01/12/01
02/06/01	02/09/01
03/06/01	03/09/01
04/10/01	04/13/01
05/08/01	05/11/01
06/05/01	06/08/01
07/10/01	07/13/01
08/07/01	08/10/01
09/11/01	09/14/01
10/09/01	10/12/01
11/06/01	11/09/01
12/11/01	12/14/01

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(1) Optional cash investments of $5,000 or less are due three business days before the Investment Date.

Optional Cash Investments of Greater than $5,000

MINIMUM WAIVER PRICE/WAIVER DISCOUNT SET DATE(1)	OPTIONAL CASH INVESTMENT DUE DATE(2)	PRICING PERIOD COMMENCEMENT DATE	PRICING PERIOD CONCLUSION DATE(3)	DIVIDEND PAYMENT/INVESTMENT DATE
12/28/99	12/31/99	01/03/00	01/14/00	01/14/00
01/25/00	01/28/00	01/31/00	02/11/00	02/11/00
02/22/00	02/25/00	02/28/00	03/10/00	03/10/00
03/28/00	03/31/00	04/03/00	04/14/00	04/14/00
04/25/00	04/28/00	05/01/00	05/12/00	05/12/00
05/22/00	05/25/00	05/26/00	06/09/00	06/09/00
06/26/00	06/29/00	06/30/00	07/14/00	07/14/00
07/25/00	07/28/00	07/31/00	08/11/00	08/11/00
08/21/00	08/24/00	08/25/00	09/08/00	09/08/00
09/26/00	09/29/00	10/02/00	10/13/00	10/13/00
10/24/00	10/27/00	10/30/00	11/10/00	11/10/00
11/28/00	12/01/00	12/04/00	12/08/00	12/08/00
12/22/00	12/28/00	12/29/00	01/12/01	01/12/01
01/23/01	01/26/01	01/29/01	02/09/01	02/09/01
02/20/01	02/23/01	02/26/01	03/09/01	03/09/01
03/27/01	03/30/01	04/02/01	04/16/01	04/16/01
04/24/01	04/27/01	04/30/01	05/11/01	05/11/01
05/21/01	05/24/01	05/25/01	06/08/01	06/08/01
06/25/01	06/28/01	06/29/01	07/13/01	07/13/01
07/24/01	07/27/01	07/30/01	08/10/01	08/10/01
08/27/01	08/30/01	08/31/01	09/14/01	09/14/01
09/25/01	09/28/01	10/01/01	10/12/01	10/12/01
10/23/01	10/26/01	10/29/01	11/09/01	11/09/01
11/27/01	11/30/01	12/03/01	12/14/01	12/14/01

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(1) The Minimum Waiver Price and the Waiver Discount, if any, will be established four business days prior to the first day of the Pricing Period. The Minimum Waiver Price and Waiver Discount only apply to purchases made pursuant to an approved Request or Waiver.

(2) Optional cash investments of greater than $5,000 made pursuant to an approved Request for Waiver are due by the close of business on the last business day immediately preceding the first day of the Pricing Period.

(3) The Pricing Period relating to optional cash investments of greater than $5,000 made pursuant to an approved Request for Waiver will be the ten consecutive trading days ending on either (a) the dividend payment date during any month in which we pay a cash dividend or (b) on or around the second Friday of any month in which we do not pay a cash dividend.

U.S. EQUITY
MARKETS CLOSED IN 1999

New Years Day	January 1
Martin Luther King Jr. Day	January 18
Presidents Day	February 15
Good Friday	April 2
Memorial Day	May 31
Independence Day	July 5*
Labor Day	September 6
Thanksgiving Day	November 25
Christmas Day	December 24*

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* Observed

U.S. EQUITY
MARKETS CLOSED IN 2000

New Years Day	January 1*
Martin Luther King Jr. Day	January 17
Presidents Day	February 21
Good Friday	April 21
Memorial Day	May 29
Independence Day	July 4
Labor Day	September 4
Thanksgiving Day	November 23
Christmas Day	December 25

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* New Years Day 2000 falls on a Saturday. The Exchange will be open for regular trading hours on Friday, December 31, 1999 and Monday, January 3, 2000.

U.S. EQUITY
MARKETS CLOSED IN 2001

New Years Day	January 1
Martin Luther King Jr. Day	January 15
Presidents Day	February 19
Good Friday	April 13
Memorial Day	May 28
Independence Day	July 4
Labor Day	September 3
Thanksgiving Day	November 22
Christmas Day	December 25

NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS IN CONNECTION WITH THE OFFERING COVERED BY THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY MANUFACTURED HOME COMMUNITIES. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, THE SECURITIES, IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE ANY SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY OFFER OR SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF MANUFACTURED HOME COMMUNITIES SINCE THE DATE HEREOF.

TABLE OF CONTENTS

2,000,000 SHARES
MANUFACTURED HOME
COMMUNITIES, INC.
SHARES OF COMMON STOCK
OFFERED SOLELY
IN CONNECTION WITH OUR

DIVIDEND REINVESTMENT
AND
SHARE PURCHASE PLAN
PROSPECTUS
, 1999

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the estimated fees and expenses payable by the Registrant in connection with the issuance and distribution of the securities being registered:

Registration Fee	$13,379
Printing and Duplicating Expenses	*
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Miscellaneous	*
Total	$

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* To be filed by amendment.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Maryland General Corporation Law (the "MGCL") permits a Maryland corporation to include in its bylaws a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. The Company's Bylaws, as amended from time to time, (the "Bylaws"), contain such a provision which eliminates such liability to the maximum extent permitted by the MGCL.

The Bylaws of the Company authorize it to obligate itself to indemnify its present and former officers and directors and to pay or reimburse expenses for such individuals in advance of the final disposition of a proceeding to the maximum extent permitted from time to time by the laws of Maryland. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services, or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, a corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation. In addition, the MGCL requires the Company, as conditions to advancing expenses, to obtain (i) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by the applicable Bylaws and (ii) a written agreement by him or on his behalf to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met. The Bylaws of the Company and each of its corporate subsidiaries and the partnership agreements for each of the partnership subsidiaries also permit the Company to provide indemnification and advance of expenses to a present or former director or officer who served a predecessor of the Company in such capacity, and to any employee or agent of the Company or a predecessor of the Company. Finally, the MGCL requires a corporation (unless its charter provides otherwise, which the Company's charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity.

The partnership agreements of the Operating Partnership, the Management Partnerships and the Financing Partnerships also provide for indemnification of the Company and its officers and directors to

the same extent indemnification is provided to officers and directors of the Company in its Charter, and limits the liability of the Company and its officers and directors to the Operating Partnership, the Management Partnerships and the Financing Partnerships and their respective partners to the same extent the liability of the officers and directors of the Company to the Company and its stockholders is limited under the Company's Charter.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

ITEM 16. EXHIBITS

3.1	-- Amended and Restated Articles of Incorporation of Manufactured Home Communities, Inc.
3.2	-- Articles Supplementary
3.3	-- Amended Bylaws of Manufactured Home Communities, Inc.
5.1	-- Opinion of Steptoe & Johnson LLP regarding the legality of the securities being registered
8.1	-- Opinion of Steptoe & Johnson LLP regarding certain tax matters
10.1	-- $265,000,000 Mortgage Note dated December 12, 1997
10.2	-- Second Amended and Restated Credit Agreement (Revolving Facility) between the Company, MHC Operating Limited Partnership, and certain lenders and agents, dated April 28, 1998
10.3	-- First Amendment to Second Amended and Restated Credit Agreement between the Company, MHC Operating Limited Partnership, and certain lenders and agents, dated December 18, 1998
10.4	-- Amended and Restated Credit Agreement (Term Loan) between the Company, MHC Operating Limited Partnership, and certain lenders and agent, dated April 28, 1998
10.5	-- Letter Agreement between the Company and Bank of America National Trust and Savings Association confirming the $100 million swap transaction, dated July 11, 1995
23.1	-- Consent of Steptoe & Johnson LLP (included as part of Exhibit 5.1)
23.2	-- Consent of Steptoe & Johnson LLP (included as part of Exhibit 8.1)
23.3	-- Consent of Ernst & Young LLP
24.1	-- Power of Attorney (included in signature page)

ITEM 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change

in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in this registration statement;

provided, however, that subparagraphs (i) and (ii) above shall not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in the periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the Securities offered herein, and the offering of such Securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the Securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby further undertakes that, for the purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the Securities offered herein, and the offering of such Securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to existing provisions or arrangements whereby the Registrant may indemnify a director, officer or controlling person of the Registrant against liabilities arising under the Securities Act of 1933, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Chicago, Illinois, on this twelfth day of November, 1999.

MANUFACTURED HOME
COMMUNITIES, INC.

By: /s/ HOWARD WALKER

Howard Walker
President and Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned directors and officers of Manufactured Home Communities, Inc., do hereby constitute and appoint Thomas P. Heneghan and Howard Walker and each and either of them, our true and lawful attorneys-in-fact and agents, to do any and all acts and things in our names and our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said Company to comply with the Securities Act of 1933 and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this registration statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, any and all amendments (including post-effective amendments) hereto; and we hereby ratify and confirm all that said attorneys and agents, or either of them, shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

NAME	TITLE	DATE
/s/ SAMUEL ZELL Samuel Zell	Chairman of the Board	November 12, 1999
/s/ HOWARD WALKER Howard Walker	Chief Executive Officer and President and Director	November 12, 1999
/s/ THOMAS P. HENEGHAN Thomas P. Heneghan	Executive Vice President and Chief Financial Officer	November 12, 1999
/s/ MARK HOWELL Mark Howell	Principal Accounting Officer	November 12, 1999
/s/ SHELI Z. ROSENBERG Sheli Z. Rosenberg	Director	November 12, 1999
/s/ DAVID A. HELFAND David A. Helfand	Director	November 12, 1999
/s/ DONALD S. CHISHOLM Donald S. Chisholm	Director	November 12, 1999

NAME	TITLE	DATE
/s/ MICHAEL A. TORRES Michael A. Torres	Director	November 12, 1999
/s/ THOMAS E. DOBROWSKI Thomas E. Dobrowski	Director	November 12, 1999
/s/ LOUIS H. MASOTTI Louis H. Masotti	Director	November 12, 1999
/s/ GARY L. WATERMAN Gary L. Waterman	Director	November 12, 1999
/s/ JOHN F. PODJASEK, JR. John F. Podjasek, Jr.	Director	November 12, 1999

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1	-- Amended and Restated Articles of Incorporation of Manufactured Home Communities, Inc.
3.2	-- Articles Supplementary
3.3	-- Amended Bylaws of Manufactured Home Communities, Inc.
5.1	-- Opinion of Steptoe & Johnson LLP regarding the legality of the securities being registered
8.1	-- Opinion of Steptoe & Johnson LLP regarding certain tax matters
10.1	-- $265,000,000 Mortgage Note dated December 12, 1997
10.2	-- Second Amended and Restated Credit Agreement (Revolving Facility) between the Company, MHC Operating Limited Partnership, and certain lenders and agents, dated April 28, 1998
10.3	-- First Amendment to Second Amended and Restated Credit Agreement between the Company, MHC Operating Limited Partnership, and certain lenders and agents, dated December 18, 1998
10.4	-- Amended and Restated Credit Agreement (Term Loan) between the Company, MHC Operating Limited Partnership, and certain lenders and agent, dated April 28, 1998
10.5	-- Letter Agreement between the Company and Bank of America National Trust and Savings Association confirming the $100 million swap transaction, dated July 11, 1995
23.1	-- Consent of Steptoe & Johnson LLP (included as part of Exhibit 5.1)
23.2	-- Consent of Steptoe & Johnson LLP (included as part of Exhibit 8.1)
23.3	-- Consent of Ernst & Young LLP
24.1	-- Power of Attorney (included in signature page)

EXHIBIT 3.1

MANUFACTURED HOME COMMUNITIES, INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

THIS IS TO CERTIFY THAT:

FIRST: Manufactured Home Communities, Inc., a Maryland corporation (the "Corporation"), desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The charter of the Corporation is hereby amended by striking out Article VI, Section 5, "Indemnification".

THIRD: The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

ARTICLE I

INCORPORATOR

The undersigned, James J. Hanks, Jr., whose address is 100 South Charles Street, Baltimore, Maryland 21201, being at least 18 years of age, does hereby form a corporation under the general laws of the State of Maryland.

ARTICLE II

NAME

The name of the corporation (the "Corporation") is: Manufactured Home Communities, Inc.

ARTICLE III

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute (the "Code")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of these Articles, "REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE IV

PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The post office address of the principal office of the Corporation in the State of Maryland is c/o Prentice-Hall Corporation System, Maryland, 11 East Chase Street, Baltimore, Maryland 21202. The name of the resident agent of the Corporation in the State of Maryland is The

Prentice-Hall Corporation System, Maryland, 11 East Chase Street, Baltimore, Maryland 21202. The resident agent is a corporation located in the State of Maryland.

ARTICLE V

STOCK

SECTION 1. AUTHORIZED SHARES. The total number of shares of stock which the Corporation has authority to issue is 60,000,000 shares, of which 50,000,000 shares are shares of Common Stock, $.01 par value per share ("Common Stock"), and 10,000,000 shares are shares of Series Preferred Stock ("Preferred Stock"), $.01 par value per share. The aggregate par value of all authorized shares of stock having par value is $600,000.00.

SECTION 2. VOTING RIGHTS. Subject to the provisions of Article VII regarding Excess Stock (as such term is defined therein), each share of Common Stock shall entitle the holder thereof to one vote.

SECTION 3. ISSUANCE OF PREFERRED STOCK. The Preferred Stock may be issued, from time to time, in one or more series as authorized by the Board of Directors. Prior to issuance of shares of each series, the Board of Directors by resolution shall designate that series to distinguish it from all other series and classes of stock of the Corporation, shall specify the number of shares to be included in the series and, subject to the provisions of Article VII regarding Excess Stock, shall set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption. Subject to the express terms of any other series of Preferred Stock outstanding at the time and notwithstanding any other provision of the charter, the Board of Directors may increase or decrease the number of shares of, or alter the designation or classify or reclassify, any unissued shares of any series of Preferred Stock by setting or changing, in any one or more respects, from time to time before issuing the shares, and, subject to the provisions of Article VII regarding Excess Stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the shares of any series of Preferred Stock.

SECTION 4. CHARTER AND BYLAWS. All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of the charter and the Bylaws of the Corporation.

ARTICLE VI

PROVISIONS FOR DEFINING, LIMITING
AND REGULATING CERTAIN POWERS OF THE
CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

SECTION 1. NUMBER AND CLASSIFICATION. The number of directors of the Corporation initially shall be four, which number may be increased or decreased pursuant to the Bylaws of the Corporation; provided, however, that (a) if there is stock outstanding and so long as there are three or more stockholders, the number of directors shall never be less than three and (b) if there is stock outstanding and so long as there are less than three stockholders, the number of directors may be less than three but not less than the number of stockholders. The

names of the directors who shall serve effective immediately and until the first annual meeting of stockholders and until their successors are duly elected and qualify are:

Samuel Zell
Randall K. Rowe
Gary W. Powell
Gerald A. Spector

At the first annual meeting of stockholders, the directors shall be divided into three classes, as nearly equal in number as possible, with a term of three years each, and the term of office of one class shall expire each year. One class shall hold office initially for a term expiring at the annual meeting of stockholders in 1994, another class shall hold office initially for a term expiring at the annual meeting of stockholders in 1995 and another class shall hold office initially for a term expiring at the annual meeting of stockholders in 1996. Beginning with the annual meeting of stockholders in 1994 and at each succeeding annual meeting of stockholders, the directors of the class of directors whose term expires at such meeting will be elected to hold office for a term expiring at the third succeeding annual meeting. Each director will hold office for the term for which he or she is elected and until his or her successor is duly elected and qualifies.

SECTION 2. REMOVAL. A director may be removed only for cause and only by the affirmative vote of two-thirds of all the votes entitled to be cast for the election of directors. A special meeting of the stockholders may be called, in accordance with the Bylaws of the Corporation, for the purpose of removing a director.

SECTION 3. AUTHORIZATION BY BOARD OF STOCK ISSUANCE. The Board of Directors of the Corporation may authorize the issuance from time to time of shares of its stock of any class, whether now or hereafter authorized, or securities convertible into shares of its stock of any class, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable, subject to such restrictions or limitations, if any, as may be set forth in the charter or the Bylaws of the Corporation or in the general laws of the State of Maryland.

SECTION 4. PREEMPTIVE RIGHTS. Except as may be provided by the Board of Directors in authorizing the issuance of shares of Preferred Stock pursuant to Article V, Section 3, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of the stock of the Corporation or any other security of the Corporation which it may issue or sell.

SECTION 5. ADVISOR AGREEMENTS. Subject to such approval of stockholders and other conditions, if any, as may be required by any applicable statute, rule or regulation, the Board of Directors may authorize the execution and performance by the Corporation of one or more agreements with any person, corporation, association, company, trust, partnership (limited or general) or other organization whereby, subject to the supervision and control of the Board of Directors, any such other person, corporation, association, company, trust partnership (limited or general) or other organization (the "Advisor") shall render or make available to the Corporation managerial, investment, advisory and/or related services, office space and other services and facilities (including, if deemed advisable by the Board of Directors, the management or supervision of the investments of the Corporation) upon such terms and

conditions as may be provided in such agreement or agreements (including, if deemed fair and equitable by the Board of Directors, the compensation payable thereunder by the Corporation).

SECTION 6. RELATED PARTY TRANSACTIONS. Without limiting any other procedures available by law or otherwise to the Corporation, the Board of Directors may authorize any agreement of the character described in Section 5 of this Article VI or other transaction with any person, corporation, association, company, trust, partnership (limited or general) or other organization, although one or more of the directors or officers of the Corporation may be a party to any such agreement or an officer, director, stockholder or member of such other party, and no such agreement or transaction shall be invalidated or rendered void or voidable solely by reason of the existence of any such relationship if the existence is disclosed or known to the Board of Directors, and the contract or transaction is approved by the affirmative vote of a majority of the disinterested directors, even if they constitute less than a quorum of the Board of Directors. Any director of the Corporation who is also a director, officer, stockholder or member of such other entity may be counted in determining the existence of a quorum at any meeting of the Board of Directors considering such matter.

SECTION 7. DETERMINATIONS BY BOARD. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the charter of the Corporation and in the absence of actual receipt of an improper benefit in money, property or services or active and deliberate dishonesty established by a court, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation; and any matters relating to the acquisition, holding and disposition of any assets by the Corporation.

SECTION 8. RESERVED POWERS OF BOARD. The enumeration and definition of particular powers of the Board of Directors included in this Article VI shall in no way be limited or restricted by reference to or inference from the terms of any other clause of this or any other provision of the charter of the Corporation, or construed or deemed by inference or otherwise in any manner to exclude or limit the powers conferred upon the Board of Directors under the general laws of the State of Maryland as now or hereafter in force.

SECTION 9. REIT QUALIFICATION. The Board of Directors shall use its reasonable best efforts to cause the Corporation and its stockholders to qualify for U.S. Federal income tax treatment in accordance with the provisions of the Code applicable to a REIT. In furtherance of the foregoing, the Board of Directors shall use its reasonable best efforts to take such actions as are necessary, and may take such actions as in its sole judgment and discretion are desirable, to preserve the status of the Corporation as a REIT; provided, however, that if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to have the Corporation qualify as a REIT, the Board of Directors may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code.

ARTICLE VII

RESTRICTION ON TRANSFER,
ACQUISITION AND REDEMPTION OF SHARES

SECTION 1. DEFINITIONS. For the purposes of this Article VII, the following terms shall have the following meanings:

"Beneficial Ownership" shall mean ownership of Equity Stock by a Person who would be treated as an owner of such Equity Stock under Section 542(a)(2) of the Code either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms "Beneficial Owner," "Beneficially Owns," "Beneficially Own" and "Beneficially Owned" shall have the correlative meanings.

"Beneficiary" shall mean the beneficiary of the Trust as determined pursuant to Section 19 of this Article VII.

"Debt" shall mean indebtedness of (i) the Corporation or (ii) MHC Operating Limited Partnership, an Illinois limited partnership to be formed, or any predecessor thereof.

"Equity Stock" shall mean stock that is either Common Stock or Preferred Stock.

"Existing Holder" shall mean (i) any Person who is, or would be upon the exchange of OP Units or Debt, the Beneficial Owner of Common Stock and/or Preferred Stock in excess of the Ownership Limit both upon and immediately after the closing of the Initial Public Offering, so long as, but only so long as, such Person Beneficially Owns or would, upon exchange of OP Units or Debt, Beneficially Own Common Stock and/or Preferred Stock in excess of the Ownership Limit and (ii) any Person to whom an Existing Holder Transfers, subject to the limitations provided in this Article VII, Beneficial Ownership of Common Stock and/or Preferred Stock causing such transferee to Beneficially Own Common Stock and/or Preferred Stock in excess of the Ownership Limit.

"Existing Holder Limit" (i) for any Existing Holder who is an Existing Holder by virtue of clause (i) of the definition thereof, shall mean, initially, the percentage of the outstanding Equity Stock Beneficially Owned, or which would be Beneficially Owned upon the exchange of OP Units or Debt, by such Existing Holder upon and immediately after the date of the closing of the Initial Public Offering, and, after any adjustment pursuant to Section 9 of this Article VII, shall mean such percentage of the outstanding Equity Stock as so adjusted; and (ii) for any Existing Holder who becomes an Existing Holder by virtue of clause (ii) of the definition thereof, shall mean, initially, the percentage of the outstanding Equity Stock Beneficially Owned by such Existing Holder at the time that such Existing Holder becomes an Existing Holder, but in no event shall such percentage be greater than the Existing Holder Limit for the Existing Holder who Transfers Beneficial Ownership of the Common Stock and/or Preferred Stock or, in the case of more than one transferor, in no event shall such percentage be greater than the smallest Existing Holder Limit of any transferring Existing Holder, and, after any adjustment pursuant to Section 9 of this Article VII, shall mean such percentage of the outstanding Equity Stock as so adjusted. From the date of the Initial Public Offering and prior to the Restriction Termination Date, the Secretary of the Corporation shall maintain and, upon

request, make available to each Existing Holder a schedule which sets forth the then current Existing Holder Limit for each Existing Holder.

"Initial Public Offering" means the sale of shares of Common Stock pursuant to the Corporation's first effective registration statement for such Common Stock filed under the Securities Act of 1933, as amended.

"Market Price" shall mean the last reported sales price reported on the New York Stock Exchange of Common Stock or Preferred Stock, as the case may be, on the trading day immediately preceding the relevant date, or if not then traded on the New York Stock Exchange, the last reported sales price of the Common Stock or Preferred Stock, as the case may be, on the trading day immediately preceding the relevant date as reported on any exchange or quotation system over which the Common Stock or Preferred Stock, as the case may be, may be traded, or if not then traded over any exchange or quotation system, then the market price of the Common Stock or Preferred Stock, as the case may be, on the relevant date as determined in good faith by the Board of Directors.

"OP Units" shall mean units of limited partnership of MHC Operating Limited Partnership, an Illinois limited partnership to be formed.

"Ownership Limit" shall initially mean 5.0%, in number of shares or value, of the outstanding Equity Stock of the Corporation, and after any adjustment as set forth in Section 10 of this Article VII, shall mean such greater percentage of the outstanding Equity Stock as so adjusted. The number and value of shares of the outstanding Equity Stock shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof.

"Person" shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401 (a) of the Code or Section 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity; but such term does not include an underwriter which participated in a public offering of the Common Stock and/or Preferred Stock for a period of 25 days following the purchase by such underwriter of the Common Stock and/or Preferred Stock.

"Purported Beneficial Transferee" shall mean, with respect to any purported Transfer which results in Excess Stock as defined below in Section 3 of this Article VII, the purported beneficial transferee for whom the Purported Record Transferee would have acquired shares of Equity Stock, if such Transfer had been valid under Section 2 of this Article VII.

"Purported Record Transferee" shall mean, with respect to any purported Transfer which results in Excess Stock, the record holder of the Equity Stock if such Transfer had been valid under Section 2 of this Article VII.

"Restriction Termination Date" shall mean the first day after the date of the Initial Public Offering on which the Board of Directors determines that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT.

"Transfer" shall mean any sale, transfer, gift, assignment, devise or other disposition of Equity Stock, (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Equity Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Equity Stock, but excluding the exchange of OP Units or Debt for Equity Stock), whether voluntary or involuntary, whether of record or beneficially and whether by operation of law or otherwise. The terms "Transfers" and "Transferred" shall have the correlative meanings.

"Trust" shall mean the trust created pursuant to Section 15 of this Article VII.

"Trustee" shall mean the Corporation as trustee for the Trust, and any successor trustee appointed by the Corporation.

SECTION 2. OWNERSHIP LIMITATION. (i) Except as provided in Section 12 of this Article VII, from the date of the Initial Public Offering and prior to the Restriction Termination Date, no Person (other than an Existing Holder) shall Beneficially Own shares of Common Stock and/or Preferred Stock in excess of the Ownership Limit and no Existing Holder shall Beneficially Own shares of Common Stock and/or Preferred Stock in excess of the Existing Holder Limit for such Existing Holder.

(ii) Except as provided in Section 9 and Section 12 of this Article VII, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer that, if effective, would result in any Person (other than an Existing Holder) Beneficially Owning Common Stock and/or Preferred Stock in excess of the Ownership Limit shall be void ab initio as to the Transfer of such shares of Common Stock and/or Preferred Stock which would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit; and the intended transferee shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

(iii) Except as provided in Section 9 and Section 12 of this Article VII, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer that, if effective, would result in any Existing Holder Beneficially Owning Common Stock and/or Preferred Stock in excess of the applicable Existing Holder Limit shall be void ab initio as to the Transfer of such shares of Common Stock and/or Preferred Stock which would be otherwise Beneficially Owned by such Existing Holder in excess of the applicable Existing Holder Limit; and such Existing Holder shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

(iv) Except as provided in Section 12 of this Article VII, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer that, if effective, would result in the Common Stock and/or Preferred Stock being Beneficially Owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void ab initio as to the Transfer of such shares of Common Stock and/or Preferred Stock which would be otherwise Beneficially Owned by the transferee; and the intended transferee shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

(v) From the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer that, if effective, would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code shall be void ab initio as to the Transfer of the shares of Common Stock and/or Preferred Stock which would cause the Corporation to

be "closely held" within the meaning of Section 856(h) of the Code; and the intended transferee shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

SECTION 3. EXCESS STOCK. (i) If, notwithstanding the other provisions contained in this Article VII, at any time after the date of the Initial Public Offering and prior to the Restriction Termination Date, there is a purported Transfer or other change in the capital structure of the Corporation (except for a change resulting from the exchange of OP Units or Debt for Equity Stock) such that any Person would Beneficially Own Common Stock and/or Preferred Stock in excess of the applicable Ownership Limit or Existing Holder Limit, then, except as otherwise provided in Section 9 and Section 12 of this Article VII, such shares of Common Stock and/or Preferred Stock in excess of such Ownership Limit or Existing Holder Limit (rounded up to the nearest whole share) shall constitute "Excess Stock" and be a treated as provided in this Article VII. Such designation and treatment shall be effective as of the close of business on the business day prior to the date of the purported Transfer or change in capital structure (except for a change resulting from the exchange of OP Units or Debt for Equity Stock).

(ii) If, notwithstanding the other provisions contained in this Article VII, at any time after the date of the Initial Public Offering and prior to the Restriction Termination Date, there is a purported Transfer or other change in the capital structure of the Corporation (except for a change resulting from the exchange of OP Units or Debt for Equity Stock) which, if effective, would cause the Corporation to become "closely held" within the meaning of Section 856(h) of the Code, then the shares of Common Stock and/or Preferred Stock being Transferred which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code (rounded up to the nearest whole share) shall constitute Excess Stock and be treated as provided in this Article VII. Such designation and treatment shall be effective as of the close of business on the business day prior to the date of the purported Transfer or change in capital structure (except for a change resulting from the exchange of OP Units or Debt for Equity Stock).

SECTION 4. PREVENTION OF TRANSFER. If the Board of Directors or its designee shall at any time determine in good faith that a Transfer has taken place in violation of Section 2 of this Article VII or that a Person intends to acquire or has attempted to acquire beneficial ownership (determined without reference to any rules of attribution) or Beneficial Ownership of any shares of stock of the Corporation in violation of Section 2 of this Article VII, the Board of Directors or its designee shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer, including, but not limited to, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer; provided, however, that any Transfers or attempted Transfers in violation of subparagraphs (ii), (iii) and (v) of Section 2 of this Article VII shall automatically result in the designation and treatment described in Section 3 of this Article VII, irrespective of any action (or non-action) by the Board of Directors.

SECTION 5. NOTICE TO CORPORATION. Any Person who acquires or attempts to acquire shares in violation of Section 2 of this Article VII, or any Person who is a transferee such that Excess Stock results under Section 3 of this Article VII, shall immediately give written notice or, in the event of a proposed or attempted Transfer, give at least 15 days prior written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer on the Corporation's status as a REIT.

SECTION 6. INFORMATION FOR CORPORATION. From the date of the Initial Public Offering and prior to the Restriction Termination Date:

(i) every Beneficial Owner of more than 5.0% (or such other percentage, between 1/2 of 1.0% and 5.0%, as provided in the income tax regulations promulgated under the Code) of the number or value of outstanding shares of Equity Stock shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such Beneficial Owner, the number of shares Beneficially Owned, and a description of how such shares are held. Each such Beneficial Owner shall provide to the Corporation such additional information as the Corporation may reasonably request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT; and

(ii) each Person who is a Beneficial Owner of Common Stock and/or Preferred Stock and each Person (including the stockholder of record) who is holding Common Stock and/or Preferred Stock for a Beneficial Owner shall provide to the Corporation such information that the Corporation may reasonably request in order to determine the Corporation's status as a REIT, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

SECTION 7. OTHER ACTION BY BOARD. Nothing contained in this Article VII shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders by preservation of the Corporation's status as a REIT.

SECTION 8. AMBIGUITIES. In the case of an ambiguity in the application of any of the provisions of this Article VII, including any definition contained in Section 1 of this Article VII, the Board of Directors shall have the power to determine the application of the provisions of this Article VII with respect to any situation based on the facts known to it.

SECTION 9. MODIFICATION OF EXISTING HOLDER LIMITS. The Existing Holder Limits may be modified as follows:

(i) Subject to the limitations provided in Section 11 of this Article VII, the Board of Directors may grant stock options which result in Beneficial Ownership of Common Stock and/or Preferred Stock by an Existing Holder pursuant to a stock option plan approved by the Board of Directors and/or the stockholders of the Corporation. Any such grant shall increase the Existing Holder Limit for the affected Existing Holder to the maximum extent possible under Section 11 of this Article VII to permit the Beneficial Ownership of the shares of Common Stock and/or Preferred Stock issuable upon the exercise of such stock options.

(ii) Subject to the limitations provided in Section 11 of this Article VII, an Existing Holder may elect to participate in a dividend reinvestment plan approved by the Board of Directors which results in Beneficial Ownership of Common Stock and/or Preferred Stock by such participating Existing Holder and any comparable reinvestment plan of MHC Operating Limited Partnership, an Illinois limited partnership to be formed, wherein those Existing Holders holding OP Units are entitled to purchase additional OP Units. Any such participation shall increase the Existing Holder Limit for the affected Existing Holder to the maximum extent possible under Section 11 of this Article VII to permit Beneficial Ownership of the shares of Common Stock and/or Preferred Stock acquired as a result of such participation.

(iii) The Board of Directors will reduce the Existing Holder Limit for any Existing Holder after any Transfer permitted in this Article VII by such Existing Holder by the percentage of the outstanding Equity Stock so Transferred or after the lapse (without exercise) of a stock option described in subparagraph (i) of Section 9 of this Article VII by the percentage of the Equity Stock that the stock option, if exercised, would have represented, but in either case no Existing Holder Limit shall be reduced to a percentage which is less than the Ownership Limit.

SECTION 10. INCREASE IN OWNERSHIP LIMIT. Subject to the limitations provided in Section 11 of this Article VII. the Board of Directors may from time to time increase the Ownership Limit.

SECTION 11. LIMITATIONS ON CHANGES IN EXISTING HOLDER LIMITS AND OWNERSHIP LIMITS. (i) Neither the Ownership Limit nor any Existing Holder Limit may be increased (nor may any additional Existing Holder Limit be created) if, after giving effect to such increase (or creation), five Beneficial Owners of Common Stock (including all of the then Existing Holders) could Beneficially Own, in the aggregate, more than 50.0% in number or value of the outstanding shares of Equity Stock.

(ii) Prior to the modification of any Existing Holder Limit or Ownership Limit pursuant to Section 9 or Section 10 of this Article VII, the Board of Directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT.

(iii) No Existing Holder Limit shall be reduced to a percentage which is less than the Ownership Limit.

SECTION 12. EXEMPTIONS BY BOARD. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of counsel or other evidence satisfactory to the Board of Directors and upon at least 15 days written notice from a Transferee prior to the proposed Transfer which, if consummated, would result in the intended Transferee owning shares in excess of the Ownership Limit or the Existing Holder Limit, as the case may be, and upon such other conditions as the Board of Directors may direct, may exempt a Person from the Ownership Limit or the Existing Holder Limit, as the case may be.

SECTION 13. LEGEND. Each certificate for shares of Common Stock and for shares of Preferred Stock shall bear substantially the following legend:

> The securities represented by this certificate are subject to restrictions on transfer for the purpose of the Corporation's maintenance of its status as a real estate investment trust under the Internal Revenue Code of 1986, as amended. Except as otherwise provided pursuant to the charter of the Corporation, no Person may Beneficially Own shares of Common Stock and/or Preferred Stock in excess of 5.0% (or such greater percentage as may be determined by the Board of Directors of the Corporation) of the number or value of the outstanding Equity Stock of the Corporation (unless such Person is an Existing Holder). Any Person who attempts or proposes to Beneficially Own shares of

Common Stock and/or Preferred Stock in excess of the above limitations must notify the Corporation in writing at least 15 days prior to such proposed or attempted Transfer. All capitalized terms in this legend have the meanings defined in the charter of the Corporation, a copy of which, including the restrictions on transfer, will be sent without charge to each stockholder who so requests. If the restrictions on transfer are violated, the securities represented hereby will be designated and treated as shares of Excess Stock which will be held in trust by the Corporation

SECTION 14. SEVERABILITY. If any provision of this Article VII or any application of any such provision is determined to be void, invalid or unenforceable by any court having jurisdiction over the issue, the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

SECTION 15. TRUST FOR EXCESS STOCK. Upon any purported Transfer that results in Excess Stock pursuant to Section 3 of this Article VII, such Excess Stock shall be deemed to have been transferred to the Corporation, as Trustee of a Trust for the benefit of such Beneficiary or Beneficiaries to whom an interest in such Excess Stock may later be transferred pursuant to Section 19 of this Article VII. Shares of Excess Stock so held in trust shall be issued and outstanding stock of the Corporation. The Purported Record Transferee shall have no rights in such Excess Stock except the right to designate a transferee of such Excess Stock upon the terms specified in Section 19 of this Article VII. The Purported Beneficial Transferee shall have no rights in such Excess Stock except as provided in Section 19 of this Article VII.

SECTION 16. NO DIVIDENDS FOR EXCESS STOCK. Excess Stock shall not be entitled to any dividends. Any dividend or distribution paid prior to the discovery by the Corporation that the shares of Common Stock and/or Preferred Stock have been Transferred so as to be deemed Excess Stock shall be repaid to the Corporation upon demand.

SECTION 17. LIQUIDATION DISTRIBUTIONS FOR EXCESS STOCK. Subject to the preferential rights of the Preferred Stock, if any, as may be determined by the Board of Directors, in the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any other distribution of all or substantially all of the assets of, the Corporation, each holder of shares of Excess Stock shall be entitled to receive, in the case of Excess Stock constituting Preferred Stock, ratably with each other holder of Preferred Stock and Excess Stock constituting Preferred Stock and, in the case of Excess Stock constituting Common Stock, ratably with each other holder of Common Stock and Excess Stock constituting Common Stock, that portion of the assets of the Corporation available for distribution to its stockholders as the number of shares of the Excess Stock held by such holder bears to the total number of shares of (i) Preferred Stock and Excess Stock then outstanding in the case of Excess Stock constituting Preferred Stock and (ii) Common Stock and Excess Stock then outstanding in the case of Excess Stock constituting Common Stock. The Corporation, as holder of the Excess Stock in trust, or if the Corporation shall have been dissolved, any trustee appointed by the Corporation prior to its dissolution, shall distribute ratably to the Beneficiaries of the Trust, when determined, any such assets received in respect of the Excess Stock in any liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation.

SECTION 18. NO VOTING RIGHTS FOR EXCESS STOCK. The holders of shares of Excess Stock shall not be entitled to vote on any matter.

SECTION 19. NON-TRANSFERABILITY OF EXCESS STOCK. Excess Stock shall not be transferable. The Purported Record Transferee may freely designated a Beneficiary of an interest in the Trust (representing the number of shares of Excess Stock held by the Trust attributable to a purported Transfer that resulted in the Excess Stock), if (i) the shares of Excess Stock held in the Trust would not be Excess Stock in the hands of such Beneficiary and (ii) the Purported Beneficial Transferee does not receive a price for designating such Beneficiary that reflects a price per share for such Excess Stock that exceeds (x) the price per share such Purported Beneficial Transferee paid for the Common Stock and/or Preferred Stock, as the case may be, in the purported Transfer that resulted in the Excess Stock, or (y) if the Purported Beneficial Transferee did not give value for such Excess Stock (through a gift, devise or other transaction), a price per share equal to the Market Price for the shares of the Excess Stock on the date of the purported Transfer that resulted in the Excess Stock. Upon such transfer of an interest in the Trust, the corresponding shares of Excess Stock in the Trust shall be automatically exchanged for an equal number of shares of Common Stock and/or Preferred Stock, as applicable, and such shares of Common Stock and/or Preferred Stock, as applicable, shall be transferred of record to the transferee of the interest in the Trust if such shares of Common Stock and/or Preferred Stock, as applicable, would not be Excess Stock in the hands of such transferee. Prior to any transfer of any interest in the Trust, the Purported Record Transferee must give advance notice to the Corporation of the intended transfer and the Corporation must have waived in writing its purchase rights under Section 20 of this Article VII.

Notwithstanding the foregoing, if a Purported Beneficial Transferee receives a price for designating a Beneficiary of an interest in the Trust that exceeds the amounts allowable under this Section 19 of this Article VII, such Purported Beneficial Transferee shall pay, or cause such Beneficiary to pay, such excess to the Corporation.

If any of the foregoing restrictions on transfer of Excess Stock are determined to be void, invalid or unenforceable by any court of competent jurisdiction, then the Purported Record Transferee may be deemed, at the option of the Corporation, to have acted as an agent of the Corporation in acquiring such Excess Stock and to hold such Excess Stock on behalf of the Corporation.

SECTION 20. CALL BY CORPORATION ON EXCESS STOCK. Shares of Excess Stock shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that created such Excess Stock (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price of the Common Stock or Preferred Stock to which such Excess Stock relates on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Transfer which resulted in such Excess Stock and (ii) the date the Board of Directors determines in good faith that a Transfer resulting In Excess Stock has occurred, if the Corporation does not receive a notice of such Transfer pursuant to Section 5 of this Article VII but in no event later than a permitted Transfer pursuant to and in compliance with the terms of Section 19 of this Article VII.

ARTICLE VIII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to its charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in this charter, of any shares of outstanding stock. Any amendment to the charter of the Corporation shall be valid only if such amendment shall have been approved by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter. All rights and powers conferred by the charter of the Corporation on stockholders, directors and officers are granted subject to this reservation.

ARTICLE IX

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers, no director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article IX, nor the adoption or amendment of any other provision of the charter or Bylaws of the Corporation inconsistent with this Article IX, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

FOURTH: The amendment to and restatement of the charter of the Corporation as hereinabove set forth has been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

FIFTH: The current address of the principal office of the Corporation is as set forth in Article IV of the foregoing amendment and restatement of the charter.

SIXTH: The name and address of the Corporation's current resident agent is as set forth in Article IV of the foregoing amendment and restatement of the charter.

SEVENTH: The number of directors of the Corporation is 10, and the names of the directors currently in office are:

Samuel Zell
Howard Walker
Donald S. Chisholm
Thomas E. Dobrowski
David A. Helfand
Louis H. Masotti
John F. Podjasek Jr.
Sheli Z. Rosenberg
Michael A. Torres
Gary L. Waterman

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its President and attested to by its Secretary on this 11th day of May, 1999.

ATTEST: MANUFACTURED HOME COMMUNITIES, INC.

/s/ Susan Obuchowski By: /s/ Howard Walker (SEAL)
- ---------- ----------
Susan Obuchowski, Secretary Howard Walker, President

THE UNDERSIGNED, President of Manufactured Home Communities, Inc., who executed on behalf of said corporation the foregoing Articles of Amendment and Restatement, of which this certificate is made a part, hereby acknowledges, in the name and on behalf of said corporation, the foregoing Articles of Amendment and Restatement to be the corporate act of said corporation and further certifies that, to the best of his knowledge, information and belief, the matters and facts set forth therein with respect to the approval thereof are true in all material respects, under the penalties of perjury.

By: /s/ Howard Walker

Howard Walker, President

EXHIBIT 3.2

MANUFACTURED HOME COMMUNITIES, INC.

ARTICLES SUPPLEMENTARY

5,000,000 SHARES

9.000% SERIES D CUMULATIVE REDEEMABLE PERPETUAL PREFERRED STOCK

MANUFACTURED HOME COMMUNITIES, INC., a Maryland corporation (the "COMPANY"), hereby certifies to the State Department of Assessments and Taxation of Maryland (the "DEPARTMENT") that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Company by Article V of the Articles of Amendment and Restatement of the Company filed with the Department on May 21, 1999 (the "CHARTER") and Section 2-105 of the Maryland General Corporation Law (the "MGCL"), the Board of Directors of the Company (the "BOARD OF DIRECTORS") at a teleconference meeting held on September 23, 1999, by resolutions duly adopted on September 23, 1999 has classified 5,000,000 shares of the authorized but unissued Preferred Stock par value $.01 per share ("PREFERRED STOCK") as a separate class of Preferred Stock, authorized the issuance of a maximum of 5,000,000 shares of such class of Preferred Stock, set certain of the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions of such class of Preferred Stock, and determined the number of shares of such class of Preferred Stock (not in excess of the aforesaid maximum number) to be issued and the consideration and other terms and conditions upon which such shares of such class of Preferred Stock are to be issued.

SECOND: The Board of Directors has unanimously adopted resolutions designating the aforesaid class of Preferred Stock as the "9.000% Series D Cumulative Redeemable Perpetual Preferred Stock," setting the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, terms and conditions of redemption and other terms and conditions of such 9.000% Series D Cumulative Redeemable Perpetual Preferred Stock (to the extent not set by the Board of Directors in the resolutions referred to in Article FIRST of these Articles Supplementary) and authorizing the issuance of up to 5,000,000 shares of 9.000% Series D Cumulative Redeemable Perpetual Preferred Stock.

THIRD: The class of Preferred Stock of the Company created by the resolutions duly adopted by the Board of Directors and referred to in Articles FIRST and SECOND of these Articles Supplementary shall have the following designation, number of shares, preferences, conversion and other rights, voting powers, restrictions and limitation as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions:

SECTION 1. DESIGNATION AND NUMBER. A series of Preferred Stock, designated the "9.000% Series D Cumulative Redeemable Perpetual Preferred Stock" (the "SERIES D PREFERRED STOCK") is hereby established. The number of shares of Series D Preferred Stock shall be 5,000,000.

SECTION 2. RANK. The Series D Preferred Stock will, with respect to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Company, rank senior to all classes or series of Common Stock (as defined in the Charter) and to all classes or series of equity securities of the Company now or hereafter authorized, issued or outstanding, other than any class or series of equity securities of the Company expressly designated as ranking on a parity with or senior to the Series D Preferred Stock as to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Company. For purposes of these Articles Supplementary, the term "PARITY PREFERRED STOCK" shall be used to refer to any class or series of equity securities of the Company now or hereafter authorized, issued or outstanding expressly designated by the Company to rank on a parity with Series D Preferred Stock with respect to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Company. The term "equity securities" does not include debt securities, which will rank senior to the Series D preferred stock prior to conversion.

SECTION 3. DISTRIBUTIONS. (a) Payment of Distributions. Subject to the rights of holders of Parity Preferred Stock as to the payment of distributions and holders of equity securities ranking senior to the Series D Preferred Stock as to payment of distributions, holders of Series D Preferred Stock will be entitled to receive, when, as and if declared by the Company, out of funds legally available for the payment of distributions, cumulative preferential cash distributions at the rate per annum of 9.000% of the $25 liquidation preference per share of Series D Preferred Stock. All distributions shall be cumulative, shall accrue from the original date of issuance and shall be payable (i) quarterly (such quarterly periods for purposes of payment and accrual will be the quarterly periods ending on the dates specified in this sentence and not calendar quarters) in arrears, on March 31, June 30, September 30 and December 31 of each year, commencing on the first of such dates to occur after the original date of issuance and, (ii) in the event of a redemption, on the redemption date (each such payment or redemption date, a "PREFERRED SHARES DISTRIBUTION PAYMENT DATE"). The amount of the distribution payable for any period will be computed based on the ratio of a 360-day year of twelve 30-day months and for any period shorter than a full quarterly period for which distributions are computed, the amount of the distribution payable will be computed on the basis of the actual number of days elapsed in such a period to ninety (90) days. If any date on which distributions are to be made on the Series D Preferred Stock is not a Business Day (as defined herein), then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on

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such date. Distributions on the Series D Preferred Stock will be made to the holders of record of the Series D Preferred Stock on the relevant record dates, which, unless otherwise provided by the Company with respect to any distribution, will be fifteen (15) Business Days prior to the relevant Preferred Stock Distribution Payment Date (each a "DISTRIBUTION RECORD DATE"). Notwithstanding anything to the contrary set forth herein, each share of Series D Preferred Stock shall also continue to accrue all accrued and unpaid distributions up to the exchange date on any Series D Preference Unit (as defined in the Second Amended and Restated MHC Operating Limited Partnership Agreement of Limited Partnership, dated as of March 15, 1996 (the "PARTNERSHIP AGREEMENT"), as amended and supplemented through the date hereof) validly exchanged into such share of Series D Preferred Stock in accordance with the provisions of such Partnership Agreement.

The term "BUSINESS DAY" shall mean each day, other than a Saturday or a Sunday, which is not a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(b) Limitations on Distributions. No distributions on the Series D Preferred Stock shall be declared or paid or set apart for payment by the Company at such time as the terms and provisions of any agreement of the Company, including any agreement relating to its indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration, payment or setting apart for payment shall be restricted or prohibited by law.

(c) Distributions Cumulative. Notwithstanding the foregoing, distributions on the Series D Preferred Stock will accrue whether or not declared, whether or not the terms and provisions set forth in SECTION 3(b) hereof at any time prohibit the current payment of distributions, whether or not the Company has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized or declared. Accrued but unpaid distributions on the Series D Preferred Stock will accumulate as of the Preferred Stock Distribution Payment Date on which they first become payable. Accumulated and unpaid distributions will not bear interest.

(d) Priority as to Distributions. (i) So long as any Series D Preferred Stock is outstanding, no distribution of cash or other property shall be authorized, declared, paid or set apart for payment on or with respect to any class or series of Common Stock or any class or series of other stock of the Company ranking junior to the Series D Preferred Stock as to the payment of distributions or rights upon voluntary or involuntary dissolution, liquidation or winding-up (such Common Stock or other junior stock, collectively, "JUNIOR STOCK"), nor shall any cash or other property be set aside for or applied to the purchase, redemption or other acquisition for consideration of any Series D Preferred Stock, any Parity Preferred Stock or any

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Junior Stock, unless, in each case, all distributions accumulated on all Series D Preferred Stock and all classes and series of outstanding Parity Preferred Stock have been paid in full. The foregoing sentence will not prohibit (i) distributions payable solely in Junior Stock, (ii) the conversion of Junior Stock or Parity Preferred Stock into stock of the Company ranking junior to the Series D Preferred Stock as to distributions and upon liquidation, winding-up or dissolution, (iii) purchase by the Company of such Series D Preferred Stock, Parity Preferred Stock or Junior Stock pursuant to Article VII of the Charter to the extent required to preserve the Company's status as a real estate investment trust, (iv) any distributions to the Company necessary for it to maintain its status as a "real estate investment trust" under the Code, or (v) the redemption, purchase or other acquisition of Junior Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Company or any subsidiary of the Partnership or the Company.

(ii) So long as distributions have not been paid in full (or a sum sufficient for such full payment is not irrevocably deposited in trust for immediate payment) upon the Series D Preferred Stock, all distributions authorized and declared on the Series D Preferred Stock and all classes or series of outstanding Parity Preferred Stock shall be authorized and declared so that the amount of distributions authorized and declared per share of Series D Preferred Stock and such other classes or series of Parity Preferred Stock shall in all cases bear to each other the same ratio that accrued distributions per share on the Series D Preferred Stock and such other classes or series of Parity Preferred Stock (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Stock does not have cumulative distribution rights) bear to each other.

(e) No Further Rights. Holders of Series D Preferred Stock shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein.

SECTION 4. LIQUIDATION PREFERENCE. (a) Payment of Liquidating Distributions. Subject to the rights of holders of Parity Preferred Stock with respect to rights upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company and subject to equity securities ranking senior to the Series D Preferred Stock with respect to rights upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of Series D Preferred Stock shall be entitled to receive out of the assets of the Company legally available for distribution or the proceeds thereof, after payment or provision for debts and other liabilities of the Company, but before any payment or distributions of the assets shall be made to holders of Common Stock or any other class or series of shares of the Company that ranks junior to the Series D Preferred Stock as to rights upon liquidation, dissolution or winding-up of the Company, an amount equal to the sum of (i) a liquidation preference of $25 per share of Series D Preferred Stock, and (ii) an amount equal to any accumulated and unpaid distributions thereon, whether or not declared, to the date of payment. In the event that, upon such voluntary or

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involuntary liquidation, dissolution or winding-up, there are insufficient assets to permit full payment of liquidating distributions to the holders of Series D Preferred Stock and any Parity Preferred Stock as to rights upon liquidation, dissolution or winding-up of the Company, all payments of liquidating distributions on the Series D Preferred Stock and such Parity Preferred Stock shall be made so that the payments on the Series D Preferred Stock and such Parity Preferred Stock shall in all cases bear to each other the same ratio that the respective rights of the Series D Preferred Stock and such other Parity Preferred Stock (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such Parity Preferred Stock does not have cumulative distribution rights) upon liquidation, dissolution or winding-up of the Company bear to each other.

(b) Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Company, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by (i) fax and (ii) by first class mail, postage pre-paid, not less than thirty (30) and not more than sixty (60) days prior to the payment date stated therein, to each record holder of the Series D Preferred Stock at the respective addresses of such holders as the same shall appear on the share transfer records of the Company.

(c) No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series D Preferred Stock will have no right or claim to any of the remaining assets of the Company.

(d) Consolidation, Merger or Certain Other Transactions. The voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Company to, or the consolidation or merger or other business combination of the Company with or into any corporation, trust or other entity (or of any corporation, trust or other entity with or into the Company) shall not be deemed to constitute a liquidation, dissolution or winding-up of the Company.

SECTION 5. OPTIONAL REDEMPTION. (a) Right of Optional Redemption. Except in connection with a request for demand registration pursuant to a registration rights agreement then in effect between the Company and holders of Series D Preferred Stock, the Series D Preferred Stock may not be redeemed prior to September 29, 2004. On or after such date, the Company shall have the right to redeem the Series D Preferred Stock, in whole or in part, at any time or from time to time, upon not less than thirty (30) nor more than sixty (60) days' written notice, at a redemption price, payable in cash, equal to $25 per share of Series D Preferred Stock plus accumulated and unpaid distributions, whether or not declared, to the date of redemption. If fewer than all of the outstanding shares of Series D Preferred Stock are to be redeemed, the shares of Series D Preferred Stock to be redeemed shall be selected pro rata (as nearly as

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practicable without creating fractional units). Further, in order to ensure that the Company remains a qualified real estate investment trust for federal income tax purposes, the Series D Preferred Stock will also be subject to the provisions of Article VII of the Charter.

(b) Limitation on Redemption. The Company may not redeem fewer than all of the outstanding shares of Series D Preferred Stock unless all accumulated and unpaid distributions have been paid on all outstanding Series D Preferred Stock for all quarterly distribution periods terminating on or prior to the date of redemption; provided, however, that the foregoing shall not prevent the purchase or acquisition of Series D Preferred Stock or Parity Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all Series D Preferred Stock or Parity Preferred Stock, as the case may be, which offer may be accepted by such holders in such holders' sole discretion.

(c) Procedures for Redemption. (i) Notice of redemption will be (i) faxed, and (ii) mailed by the Company, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, addressed to the respective holders of record of the Series D Preferred Stock to be redeemed at their respective addresses as they appear on the transfer records of the Company. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series D Preferred Stock except as to the holder to whom such notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series D Preferred Stock may be listed or admitted to trading, each such notice shall state: (i) the redemption date, (ii) the redemption price, (iii) the number of shares of Series D Preferred Stock to be redeemed, (iv) the place or places where such shares of Series D Preferred Stock are to be surrendered for payment of the redemption price, (v) that distributions on the Series D Preferred Stock to be redeemed will cease to accumulate on such redemption date and (vi) that payment of the redemption price and any accumulated and unpaid distributions will be made upon presentation and surrender of such Series D Preferred Stock. If fewer than all of the shares of Series D Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series D Preferred Stock held by such holder to be redeemed.

(ii) If the Company gives a notice of redemption in respect of Series D Preferred Stock (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Company will deposit irrevocably in trust for the benefit of the Series D Preferred Stock being redeemed funds sufficient to pay the applicable redemption price, plus any accumulated and unpaid distributions, if any, on such shares to the date fixed for redemption, without interest, and will give irrevocable instructions and authority to pay such redemption price and any accumulated and unpaid distributions, whether or not declared, if any, on such shares to the holders of the Series D Preferred Stock upon surrender of the Series D Preferred Stock by such holders at the place designated in the notice of redemption. If fewer than all Series D Preferred Stock evidenced by any certificate is being redeemed, a new certificate shall

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be issued upon surrender of the certificate evidencing all Series D Preferred Stock, evidencing the unredeemed Series D Preferred Stock without cost to the holder thereof. On and after the date of redemption, distributions will cease to accumulate on the Series D Preferred Stock or portions thereof called for redemption, unless the Company defaults in the payment thereof. If any date fixed for redemption of Series D Preferred Stock is not a Business Day, then payment of the redemption price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the redemption price or any accumulated or unpaid distributions in respect of the Series D Preferred Stock is improperly withheld or otherwise not paid by the Company, distributions on such Series D Preferred Stock will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable redemption price and any accumulated and unpaid distributions.

(d) Status of Redeemed Stock. Any Series D Preferred Stock that shall at any time have been redeemed shall after such redemption, have the status of authorized but unissued Preferred Stock, without designation as to class or series until such shares are once more designated as part of a particular class or series by the Board of Directors.

SECTION 6. VOTING RIGHTS. (a) General. Holders of the Series D Preferred Stock will not have any voting rights, except as set forth below.

(b) Right to Elect Directors. (i) If at any time full distributions shall not have been timely made on any Series D Preferred Stock with respect to any six (6) prior quarterly distribution periods, whether or not consecutive, (a "PREFERRED DISTRIBUTION DEFAULT"), the holders such Series D Preferred Stock, voting together as a single class with the holders of each class or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, will have the right to elect two additional directors to serve on the Company's Board (the "PREFERRED STOCK DIRECTORS") at a special meeting called by holders of record of at least 10% of the outstanding shares of Series D Preferred Stock or any such class or series of Parity Preferred Stock or at the next annual meeting of stockholders, and at each subsequent annual meeting of stockholders or special meeting held in place thereof, until all such distributions in arrears and distributions for the current quarterly period on the Series D Preferred Stock and each such class or series of Parity Preferred Stock have been paid in full.

(ii) At any time when such voting rights shall have vested, a proper officer of the Company shall call or cause to be called, upon written request of holders of record of at least 10% of the outstanding Shares of Series D Preferred Stock, a special meeting of the holders of Series D Preferred Stock and all the series of Parity Preferred Stock upon which like voting

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rights have been conferred and are exercisable (collectively, the "PARITY SECURITIES") by mailing or causing to be mailed to such holders a notice of such special meeting to be held not less than ten and not more than forty-five (45) days after the date such notice is given. The record date for determining holders of the Parity Securities entitled to notice of and to vote at such special meeting will be the close of business on the third Business Day preceding the day on which such notice is mailed. At any such special meeting, all of the holders of the Parity Securities, by plurality vote, voting together as a single class without regard to series will be entitled to elect two directors on the basis of one vote per $25 of liquidation preference to which such Parity Securities are entitled by their terms (excluding amounts in respect of accumulated and unpaid dividends) and not cumulatively. The holder or holders of one-third of the Parity Securities then outstanding, present in person or by proxy, will constitute a quorum for the election of the Preferred Stock Directors except as otherwise provided by law. Notice of all meetings at which holders of the Series D Preferred Shares shall be entitled to vote will be given to such holders at their addresses as they appear in the transfer records. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, the holders of a majority in interest of the Parity Securities present in person or by proxy shall have the power to adjourn the meeting for the election of the Preferred Stock Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Preferred Distribution Default shall terminate after the notice of a special meeting has been given but before such special meeting has been held, the Company shall, as soon as practicable after such termination, mail or cause to be mailed notice of such termination to holders of the Series D Preferred Shares that would have been entitled to vote at such special meeting.

(iii) If and when all accumulated distributions and the distribution for the current distribution period on the Series D Preferred Stock shall have been paid in full or a sum sufficient for such payment is irrevocably deposited in trust for payment, the holders of the Series D Preferred Stock shall be divested of the voting rights set forth in SECTION 6(b) herein (subject to revesting in the event of each and every Preferred Distribution Default) and, if all distributions in arrears and the distributions for the current distribution period have been paid in full or set aside for payment in full on all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, the term and office of each Preferred Stock Director so elected shall terminate. Any Preferred Stock Director may be removed at any time with or without cause by the vote of, and shall not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding Series D Preferred Stock when they have the voting rights set forth in SECTION 6(b) (voting separately as a single class with all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). So long as a Preferred Distribution Default shall continue, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding Series D Preferred Stock when they have the voting rights set forth in SECTION 6(b) (voting separately as a single class with all other classes or series

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of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). The Preferred Stock Director shall each be entitled to one vote per director on any matter.

(c) Certain Voting Rights. So long as any Series D Preferred Stock remains outstanding, the Company shall not, without the affirmative vote of the holders of at least two-thirds of the Series D Preferred Stock outstanding at the time (i) designate or create, or increase the authorized or issued amount of, any class or series of shares ranking senior to the Series D Preferred Stock with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any authorized shares of the Company into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares, (ii) designate or create, or increase the authorized or issued amount of, any Parity Preferred Stock or any stock which purport to be on parity with the Series D Preferred Stock as to either (but not both) distributions or rights upon dissolution, liquidation or winding up, or reclassify any authorized shares of the Company into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares, but only to the extent such Parity Preferred Stock or any stock which purport to be on parity with the Series D Preferred Stock as to either (but not both) distributions or rights upon dissolution, liquidation or winding up is issued to an affiliate of the Company (as such term is defined in Rule 144 of the General Rules and Regulations under the Securities Act of 1933), or (iii) either (A) consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety, to any corporation or other entity, or (B) amend, alter or repeal the provisions of the Company's Charter (including these Articles Supplementary) or By-laws, whether by merger, consolidation or otherwise, in each case in such a way that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series D Preferred Stock or the holders thereof; provided, however, that with respect to the occurrence of a merger, consolidation or a sale or lease of all of the Company's assets as an entirety, so long as (a) the Company is the surviving entity and the Series D Preferred Stock remains outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity is a corporation organized under the laws of any state and substitutes for the Series D Preferred Stock other preferred stock having substantially the same terms and same rights as the Series D Preferred Stock, including with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the occurrence of any such event shall not be deemed to materially and adversely affect the rights, privileges or voting powers of the holders of the Series D Preferred Stock. Notwithstanding anything to the contrary contained in clause (ii) above, the Company may (x) create additional classes and series of Parity Preferred Stock and stock junior to the Series D Preferred Stock with respect to payment of distributions or the distribution of assets upon liquidation, dissolution or winding-up, or both, (y) increase the authorized number of Parity Preferred Stock and stock junior to the Series D Preferred Stock with respect to payment of distributions or the distribution of assets upon liquidation, dissolution or winding-up, or both, and (z) issue additional classes and series of Parity Preferred Stock and stock junior to the Series D Preferred Stock with respect to payment of distributions or the

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distribution or assets upon liquidation, dissolution or winding-up, or both, without the consent of any holders of Series D Preferred Stock, to any "affiliate" of the Company (as such term is defined in Rule 144 of the General Rules and Regulations under the Securities Act of 1933), provided that any such Parity Preferred Stock or any stock which purport to be on parity with the Series D Preferred Stock as to either (but not both) distributions or rights upon dissolution, liquidation or winding up is issued with the consent of the majority of the independent directors of the Company's Board of Directors.

SECTION 7. TRANSFER RESTRICTIONS. The Series D Preferred Stock shall be subject to the provisions of Article VII of the Charter.

SECTION 8. NO CONVERSION RIGHTS. The holders of the Series D Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of stock or into any other securities of, or interest in, the Company.

SECTION 9. NO SINKING FUND. No sinking fund shall be established for the retirement or redemption of Series D Preferred Stock.

SECTION 10. NO PREEMPTIVE RIGHTS. No holder of the Series D Preferred Stock of the Company shall, as such holder, have any preemptive rights to purchase or subscribe for additional shares of stock of the Company or any other security of the Company which it may issue or sell.

FOURTH: The Series D Preferred Stock have been classified and designated by the Board under the authority contained in the Charter.

FIFTH: These Articles Supplementary have been approved by the Board in the manner and by the vote required by law.

SIXTH: The undersigned President of the Company acknowledges these Articles Supplementary to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned President acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its President and attested to by its Asst. Secretary on this 28th day of September, 1999.

MANUFACTURED HOME
COMMUNITIES, INC.

By: /s/ Howard Walker

Name: Howard Walker
Title: President/CEO

[SEAL]

ATTEST:

/s/ Ellen Kelleher

The undersigned president of Manufactured Home Communities, Inc., who executed on behalf of the corporation the Articles Supplementary of which this certificate is made a part, hereby acknowledges in the name and on behalf of said corporation the foregoing Articles Supplementary to be the corporate act of said corporation and hereby certifies that the matter and facts set forth herein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

By: /s/ Howard Walker

Name: Howard Walker
Title: President/CEO

EXHIBIT 3.3

MANUFACTURED HOME COMMUNITIES, INC.

BYLAWS

(Including Amendments through March 18, 1999)

ARTICLE I

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation shall be located at such place or places as the Board of Directors may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional offices at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the principal office of the Corporation or at such other place within the United States as shall be stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on a date and at the time set by the Board of Directors during the month of February in 1993 and during the month of May in each year thereafter.

Section 3. SPECIAL MEETINGS. The president, chief, executive officer or Board of Directors may call special meetings of the stockholders. Special meetings of stockholders shall also be called by the secretary upon the written request of the holders of shares entitled to cast not less than ten percent of all the votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted on at such meeting. The secretary shall inform such stockholders of the reasonably estimated cost of preparing and mailing notice of the meeting and, upon payment to the Corporation of such costs, the

secretary shall give notice to each stockholder entitled to notice of the meeting. Unless requested by the stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of the stockholders held during the preceding twelve months.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by statute, the purpose for which the meeting is called, either by mail or by presenting it to such stockholder personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at his post office address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 6. QUORUM. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the Charter of Corporation for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or by proxy, shall have power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. VOTING. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a

quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Charter of Corporation. Unless otherwise provided in the Charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

Section 8. PROXIES. A stockholder may vote the stock owned of record by him, either in person or by proxy executed, in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 9. VOTING OF STOCK BY CERTAIN HOLDERS. Stock registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the board of directors of such corporation or other entity presents a certified copy of such bylaw or resolution, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of

such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

Notwithstanding any other provision of the Charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of stock of the Corporation.

Section 10. INSPECTORS. At any meeting of stockholders, the chairman of the meeting may, or upon the request of any stockholder shall, appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the stockholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 11. NOMINATIONS AND STOCKHOLDER BUSINESS

(a) ANNUAL MEETINGS OF STOCKHOLDERS. (1) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section 11(a), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 11(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the secretary at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual

meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (x) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (y) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) SPECIAL MEETINGS OF STOCKHOLDERS. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's

notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 11(b), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 11(b). In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(2) of this Section 11(b) shall be delivered to the secretary at the principal executive offices of the Corporation not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(c) GENERAL. (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 11 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 11. The presiding officer of the meeting shall have the power and duty to determine whether a nomination or, any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 11 and, if any proposed nomination or business is not in compliance with this Section 11, to declare that such defective nomination or proposal be disregarded.

(2) For purposes of this Section 11, "public announcement" shall mean disclosure in a press release reported by the Dow Jones New Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the

Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 12. INFORMAL ACTION BY STOCKHOLDERS. Any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting if a consent in writing, setting forth such action, is signed by each stockholder entitled, to vote on the matter and any other stockholder entitled to notice of a meeting of stockholders (but not to vote thereat) has waived in writing any right to dissent from such action, and such consent and waiver are filed with the minutes of proceedings of the stockholders.

Section 13. VOTING BY BALLOT. Voting on any question or in any election may be viva voce unless the presiding officer shall order or any stockholder shall demand that voting be by ballot.

ARTICLE III

DIRECTORS

Section 1. GENERAL POWERS; QUALIFICATIONS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the Maryland General Corporation Law, nor more than 15, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors. Pursuant to the charter of the Corporation, the directors have been divided into classes with terms of three years, with the term of office of one class expiring at the annual meeting of stockholders in each year. Each director shall hold office for the term for which he is elected and until his successor is elected and qualified.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the chairman of the

board (or any co-chairman of the board if more than one), president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. NOTICE. Notice of any special meeting shall be given by written notice delivered personally, transmitted by facsimile, telegraphed or mailed to each director at his business or residence address. Personally delivered, facsimile transmitted or telegraphed notices shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. If given by telegram, such notice shall be deemed to be given when the telegram is delivered to the telegraph company. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to the Charter of the Corporation or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The Board of Directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. VOTING. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable statute.

Section 8. TELEPHONE MEETINGS. Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 9. INFORMAL ACTION BY DIRECTORS. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing to such action is signed by each director and such written consent is filed with the minutes of proceedings of the Board of Directors.

Section 10. VACANCIES. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder (even if fewer than three directors remain). Any vacancy on the Board of Directors for any cause other than an increase in the number of directors shall be filled by a majority of the remaining directors, although such majority is less than a quorum. Any vacancy in the number of directors created by an increase in the number of directors may be filled by a majority vote of the entire Board of Directors. Any individual so elected as director shall hold office for the unexpired term of the director he is replacing.

Section 11. COMPENSATION. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, fixed sums per year and/or per meeting. Expenses of attendance, if any, may be allowed to directors for attendance at each annual, regular or special meeting of the Board of Directors or of any committee thereof; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 12. REMOVAL OF DIRECTORS. The stockholders may remove any director for cause, in the manner provided in the Charter of Corporation.

Section 13. LOSS OF DEPOSITS. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or stock have been deposited.

Section 14. SURETY BONDS. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his duties.

Section 15. RELIANCE. Each director, officer, employee and agent of the Corporation shall, in the performance of his duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants,

appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

Section 16. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, employee or agent of the Corporation, in his personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to or in addition to those of or relating to the Corporation.

ARTICLE IV

COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee and other committees, composed of two or more directors, to serve at the pleasure of the Board of Directors.

Section 2. POWERS. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 3. MEETINGS. In the absence of any member of any such committee, the members thereof present at any meeting,, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. INFORMAL ACTION BY COMMITTEES. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing to such action is signed by each member of the committee and such written consent is filed with the minutes of proceedings of such committee.

ARTICLE V

OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall include a chief executive officer, a president, a secretary and a treasurer and may include a chairman of the board (or one or more co-chairmen of the board), a vice chairman of the board, one or more vice presidents, a chief operating officer, a chief financial officer, a treasurer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of stockholders, except that the chief executive officer may appoint one or more vice presidents, assistant secretaries and assistant treasurers. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. In its discretion, the Board of Directors may leave unfilled any office except that of president, treasurer and secretary. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the chairman of the board (or any co-chairman of the board if more than one), the president or the secretary. Any resignation shall take effect at any time subsequent to the time specified therein or, if the time when it shall become effective is not specified therein, immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.

Section 3. VACANCIES. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. CHIEF EXECUTIVE OFFICER. The Board of Directors shall designate a chief executive officer. In the absence of such

designation, the chairman of the board (or, if more than one, the co-chairmen of the board in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation.

Section 5. CHIEF OPERATING OFFICER. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 6. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 7. CHAIRMAN OF THE BOARD. The Board of Directors shall designate a chairman of the board (or one or more co-chairmen of the board). The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he shall be present. If there be more than one, the co-chairmen designated by the Board of Directors will perform such duties. The chairman of the board shall perform such other duties as may be assigned to him or them by the Board of Directors.

Section 8. PRESIDENT. The president or chief executive officer, as the case may be, shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 9. VICE PRESIDENTS. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to

time may be assigned to him by the president or by the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president or as vice president for particular areas of responsibility.

Section 10. SECRETARY. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the trust records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the share transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the Board of Directors.

Section 11. TREASURER. The treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, he shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 12. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board

of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

Section 13. SALARIES. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the directors or by an authorized person shall be valid and binding upon the Board of Directors and upon the Corporation when authorized or ratified by action of the Board of Directors.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

ARTICLE VII

STOCK

Section 1. CERTIFICATES. Each stockholder shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of stock held by him in the Corporation. Each certificate shall be signed by the chief executive officer, the president or a vice president and countersigned by the secretary or an assistant secretary or the treasurer or an assistant treasurer and may be sealed with the seal, if any, of the Corporation. The signatures may be either manual or facsimile.

Certificates shall be consecutively numbered; and if the Corporation shall, from time to time, issue several classes of stock, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. In lieu of such statement or summary, the Corporation may set forth upon the face or back of the certificate a statement that the Corporation will furnish to any stockholder, upon request and without charge, a full statement of such information.

Section 2. TRANSFERS. Upon surrender to the Corporation or the transfer agent of the Corporation of a stock certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class of stock will be subject in all respects to the Charter of the Corporation and all of the terms and conditions contained therein.

Section 3. LOST CERTIFICATE. The Board of Directors(or any officer designated by it) may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or his legal representative to advertise the same in such manner as they shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders is to be held or taken.

In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not longer than 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the transfer books and the stated period of closing has expired.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the Charter or

these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII

ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX

DIVIDENDS

Section 1. DECLARATION. Dividends upon the stock of the Corporation may be declared by the Board of Directors, subject to the provisions of law and the Charter of the Corporation. Dividends may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the Charter.

Section 2. CONTINGENCIES. Before payment of any dividends, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the Charter of the Corporation, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

Section 1. SEAL. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall have inscribed thereon the name of the Corporation and the year of its organization. The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is required to place its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. RIGHT TO INDEMNIFICATION. (a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, partner, trustee, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Maryland, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all liability, loss and reasonable expenses (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, partner, trustee, employee or agent and shall inure to the benefit of the

indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 3 of this Article with respect to proceedings to enforce rights to indemnification, the Corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

(b) The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity.

Section 2. RIGHT TO ADVANCEMENT OF EXPENSES. The right to indemnification conferred in Section 1 of this Article shall include the right to be paid by the Corporation the reasonable expenses (including attorneys' fees (which may be of counsel selected by the indemnitee)) incurred by the indemnitee in connection with any proceeding for which such right to indemnification is applicable in advance of its final disposition, without requiring a preliminary determination of the ultimate entitlement to indemnification; provided, however, that the Corporation shall have first received a written affirmation by such indemnitee of the indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Corporation as authorized by the General Corporation Law of the State of Maryland has been met, and a written undertaking by or on behalf of such indemnitee to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee did not meet the applicable standard of conduct.

Section 3. RIGHT OF INDEMNITEE TO BRING SUIT. The rights to indemnification and to the advancement of expenses conferred in Sections 1 and 2 of this Article shall be contract rights. If a claim under Sections 1 and 2 of this Article is not paid in full by the Corporation within sixty days after a written claim therefor has been received by the Corporation, except in case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the

indemnitee to enforce a right to an advancement of expenses) it shall be a defense of the Corporation that, and (ii) any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Maryland. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper under the circumstances because the indemnitee has met the applicable standard of conduct set forth in the General Corporation Law of the State of Maryland, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section or otherwise, shall be on he Corporation.

Section 4. NON-EXCLUSIVITY OF RIGHTS. The rights to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Articles of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. INSURANCE. The Corporation may maintain insurance (including self-insurance), at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Maryland.

Section 6. INDEMNIFICATION OF EMPLOYEES AND AGENTS OF THE CORPORATION. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the advancement of expenses, to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to indemnification and advancement of expenses of directors and officers of the Corporation.

Section 7. REPEALS AND MODIFICATIONS. Any repeal or modification of the foregoing provisions of this Article shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XIII

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the Charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIV

AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

EXHIBIT 5.1

STEPTOE & JOHNSON LLP LETTERHEAD

November 12, 1999

Manufactured Home Communities, Inc.
Two North Riverside Plaza
Chicago, Illinois 60606

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to Manufactured Home Communities, Inc., a Maryland corporation (the "Company"), in connection with the registration of 2,000,000 shares (the "Shares") of common stock, $.01 par value per share, of the Company ("Common Stock") to be issued pursuant to the Company's Dividend Reinvestment and Share Purchase Plan (the "Plan") pursuant to the above referenced Registration Statement (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "1933 Act").

In connection with our representation of the Company and as a basis for the opinion hereinafter set forth, we have examined the Registration Statement, corporate records, certificates of public officials and Company officers, and such other documents as we deemed appropriate or necessary for the purpose of rendering this opinion.

Based on the foregoing, it is our opinion that the Shares of the Company covered by the Registration Statement have been duly authorized and, if and when issued and delivered against payment therefor in the manner described in the Plan (assuming that the sum of (a) all shares of Common Stock issued and outstanding as of the date hereof, (b) any shares of Common Stock issued between the date hereof and the dates on which the Shares are actually issued (not including any of the Shares), and (c) the Shares will not exceed the total number of shares of Common Stock that the Company is authorized to issue), the Shares will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and to the reference to our firm under the caption "Legal Matters" in the Prospectus contained in the Registration Statement.

Very truly yours,

/s/ STEPTOE & JOHNSON LLP
STEPTOE & JOHNSON LLP

EXHIBIT 8.1

STEPTOE & JOHNSON LLP LETTERHEAD

November 12, 1999

Manufactured Home Communities, Inc.
MHC Operating Limited Partnership
Two North Riverside Plaza
Chicago, Illinois 60606

Dear Sirs/Madams:

We have acted as counsel to Manufactured Home Communities, Inc. a Maryland corporation (the "Company"), in connection with its registration statement on Form S-3 (the "Registration Statement", which includes the Prospectus) filed with the Securities and Exchange Commission on November 11, 1999, relating to the proposed public offering of up to 2,000,000 common shares of beneficial interest, par value $.01 per share, of the Company (the "Common Shares"), issuable in connection with the Company's Dividend Reinvestment and Share Purchase Plan (the "Plan"). This opinion letter is furnished to you at your request to enable the Company to fulfill the requirements of Item 601(b)(5) of Regulation S-K, 17 C.F.R. Section 229.601(b)(5), in connection with the Registration Statement. In connection with the registration of the Stock, we have been asked to provide an opinion regarding certain federal income tax matters related to the Company.

The opinion set forth in this letter is based on relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations thereunder (including proposed and temporary Treasury Regulations), and interpretations of the foregoing as expressed in court decisions, administrative determinations, and the legislative history, all as of the date hereof. These provisions and interpretations are subject to change, which may or may not be retroactive in effect, that might result in modifications of our opinion.

In rendering our opinion, we have examined such statutes, regulations, records, certificates and other documents as we have considered necessary or appropriate as a basis for such opinion, including the following: (1) the Registration Statement (including the exhibits thereto and all amendments thereto made through the date hereof); (2) the Articles of Amendment and Restatement of the Company as in effect on the date hereof; (3) the Second Amended and Restated Partnership Agreement for MHC Operating Limited Partnership, dated as of March 15, 1996, together with amendments and joinders thereto; (4) the MHC Management Limited

Partnership Agreement of Limited Partnership, dated as of March 3, 1993, and the MHC-DAG Management Limited Partnership Agreement of Limited Partnership, dated as of August 18, 1994 (collectively, these two partnerships will be referred to herein as the "Management Partnerships"); (5) the articles of incorporation, by-laws and stock ownership information for the Management Corporations and RSI; (6) the partnership agreements of the Financing Partnerships and all other partnerships in which the Operating Partnership has an interest (collectively, the "Subsidiary Partnerships") and the operating agreements of the limited liability companies in which the Operating Partnership has an interest (collectively, the "Subsidiary LLCs") (for a list of the wholly-owned Subsidiary Partnerships and Subsidiary LLCs, see Exhibit A attached hereto); and (7) the articles of incorporation, by-laws and stock ownership information of the QRS Corporations (for a list of the QRS Corporations, see Exhibit B attached hereto). The Management Partnerships, the Management Corporations, the QRS Corporations, RSI, the Subsidiary Partnerships and the Subsidiary LLCs, may be collectively referred to herein as the "Subsidiary Entities." The opinion set forth in this letter also is premised on certain representations made to us by you.

In our review, we have assumed, with your consent, that all of the representations and statements set forth in the documents we reviewed are true and correct in all material respects, and all of the obligations imposed by any such documents on the parties thereto have been and will be performed or satisfied substantially in accordance with their terms. Moreover, we have assumed that the Company, the Operating Partnership, and the Subsidiary Entities each have operated and will continue to operate substantially in the manner described in the relevant partnership agreement, articles of incorporation or other organizational documents and in the Prospectus. We also have assumed the genuineness of all signatures, the proper execution of all documents, the authenticity of all documents submitted to us as copies, and the authenticity of the originals from which any copies were made.

For the purposes of our opinion, we have not made an independent investigation of the facts set forth in documents we reviewed or of representations made to us by you. We consequently have assumed that the information presented in such documents or otherwise furnished to us accurately and completely describes all material facts relevant to our opinion. In particular, but without limiting the foregoing, we have assumed that, based on representations made to us by you, all amenities and services provided to tenants of the Properties by the Operating Partnership, the Management Partnerships, RSI or any other Subsidiary Entity are usually or customarily rendered in connection with the rental of space for occupancy only of the same asset type as the Properties in the respective geographic markets in which the Properties are located, and are not services rendered primarily for the convenience of the tenant. We also have assumed for the purposes of this opinion that the Company is a validly organized and duly incorporated corporation under the laws of the State of Maryland, that the Management Corporations, RSI and the QRS Corporations are validly organized and duly incorporated corporations under the laws of the states in which they are incorporated, and that the Operating

Partnership, the Management Partnerships, and the Subsidiary Partnerships are duly organized and validly existing partnerships under the laws of the states in which they are organized.

Based upon, and subject to, the foregoing and the next paragraph below, we are of the opinion that:

1. The Company was organized and has operated in conformity with the requirements for qualification and taxation as a REIT under the Code for its taxable years ended December 31, 1993, December 31, 1994, December 31, 1995, December 31, 1996, December 31, 1997, and December 31, 1998 and the Company's current organization and method of operation should enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code;

2. The discussion in the Registration Statement under the heading "Taxes," to the extent that it constitutes matters of law or legal conclusions, is correct in all material respects as of the date hereof; and

3. The discussion in the Registration Statement under the heading "Certain Federal Income Tax Considerations," to the extent that it constitutes matters of law or legal conclusions, is correct in all material respects as of the date hereof.

The Company's qualification and taxation as a REIT under the Code depend upon the Company's ability to meet on a continuing basis, through actual annual operating and other results, the various requirements under the Code and described in the Prospectus with regard to, among other things, the sources of its gross income, the composition of its assets, the level of its distributions to stockholders, and the diversity of its share ownership. Steptoe & Johnson LLP will not review the Company's compliance with these requirements on a continuing basis. No assurance can be given that the actual results of the operations of the Company, the Operating Partnership, and the Subsidiary Entities, the sources of their gross income, the composition of their assets, the level of the Company's distributions to stockholders and the diversity of its share ownership for any given taxable year will satisfy the requirements under the Code for qualification and taxation as a REIT.

For a discussion relating the law to the facts and the legal analysis underlying the opinion set forth in this letter, we incorporate by reference the discussion of federal income tax issues, which we assisted in preparing, in the section of the Prospectus under the heading "Taxes" and "Certain Federal Income Tax Considerations."

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of the name of our firm therein.

Very truly yours,

/s/ Steptoe & Johnson LLP
Steptoe & Johnson LLP

EXHIBIT A

WHOLLY-OWNED SUBSIDIARY PARTNERSHIPS

MHC Lending Limited Partnership;

MHC-DeAnza Financing Limited Partnership;

MHC-Bay Indies Financing Limited Partnership;

MHC Financing Limited Partnership;

MHC Financing Limited Partnership Two;

Blue Ribbon Communities Limited Partnership;

Gold Medal Communities Limited Partnership; and

MHC-Naples Estates LP.

WHOLLY-OWNED SUBSIDIARY LLCS

MHC Coquina Crossing, L.L.C.

MHC Naples Estates, L.L.C.

MHC Kloshe Illahee, L.L.C.

MHC Royal Holiday, L.L.C.

MHC Sedona Shadows, L.L.C.

MHC Spanish Oaks, L.L.C.

MHC Villa Borega, L.L.C.

MHC Acquistion One, L.L.C.

MHC Laguna Lake, L.L.C.

MHC Carriage Cove, L.L.C.

EXHIBIT B

QRS CORPORATIONS

1. MHC Lending QRS, Inc.;

2. MHC-QRS DeAnza, Inc.;

3. MHC-QRS Bay Indies, Inc.;

4. MHC-QRS, Inc.;

5. MHC-QRS Two, Inc.;

6. MHC-QRS Blue Ribbon Communities, Inc.;

7. QRS Gold Medal Communities, Inc.;

8. MHC-QRS Western, Inc.; and

9. MHC Acquisition QRS, Inc.

EXHIBIT 10.1

MORTGAGE NOTE

New York, New York
$265,000,000 December 12, 1997

FOR VALUE RECEIVED, MHC FINANCING LIMITED PARTNERSHIP, an Illinois limited partnership ("MHC"), SAMUEL ZELL, not personally, but solely as surviving trustee under Trust Agreement and Declaration of Trust dated April 15, 1986 and known as Trust No. 41586 (the "Trust"), ORANGELAND VISTAS, INC., an Illinois corporation ("Orangeland"), PENNLAND VISTAS, INC., an Illinois corporation ("Pennland"), and SANDLAND VISTAS, INC., an Illinois corporation ("Sandland"), each having its principal office at c/o Manufactured Home Communities, Inc., 2 North Riverside Plaza, Suite 800, Chicago, Illinois 60606 (MHC, the Trust, Orangeland, Pennland and Sandland are collectively referred to herein as, "Maker"), jointly and severally promise to pay to the order of MIDLAND LOAN SERVICES, L.P., a Missouri limited partnership, or its assigns ("Payee"), having its principal office at 210 West 10th Street, Kansas City, Missouri 64105, the Principal Amount (as defined below), together with interest on the outstanding principal balance hereunder from the date hereof at the Applicable Interest Rate (as defined below). Interest accruing hereunder shall be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each.

WHEN USED HEREIN, the following capitalized terms shall have the following meanings:

"Applicable Interest Rate" shall mean (a) from the date of this Note through but not including the Reset Date (as hereinafter defined), a rate of seven and 978/10,000 percent (7.0978%) per annum (the "Initial Interest Rate") and (b) from and after the Reset Date through and including the date this Note is paid in full, a rate per annum equal to the greater of (i) the Initial Interest Rate plus two percent (2.0%) or (ii) the Treasury Rate (as hereinafter defined) plus two percent (2.0%) (the "Revised Interest Rate"). For purposes of this Note, (A) the term "Reset Date" shall mean the date that is the tenth (10th) year anniversary of the last day of the month in which the Closing Date occurs and (B) the term Treasury Rate" shall mean, as of the Reset Date, the yield, calculated by linear interpolation (rounded to the nearest one-thousandth of one percent) of noncallable United States Treasury obligations with terms (one longer and one shorter) most nearly approximating the period from the Reset Date to the date which is ten (10) years after the Reset Date, as determined by Payee on the basis of Federal Reserve Statistical Release H.15 Selected Interest Rates under the heading U.S.

Governmental Security/Treasury Constant Maturities or other recognized source of financial market information selected by Payee during the week prior to the Reset Date.

"Commencement Date" shall be February 1, 1998.

"Closing Date" shall be December 12, 1997.

"Default Rate" shall be the Applicable Interest Rate plus three percent (3.0%) per annum.

"Initial Monthly Amount" shall be $1,567,430.83.

"Maturity Date" shall be January 2, 2028 or, if such day is not a Business Day, then on the next preceding Business Day

"Payment Date" shall be the first Business Day of each month commencing on February 1, 1998 and continuing thereafter through and including the Maturity Date.

"Principal Amount" shall be $265,000,000.

Capitalized terms not defined herein shall have the meaning ascribed to them in the Mortgage (as hereinafter defined).

1. The Principal Amount and interest thereon shall be due and payable in lawful money of the United States as follows

(a) Prior to the Reset Date, interest shall accrue on the unpaid principal balance from time to time outstanding on this Note at the Initial Interest Rate. On the Closing Date, all interest on the unpaid balance through the end of the month in which the Closing Date occurs shall be due and payable. Thereafter, commencing on the Commencement Date and continuing until the Payment Date next following the Reset Date, 120 equal monthly installments of interest only at the Initial Monthly Amount each shall be due and payable. Each such monthly installment shall be due on each Payment Date and shall bear interest from and after the applicable Payment Date (if and to the extent not then paid to Lender).

(b) In the event that the Maker does not prepay the entire Principal Amount of this Note and any other amounts outstanding on or before the Reset Date, then interest shall thereafter accrue on the unpaid principal balance from time to time outstanding on this Note at the Revised Interest Rate and Maker shall pay on February 1, 2008 and on each Payment Date thereafter up to and including the Maturity Date the payments provided for in Section 4 of the Cash Collateral Agreement (as defined below) in the order of priority set forth therein. Interest accrued at the Revised Interest

Rate and not paid pursuant to the preceding sentence shall be deferred and added to the Debt and shall accrue interest at the Revised Interest Rate (to the extent permitted by applicable law) (such accrued interest is hereinafter referred to as "Accrued Interest"). All of the Debt, including Accrued Interest, shall be due and payable on the Maturity Date.

(c) In addition, all amounts advanced by Payee pursuant to applicable provisions of the Loan Documents (as hereinafter defined), together with any interest at the Default Rate or other charges as therein provided, shall be due and payable hereunder two days after written demand therefor by Payee to Maker or as otherwise provided by the Loan Documents. In the event any such advance is not so repaid by Maker, Payee may, at its option, first apply any payments received hereunder to repay said advances together with any interest thereon or other charges as provided in the Loan Documents, and the balance, if any, shall be applied in payment of any installment then due. The entire remaining unpaid balance of principal of this Note, all interest accrued thereon and all other sums payable hereunder or under the Loan Documents (collectively, the "Debt") shall be due and payable in full on the Maturity Date.

(d) Amounts due on this Note shall be payable, without any counterclaim, setoff or deduction whatsoever, in accordance with the Cash Collateral Agreement or as Payee or its agent or designee may otherwise from time to time designate in writing.

2. This Note is secured by an Amended, Restated and Consolidated Renewal Indenture of Mortgage, Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Leases, Rents and Security Deposits, of even date herewith (the "Mortgage") from Maker for the benefit of Payee, by an Assignment of Rents and Leases of even date herewith (the "Assignment") from Maker to Payee and by a Cash Collateral Account Security, Pledge, Assignment and Control Agreement of even date herewith (the "Cash Collateral Agreement") between Maker and Payee. The Mortgage, the Assignment, the Cash Collateral Agreement and any other instrument given at any time to secure this Note are hereinafter collectively called the "Loan Documents."

3. (a) Maker shall have no right to prepay the principal of this Note in full or in part at any time prior to the Reset Date, except as hereinafter set forth in this paragraph 3.

(b) Maker shall have the right to prepay the principal of this Note from the proceeds of insurance or condemnation awards in accordance with Section 6 of the Mortgage.

(c) Maker shall have the right to effect a Defeasance of this Note in whole or in part at the times and otherwise in accordance with the terms and conditions set forth in the Mortgage.

(d) Notwithstanding the foregoing, this Note may be prepaid in whole or in part without regard to the Defeasance requirements of the Mortgage at any time after the date which is three (3) months prior to the Reset Date. Any partial prepayments of principal shall not change the Payment Dates or amounts of subsequent monthly installments, unless Payee shall otherwise agree in writing.

(e) Upon acceleration of this Note in accordance with its terms and the terms of the Loan Documents, Maker agrees that Payee shall be entitled to add to the then outstanding principal amount due hereunder the positive difference between (i) the amount of the Defeasance Collateral that would be required to effect a Defeasance of this Note as of the date of such tender and (ii) the then outstanding principal amount due hereunder. A tender of payment of the amount necessary to pay and satisfy the entire unpaid principal balance of this Note or any portion thereof at any time after an Event of Default or an acceleration by Payee of the indebtedness evidenced hereby, whether such payment is tendered voluntarily, during or after foreclosure of the Mortgage, or pursuant to realization upon other security, shall constitute a purposeful evasion of the prepayment terms of this Note, shall be deemed to be a voluntary prepayment hereof, and Maker shall be required to pay the amount described above.

4. If Maker defaults in the payment of any installment of principal and interest on the date on which it shall fall due or in the performance of any of the agreements, conditions, covenants, provisions or stipulations contained in this Note or in the Loan Documents, and if such default shall continue beyond any grace period provided for in the Mortgage so as to constitute an Event of Default thereunder, then Payee, at its option and without further notice to Maker, may declare immediately due and payable the entire unpaid principal balance of this Note, together with interest thereon at an annual rate after the date of such default equal to the Default Rate, together with all sums due by Maker under the Loan Documents, anything herein or in the Loan Documents to the contrary notwithstanding. The foregoing provision shall not be construed as a waiver by Payee of its right to pursue any other remedies available to it under the Mortgage, this Note or any other Loan Document, nor shall it be construed to limit in any way the application of the Default Rate. Any payment hereunder may be enforced and recovered in whole or in part at such time by one or more of the remedies provided to Payee in this Note or in the Loan Documents. In the event that: (i) this Note or any Loan Document is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding; (ii) an attorney is retained to represent Payee in any bankruptcy, reorganization, receivership, or other proceedings affecting creditors' rights and involving a claim under this Note or any Loan Document; (iii) an attorney is retained to protect or enforce the lien of the Mortgage or any Loan Document; or (iv) an attorney is retained to represent Payee in any other proceedings whatsoever in connection with this Note, the Mortgage, any of the Loan Documents or any portion of the Trust Estate subject thereto, then Maker shall pay to Payee all reasonable out-of-pocket attorney's fees, costs and expenses incurred in connection therewith, including costs of appeal, together with interest on any judgment obtained by Payee at the Default Rate.

5. If Maker defaults in the payment of any monthly installment of principal (other than the final installment due upon acceleration or on the Maturity Date), interest or required escrows for more than ten (10) days after any Payment Date therefor, then Maker shall pay to Payee a late payment charge in an amount equal to three percent (3%) of the amount of the installment not paid as aforesaid. An additional late charge equal to three percent (3%) of the monthly payment due will be charged for each successive month the payment remains outstanding. Said late charge payments if payable, shall be secured by the Mortgage and the other Loan Documents, shall be payable without notice or demand by Payee, and are independent of and have no effect upon the rights of Payee under paragraph 4 above.

6. Maker and all endorsers, sureties and guarantors hereby jointly and severally waive all applicable exemption rights, valuation and appraisement, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note. Maker and all endorsers, sureties and guarantors consent to any and all extensions of time, renewals, waivers or modifications that may be granted by Payee with respect to the payment or other provisions of this Note and to the release of the collateral or any part thereof, with or without substitution, and agree that additional makers, endorsers, guarantors or sureties may become parties hereto without notice to them or affecting their liability hereunder.

7. Payee shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Payee, and then only to the extent specifically set forth in writing. A waiver of one event shall not be construed as continuing or as a bar to or waiver of any right or remedy to a subsequent event,

8. This Note shall be governed by and construed in accordance with the laws of the State of New York (the "State").

9. The parties hereto intend and believe that each provision in this Note comports with all applicable law. However, if any provision in this Note is found by a court of law to be in violation of any applicable law, and if such court should declare such provision of this Note to be unlawful, void or unenforceable as written, then it is the intent of all parties hereto that such provision shall be given full force and effect to the fullest possible extent that is legal, valid and enforceable, that the remainder of this Note shall be construed as if such unlawful, void or unenforceable provision were not contained therein, and that the rights, obligations and interest of Maker and the holder hereof under the remainder of this Note shall continue in full force and effect; provided however, that if any provision of this Note which is found to be in violation of any applicable law concerns the imposition of interest hereunder, the rights, obligations and interests of Maker and Payee with respect to the imposition of interest hereunder shall be governed and controlled by the provisions of the following paragraph.

10. It being the intention of Payee and Maker to comply with the laws of the State with regard to the rate of interest charged hereunder, it is agreed that, notwithstanding any provision to the contrary in this Note, the Mortgage, or any of the other Loan Documents, no such provision, including without limitation any provision of this Note providing for the payment of interest or other charges, shall require the payment or permit the collection of any amount ("Excess Interest") in excess of the maximum amount of interest permitted by law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the indebtedness evidenced by this Note. If any Excess Interest is provided for, or is adjudicated to be provided for, in this Note, the Mortgage, or any of the other Loan Documents, then in such event:

(i) the provisions of this paragraph shall govern;

(ii) Maker shall not be obligated to pay any Excess Interest;

(iii) any Excess Interest that Payee may have received hereunder shall, at the option of Payee, be (x) applied as a credit against the unpaid principal balance then due under this Note, accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (y) refunded to the payor thereof or (z) any combination of the foregoing;

(iv) the applicable interest rate or rates provided for herein shall be automatically subject to reduction to the maximum lawful rate allowed to be contracted for in writing under the applicable usury laws of the aforesaid State, and this Note, the Mortgage and the other Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in such interest rate or rates; and

(v) Maker shall not have any action or remedy against Payee for any damages whatsoever or any defense to enforcement of this Note, the Mortgage or any other Loan Document arising out of the payment or collection of any Excess Interest.

11. Upon any endorsement, assignment, or other transfer of this Note by Payee or by operation of law, the term "Payee," as used herein, shall mean such endorsee, assignee, or other transferee or successor to Payee then becoming the holder of this Note. This Note shall inure to the benefit of Payee and its successors and assigns and shall be binding upon the undersigned and its successors and assigns. The term "Maker" as used herein shall include the respective successors and assigns, legal and personal representatives, executors, administrators, devisees legatees and heirs of maker.

12. Any notice, demand or other communication which any party may desire or may be required to give to any other party shall be in writing and shall be given as provided in the Mortgage.

13. To the extent that Maker makes a payment or Payee receives any payment or proceeds for Maker's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Maker hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Payee.

14. Maker shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Payee all documents, and take all actions, reasonably required by Payee from time to time to confirm the rights created or now or hereafter intended to be created under this Note and the Loan Documents, to protect and further the validity, priority and enforceability of this Note and the Loan Documents, to subject to the Loan Documents any property of Maker intended by the terms of any one or more of the Loan Documents to be encumbered by the Loan Documents, or otherwise carry out the purposes of the Loan Documents and the transactions contemplated thereunder; provided, however, that no such further actions, assurances and confirmations shall increase Maker's obligations under this Note or the Loan Documents.

15. No modification, amendment, extension, discharge, termination or waiver (a "Modification ") of any provision of this Note, or any one or more of the other Loan Documents, nor consent to any departure by Maker therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on, Maker shall entitle Maker to any other or future notice or demand in the same, similar or other circumstances. Payee does not hereby agree to, nor does Payee hereby commit itself to, enter into any Modification.

16. Maker hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Payee on this Note, any and every right it may have to (a) a trial by jury, (b) interpose any counterclaim therein (other than a counterclaim which can only be asserted in the suit, action or proceeding brought by Payee on this Note and cannot be maintained in a separate action) and (c) have the same consolidated with any other or separate suit, action or proceeding.

17. Notwithstanding any provision to the contrary in the Mortgage, this Note or the Loan Documents, recourse to the EXculpated Parties (as defined in the Mortgage) with respect to any claims arising under or in connection with this Note shall be limited to the extent provided in Section 33 of the Mortgage.

18. [Reserved]

19. Any legal action or proceeding with respect to this Note and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Note, Maker hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any thereof. Maker irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Maker at the address for notices set forth in the Mortgage. Maker hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Maker brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of Payee to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Maker in any other jurisdiction.

IN WITNESS WHEREOF, Maker has caused this Note to be executed and delivered as of the day and year first above written.

Signed in the presence of:

/s/ Laura Miller
- ------------------------
Print Name: Laura Miller

MHC FINANCING LIMITED PARTNERSHIP, an Illinois limited partnership

By: MHC-QRS, Inc., a Delaware corporation, its sold general partner

By: /s/ Ellen Kelleher

Name: Ellen Kelleher
Title: Executive Vice President

/s/ Laura Miller	/s/ Samuel Zell
Print Name: Laura Miller	SAMUEL ZELL, NOT PERSONALLY OR INDIVIDUALLY, BUT SOLELY IN HIS CAPACITY AS TRUSTEE UNDER AN AGREEMENT AND DECLARATION OF TRUST NUMBER 41586 DATED AS OF APRIL 15, 1986

Signature Page - Note

ORANGELAND VISTAS, INC.,
an Illinois corporation

/s/ Laura Miller
- ------------------------
Print Name: Laura Miller

By: /s/ Mark J. Parrell

Name: Mark J. Parrell
Title: Vice President

PENNLAND VISTAS, INC.,
an Illinois corporation

/s/ Laura Miller
- ----------
Print Name: Laura Miller

By: /s/ Mark J. Parrell

Name: Mark J. Parrell
Title: Vice President

SANDLAND VISTAS, INC.,
an Illinois corporation

/s/ Laura Miller
- ------------------------
Print Name: Laura Miller

By: /s/ Mark J. Parrell

Name: Mark J. Parrell
Title: Vice President

EXHIBIT 10.2

SECOND AMENDED AND RESTATED CREDIT AGREEMENT (REVOLVING FACILITY)

AMONG

MHC OPERATING LIMITED PARTNERSHIP,
AN ILLINOIS LIMITED PARTNERSHIP,
AS BORROWER,

MANUFACTURED HOME COMMUNITIES, INC.,
A MARYLAND CORPORATION,
THE REIT

WELLS FARGO BANK, N.A.

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,

COMMERZBANK AKTIENGESELLSCHAFT,
CHICAGO BRANCH

AND

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,

TOGETHER WITH THOSE ASSIGNEES
BECOMING PARTIES HERETO PURSUANT
TO SECTION 11.13, AS LENDERS,

WELLS FARGO BANK, N.A.
AS AGENT, SWINGLINE LENDER AND ISSUING LENDER,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, AS SYNDICATION AGENT,

AND

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,
AS DOCUMENTATION AGENT

DATED AS OF APRIL 28, 1998

TABLE OF CONTENTS

EXHIBITS

SCHEDULES

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT is dated as of April 28, 1998 (as amended, supplemented or modified from time to time, the "Agreement") and is among MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), Manufactured Home Communities, Inc., a Maryland corporation (the "REIT"), each of the Lenders, as hereinafter defined, Wells Fargo Bank, N.A ("Wells Fargo") in its capacity as Agent, as Swingline Lender, as Issuing Lender and as a Lender, Bank of America National Trust and Savings Association, as Syndication Agent and as a Lender, Morgan Guaranty Trust Company of New York, as Documentation Agent and as a Lender, and Commerzbank Aktiengesellschaft, Chicago Branch, as a Lender.

RECITALS

A. Borrower, the REIT and Wells Fargo Realty Advisors Funding Incorporated ("WFRAF"), in its capacity as Agent and as the sole Lender, have previously entered into that certain Credit Agreement dated as of August 16, 1994 (the "Original Credit Agreement").

B. The Original Credit Agreement was amended and restated in its entirety by that certain First Amended and Restated Credit Agreement dated as of September 26, 1994 (the "Existing Credit Agreement") by and among Borrower, the REIT, WFRAF, as Agent and as a Lender, and Bank of America Illinois, as Co-Agent and a Lender.

C. The Existing Credit Agreement has been amended by that certain First Amendment and Waiver to First Amended and Restated Credit Agreement dated as of June 29, 1995 (the "First Amendment"), that certain Second Amendment to First Amendment and Restated Credit Agreement dated as of May 7, 1996 (the "Second Amendment"), that certain Third Amendment to First Amended and Restated Credit Agreement dated February 28, 1997 (the "Third Amendment"), and that certain Fourth Amendment to First Amended and Restated Credit Agreement dated as of March 1, 1997 (the "Fourth Amendment").

D. After giving effect to that certain Assignment and Assumption Agreement of even date herewith by and between The First National Bank of Chicago and Wells Fargo, the "Lenders" under the Existing Credit Agreement (as so amended) are Wells Fargo, Bank of America National Trust and Savings Association (as successor in interest to Bank of America Illinois), and Morgan Guaranty Trust Company of New York (the "Existing Lenders").

E. Borrower, the REIT, Wells Fargo (as successor in interest to WFRAF), as Agent and an Existing Lender, and the other Existing Lenders desire to further amend and restate the Existing Credit Agreement (as so amended) in its entirety to add additional entities as lenders, increase the loan facility provided thereby from One Hundred Million Dollars ($100,000,000) to One Hundred Fifty Million Dollars ($150,000,000), and make certain other modifications as hereinafter set forth.

AGREEMENT

ARTICLE I.
DEFINITIONS

1.01 Certain Defined Terms. The following terms used in this Agreement shall have the following meanings (such meanings to be applicable, except to the extent otherwise indicated in a definition of a particular term, both to the singular and the plural forms of the terms defined):

"Accommodation Obligations" as applied to any Person, means any obligation, contingent or otherwise, of that Person in respect of which that person is liable for any Indebtedness or other obligation or liability of another Person, including without limitation and without duplication (i) any such Indebtedness, obligation or liability directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business), co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable, including Contractual Obligations (contingent or otherwise) arising through any agreement to purchase, repurchase or otherwise acquire such Indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, or other financial condition, or to make payment other than for value received and (ii) any obligation of such Person arising through such Person's status as a general partner of a general or limited partnership with respect to any Indebtedness, obligation or liability of such general or limited partnership.

"Accountants" means any nationally recognized independent accounting firm.

"Adjusted Asset Value" means, as of any date of determination, (i) for any Property for which an acquisition or disposition by Borrower or any Subsidiary has not occurred in the Fiscal Quarter most recently ended as of such date, the product of four (4) and a fraction, the numerator of which is EBITDA for such Fiscal Quarter attributable to such Property in a manner reasonably acceptable to Agent, and the denominator of which is eight hundred seventy-five ten-thousandths (0.0875), and (ii) for any Property which has been acquired by Borrower or any Subsidiary in the Fiscal Quarter most recently ended as of such date, the Net Price of the Property paid by Borrower or its Subsidiaries for such Property.

"Affiliates" as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means (a) the possession, directly or indirectly, of the power to vote twenty-five percent (25%) or more of the Securities having voting power for the election of directors of such Person or otherwise to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting Securities or by contract or otherwise, (b) the ownership of a general

partnership interest in such Person or (c) the ownership of twenty-five percent (25%) or more of the limited partnership interests (or other ownership interests with similarly limited voting rights) in such Person; provided, however, that in no event shall the Affiliates of Borrower or any Subsidiary or any Investment Affiliate include Persons holding direct or indirect ownership interests in the REIT or any other real estate investment trust which holds a general partnership interest in Borrower if such Person does not otherwise constitute an "Affiliate" hereunder; provided, further, that the REIT and Borrower shall at all times be deemed Affiliates of each other.

"Agent" means Wells Fargo in its capacity as administrative agent for the Lenders under this Agreement, and shall include any successor Agent appointed pursuant hereto and shall be deemed to refer to Wells Fargo in its individual capacity as a Lender where the context so requires.

"Agreement" has the meaning ascribed to such term in the Preamble hereto.

"Agreement Party" means any Person, other than the REIT and Borrower, which concurrently with this Agreement or hereafter executes and delivers a guaranty in connection with this Agreement, which as of the date of determination, is in force and effect.

"Applicable Margin" means, for any day, the rate per annum set forth below opposite the applicable Level Period then in effect:

Level Period	Applicable Margin
Level I Period	1.0%
Level II Period	1.125%

The Applicable Margin shall be adjusted for all purposes quarterly as soon as reasonably practicable, but not later than five (5) days, after the date of receipt by Agent of the quarterly financial information in accordance with the provisions of Section 6.01(a) hereof, together with a calculation by Borrower of the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries as of the end of the applicable Fiscal Quarter. Notwithstanding the foregoing, the Applicable Margin for the Pre-Extension Term Loan, if any, shall be 1.0% for the duration thereof ending on August 17, 2000, regardless of the applicable Level Period.

"Appraisal" means a written appraisal prepared by an independent appraiser reasonably acceptable to Agent and subject to Agent's customary independent appraisal requirements and prepared in compliance with all applicable regulatory requirements, including FIRREA.

"Appraised Value" means, with respect to any Property, the "as is" market value of such Property as reflected in the then most recent Appraisal of such Property, as the same may

have been adjusted by Agent based upon its internal review of such Appraisal, which review shall be conducted prior to acceptance of such Appraisal by Agent.

"Assignment and Assumption" means an Assignment and Assumption in the form of Exhibit A hereto (with blanks appropriately filled in) delivered to Agent in connection with each assignment of a Lender's interest under this Agreement pursuant to Section 11.13.

"Balloon Payment" means, with respect to any loan constituting Indebtedness, any required principal payment of such loan which is either (i) payable at the maturity of such Indebtedness or (ii) in an amount which exceeds twenty-five percent (25%) of the original principal amount of such loan; provided, however, that the final payment of a fully amortizing loan shall not constitute a Balloon Payment.

"Base Rate" means, on any day, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall at all times be equal to the higher of (a) the base rate of interest per annum established from time to time by Wells Fargo, and designated as its prime rate and in effect on such day, and (b) the Federal Funds Rate as announced by the Federal Reserve Bank of New York, in effect on such day plus one half percent (0.5%) per annum. Each change in the Base Rate shall become effective automatically as of the opening of business on the date of such change in the Base Rate, without prior written notice to Borrower or Lenders. The Base Rate may not be the lowest rate of interest charged by any bank, Agent or Lender on similar loans.

"Base Rate Loans" means those Loans bearing interest at the Base Rate.

"Base Rent" means the aggregate rent received by Borrower from tenants which lease manufactured community home sites owned by Borrower minus any amounts specifically identified as and representing payments from trash removal, cable television, water, electricity, taxes, other utilities, and other rent which reimburses expenses related to tenant's occupancy.

"Benefit Plan" means any employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) which a Person or any ERISA Affiliate maintains, administers, contributes to or is required to contribute to, or, within the immediately preceding five (5) years, was maintained, administered, contributed to or was required to contribute to, or under which a Person or any ERISA Affiliate may have any liability.

"Borrower" has the meaning ascribed to such term in the preamble hereto.

"Borrower Plan" shall mean any Plan (A) which Borrower, any of its Subsidiaries or any of its ERISA Affiliates maintains, administers, contributes to or is required to contribute to, or, within the five years prior to the Closing Date, maintained, administered, contributed to or was required to contribute to, or under which Borrower, any of its Subsidiaries or any of its ERISA Affiliates may incur any liability and (B) which covers any employee or former employee of Borrower, any of its Subsidiaries or any of its ERISA Affiliates (with respect to their relationship with such entities).

"Borrower's Share" means Borrower's or the REIT's direct or indirect share of the assets, liabilities, income, expenses or expenditures, as applicable, of an Investment Affiliate based upon Borrower's or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, as the case may be.

"Borrowing" means a borrowing under the Facility.

"Business Day" means (a) with respect to any Borrowing, payment or rate determination of LIBOR Loans, a day, other than a Saturday or Sunday, on which Agent is open for business in Chicago and San Francisco and on which dealings in Dollars are carried in the London inter bank market, and (b) for all other purposes any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of States of California and Illinois, or is a day on which banking institutions located in California and Illinois are required or authorized by law or other governmental action to close.

"Capital Expenditures" means, as applied to any Person for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities during that period and including that portion of Capital Leases which is capitalized on the balance sheet of a Person) by such Person during such period that, in conformity with GAAP, are required to be included in or reflected by the property, plant or equipment or similar fixed asset accounts reflected in the balance sheet of such Person, excluding any expenditures reasonably determined by such Person as having been incurred for expansion of the number of manufactured home sites at a manufactured home community owned by such Person.

"Capital Leases," as applied to any Person, means any lease of any property (whether real, personal or mixed) by that Person as lessee which, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person, excluding ground leases.

"Cash Equivalents" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by an agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year after the date of acquisition thereof; (b) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within ninety (90) days after the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from any two nationally recognized rating services reasonably acceptable to Agent; (c) domestic corporate bonds, other than domestic corporate bonds issued by Borrower or any of its Affiliates, maturing no more than 2 years after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A or the equivalent from two nationally recognized rating services reasonably acceptable to Agent; (d) variable-rate domestic corporate notes or medium term corporate notes, other than notes issued by Borrower or any of its Affiliates, maturing or resetting no more than 1 year after the date of acquisition thereof and having a rating of at least AA or the equivalent from two nationally recognized rating services reasonably acceptable to Agent; (e) commercial paper (foreign and domestic) or master notes, other than commercial paper or master notes issued by

Borrower or any of its Affiliates, and, at the time of acquisition, having a long-term rating of at least A or the equivalent from a nationally recognized rating service reasonably acceptable to Agent and having a short-term rating of a least A-1 and P-1 from S&P and Moody's, respectively (or, if at any time neither S&P nor Moody's shall be rating such obligations, then the highest rating from such other nationally recognized rating services reasonably acceptable to Agent); (f) domestic and Eurodollar certificates of deposit or domestic time deposits or Eurotime deposits or bankers' acceptances (foreign or domestic) that are issued by a bank (I) which has, at the time of acquisition, a long-term rating of at least A or the equivalent from a nationally recognized rating service reasonably acceptable to Agent and (II) if a domestic bank, which is a member of the Federal Deposit Insurance Corporation; and (g) overnight securities repurchase agreements, or reverse repurchase agreements secured by any of the foregoing types of securities or debt instruments, provided that the collateral supporting such repurchase agreements shall have a value not less than 101% of the principal amount of the repurchase agreement plus accrued interest.

"Closing Checklist" means the Closing Checklist attached hereto as Exhibit B, as the same may be amended by the parties.

"Closing Date" means the date on which this Agreement shall become effective in accordance with Section 12.19, which date shall be April 28, 1998 or such later date as to which Agent and Borrower agree in writing.

"Commission" means the Securities and Exchange Commission.

"Commitment" means, with respect to any Lender, such Lender's Pro Rata Share of the Facility which amount shall not exceed the principal amount set out under such Lender's name under the heading "Loan Commitment" on the counterpart signature pages attached to this Agreement or as set forth on an Assignment and Assumption executed by such Lender, as assignee, as such amount may be adjusted pursuant to the terms of this Agreement.

"Compliance Certificate" means a certificate in the form of Exhibit C hereto delivered to Agent by Borrower pursuant to Section 6.01(d) and covering Borrower's compliance with the financial covenants contained in Articles VIII and IX hereof.

"Contaminant" means any pollutant (as that term is defined in 42 U.S.C. 9601(33)) or toxic pollutant (as that term is defined in 33 U.S.C. 1362(13)), hazardous substance (as that term is defined in 42 U.S.C. 9601(14)), hazardous chemical (as that term is defined by 29 C.F.R. Section 1910.1200(c)), toxic substance, hazardous waste (as that term is defined in 42 U.S.C. 6903(5)), radioactive material, special waste, petroleum (including crude oil or any petroleum-derived substance, waste, or breakdown or decomposition product thereof), or any constituent of any such substance or waste, including, but not limited to hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, urea formaldehyde insulation, radioactive materials, biological substances, PCBs, pesticides, herbicides, asbestos, sewage sludge, industrial slag, acids, metals, or solvents.

"Contractual Obligation," as applied to any Person, means any provision of any Securities issued by that Person or any indenture, mortgage, deed of trust, lease, contract, undertaking, document or instrument to which that Person is a party or by which it or any of its properties is bound, or to which it or any of its properties is subject (including without limitation any restrictive covenant affecting such Person or any of its properties).

"Controlled Partnership Interests" means ownership interests held by the REIT and/or Borrower in a partnership or joint venture where the REIT or Borrower (independently or collectively) has control over the management and operations of the partnership or joint venture.

"Convertible Securities" means evidences of indebtedness, shares of stock, limited or general partnership interests or other ownership interests, warrants, options, or other rights or securities which are convertible into or exchangeable for, with or without payment of additional consideration, shares of common stock of the REIT or partnership interests of Borrower, as the case may be, either immediately or upon the arrival of a specified date or the happening of a specified event.

"Court Order" means any judgment, writ, injunction, decree, rule or regulation of any court or Governmental Authority binding upon the Person in question.

"Debt Service" means, for any period, Interest Expense for such period plus scheduled principal amortization (exclusive of Balloon Payments) for such period on all Indebtedness of the REIT, on a consolidated basis, plus, the REIT's and Borrower's actual or potential liability, on a consolidated basis, for scheduled principal amortization (exclusive of Balloon Payments) for such period on all Indebtedness of Investment Affiliates that is recourse to the REIT, Borrower or any Material Subsidiary.

"Defaulting Lender" means any Lender which fails or refuses to perform its obligations under this Agreement within the time period specified for performance of such obligation or, if no time frame is specified, if such failure or refusal continues for a period of two (2) Business Days after written notice from Agent.

"Development Activity" means construction in process, that is being performed by or at the direction of Borrower, of any manufactured home community that will be owned and operated by Borrower upon completion of construction, other than (i) construction in process of manufactured home communities not owned by Borrower and for which Borrower has no contractual obligation to purchase until completion of construction or (ii) construction in process for the purpose of expanding manufactured home communities that have been operated by Borrower or another owner for at least one (1) year prior to the commencement of such expansion.

"Documentation Agent" means Morgan Guaranty Trust Company of New York in its capacity as documentation agent for the Lenders under this Agreement.

"DOL" means the United States Department of Labor and any successor department or agency.

"Dollars" and "$" means the lawful money of the United States of America.

"EBITDA" means, for any period (i) Net Income for such period, plus (ii) depreciation and amortization expense and other non-cash items deducted in the calculation of Net Income for such period, plus (iii) Interest Expense deducted in the calculation of Net Income for such period, plus, (iv) Taxes deducted in the calculation of Net Income for such period, minus (v) the gains (and plus the losses) from extraordinary or unusual items or asset sales or write-ups or forgiveness of indebtedness included in the calculation of Net Income, for such period, minus (vi) earnings of Subsidiaries for such period distributed to third parties, all of the foregoing without duplication.

"Environmental Laws" means all federal, state, district, local and foreign laws, and all orders, consent orders, judgments, notices, permits or demand letters issued, promulgated or entered thereunder, relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contamination, chemicals, or industrial substances or Contaminants into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contamination, chemicals, industrial substances or Contaminants. The term Environmental Laws shall include, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"); the Toxic Substances Control Act, as amended; the Hazardous Materials Transportation Act, as amended; the Resource Conservation and Recovery Act, as amended ("RCRA"); the Clean Water Act, as amended; the Safe Drinking Water Act, as amended; the Clean Air Act, as amended; all analogous state laws; the plans, rules, regulations or ordinances adopted, or other criteria and guidelines promulgated pursuant to the preceding laws or other similar laws, regulations, rules or ordinances now or hereafter in effect regulating public health, welfare or the environment.

"Environmental Lien" means a Lien in favor of any Governmental Authority for (a) any liability under federal or state environmental laws or regulations, or (b) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"ERISA Affiliate" means any (a) corporation which is, becomes, or is deemed by any Governmental Authority to be a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code) as a Person or is so deemed by such Person, (b) partnership, trade or business (whether or not incorporated) which is, becomes or is deemed by any Governmental Authority to be under common control (within the meaning of Section 414(c) of the Internal Revenue Code) with such Person or is so deemed by such Person, (c) any Person which is, becomes or is deemed by any Governmental Authority to be a member of the same "affiliated service group" (as defined in Section 414(m) of the Internal

Revenue Code) as such Person or is so deemed by such Person, or (d) any other organization or arrangement described in Section 414(o) of the Internal Revenue Code which is, becomes or is deemed by such Person or by any Governmental Authority to be required to be aggregated pursuant to regulations issued under Section 414(o) of the Internal Revenue Code with such Person pursuant to Section 414(o) of the Internal Revenue Code or is so deemed by such Person.

"Event of Default" means any of the occurrences set forth in Article X after the expiration of any applicable grace period expressly provided therein.

"Existing Credit Agreement" has the meaning set forth in the Recitals hereto.

"Existing Lenders" has the meaning set forth in the Recitals hereto.

"Existing Loans" means the "Loans" as defined in the Existing Credit Agreement.

"Facility" means the loan facility of up to One Hundred Fifty Million Dollars ($150,000,000) described in Section 2.01(a).

"FDIC" means the Federal Deposit Insurance Corporation or any successor thereto.

"Federal Funds Rate" means, for any period, a fluctuating interest rate, rounded upwards to the nearest one hundredth of one percent (0.01%), per annum equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal Funds brokers of recognized standing selected by Agent.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System or any governmental authority succeeding to its functions.

"Financial Statements" has the meaning ascribed to such term in Section 6.01 (a).

"FIRREA" means the Financial Institutions Recovery, Reform and Enforcement Act of 1989, as amended from time to time.

"First Amendment" has the meaning set forth in the Recitals hereto.

"Fiscal Quarter" means a fiscal quarter of a Fiscal Year.

"Fiscal Year" means the fiscal year of Borrower and the REIT which shall be the twelve (12) month period ending on the last day of December in each year.

"Fixed Charges" for any Fiscal Quarter period means the sum of (i) Debt Service for such period, (ii) 3% of Base Rent for such period, and (iii) Borrower's Share of Capital Expenditures from Investment Affiliates for such period.

"Fourth Amendment" has the meaning set forth in the Recitals hereto.

"Funding Date" means, with respect to any Loan made after the Closing Date, the date of the funding of such Loan.

"Funds from Operations" means the definition of "Funds from Operations" of the National Association of Real Estate Investment Trusts on the date of determination (before allocation of minority interests).

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination and which are consistent with the past practices of the REIT and Borrower.

"Governmental Authority" means any nation or government, any federal, state, local, municipal or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Gross Asset Value" means (subject to the proviso in Section 9.08), with respect to any Person as of any date of determination, the sum of the Adjusted Asset Values for each Property then owned by such Person plus the value of any cash or Cash Equivalent owned by such Person and not subject to any Lien.

"Indebtedness," as applied to any Person (and without duplication), means (a) all indebtedness, obligations or other liabilities (whether secured, unsecured, recourse, non-recourse, direct, senior or subordinate) of such Person for borrowed money, (b) all indebtedness, obligations or other liabilities of such Person evidenced by Securities or other similar instruments, (c) all reimbursement obligations and other liabilities of such Person with respect to letters of credit or banker's acceptances issued for such Person's account or other similar instruments for which a contingent liability exists, (d) all obligations of such Person to pay the deferred purchase price of Property or services, (e) all obligations in respect of Capital Leases of such Person, (f) all Accommodation Obligations of such Person, (g) all indebtedness, obligations or other liabilities of such Person or others secured by a Lien on any asset of such Person, whether or not such indebtedness, obligations or liabilities are assumed by, or are a personal liability of, such Person, (h) all indebtedness, obligations or other liabilities (other than interest expense liability) in respect of Interest Rate Contracts and foreign currency exchange agreements excluding all indebtedness, obligations or other liabilities in respect of such Interest Rate Contracts to the extent that the aggregate notional amount thereof does not exceed the aggregate principal amount of any outstanding fixed or floating rate Indebtedness, obligations or other

liabilities permitted under this Agreement that exist as of the date that such Interest Rate Contracts are entered into or that are incurred no more than thirty (30) days after such Interest Rate Contracts are entered into and (i) ERISA obligations currently due and payable.

"Interest Expense" means, for any period and without duplication, total interest expense, whether paid, accrued or capitalized (including the interest component of Capital Leases but excluding interest expense covered by an interest reserve established under a loan facility) of the REIT, on a consolidated basis and determined in accordance with GAAP, plus the REIT's and Borrower's actual or potential liability, on a consolidated basis, for accrued, paid or capitalized interest with respect to Indebtedness of Investment Affiliates that is recourse to the REIT, Borrower or any Material Subsidiary.

"Interest Period" means, relative to any LIBOR Loans comprising part of the same Borrowing, the period beginning on (and including) the date on which such LIBOR Loans are made as, or converted into, LIBOR Loans, and shall end on (but exclude) the day which numerically corresponds to such date one (1), two (2), three (3), six (6) or twelve (12) months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month), in either case as Borrower may select in its relevant Notice of Borrowing pursuant to Section 2.01(b); provided, however, that:

(a) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day);

(b) no Interest Period may end later than the Termination Date; and

(c) with the reasonable approval of Agent (unless any Lender has previously advised Agent and Borrower that it is unable to enter into LIBOR contracts for an Interest Period of such duration), an Interest Period may have a duration of less than one (1) month.

"Interest Rate Contracts" means, collectively, interest rate swap, collar, cap or similar agreements providing interest rate protection.

"Interim Period" has the meaning ascribed to such term in Section 4.01(g).

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"Investment" means, as applied to any Person, any direct or indirect purchase or other acquisition by that Person of Securities, or of a beneficial interest in Securities, of any other Person, and any direct or indirect loan, advance (other than deposits with financial institutions available for withdrawal on demand, prepaid expenses, advances to employees and similar items made or incurred in the ordinary course of business), or capital contribution by such Person to

any other Person, including all Indebtedness and accounts owed by that other Person which are not current assets or did not arise from sales of goods or services to that Person in the ordinary course of business. The amount of any Investment shall be determined in conformity with GAAP.

"Investment Affiliate" means any Person in whom the REIT, Borrower or any Subsidiary holds an equity interest, directly or indirectly, whose financial results are not consolidated under GAAP with the financial results of the REIT or Borrower on the consolidated financial statements of the REIT and Borrower.

"Investment Mortgages" means mortgages securing indebtedness directly or indirectly owed to Borrower or any of its Subsidiaries, including certificates of interest in real estate mortgage investment conduits.

"Issuing Lender" means Wells Fargo in its capacity as issuer of Letters of Credit under this Agreement, and shall include any successor Issuing Lender appointed pursuant hereto.

"IRS" means the Internal Revenue Service and any Person succeeding to the functions thereof.

"Land" means unimproved real estate purchased or leased or to be purchased or leased by Borrower or any of its Subsidiaries for the purpose of future development of improvements.

"Lender Affiliate" as applied to any Lender, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Lender. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means (a) the possession, directly or indirectly, of the power to vote more than fifty percent (50%) of the Securities having voting power for the election of directors of such Person or otherwise to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting Securities or by contract or otherwise, or (b) the ownership of a general partnership interest or a limited partnership interest representing more than fifty (50%) of the outstanding limited partnership interests of a Person.

"Lender Reply Period" has the meaning ascribed to such term in Section 11.10(a).

"Lender Taxes" has the meaning ascribed to such term in Section 2.03(g).

"Lenders" means Wells Fargo and any other bank, finance company, insurance or other financial institution which is or becomes a party to this Agreement by execution of a counterpart signature page hereto or an Assignment and Assumption, as assignee, provided that with respect to matters requiring the consent to or approval of Requisite Lenders, the Supermajority Lenders, or all Lenders at any given time, all then existing Defaulting Lenders will be disregarded and excluded, and, for voting purposes only, "all Lenders" shall be deemed to mean "all Lenders other than Defaulting Lenders."

"Letter of Credit Application" shall have the meaning ascribed to such term in Section 2.09(b).

"Letter of Credit Documents" has the meaning set forth in Section 2.09(j) hereof.

"Letter of Credit Mandatory Borrowing" has the meaning set forth in Section 2.09(f) hereof.

"Letter of Credit Note" means the promissory note evidencing the Letter of Credit Obligations in the original principal amount of Thirty Million Dollars ($30,000,000) executed by Borrower in favor of Issuing Lender, as it may be amended, supplemented, replaced or modified from time to time. The initial Letter of Credit Note and any replacements thereof shall be substantially in the form of Exhibit G.

"Letter of Credit Obligations" means, collectively and without duplication, (a) all reimbursement and other obligations of Borrower in respect of Letters of Credit, and (b) all amounts paid by Lenders to Issuing Lender in respect of Letters of Credit.

"Letters of Credit" means the letters of credit issued by Issuing Lender pursuant to Section 2.09 hereof for the account of Borrower in an aggregate face amount not to exceed $30,000,000.00 outstanding at any one time, as they may be drawn on, replaced or modified from time to time.

"Level I Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for the Borrower and each of its Subsidiaries shall be equal to or less than 0.45:1.

"Level II Period" mean a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall exceed 0.45:1 but shall not exceed 0.60:1.

"Liabilities and Costs" means all claims, judgments, liabilities, obligations, responsibilities, losses, damages (including punitive and treble damages), costs, disbursements and expenses (including without limitation reasonable attorneys', experts' and consulting fees and costs of investigation and feasibility studies), fines, penalties and monetary sanctions, interest, direct or indirect, known or unknown, absolute or contingent, past, present or future.

"LIBOR" means, relative to any Interest Period for any LIBOR Loan included in any Borrowing, the rate of interest obtained by dividing (i) the rate of interest determined by Agent (whose determination shall be conclusive absent manifest error, which shall not include any lower determination by any other banks) equal to the rate (rounded upwards, if necessary, to the nearest one one-hundredth of one percent (.01%)) per annum reported by Wells Fargo at which Dollar deposits in immediately available funds are offered by Wells Fargo to leading banks in the Eurodollar inter bank market at or about 11:00 A.M. London time two (2) Business Days prior to the beginning of such Interest Period for delivery on the first day of such Interest Period for a period approximately equal to such Interest Period and in an amount equal or

comparable to the LIBOR Loan to which such Interest Period relates, by (ii) a percentage expressed as a decimal equal to one (1) minus the LIBOR Reserve Percentage.

"LIBOR Loan" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a fixed rate of interest determined by reference to LIBOR.

"LIBOR Reserve Percentage" means, relative to any Interest Period, the average daily maximum reserve requirement (including, without limitation, all basic, emergency, supplemental, marginal and other reserves) which is imposed under Regulation D, as Regulation D may be amended, modified or supplemented, on "Eurocurrency liabilities" having a term equal to the applicable Interest Period (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on LIBOR Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any bank to United States residents), which requirement shall be expressed as a decimal. LIBOR shall be adjusted automatically on, and as of the effective date of, any change in the LIBOR Reserve Percentage.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, encumbrance (including, but not limited to, easements, rights-of-way, zoning restrictions and the like), lien (statutory or other) preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including without limitation any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement (other than a financing statement filed by a "true" lessor pursuant to 9-408 of the Uniform Commercial Code) naming the owner of the asset to which such Lien relates as debtor, under the Uniform Commercial Code or other comparable law of any jurisdiction.

"Loans" means the loans made pursuant to the Facility, including, without limitation, loans made pursuant to Section 2.01 hereof, Swingline Loans, Loans made pursuant to Mandatory Borrowings and the Pre-Extension Term Loan.

"Loan Availability" means the amount of the Facility from time to time.

"Loan Documents" means, this Agreement, the Loan Notes, the REIT Guaranty, and all other agreements, instruments and documents (together with amendments and supplements thereto and replacements thereof) now or hereafter executed by the REIT, Borrower or any Agreement Party, which evidence, guaranty or secure the Obligations.

"Loan Notes" means the promissory notes evidencing the Loans (other than Swingline Loans) in the aggregate original principal amount of One Hundred Fifty Million Dollars ($150,000,000) executed by Borrower in favor of Lenders, as they may be amended, supplemented, replaced or modified from time to time. The initial Loan Notes and any replacements thereof shall be substantially in the form of Exhibit D. The Loan Notes shall be issued in substitution for the "Loan Notes" issued pursuant to the Existing Credit Facility.

"Mandatory Borrowing" means any Letter of Credit Mandatory Borrowing or Swingline Mandatory Borrowing.

"Manufactured Home Community Mortgages" means Investment Mortgages issued by any Person engaged primarily in the business of developing, owning, and managing manufactured home communities.

"Manufactured Home Community Partnership Interests" means partnership or joint venture interests issued by any Person engaged primarily in the business of developing, owning, and managing manufactured home communities.

"Material Adverse Effect" means a material adverse effect upon (i) the ability of Borrower or the REIT to perform its covenants and obligations under this Agreement and the other Loan Documents or (ii) the ability of Agent or Lenders to enforce the Loan Documents. The phrase "has a Material Adverse Effect" or "will result in a Material Adverse Effect" or words substantially similar thereto shall in all cases be intended to mean "has or will result in a Material Adverse Effect," and the phrase "has no (or does not have a) Material Adverse Effect" or "will not result in a Material Adverse Effect" or words substantially similar thereto shall in all cases be intended to mean "does not or will not result in a Material Adverse Effect."

"Material Subsidiary" means any Subsidiary having a Gross Asset Value in excess of One Hundred Million Dollars ($100,000,000).

"Maturity Date" means August 17, 2000, or such extended maturity date as may be applicable pursuant to the provisions of Article III hereof.

"Moody's" means Moody's Investors Service, a Delaware corporation, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agent.

"Multiemployer Plan" means an employee benefit plan defined in Section 4001(a)(3) or Section 3(37) of ERISA which is, or within the immediately preceding six (6) years was, maintained, administered, contributed to by or was required to be contributed to by a Person or any ERISA Affiliate, or under which a Person or any ERISA Affiliate may incur any liability.

"Net Income" means, for any period, the net income (or loss) after Taxes of the REIT, on a consolidated basis, for such period calculated in conformity with GAAP.

"Net Offering Proceeds" means all cash or other assets received by the REIT or Borrower as a result of the sale of common stock, preferred stock, partnership interests, limited liability company interests, Convertible Securities or other ownership or equity interests in the REIT or Borrower less customary costs and discounts of issuance paid by the REIT or Borrower, as the case may be.

"Net Operating Income" means, for any period, and with respect to any Qualifying Unencumbered Property, the net operating income of such Qualifying Unencumbered Property (attributed to such Property in a manner reasonably acceptable to Agent) for such period (i) determined in accordance with GAAP, (ii) determined in a manner which is consistent with the past practices of the REIT and Borrower, and (iii) inclusive of an allocation of reasonable management fees and administrative costs to such Qualifying Unencumbered Property consistent with the past practices of the REIT and Borrower, except that, for purposes of determining Net Operating Income, income shall not (a) include security or other deposits, lease termination or other similar charges, delinquent rent recoveries, unless previously reflected in reserves, or any other items reasonably deemed by Agent to be of a non-recurring nature or (b) be reduced by depreciation or amortization or any other non-cash item.

"Net Price" means, with respect to the purchase of any Property by Borrower or any Subsidiary, without duplication, (i) cash and Cash Equivalents paid as consideration for such purchase, plus (ii) the principal amount of any note or other deferred payment obligation delivered in connection with such purchase (except as described in clause (iv) below), plus (iii) the value of any other consideration delivered in connection with such purchase or sale (including, without limitation, shares in the REIT and operating partnership units or preferred operating partnership units in Borrower) (as reasonably determined by Agent), minus (iv) the value of any consideration deposited into escrow or subject to disbursement or claim upon the occurrence of any event, minus (v) reasonable costs of sale and taxes paid or payable in connection with such purchase.

"Net Worth" means, at any time, the tangible net worth of the REIT determined in accordance with GAAP, on a consolidated basis, not including depreciation and amortization expense of the REIT since September 30, 1996 and not including the REIT's share of depreciation and amortization expense of Investment Affiliates since September 30, 1996. The parties hereto acknowledge that the Net Worth as of December 31, 1997 was Three Hundred Sixty Nine Million Nine Hundred Sixty One Thousand Dollars ($369,961,000).

"New Lender" shall have the meaning set forth in Section 11.13(k) hereof.

"Non Pro Rata Loan" means a Loan (other than a Swingline Loan but including a Mandatory Borrowing) or Letter of Credit draw with respect to which less than all Lenders have funded their respective Pro Rata Shares of such Loans or Letter of Credit draws (whether by making Loans or purchasing participation interests in accordance with the terms hereof) and the failure of the non-funding Lender or Lenders to fund its or their respective Pro Rata Shares of such Loan or Letter of Credit draw constitutes a breach of this Agreement.

"Non-Recourse Indebtedness" means any single loan with respect to which recourse for payment is limited to (i) specific assets related to a particular Property or group of Properties encumbered by a Lien securing such Indebtedness, so long as the Adjusted Asset Value for such Property, or the total of the Adjusted Asset Values for such group of Properties, does not exceed One Hundred Million Dollars ($100,000,000) or (ii) any Subsidiary which is not a Material Subsidiary; provided, however, that personal recourse to the REIT, on a consolidated

basis, or to Borrower by a holder of any such loan for fraud, misrepresentation, misapplication of cash, waste, environmental claims and liabilities and other circumstances customarily excluded by institutional lenders from exculpation provisions and/or included in separate indemnification agreements in non-recourse financing of real estate shall not, by itself, prevent such loan from being characterized as Non-Recourse Indebtedness.

"Non-Manufactured Home Community Property" means Property which is not (i) used for lease, operation or use of manufactured home communities, (ii) Land, (iii) Securities consisting of stock issued by real estate investment trusts engaged primarily in the development, ownership and management of manufactured home communities, (iv) Manufactured Home Community Mortgages or (v) Manufactured Home Community Partnership Interests.

"Notice of Borrowing" means, with respect to a proposed Borrowing pursuant to Section 2.01(b) or Section 2.10, a notice of borrowing duly executed by an authorized officer of Borrower substantially in the form of Exhibit I.

"Notice of Continuation/Conversion" means a notice of continuation or conversion of or to a LIBOR Loan duly executed by an authorized officer of Borrower substantially in the form of Exhibit J.

"Obligations" means, from time to time, all Indebtedness of Borrower owing to Agent, Swingline Lender, Issuing Lender, any Lender, or any Person entitled to indemnification pursuant to Section 12.02, or any of their respective successors, transferees or assigns, of every type and description, whether or not evidenced by any note, guaranty or other instrument, arising under or in connection with this Agreement or any other Loan Document, whether or not for the payment of money, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, reasonable attorneys' fees and disbursements and any other sum now or hereafter chargeable to Borrower under or in connection with this Agreement or any other Loan Document. Notwithstanding anything to the contrary contained in this definition, Obligations shall not be deemed to include any obligations or liabilities of Borrower to Agent or any Lender under an Interest Rate Contract, foreign currency exchange agreement or other Contractual Obligation unless the same is among Borrower and all Lenders. Obligations shall also not include the "Obligations" under the Term Loan Credit Agreement.

"Officer's Certificate" means a certificate signed by a specified officer of a Person certifying as to the matters set forth therein.

"Other Indebtedness" means all Indebtedness other than the Obligations.

"Original Closing Date" means the "Closing Date" as defined in the Existing Credit Agreement.

"Original Credit Agreement" has the meaning set forth in the Recitals hereto.

"PBGC" means the Pension Benefit Guaranty Corporation or any Person succeeding to the functions thereof.

"Permit" means any permit, approval, authorization, license, variance or permission required from a Governmental Authority under an applicable Requirement of Law.

"Permitted Holdings" means any of the holdings and activities described in Section 9.08, but only to the extent permitted in Section 9.08.

"Permitted Liens" means:

(a) Liens for Taxes, assessments or other governmental charges not yet due and payable or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted in accordance with Sections 7.01(d) or 7.02(g);

(b) statutory liens of carriers, warehousemen, mechanics, materialmen and other similar liens imposed by law, which are incurred in the ordinary course of business for sums not more than sixty (60) days delinquent or which are being contested in good faith in accordance with Sections 7.01 (d) or 7.02(g);

(c) deposits made in the ordinary course of business to secure liabilities to insurance carriers;

(d) Liens for purchase money obligations for equipment; provided that (i) the Indebtedness secured by any such Lien does not exceed the purchase price of such equipment, (ii) any such Lien encumbers only the asset so purchased and the proceeds upon sale, disposition, loss or destruction thereof, and (iii) such Lien, after giving effect to the Indebtedness secured thereby, does not give rise to an Event of Default or Unmatured Event of Default pursuant to Section 8.01(a)(iii);

(e) easements, rights-of-way, zoning restrictions, other similar charges or encumbrances and all other items listed on Schedule B to Borrower's owner's title insurance policies for any of Borrower's real Properties, so long as the foregoing do not interfere in any material respect with the use or ordinary conduct of the business of Borrower and do not diminish in any material respect the value of the Property to which it is attached or for which it is listed; or

(f) Liens and judgments which have been or will be bonded or released of record within thirty (30) days after the date such Lien or judgment is entered or filed against the REIT, Borrower, any Subsidiary or any Agreement Party.

"Person" means any natural person, employee, corporation, limited partnership, limited liability partnership, general partnership, joint stock company, limited liability company, joint venture, association, company, trust, bank, trust company, land trust, business trust, real

estate investment trust or other organization, whether or not a legal entity, or any other nongovernmental entity, or any Governmental Authority.

"Plan" means an employee benefit plan defined in Section 3(3) of ERISA (other than a Multiemployer Plan) in respect of which a Person or an ERISA Affiliate, as applicable, is an "employer" as defined in Section 3(5) of ERISA.

"Post-Foreclosure Plan" has the meaning ascribed to such term in Section 11.11(f).

"Pre-Closing Financials" has the meaning ascribed to such term in Section 5.01(g).

"Pre-Extension Term Loan" has the meaning ascribed to such term in Section 2.11 hereof.

"Pro Rata Share" means, with respect to any Lender, a fraction (expressed as a percentage), the numerator of which shall be the amount of such Lender's Commitment and the denominator of which shall be the aggregate amount of all of the Lenders' Commitments, as adjusted from time to time in accordance with the provisions of this Agreement.

"Property" means, with respect to any Person, any real or personal property, building, facility, structure, equipment or unit, or other asset owned by such Person.

"Protective Advance" means all sums expended as determined by Agent to be necessary to: (a) protect the priority, validity and enforceability of the Liens on, and security interests in, any collateral and the instruments evidencing or securing the Obligations, or (b) (i) prevent the value of any such collateral from being materially diminished (assuming the lack of such a payment within the necessary time frame could potentially cause such collateral to lose value), or (ii) protect any of such collateral from being materially damaged, impaired, mismanaged or taken, including, without limitation, any amounts expended in accordance with Section 12.01 or post-foreclosure ownership, maintenance, operation or marketing of any such collateral.

"Qualifying Unencumbered Property" means (a) the Properties listed on Exhibit F hereto and (b) any Property designated by Borrower from time to time pursuant to Section 6.04 which (i) is an operating manufactured home community property wholly-owned (directly or beneficially) by Borrower or any Subsidiary wholly-owned, directly or indirectly by Borrower and/or the REIT, (ii) is not subject (nor are any equity interests in such Property subject) to a Lien which secures Indebtedness of any Person other than a Permitted Lien, (iii) is not subject (nor are any equity interests in such Property subject) to any covenant, condition, or other restriction which prohibits or limits the creation or assumption of any Lien upon such Property (except as set forth in the Term Loan Credit Agreement), and (iv) has not been designated by the Agent in a notice to Borrower as not acceptable to the Requisite Lenders pursuant to Section 6.04; provided, however, that the weighted average occupancy rate of the Properties listed on Exhibit F together with those designated by Borrower to be Qualifying Unencumbered Properties

pursuant to Section 6.04 (excluding expansion areas of such Properties which are purchased and/or developed on or after the Closing Date) shall be at least eighty-five percent (85%); provided, further, that the Borrower may, upon at least fifteen (15) Business Days prior notice to the Agent, designate that any Property listed on Exhibit F or otherwise designated as a Qualifying Unencumbered Property is no longer a Qualifying Unencumbered Property (and upon such designation, such Property shall no longer be a Qualifying Unencumbered Property).

"Regulation D" means Regulation D of the Federal Reserve Board as in effect from time to time.

"Regulation G" means Regulation G of the Federal Reserve Board as in effect from time to time.

"Regulation T" means Regulation I of the Federal Reserve Board as in effect from time to time.

"Regulation U" means Regulation U of the Federal Reserve Board as in effect from time to time.

"Regulation X" means Regulation X of the Federal Reserve Board as in effect from time to time.

"REIT" has the meaning ascribed to such term in the preamble hereto.

"REIT Guaranty" means the Amended and Restated REIT Guaranty of even date herewith executed by the REIT in favor of Agent and the Lenders.

"Release" may be either a noun or a verb and means the release, spill, emission, leaking, pumping, pouring, emitting, emptying, escaping, dumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment or into or out of any property, including the movement of Contaminants through or in the air, soil, surface water, groundwater or property.

"Remedial Action" means any action undertaken pursuant to Environmental Laws to (a) clean up, remove, remedy, respond to, treat or in any other way address Contaminants in the indoor or outdoor environment; (b) prevent the Release or threat of Release or minimize the further Release of Contaminants so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; or (c) perform pre-remedial studies and investigations and post remedial monitoring and care.

"Reportable Event" means any of the events described in Section 4043(b) of ERISA, other than an event for which the thirty (30) day notice requirement is waived by regulations, or any of the events described in Section 4062(f) or 4063(a) of ERISA.

"Requirements of Law" means, as to any Person, the charter and by-laws, partnership agreements or other organizational or governing documents of such Person, and any

law, rule or regulation, permit, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, including without limitation, the Securities Act, the Securities Exchange Act, Regulations G, T, U and X, FIRREA and any certificate of occupancy, zoning ordinance, building or land use requirement or Permit or occupational safety or health law, rule or regulation.

"Requisite Lenders" means, collectively, Lenders whose Pro Rata Shares, in the aggregate, are at least sixty-six and two-thirds percent (66 2/3%), provided that, in determining such percentage at any given time, all then existing Defaulting Lenders will be disregarded and excluded and the Pro Rata Shares of Lenders shall be redetermined, for voting purposes only, to exclude the Pro Rata Shares of such Defaulting Lenders.

"S&P" means Standard & Poor's Rating Group, a division of McGraw Hill, its successors and assigns, and, if Standard & Poor's Rating Group shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agent.

"Second Amendment "has the meaning set forth in the Recitals hereto.

"Secretary's Certificate" has the meaning ascribed to such term in Section 4.01(c)(i).

"Secured Debt" means Indebtedness, the payment of which is secured by a Lien on any real Property owned or leased by the REIT, Borrower, or any Subsidiary.

"Securities" means any stock, partnership interests, shares, shares of beneficial interest, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities," or any certificates of interest, shares, or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire any of the foregoing, but shall not include any evidence of the Obligations.

"Securities Act" means the Securities Act of 1933, as amended to the date hereof and from time to time hereafter, and any successor statute.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended to the date hereof and from time to time hereafter, and any successor statute.

"Senior Loans" has the meaning ascribed to such term in Section 11.04(h).

"Solvent" means as to any Person at the time of determination, such Person (a) owns property the value of which (both at fair valuation and at present fair saleable value) is greater than the amount required to pay all of such Person's liabilities (including contingent liabilities and debts); (b) is able to pay all of its debts as such debts mature; and (c) has capital

sufficient to carry on its business and transactions and all business and transactions in which it is about to engage.

"Subsidiary" means any Person, whose financial results are consolidated under GAAP with the financial results of the REIT or Borrower on the consolidated financial statements of the REIT or Borrower.

"Supermajority Lenders" means Lenders whose Pro Rata Shares, in the aggregate, are at least eighty-five percent (85%), provided that in determining such percentage at any given time, all then existing Defaulting Lenders will be disregarded and excluded and the Pro Rata Shares of Lenders shall be redetermined, for voting purposes only, to exclude the Pro Rata Shares of such Defaulting Lenders.

"Swingline Mandatory Borrowing" has the meaning set forth in Section 2.10(b)(iv) hereof.

"Swingline Lender" means Wells Fargo in its capacity as Swingline Lender hereunder, and shall include any successor Swingline Lender appointed pursuant hereto.

"Swingline Loan" means a Loan made by the Swingline Lender pursuant to Section 2.10 hereof.

"Swingline Note" means the promissory note evidencing the Swingline Loans in the original principal amount of Thirty Million Dollars ($30,000,000) executed by Borrower in favor of Swingline Lender, as it may be amended, supplemented, replaced or modified from time to time. The initial Swingline Note and any replacements thereof shall be substantially in the form of Exhibit E.

"Syndication Agent" means Bank of America National Trust and Savings Association in its capacity as syndication agent for the Lenders under this Agreement.

"Taxes" means all federal, state, local and foreign income and gross receipts taxes.

"Term Loan Credit Agreement" means that certain Amended and Restated Credit Agreement of even date herewith by and among Borrower, the REIT, Wells Fargo, as Agent, and the lenders named therein.

"Termination Date" has the meaning ascribed to such term in Section 2.01(d).

"Termination Event" means (a) any Reportable Event, (b) the withdrawal of a Person, or an ERISA Affiliate from a Benefit Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, (c) the occurrence of an obligation arising under Section 4041 of ERISA of a Person or an ERISA Affiliate to provide affected parties with a written notice of an intent to terminate a Benefit Plan in a distress termination described in Section 4041(c) of ERISA, (d) the institution by the PBGC of

proceedings to terminate any Benefit Plan under Section 4042 of ERISA or to appoint a trustee to administer any Benefit Plan, (e) any event or condition which constitutes grounds under Section 4042 of ERISA for the appointment of a trustee to administer a Benefit Plan, (f) the partial or complete withdrawal of such Person or any ERISA Affiliate from a Multiemployer Plan which would have a Material Adverse Effect, or (g) the adoption of an amendment by any Person or any ERISA Affiliate to terminate any Benefit Plan which is subject to Title IV of ERISA or Section 412 of the Internal Revenue Code or the treatment of an amendment to a Benefit Plan as a termination under ERISA.

"Third Amendment" has the meaning set forth in the Recitals hereto.

"Total Liabilities" means, without duplication, all Indebtedness of the REIT, on a consolidated basis, plus all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of the REIT (including, without limitation, accounts payable incurred in the ordinary course of business), on a consolidated basis, plus the actual or potential liability of the REIT, Borrower or any Material Subsidiary for any Indebtedness of Investment Affiliates that is recourse to the REIT, Borrower or any Material Subsidiary; provided, however, that "Total Liabilities" shall not include dividends declared by the REIT or Borrower which are permitted under Section 8.01(d) but not yet paid.

"Unencumbered Asset Value" means, as of any date of determination, (i) a fraction, the numerator of which is the product of four (4) and the Unencumbered Net Operating Income for the most recently ended Fiscal Quarter which is attributable (in a manner reasonably acceptable to Agent) to Qualifying Unencumbered Properties owned (directly or beneficially) by Borrower or any Subsidiary wholly-owned, directly or indirectly, by Borrower and/or the REIT, for the entire Fiscal Quarter and the denominator of which is eight hundred seventy-five ten-thousandths (0.0875) plus (ii) the aggregate of the Net Prices paid by Borrower or such Subsidiary, or their respective Affiliates for all Qualifying Unencumbered Properties which have been acquired in the Fiscal Quarter most recently ended.

"Unencumbered Net Operating Income" means for any Fiscal Quarter, Net Operating Income for such period from each Qualifying Unencumbered Property owned (directly or beneficially) by Borrower.

"Unfunded Pension Liabilities" means the excess of a Benefit Plan's accrued benefits, as defined in Section 3(23) of ERISA, over the current value of that Plan's assets, as defined in Section 3(26) of ERISA.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect on the date hereof in the State of Illinois, provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of any security interest in any collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, "Uniform Commercial Code" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes

of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy.

"Unmatured Event of Default" means an event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default.

"Unsecured Debt" means, as of any date of determination, the sum of (i) Indebtedness of the REIT, Borrower or any Subsidiary, which is not Secured Debt or accounts payable plus (ii) that portion of accounts payable of the REIT, Borrower or any Subsidiary incurred in the ordinary course of business, the payment of which is not secured by a Lien on any property owned or leased by the REIT, Borrower or any Subsidiary, which at the date of determination exceeds two percent (2%) of the sum of Gross Asset Values of Borrower and each of its Subsidiaries.

"Unsecured Interest Expense" means Interest Expense other than Interest Expense payable in respect of Secured Debt.

"Unused Amount" has the meaning ascribed to such term in Section 2.04(a).

"Unused Facility Fee" has the meaning ascribed to such term in Section 2.04(b).

"Welfare Plan" means any "employee welfare benefit plan" as defined in Section 3(l) of ERISA, which a Person or any ERISA Affiliate maintains, administers, contributes to or is required to contribute to, or within the immediately preceding five years maintained, administered, contributed to or was required to contribute to, or under which a Person or any ERISA Affiliate may incur any liability.

"Wells Fargo" has the meaning ascribed to such term in the preamble hereto.

"WFRAF" has the meaning set forth in the Recitals hereto.

1.02. Computation of Time Periods. In this Agreement, unless otherwise specified, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to and including." Periods of days referred to in this Agreement shall be counted in calendar days unless Business Days are expressly prescribed.

1.03. Terms.

(a) Any accounting terms used in this Agreement which are not specifically defined shall have the meanings customarily given them in accordance with GAAP, provided that for purposes of references to the financial results of the "REIT, on a consolidated basis," the REIT shall be deemed to own one hundred percent (100%) of the partnership interests in Borrower.

(b) Any time the phrase "to the best of Borrower's knowledge" or a phrase similar thereto is used herein, it means: "to the actual knowledge of the executive officers of Borrower and the REIT, after reasonable inquiry of those agents, employees or contractors of the REIT, Borrower, any Agreement Party or any Subsidiary who could reasonably be anticipated to have knowledge with respect to the subject matter or circumstances in question and review of those documents or instruments which could reasonably be anticipated to be relevant to the subject matter or circumstances in question."

(c) In each case where the consent or approval of Agent, Requisite Lenders, Supermajority Lenders or all Lenders is required or their non-obligatory action is requested by Borrower, such consent, approval or action shall be in the sole and absolute discretion of Agent and, as applicable, each Lender, unless otherwise specifically indicated.

1.04. Interrelationship With the Existing Credit Agreement. Effective on the Closing Date, this Agreement shall amend and restate the provisions of the Existing Credit Agreement (as amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment) in their entirety, and all Existing Loans and all Loans made on or after the Closing Date shall be governed exclusively by the terms of this Agreement. Borrower hereby acknowledges that no Existing Lender is currently in default of its obligations under the Existing Credit Agreement. Each Existing Lender hereby waives any Event of Default or Unmatured Event of Default arising from the failure of Borrower to comply with the provisions of Section 9.01 of the Existing Credit Agreement prior to the Closing Date.

ARTICLE II.
LOANS

2.01. Loan Advances and Repayment.

(a) Loan Availability

(i) Subject to the terms and conditions set forth in this Agreement, Lenders hereby agree to make Loans (other than Swingline Loans) to Borrower from time to time during the period from the Closing Date to the first Business Day preceding the Maturity Date; provided, that the sum of the aggregate principal amount of all outstanding Loans (including Swingline Loans) plus the aggregate face amount of all outstanding Letters of Credit shall not exceed Loan Availability; and provided, further, that if a Base Rate Loan is being made pursuant to Section 2.09(e) hereof to reimburse Issuing Lender for a drawn Letter of Credit, to avoid a duplicative reduction in the amount of Loan availability, the drawn Letter of Credit shall not be considered outstanding. All Loans (other than Swingline Loans) under this Agreement shall be made by Lenders simultaneously and proportionately to their respective Pro Rata Shares, it being understood that no Lender shall be responsible for any failure by any other Lender to perform its obligation to make a Loan hereunder and that the Commitment of any Lender shall not be increased or decreased as a result of the failure by any other Lender to perform its obligation to make a

Loan. The Loans (other than Swingline Loans) will be evidenced by the Loan Notes. The Swingline Loans will be evidenced by the Swingline Note.

(ii) Loans (including, without limitation, Swingline Loans) may be voluntarily prepaid pursuant to Section 2.05(a) and, subject to the provisions of this Agreement (including, without limitation, the provisions of Section 2.11 hereof), any amounts so prepaid may, be reborrowed, up to the amount available under Section 2.01(a)(i) at the time of such Borrowing, until the Business Day next preceding the Termination Date. The principal balance of the Loans shall be payable in full on the Termination Date. During the term of this Agreement and prior to the termination of the Commitments, Borrower shall pay to Agent, within one (1) Business Day after Borrower's receipt of a demand in writing from Agent for the benefit of Lenders, such principal amounts as are necessary so that the sum of the aggregate principal amounts of all outstanding Loans (including Swingline Loans) plus the aggregate face amount of all outstanding Letters of Credit at any time does not exceed Loan Availability at such time.

(b) Notice of Borrowing. Whenever Borrower desires to borrow under this Section 2.01, Borrower shall give Agent, at Wells Fargo Real Estate Group Disbursement Center, 2120 East Park Place, Suite 100, El Segundo, California 90245, with a copy to: Wells Fargo Bank, N.A., 225 West Wacker Drive, Suite 2550, Chicago, Illinois 60606, Attn: Account Officer, or such other address as Agent shall designate, an original or facsimile Notice of Borrowing no later than 10:00 A.M. (California time), not less than three (3) nor more than five (5) Business Days prior to the proposed Funding Date of each Loan. Each Notice of Borrowing shall specify (i) the Funding Date (which shall be a Business Day) in respect of the Loan, (ii) the amount of the proposed Loan, provided that the aggregate amount of such proposed Loan shall equal (A) in the case of Base Rate Loans, One Million Dollars ($1,000,000) or integral multiples of One Hundred Thousand Dollars ($100,000) in excess thereof, or (B) in the case of LIBOR Loans, One Million Dollars ($1,000,000) or integral multiples of One Hundred Thousand Dollars ($100,000) in excess thereof, and (iii) whether the Loan to be made thereunder will be a Base Rate Loan or a LIBOR Loan and, if a LIBOR Loan, the Interest Period. Any Notice of Borrowing pursuant to this Section 2.01 (b) shall be irrevocable. Each such Notice of Borrowing shall be accompanied by all reports or documents required to be delivered by Borrower to Agent or any Lender under this Agreement. Borrower may elect (A) so long as no Event of Default has occurred and is continuing, to convert Base Rate Loans or any portion thereof into LIBOR Loans, (B) to convert LIBOR Loans or any portion thereof into Base Rate Loans, or (C) so long as no Event of Default has occurred and is continuing, to continue any LIBOR Loans or any portion thereof for an additional Interest Period, provided, however, that the aggregate amount of Loans being continued as or converted into LIBOR Loans shall, in the aggregate, equal One Million Dollars ($1,000,000) or an integral multiple of One Hundred Thousand Dollars ($100,000) in excess thereof. The applicable Interest Period for the continuation of any LIBOR Loan shall commence on the day on which the next preceding Interest Period expires. Each such election shall be made by giving Agent, at 2120 E. Park Place, Suite 100, El Segundo, California 90245, Attn: Kathleen Medireos, a Notice of Continuation/Conversion by 10:00 A.M. (California time) on the date of a conversion to a Base Rate Loan, or by 10:00 A.M. (California time) not less than three (3) nor more than five (5) Business Days prior to the date of a

conversion to or continuation of a LIBOR Loan, specifying, in each case (1) whether a conversion or continuation is to occur, (2) the amount of the conversion or continuation, (3) the Interest Period therefor, in the case of a conversion to or continuation of a LIBOR Loan, and (4) the date of the conversion or continuation (which date shall be a Business Day). Agent shall promptly notify each Lender, but in any event within one (1) Business Day after receipt of such notice, of its receipt of each such notice and the contents thereof. Notwithstanding anything to the contrary contained herein and subject to the default interest provisions contained in Section 2.03, if an Event of Default occurs and as a result thereof the Commitments are terminated, all LIBOR Loans will convert to Base Rate Loans upon the expiration of the applicable Interest Periods therefor or the date all Loans become due, whichever occurs first. Except as provided above, the conversion of a LIBOR Loan to a Base Rate Loan shall only occur on the last Business Day of the Interest Period relating to such LIBOR Loan. In the absence of an effective election by Borrower of a LIBOR Loan and Interest Period in accordance with the above procedures prior to the third (3rd) Business Day prior to the expiration of the then current Interest Period with respect to any LIBOR Loan, interest on such LIBOR Loan shall accrue at the interest rate then applicable to a LIBOR Loan for an Interest Period of thirty (30) days, effective immediately upon the expiration of the then-current Interest Period, without prejudice, however, to the right of Borrower to elect a Base Rate Loan or a different Interest Period in accordance with the terms and provisions of this Agreement; provided, however, that if such continuation shall cause the number of LIBOR Loan tranches to exceed six (6), such LIBOR Loan shall be converted to a Base Rate Loan.

(c) Making of Loans. Subject to Section 11.03, Agent shall make the proceeds of Loans (other than Swingline Loans) available to Borrower in El Segundo, California on such Funding Date and shall disburse such funds in Dollars and in immediately available funds not later than 1:00 P.M. Chicago time to Borrower's account, at Bank of America, Account Number 75-01943 in Chicago, Illinois, or such other account specified in the Notice of Borrowing acceptable to Agent, with a confirming telephone call to Roger Vollmer at (312) 466-3211 or Judy Pultorak at (312) 466-3415.

(d) Term: Principal Payment. The outstanding balance of the Loans (other than Swingline Loans, which by their terms shall mature earlier) shall be payable in full on the earlier to occur of (A) the Maturity Date, and (B) the acceleration of the Loans pursuant to Section 10.02(a) (the "Termination Date").

2.02. Authorization to Obtain Loans and Letters of Credit. Borrower shall provide Agent with documentation satisfactory to Agent indicating the names of those employees or agents of Borrower authorized by Borrower to sign Notices of Borrowing, to request Letters of Credit and to receive callback confirmations, and Agent and Lenders shall be entitled to rely on such documentation until notified in writing by Borrower of any change(s) of the persons so authorized. Agent, Swingline Lender and Issuing Lender shall be entitled to act in good faith on the instructions of anyone identifying himself as one of the Persons authorized to request Loans or Letters of Credit, and Borrower shall be bound thereby in the same manner as if such Person were actually so authorized. Borrower agrees to indemnify, defend and hold Lenders, Agent, Swingline Lender and Issuing Lender harmless from and against any and all

Liabilities and Costs which may arise or be created by the acceptance of instructions for making Loans, and issuing Letters of Credit.

2.03. Interest on the Loans

(a) Base Rate Loans. Subject to Section 2.03(d), all Base Rate Loans shall bear interest on the average daily unpaid principal amount thereof from the date made until paid in full at a fluctuating rate per annum equal to the Base Rate. Base Rate Loans shall be made in minimum amounts of One Million Dollars ($1,000,000) or an integral multiple of One Hundred Thousand Dollars ($100,000) in excess thereof.

(b) LIBOR Loans. Subject to Section 2.03(d), all LIBOR Loans shall bear interest on the unpaid principal amount thereof during the Interest Period applicable thereto at a rate per annum equal to the sum of LIBOR for such Interest Period plus the Applicable Margin. Upon receipt of a Notice of Borrowing requesting LIBOR Loans, Agent shall determine LIBOR applicable to the Interest Period for such LIBOR Loans, and shall give notice thereof to Borrower and Lenders; provided, however, that failure to give such notice shall not affect the validity of such rate. Each determination by Agent of LIBOR shall be conclusive and binding upon the parties hereto in the absence of demonstrable error. LIBOR Loans shall be in tranches of One Million Dollars ($1,000,000) or One Hundred Thousand Dollars ($100,000) increments in excess thereof. No more than six (6) LIBOR Loan tranches shall be outstanding at any one time.

(c) Interest Payments. Subject to Section 2.03(d), interest accrued on all Loans shall be payable by Borrower in arrears on the first Business Day of the first calendar month following the Closing Date, and the first Business Day of each succeeding calendar month thereafter, and on the Termination Date.

(d) Default Interest. Notwithstanding the rates of interest specified in Sections 2.03(a) and 2.03(b) and the payment dates specified in Section 2.03(c), effective immediately upon demand by Agent after the occurrence of an Event of Default and during the continuance of any Event of Default, the principal balance of all Loans then outstanding and, to the extent permitted by applicable law, any interest payments on the Loans not paid when due shall bear interest payable upon demand at a rate which is five percent (5%) per annum in excess of the rate or rates of interest otherwise payable under this Agreement. All other amounts due Agent, Swingline Lender, Issuing Lender or Lenders (whether directly or for reimbursement) under this Agreement or any of the other Loan Documents if not paid when due, or if no time period is expressed, if not paid within fifteen (15) days after written demand to Borrower, shall bear interest from and after demand at the rate which is five percent (5%) per annum in excess of the lowest rate or rates of interest otherwise payable under this Agreement, or, if no Loans are then outstanding, at the rate which is five percent (5%) per annum in excess of the rate of interest applicable to Base Rate Loans.

(e) Late Fee. Borrower acknowledges that late payment hereunder will cause Agent, Swingline Lender, Issuing Lender and Lenders to incur costs not contemplated by this

Agreement. Such costs include without limitation processing and accounting charges. Therefore, if Borrower fails timely to pay any sum due and payable hereunder through the Termination Date (other than payments of principal), unless waived by Agent pursuant to Section 12.05(e), a late charge of four cents ($.04) for each dollar of any interest payment due hereon and which is not paid within fifteen (15) days after such payment is due or of any other amount due hereon (other than payments of principal) and which is not paid within thirty (30) days after such payment is due, shall be charged by Agent (for the benefit of Swingline Lender, Issuing Lender and Lenders, as applicable) and paid by Borrower for the purpose of defraying the expense incident to handling such delinquent payment; provided, however, that no late charges shall be assessed with respect to any amount for which Borrower is obligated to pay interest at the rate specified in Section 2.03(d), provided, further, that in no event shall Agent, Swingline Lender, Issuing Lender or Lenders be required to refund any late fees paid by Borrower, notwithstanding the preceding proviso. Borrower, Agent, Swingline Lender, Issuing Lender, and Lenders agree that this late charge represents a reasonable sum considering all of the circumstances existing on the date hereof and represents a fair and reasonable estimate of the costs that Agent, Swingline Lender, Issuing Lender and Lenders will incur by reason of late payment. Borrower, Agent, Swingline Lender, Issuing Lender and Lenders further agree that proof of actual damages would be costly and inconvenient. Acceptance of any late charge shall not constitute a waiver of the default with respect to the overdue installment, and shall not prevent Agent from exercising any of the other rights available hereunder or any other Loan Document. Such late charge shall be paid without prejudice to any other rights of Agent.

(f) Computation of Interest. Interest and fees shall be computed on the basis of the actual number of days elapsed in the period during which interest or fees accrue and a year of three hundred sixty (360) days. In computing interest on any Loan, the date of the making of the Loan shall be included and the date of payment shall be excluded; provided, however, that if a Loan is repaid on the same day on which it is made, one (1) day's interest shall be paid on that Loan. Notwithstanding subsections (a), (b), (d) and (e) above, interest in respect of any Loan shall not exceed the maximum rate permitted by applicable law.

(g) Changes, Legal Restrictions. In the event that after the Closing Date (A) the adoption of or any change in any law, treaty, rule, regulation, guideline or determination of a court or Governmental Authority or any change in the interpretation or application thereof by a court or Governmental Authority, or (B) compliance by Agent, Swingline Lender, Issuing Lender or any Lender with any request or directive made or issued after the Closing Date (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) from any central bank or other Governmental Authority or quasi-governmental authority:

(i) subjects Agent, Swingline Lender, Issuing Lender or any Lender to any tax, duty or other charge of any kind with respect to the Facility, this Agreement or any of the other Loan Documents or the Loans or the Letters of Credit or changes the basis of taxation of payments to Agent, Swingline Lender, Issuing Lender or such Lender of principal, fees, interest or any other amount payable hereunder, except for net income, gross receipts, gross profits or franchise taxes imposed by any jurisdiction and not

specifically based upon loan transaction (all such non-excepted taxes, duties and other charges being hereinafter referred to as "Lender Taxes");

(ii) imposes, modifies or holds applicable, in the determination of Agent, Swingline Lender, Issuing Lender or any Lender, any reserve, special deposit, compulsory loan, FDIC insurance, capital allocation or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, Agent, Swingline Lender, Issuing Lender or such Lender or any applicable lending office (except to the extent that the reserve and FDIC insurance requirements are reflected in the "Base Rate" or "LIBOR Rate"); or

(iii) imposes on Agent, Swingline Lender, Issuing Lender or any Lender any other condition materially more burdensome in nature, extent or consequence than those in existence as of the Closing Date;

and the result of any of the foregoing is to (X) increase the cost to Agent, Swingline Lender, Issuing Lender or any Lender of making, renewing, maintaining or participating in the Loans or issuing or participating in the Letters of Credit or to reduce any amount receivable hereunder or thereunder or (Y) to require Agent, Swingline Lender, Issuing Lender or any Lender or any applicable lending office to make any payment calculated by reference to the amount of the Loan held or interest received by it; then, in any such case, Borrower shall promptly pay to Agent, Swingline Lender, Issuing Lender or such Lender, as applicable, upon demand, such amount or amounts (based upon a reasonable allocation thereof by Agent, Swingline Lender, Issuing Lender or such Lender to the financing transactions contemplated by this Agreement and affected by this Section 2.03 (g)) as may be necessary to compensate Agent, Swingline Lender, Issuing Lender or such Lender for any such additional cost incurred, reduced amounts received or additional payments made to the extent Agent, Swingline Lender, Issuing Lender or such Lender generally imposes such additional costs, losses and payments on other borrowers in similar circumstances. Agent, Swingline Lender, Issuing Lender or such Lender shall deliver to Borrower and in the case of a delivery by a Lender, such Lender shall also deliver to Agent, a written statement in reasonable detail of the claimed additional costs incurred, reduced amounts received or additional payments made and the basis therefor as soon as reasonably practicable after such Lender obtains knowledge thereof.

(h) Certain Provisions Regarding LIBOR Loans

(i) LIBOR Lending Unlawful. If any Lender shall determine in good faith that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make or maintain any Loan as a LIBOR Loan, (A) the obligations of the Lenders to make or maintain any Loans as LIBOR Loans shall, upon such determination, forthwith be suspended until such Lender shall notify Agent that the circumstances causing such suspension no longer exist, and (B) if required by law or such assertion, all LIBOR Loans shall automatically convert into Base Rate Loans.

(ii) Deposits Unavailable. If Agent shall have determined in good faith that adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBOR Loans, then, upon notice from Agent to Borrower the obligations of all Lenders to make or maintain Loans as LIBOR Loans shall forthwith be suspended until Agent shall notify Borrower that the circumstances causing such suspension no longer exist. Agent will give such notice when it determines, in good faith, that such circumstances no longer exist; provided, however, that Agent shall not have any liability to any Person with respect to any delay in giving such notice.

(iii) Funding Losses. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make or maintain any portion of any Loan as a LIBOR Loan) as a result of.

(A) any continuance, conversion, repayment or prepayment of the principal amount of any LIBOR Loans for any reason whatsoever on a date other than the scheduled last day of the Interest Period applicable thereto;

(B) any Loans not being made as LIBOR Loans in accordance with the Notice of Borrowing therefor, other than as a result of such Lender's breach of its obligation to fund such Loans in accordance with the terms hereof,

then, within fifteen (15) Business Days after Borrower's receipt of the written notice of such Lender to Borrower with a copy to Agent, Borrower shall reimburse such Lender for such loss or expense; provided however, that each Lender will use reasonable efforts to minimize such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of demonstrable error, be conclusive and binding on the parties hereto.

(i) Withholding Tax Exemption. Each Lender that is not created or organized under the laws of the United States of America or a political subdivision thereof shall deliver to Borrower AND THE AGENT NO LATER THAN THE Closing Date (or, in the case of a Lender which becomes a Lender pursuant to Section 11.13. the date upon which such Lender becomes a party hereto) a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender, in a form satisfactory to Borrower and the Agent, to the effect that such Lender is capable, under the provisions of an applicable treaty concluded by the United States of America (in which case the certificate shall be accompanied by three (3) accurate and complete duly executed originals of Form 1001 of the Internal Revenue Service) or under Section 1442 of the Internal Revenue Code (in which case the certificate shall be accompanied by three (3) accurate and complete duly executed originals of Form 4224 of the Internal Revenue Service), of receiving payments of principal, interest and fees hereunder without deduction or withholding of United States federal income tax. Further, if at any time a Lender changes its applicable lending office or selects an additional applicable lending office, it shall, at the same time or promptly thereafter, but only to the extent the certificate and forms previously delivered by it hereunder are no longer applicable or effective, deliver to Borrower and Agent in replacement for, or in

addition to, the certificate and forms previously delivered by it hereunder, a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender accompanied by three (3) accurate and complete duly executed originals of either Form 1001 of the Internal Revenue Service or Form 4224 of the Internal Revenue Service, whichever is applicable, indicating that such Lender is entitled to receive payments of principal, interest and fees for the account of such changed or additional applicable lending office under this Agreement without deduction or withholding of United States federal tax. Each Lender further agrees to deliver to Borrower and the Agent a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender accompanied by three (3) accurate and complete duly executed originals of either Form 1001 of the Internal Revenue Service or Form 4224 of the Internal Revenue Service, whichever is appropriate, substantially in a form satisfactory to Borrower and the Agent, before or promptly upon the occurrence of any event requiring a change in the most recent certificate or Internal Revenue Service form previously delivered by it to Borrower and the Agent pursuant to this Section 2.03 (j). Further, each Lender which delivers a certificate accompanied by Form 1001 of the Internal Revenue Service covenants and agrees to deliver to Borrower and the Agent within fifteen (15) days prior to January 1, 1999, and every third (3rd) anniversary of such date thereafter, on which this Agreement is still in effect, another such certificate and three (3) accurate and complete original signed copies of Form 1001 (or any successor form or forms required under the Internal Revenue Code or the applicable regulations promulgated thereunder), and each Lender that delivers a certificate accompanied by Form 4224 of the Internal Revenue Service covenants and agrees to deliver to Borrower and the Agent within fifteen (15) days prior to the beginning of each subsequent taxable year of such Lender during which this Agreement is still in effect, another such certificate and three (3) accurate and complete original signed copies of Internal Revenue Service Form 4224 (or any successor form or forms required under the Internal Revenue Code or the applicable regulations promulgated hereunder). If (i) any Lender is required under this Section 2.03(j) to provide a certificate or other evidence described above and fails to deliver to Borrower and Agent such certificate or other evidence or (ii) any Lender delivers a certificate to the effect that, as a result of the adoption of or any change in any law, treaty, rule, regulation, guideline or determination of a Governmental Authority after the date such Lender became a party hereto, such Lender is not capable of receiving payments of interest hereunder without deduction or withholding of United States of America federal income tax as specified therein and that it is not capable of recovering the full amount of the same from a source other than Borrower, then, to the extent required by law, as the sole consequence of such Lender's failure to deliver the certificate described in (i) above or such Lender's delivery of the certificate described in (ii) above, Borrower shall be entitled to deduct or withhold taxes from the payments owed to such Lender.

2.04. Fees.

(a) Loan Fee. On the Closing Date, Borrower shall pay to Agent, on behalf of Agent and Lenders, a loan fee in the amount of Three Hundred Thousand Dollars ($300,000).

(b) Unused Facility Fee. Until the Obligations are paid in full and this Agreement is terminated or, if sooner. the date the Commitments terminate, and subject to Section 11.04(b), Borrower shall pay to Agent, for the account of each Lender, an Unused

Facility Fee accruing from and after the Closing Date at the rate described below upon the amount during each calendar quarter of (i) the Facility, minus (ii) the sum of (A) the average daily aggregate principal balance of all Loans then outstanding other than Swingline Loans and (B) the average daily aggregate face amount of all outstanding Letters of Credit (the "Unused Amount"). The Unused Facility Fee will be calculated and will accrue at the rate per annum of fifteen one-hundredths of one percent (.15%). Subject to Section 11.04(b), each Lender shall be entitled to receive its Pro Rata Share of such Unused Facility Fee. All such Unused Facility Fees payable under this paragraph shall be payable in arrears on the fifth Business Day in each calendar quarter beginning with the first calendar quarter after the Closing Date.

(c) Agency Fees. Borrower shall pay Agent such fees as are provided for in the agency and arrangement fee agreement between Agent and Borrower, as in existence from time to time.

(d) Letter of Credit Fee. With respect to each Letter of Credit, Borrower agrees to pay to Agent (i) a letter of credit fee equal to the Applicable Margin on the face amount of such Letter of Credit for the term of such Letter of Credit to be distributed by Agent to each Lender according to its Pro Rata Share payable in arrears on the fifth Business Day in each calendar quarter beginning with the first calendar quarter after the Closing Date and ending on the date of the expiration, return or termination of such Letter of Credit if such date is a date other than the first Business Day of a calendar month and (ii) a non-refundable issuing fee of $500.00 solely for the account of Issuing Lender, payable in full on the date of issuance thereof.

(e) Payment of Fees. The fees described in this Section 2.04 represent compensation for services rendered and to be rendered separate and apart from the lending of money or the provision of credit and do not constitute compensation for the use, detention or forbearance of money, and the obligation of Borrower to pay the fees described herein shall be in addition to, and not in lieu of, the obligation of Borrower to pay interest, other fees and expenses otherwise described in this Agreement. All fees shall be payable when due in California in immediately available funds and shall be non-refundable when paid. If Borrower fails to make any payment of fees or expenses specified or referred to in this Agreement due to Agent or Lenders, including without limitation those referred to in this Section 2.04 or otherwise under this Agreement or any separate fee agreement between Borrower and Agent relating to this Agreement, when due, the amount due shall bear interest until paid at the Base Rate and, after five (5) days at the rate specified in Section 2.03(d) (but not to exceed the maximum rate permitted by applicable law) and shall constitute part of the Obligations. All fees described in this Section 2.04 which are expressed as a per annum charge shall be calculated on the basis of the actual number of days elapsed in a three hundred sixty (360) day year.

2.05. Payments.

(a) Voluntary Prepayments. Borrower may, upon not less than three (3) Business Days prior written notice (or with written notice not later than 1:00 P.M. (California time) on the same Business Day in the case of a Swingline Loan), at any time and from time to time, prepay any Loans, without premium or penalty (other than as set forth in Section

2.03(h)(iii)), in whole or in part in amounts not less than One Hundred Thousand Dollars ($100,000) or integral multiples of Twenty-Five Thousand Dollars ($25,000) in excess of One Hundred Thousand Dollars ($100,000). Any notice of prepayment given to Agent under this Section 2.05(a) shall specify the date of prepayment and the aggregate principal amount of the prepayment. All prepayments of principal shall be accompanied by a payment of all accrued and unpaid interest thereon.

(b) Manner and Time of Payment. All payments of principal, interest and fees hereunder payable to Agent, Swingline Lender, Issuing Lender or the Lenders shall be made without condition or reservation of right and free of set-off or counterclaim, in Dollars and by (i) wire transfer (pursuant to Agent's written wire transfer instructions) of immediately available funds, delivered to Agent not later than 11:00 A.M. (California time) (or 2:00 P.M. (California time) in the case of a Swingline Loan) on the date due; and funds received by Agent after that time and date shall be deemed to have been paid on the next succeeding Business Day or (ii) by check (pursuant to Agent written check payment instructions) delivered to Agent, such check and the payment intended to be covered thereby to be deemed to have been paid on the date Agent receives immediately available funds therefor. All payments of principal, interest and fees hereunder shall be made by (i) wire transfer of immediately available funds to Wells Fargo Bank, N.A. (ABA number 121000248) for credit to account number AC2963507207, reference MHC Operating Limited Partnership, loan number 6023AMC with telephonic notice to Patrick Hickey at (310) 335-9409 or (ii) check payable to Wells Fargo Bank, N.A., and delivered to Agent at 2120 E. Park Place, Suite 100, El Segundo, California, 90245, Attn: Patrick Hickey, or to such other bank, account or address as Agent may specify in a written notice to Borrower.

(c) Payments on Non-Business Days. Whenever any payment to be made by Borrower hereunder shall be stated to be due on a day which is not a Business Day, payments shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest hereunder and of any of the fees specified in Section 2.04, as the case may be.

2.06. Increased Capital. If either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) compliance by Agent, Swingline Lender, Issuing Lender or any Lender with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) made or issued after the Closing Date affects or would affect the amount of capital required or expected to be maintained by Agent, Swingline Lender, Issuing Lender or such Lender or any corporation controlling Agent, Swingline Lender, Issuing Lender or such Lender, and Agent, Swingline Lender, Issuing Lender or such Lender determines that the amount of such capital is increased by or based upon the existence of the obligations of Agent, Swingline Lender, Issuing Lender or such Lender, then, upon demand by Agent, Swingline Lender, Issuing Lender or such Lender, Borrower shall immediately pay to Agent, Swingline Lender, Issuing Lender or such Lender, from time to time as specified by Agent, Swingline Lender, Issuing Lender or such Lender, additional amounts sufficient to compensate Agent, Swingline Lender, Issuing Lender or such Lender in the light of such circumstances, to the extent that Agent, Swingline Lender, Issuing Lender or such Lender reasonably determines

such increase in capital to be allocable to the existence of the obligations of Agent, Swingline Lender, Issuing Lender or such Lender hereunder and to the extent Agent, Swingline Lender, Issuing Lender or such Lender generally imposes such amounts on other borrowers in similar circumstances. A certificate as to such amounts submitted to Borrower by Agent, Swingline Lender, Issuing Lender or such Lender shall, in the absence of manifest error, be conclusive and binding for all purposes.

2.07. Notice of Increased Costs. Each of Agent, Swingline Lender, Issuing Lender and the Lenders agrees that, as promptly as reasonably practicable after it becomes aware of the occurrence of an event or the existence of a condition which would cause it to be affected by any of the events or conditions described in Section 2.03(g) or (h), or Section 2.06, it will notify Borrower and provide in such notice a reasonably detailed calculation of the amount due from Borrower, and provide a copy of such notice to Agent, of such event and the possible effects thereof. If Agent, Swingline Lender, Issuing Lender or the affected Lender shall fail to notify Borrower of the occurrence of any such event or the existence of any such condition within ninety (90) days following the end of the month during which such event occurred or such condition arose, then Borrower's liability for any amounts described in said Sections 2.03(g) and (h) and 2.06 incurred by Agent, Swingline Lender, Issuing Lender or such affected Lender as a result of such event or condition shall be limited to those attributable to the period occurring subsequent to the ninetieth (90th) day prior to the date upon which Agent, Swingline Lender, Issuing Lender or such affected Lender actually notified Borrower of such event or condition.

2.08. Option to Replace Lenders.

(a) Lenders. If any Lender shall make any demand for payment or reimbursement pursuant to Section 2.03(g), Section 2.03(h) or Section 2.06, then, provided that (a) there does not then exist any Unmatured Event of Default or Event of Default and (b) the circumstances resulting in such demand for payment or reimbursement are not applicable to all Lenders, Borrower may terminate the Commitment of such Lender, in whole but not in part, by (i) giving such Lender and Agent not less than three (3) Business Days prior written notice thereof, which notice shall be irrevocable and effective only upon receipt thereof by such Lender and Agent and shall specify the effective date of such termination, (ii) paying to such Lender (and there shall become due and payable) on such date the outstanding principal amount of all Loans made by such Lender, all interest thereon, and all other Obligations owed to such Lender, including, without limitation, amounts owing under Sections 2.03(g), 2.03(h)(iii), 2.04 and 2.06, if any, and (iii) pursuant to the provisions of Section 11.13, proposing the introduction of a replacement Lender reasonably satisfactory to Agent, or obtaining the agreement of one or more existing Lenders, to assume the entire amount of the Commitment of the Lender whose Commitment is being terminated, on the effective date of such termination. Upon the satisfaction of all of the foregoing conditions, such Lender which is being terminated pursuant to this Section 2.08 shall cease to be a "Lender" for purposes of this Agreement provided that Borrower shall continue to be obligated to such Lender under Sections 12.01 and 12.02 (and any other indemnifications contained herein or in any other Loan Document) with respect to or on account of unpaid, unliquidated, unknown or similar claims or liabilities accruing prior to such Lender ceasing to be a "Lender" for purposes of this Agreement.

(b) Agent, Swingline Lender and Issuing Lender. If Agent, Swingline Lender or Issuing Lender shall make any demand for payment or reimbursement pursuant to Section 2.03(g), Section 2.03(h) or Section 2.06, then, provided that (a) there does not then exist any Unmatured Event of Default or Event of Default and (b) the circumstances resulting in such demand for payment or reimbursement are not applicable to all Lenders, Borrower may remove Agent by (i) giving the Lenders and Agent not less than thirty (30) Business Days prior written notice thereof, and (ii) paying to Agent, Swingline Lender and Issuing Lender (and there shall become due and payable) on such date all other Obligations owed to Agent, Swingline Lender and Issuing Lender, including, without limitation, amounts owing under Sections 2.03(g), 2.03(h), 2.04 and 2.06, if any. Agent, Swingline Lender and Issuing Lender shall be replaced in accordance with the provisions of Section 11.09 hereof.

2.09. Letters of Credit.

(a) Letter of Credit Availability. Subject to the terms and conditions set forth in this Agreement, at any time and from time to time through the date that is thirty (30) days prior to the Maturity Date, Issuing Lender shall issue such Letters of Credit for the account of Borrower as Borrower may request in accordance with this Section 2.09; provided that (i) upon issuance of such Letters of Credit, the sum of the aggregate principal amount of all outstanding Loans (including Swingline Loans) plus the aggregate face amount of all outstanding Letters of Credit shall not exceed Loan Availability, provided, that if a Base Rate Loan is being made pursuant to Section 2.09(e) hereof to reimburse Issuing Lender for a drawn Letter of Credit, to avoid a duplicative reduction in the amount of Loan availability, the drawn Letter of Credit shall not be considered outstanding; (ii) the aggregate face amount of all outstanding Letters of Credit shall not exceed Thirty Million Dollars ($30,000,000); and (iii) unless all Lenders otherwise consent in writing, the term of any Letter of Credit shall not extend or be extended beyond the date which is ten (10) days prior to the Maturity Date and no Letter of Credit shall contain an automatic extension or renewal clause. Use of funds drawn under Letters of Credit shall be subject to the same conditions as those for use of Loan proceeds set forth in Section 7.01(i) hereof.

(b) Request for Letter of Credit. Borrower shall deliver to Agent and Issuing Lender a duly executed letter of credit application substantially in the form attached as Exhibit H hereto (a "Letter of Credit Application") not later than 10:00 PM, (California time), at least five (5) Business Days prior to the date upon which a requested Letter of Credit is to be issued. Borrower shall further deliver to Agent and Issuing Lender such additional instruments and documents as Issuing Lender may reasonably require, in conformity with customary and commercially reasonable practices or law, in connection with the issuance of such Letter of Credit.

(c) Issuance of Letters of Credit. Subject to the conditions set forth in this Agreement, Issuing Lender shall issue the Letter of Credit on or before 5:00 P.M. Pacific Time, on or before the day which is five (5) Business Days following receipt of the documents last due pursuant to Section 2.09(b) hereof in respect thereof. Upon issuance of a Letter of Credit, Issuing Lender shall promptly notify Lenders of the amount and terms thereof. Issuing Lender

shall provide copies of each Letter of Credit to Lenders promptly following issuance thereof and shall notify Lenders promptly of all payments, reimbursements, expirations, negotiations, transfers and other activity with respect to outstanding Letters of Credit.

(d) Participations. Each Lender, upon issuance by Issuing Lender of a Letter of Credit in accordance with the provisions of this Agreement, shall be deemed to have purchased without recourse a risk participation from Issuing Lender in such Letter of Credit and the obligations arising thereunder, in each case in an amount equal to its Pro Rata Share of the obligations under such Letter of Credit, and shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to Issuing Lender therefor and discharge when due, its Pro Rata Share of the obligations arising under such Letter of Credit.

(e) Reimbursement. In the event of any drawing or request for drawing under any Letter of Credit, Issuing Lender will promptly notify Borrower and Agent thereof. Unless Borrower shall notify Issuing Lender of its intent to otherwise reimburse Issuing Lender immediately upon receipt of notice from Issuing Lender of a drawing under a Letter of Credit, Borrower shall be deemed to have requested Base Rate Loans in the amount of the drawing as provided in subsection (f) hereof, the proceeds of which will be used to satisfy the reimbursement obligations. Borrower shall reimburse Issuing Lender on the day of drawing under any Letter of Credit (either with the proceeds of a Loan obtained hereunder or otherwise) in same day funds as provided herein. If Borrower shall fail to reimburse Issuing Lender as provided hereinabove, the unreimbursed amount of such drawing shall bear interest at a per annum rate equal to the Base Rate plus two percent (2%). Borrower's reimbursement obligations hereunder shall be absolute and unconditional under all circumstances irrespective of any rights of set-off, counterclaim or defense to payment Borrower may claim or have against Issuing Lender, Agent, the Lenders, the beneficiary of the Letter of Credit drawn upon or any other Person, including, without limitation, any defense based on any failure of Borrower to receive consideration or the legality, validity, regularity or unenforceability of the Letter of Credit; provided, however, that (i) the Borrower shall not be obligated to reimburse Issuing Lender and (ii) Lenders shall not be obligated to fund Loans or purchase participations hereunder in reimbursement of Issuing Lender, for any wrongful payment made by Issuing Lender under a Letter of Credit as a result of acts or omissions constituting bad faith, willful misconduct or gross negligence on the part of Issuing Lender. The Letter of Credit Obligations will be evidenced by the Letter of Credit Note.

(f) Repayment with Loans. On any day on which Borrower shall have requested, or been deemed to have requested, Base Rate Loans to reimburse a drawing under a Letter of Credit, Agent shall give notice to the Lenders-that such Loans have been requested or deemed requested in connection with a drawing under a Letter of Credit, in which case such Loans (collectively, a "Letter of Credit Mandatory Borrowing") shall be immediately made by all Lenders (without giving effect to any termination of the Commitments pursuant to Section 10.02 hereof) pro rata based on each Lender's Pro Rata Share and the proceeds thereof shall be paid directly to Issuing Lender for application to the respective Letter of Credit Obligations. Each Lender hereby irrevocably agrees to make such Loans promptly upon any such request or deemed request in the amount and in the manner specified in the preceding sentence and on the

same such date (or the next Business Day if such notice is received after 10:00 A.M. (California time)) notwithstanding (i) the amount of the Letter of Credit Mandatory Borrowing may not comply with the minimum amount for Borrowings otherwise required hereunder, (ii) whether any conditions specified in Section 4.02 are then satisfied, (iii) whether an Event of Default or Unmatured Event of Default then exists, (iv) failure of any such request or deemed request for a Borrowing to be made by the time otherwise required in Section 2.01 hereof, (v) the date of such Letter of Credit Mandatory Borrowing (provided that such date must be a Business Day), or (vi) any termination of the Commitments immediately prior to such Letter of Credit Mandatory Borrowing or contemporaneously therewith. In the event that any Letter of Credit Mandatory Borrowing cannot for any reason occur in respect of a Letter of Credit on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to Borrower), then each Lender hereby agrees that it shall forthwith fund (as of the date the Letter of Credit Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from Borrower on or after such date and prior to such funding) its participation interest in the outstanding obligations arising in connection with such Letter of Credit, provided that (A) all interest payable on Borrower's reimbursement obligation with respect to such Letter of Credit shall be for the account of Issuing Lender until but excluding the day upon which the Letter of Credit Mandatory Borrowing would otherwise have occurred, and (B) in the event of a delay between the day upon which the Letter of Credit Mandatory Borrowing would otherwise have occurred and the time any funding of a participation pursuant to this sentence is actually made, the funding Lender shall be required to pay to the Issuing Lender interest on the principal amount of such participation for each day from and including the day upon which the Letter of Credit Mandatory Borrowing would otherwise have occurred to but excluding the date of funding of such participation, at the rate equal to the Federal Funds Rate, for the two (2) Business Days after the date the Letter of Credit Mandatory Borrowing would otherwise have occurred, and thereafter at a rate equal to the Base Rate.

(g) Modification, Extension. The issuance of any supplement, modification, amendment, renewal, or extension to any Letter of Credit shall, for purposes hereof, be treated in all respects the same as if it were the issuance of a new Letter of Credit hereunder.

(h) Uniform Customs and Practices. Issuing Lender may have the Letters of Credit be subject to The Uniform Customs and Practice for Documentary Credits, as published as of the date of issue by the International Chamber of Commerce (the "UCP"), in which case the UCP may be incorporated therein and deemed in all respects to be a part thereof.

(i) Collateralization at Termination Date. Upon the occurrence of the Termination Date prior to the expiration of all Letters of Credit, Borrower shall provide to Issuing Lender a standby letter of credit issued by a bank with a rating of its senior unsecured debt obligations of not less than A by Moody's, in form and substance satisfactory to Issuing Lender, in favor of Issuing Lender in a face amount equal to the outstanding Letters of Credit on that date, or shall make other provisions satisfactory to Issuing Lender and Agent for the full collateralization, by cash or cash equivalent, of such outstanding Letters of Credit. In the event of failure of Borrower to comply with the requirement of this Section 2.09(i), such portion of the

face amount of all outstanding Letters of Credit as to which Borrower has failed to comply shall be deemed to be immediately due and payable.

(j) Limitation of Liability. Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit absent the bad faith, gross negligence or willful misconduct of Issuing Lender. Neither Issuing Lender, Agent, any Lender nor any of their respective officers, directors, employees or agents shall be liable or responsible for, nor shall Borrower's obligations hereunder in respect of such Letters of Credit be impaired as a result of any of the following absent the bad faith, gross negligence or willful misconduct of Issuing Lender:

(i) any lack of validity or enforceability of any Letter of Credit or any other agreement or instrument relating thereto (such Letter of Credit and any other agreement or instrument relating thereto being, collectively, the "Letter of Credit Documents");

(ii) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith;

(iii) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any, respect;

(iv) the existence of any claim, setoff, defense or other right that Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), Issuing Lender or any other Person, whether in connection with the transactions contemplated by the Letter of Credit Documents or any unrelated transaction;

(v) Failure of any documents to bear any reference or adequate reference to the Letter of Credit; or

(vi) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit.

In furtherance and not in limitation of the foregoing, Issuing Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, absent the bad faith, gross negligence or willful misconduct of Issuing Lender.

(k) Lenders. Any action taken or omitted to be taken by Issuing Lender under or in connection with any Letter of Credit, if taken or omitted in the absence of bad faith, gross negligence or willful misconduct, shall not put Issuing Lender under any resulting liability to any, Lender or relieve that Lender of its obligations hereunder to Issuing Lender. In determining whether to pay under any Letter of Credit, Issuing Lender shall have no obligations, to Lenders other than to confirm that any documents required to be delivered under such Letter of Credit

appear to have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit.

(l) Indemnification. Borrower shall indemnify and hold harmless Issuing Lender, Agent and Lenders from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses of any kind whatsoever, including reasonable fees and expenses of attorneys that such indemnified Person may incur, together with all reasonable costs and expenses resulting from the compromise or defense of any claims or liabilities hereinafter described, by reason of or in connection with (i) the execution and delivery or transfer of, or payment or failure to pay under, any Letter of Credit, (ii) any suit, action or proceeding brought by any Person to require or present payment under any Letter of Credit, or (iii) any breach by Borrower of any warranty, covenant, term or condition in, or the occurrence of any default under, any Letter of Credit or any related contract; provided, however, that Borrower shall not be required to indemnify Issuing Lender, Agent or any Lender for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct, gross negligence, bad faith or fraud of such indemnified Person; and provided, further, that Issuing Lender will be liable to Borrower for any damages suffered by Borrower as a result of Issuing Lender's grossly negligent or willful failure to pay under any Letter of Credit after the presentment to it of documentation in strict compliance with the terms and conditions of the Letter of Credit and absent any challenge by any Person (other than Issuing Lender or any of its affiliates) to the making of such payment.

2.10. Swingline Loans

(a) Swingline Availability. Subject to the terms and conditions set forth in this Agreement, Swingline Lender agrees to make certain revolving loans to Borrower (each a "Swingline Loan" and, collectively, the "Swingline Loans") from time to time during the period from the Closing Date to the fifth day preceding the Maturity Date; provided, however, that the aggregate amount of Swingline Loans outstanding at any time shall not exceed the lesser of (i) THIRTY MILLION DOLLARS ($30,000,000), and (ii) the excess of Loan Availability over the sum of the aggregate principal amount of all outstanding Loans (excluding Swingline Loans) plus the aggregate face amount of all outstanding Letters of Credit, provided, that if a Base Rate Loan is being made pursuant to Section 2.09(e) hereof to reimburse Issuing Lender for a drawn Letter of Credit, to avoid a duplicative reduction in the amount of Loan availability, the drawn Letter of Credit shall not be considered outstanding. Subject to the limitations set forth herein, any amounts repaid in respect of Swingline Loans may be reborrowed.

(b) Swingline Borrowings

(i) Notice of Borrowing. Whenever Borrower desires to borrow under this Section 2.10, Borrower shall give Swingline Lender and Agent at Wells Fargo Real Estate Group Disbursement Center, 2120 East Park Place, Suite 100, El Segundo, California 90245, with a copy to Wells Fargo Bank, N.A., 225 West Wacker Drive, Suite 2550, Chicago, Illinois 60606, Attn: Account Officer, or such other address as Agent shall designate, an original or facsimile Notice of Borrowing no later than 11:00 A.M.

(California time) on the proposed date of such borrowing (and confirmed by telephone by such time), specifying (A) that a Swingline Loan is being requested, (B) the amount of such Swingline Loan, (C) the proposed date of such Swingline Loan, which shall be a Business Day, and (D) stating that no Event of Default or Unmatured Event of Default has occurred and is continuing both before and after giving effect to such Swingline Loan. Such notice shall be irrevocable.

(ii) Minimum Amounts; Frequency of Swingline Loans. Each Swingline Loan shall be in a minimum principal amount of $1,000,000, or an integral multiple of $100,000 in excess thereof. Swingline Loans shall be available no more frequently than once in any week.

(iii) Making of Swingline Loans. Swingline Lender shall make the proceeds of each Swingline Loan available to Borrower in El Segundo, California on the applicable Funding Date in Dollars and in immediately available funds not later than 1:00 P.M. (California time) on such Funding Date to Borrower's account, at Bank of America, Account Number 75-01943 in Chicago, Illinois or such other account specified in the Notice of Borrowing and acceptable to Agent.

(iv) Repayment of Swingline Loans. Each Swingline Loan shall be due and payable on the earliest of (A) five (5) days from the date of the applicable Funding Date for such Swingline Loan, (B) the date of the next Borrowing under Section 2.01 hereof (other than a Letter of Credit Mandatory Borrowing) or (C) the Termination Date. If, and to the extent, any Swingline Loans shall be outstanding on the date of any Borrowing under Section 2.01 hereof (other than a Letter of Credit Mandatory Borrowing), such Swingline Loans shall first be repaid from the proceeds of such Borrowing prior to the disbursement of the same to the Borrower. If, and to the extent, a Borrowing under Section 2.01 hereof (other than a Letter of Credit Mandatory Borrowing) is not requested prior to the Termination Date or the end of the five (5) day period after a Swingline Loan is made, Borrower shall be deemed to have requested Base Rate Loans in the amount of the applicable Swingline Loan then outstanding, the proceeds of which shall be used to repay such Swingline Loan to the Swingline Lender. In addition, the Swingline Lender may, at any time, in its sole discretion, by written notice to Borrower and Agent, demand repayment of its Swingline Loans by way of Base Rate Loans, in which case the Borrower shall be deemed to have requested Base Rate Loans in the amount of such Swingline Loans then outstanding, the proceeds of which shall be used to repay such Swingline Loans to the Swingline Lender. Any Borrowing which is deemed requested by the Borrower in accordance with this Section 2.10(b)(iv) is hereinafter referred to as a "Swingline Mandatory Borrowing". Each Lender hereby irrevocably agrees to make Base Rate Loans in accordance with its Pro Rata Share promptly upon receipt of notice from the Swingline Lender of any such deemed request for a Swingline Mandatory Borrowing in the amount and in the manner specified in the preceding sentences and on the date such notice is received by such Lender (or the next Business Day if such notice is received after 10:00 A.M. (California time)) notwithstanding (I) the amount of the Swingline Mandatory Borrowing may not comply with the minimum amount for

Borrowings otherwise required hereunder, (II) whether any conditions specified in Section 4.02 hereof are then satisfied, (III) whether an Event of Default or Unmatured Event of Default then exists, (IV) failure of any such deemed request for a Borrowing to be made by the time otherwise required in Section 2.01 hereof, (V) the date of such Swingline Mandatory Borrowing (provided that such date must be a Business Day), or (VI) any termination of the Commitments immediately prior to such Swingline Mandatory Borrowing or contemporaneously therewith; provided, however, that no Lender shall be obligated to make any Loans under this Section 2.1 0(b)(iv) if an Event of Default or Unmatured Event of Default then exists and the applicable Swingline Loan was made by the Swingline Lender without receipt of a written Notice of Borrowing in the form specified in subclause (i) above or after Agent had delivered a notice of an Event of Default or Unmatured Event of Default which had not been rescinded.

(v) Purchase of Participations. In the event that any Swingline Mandatory Borrowing cannot for any reason occur on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to Borrower), then each Lender hereby agrees that it shall forthwith purchase (as of the date the Swingline Mandatory Borrowing would otherwise have occurred, but adjusted for any payment received from Borrower on or after such date and prior to such purchase) from the Swingline Lender such participations in the outstanding Swingline Loans as shall be necessary to cause each such Lender to share in such Swingline Loans ratably based upon its Pro Rata Share, provided that (A) all interest payable on the Swingline Loans with respect to any participation shall be for the account of the Swingline Lender until but excluding the day upon which the Swingline Mandatory Borrowing would otherwise have occurred, and (B) in the event of a delay between the day upon which the Swingline Mandatory Borrowing would otherwise have occurred and the time any purchase of a participation pursuant to this sentence is actually made, the purchasing Lender shall be required to pay to the Swingline Lender interest on the principal amount of such participation for each day from and including the day upon which the Swingline Mandatory Borrowing would otherwise have occurred to but excluding the date of payment for such participation, at the rate equal to the Federal Funds Rate, for the two (2) Business Days after the date the Swingline Mandatory Borrowing would otherwise have occurred, and thereafter at a rate equal to the Base Rate. Notwithstanding the foregoing, no Bank shall be obligated to purchase a participation in any Swingline Loan if an Event of Default or Unmatured Event of Default then exists and such Swingline Loan was made by the Swingline Lender without receipt of a written Notice of Borrowing in the form specified in subclause (i) above or after Agent had delivered a notice of an Event of Default or Unmatured Event of Default which had not been rescinded.

(c) Interest Rate. Each Swingline Loan shall bear interest at a rate per annum equal to the Base Rate minus 1.5% per annum.

2.11. Conversion to Pre-Extension Term Loan. Borrower shall have the right. exercisable no more than once during the term of this Agreement at any time prior to August 17.

2000, and provided no Event of Default or Unmatured Event of Default exists at the time such right is exercised or when such conversion would otherwise become effective hereunder, to convert outstanding Loans (other than Swingline Loans) in a maximum aggregate amount not to exceed Fifty Million Dollars ($50,000,000) to a non-amortizing term loan (a "Pre-Extension Term Loan"). Such conversion shall be effective on the date which is five (5) days after Borrower delivers notice to Agent setting forth Borrower's election to make such conversion and the amount of the Pre-Extension Term Loan, and certifying the absence of any Event of Default or Unmatured Event of Default. No portion of the Pre-Extension Term Loan which is prepaid in accordance with this Agreement may be reborrowed.

ARTICLE III.
SECURED FACILITY CONVERSION

3.01. Term-Out and Conversion. If Borrower delivers notice to Agent on or before May 17, 2000, of its intention to exercise its option to extend the Maturity Date, then Borrower shall on or before August 17, 2000 amend and restate this Agreement to provide for (and deliver all documents to effect the terms of) (i) the conversion of all outstanding Loans (including, without limitation, the Pre-Extension Term Loan) to a term loan, (ii) the termination of all obligations of Swingline Lender, Issuing Lender and Lenders with respect to Swingline Loans and Letters of Credit, (iii) first mortgage Liens in favor of Agent and Lenders (pursuant to security instruments reasonably acceptable to Agent) on Properties legally or beneficially owned by Borrower that are not securing any other Indebtedness and were developed for manufactured home communities, and all personal Property relating thereto owned or leased by Borrower, (iv) a limitation on borrowings hereunder at all times to a borrowing base equal to sixty percent (60%) of the Appraised Value (based on "as is" condition) of the Properties described in clause (iii) above, (v) an "Applicable Margin" equal to one and three hundred seventy five thousandths percent (1.375%), (vi) quarterly amortization at a rate based on a 20-year, straight-line amortization schedule, (vii) mandatory prepayments for failure to maintain the borrowing base, (viii) repayment on August 17, 2002 (or earlier without penalty or premium (other than as set forth in Section 2.03(h)(iii)), (ix) payment of an extension fee of one half percent (.50%) of the principal amount of the Loans (which, subject to Section 11.04(b), shall be distributed to each Lender based on its pro rata share), and (x) documentation of the foregoing in form and substance reasonably acceptable to Agent and the Requisite Lenders. Such extension of the Maturity Date shall be effective if on August 17, 2000, (A) Borrower shall have delivered the amendments and documents described in the preceding sentence, (B) no Event of Default shall have occurred and be continuing, (C) Borrower shall have delivered a Compliance Certificate dated as of such date, (D) the representations and warranties contained in this Agreement are true and correct in all material respects as of such date (except to the extent such representations and warranties are specific to a certain date in which case they shall be true and correct as of such date), (E) Borrower shall have complied with Section 3.02 and (F) no Swingline Loans or Letters of Credit remain outstanding.

3.02. Documents. In connection with the election to extend the Maturity Date described in Section 3.01 hereof, Borrower shall deliver to Agent, sixty (60) days before the

proposed effective date of such extension the following with respect to each Property beneficially owned by the Borrower and proposed to be pledged to Agent and Lenders:

(a) A current, year-to-date operating statement and a two (2) year historical operating statement for such Property certified by Borrower as being true and correct as of the date thereof in all material respects and prepared in accordance with GAAP (as modified by Borrower's past practices);

(b) A current "rent schedule" for such Property, certified by Borrower as being true and correct in all material respects and a two (2) year occupancy history of such Property, if available, in form satisfactory to Agent, and certified by Borrower to be true and correct in all material respects;

(c) A copy of the most recent ALTA Owner's Policy of Title Insurance covering such Property showing the identity of the fee titleholder thereto and all matters of record;

(d) Copies of all documents of record reflected in Schedule B of the Owner's Policy and a copy of the most recent real estate tax bill and notice of assessment;

(e) A survey of such Property certified by a surveyor licensed in the applicable jurisdiction and sufficient in scope and form for Agent to obtain extended coverage title insurance and otherwise in form and substance reasonably acceptable to Agent;

(f) A "Phase I" environmental assessment of such Property not more than twelve (12) months old that permits the Lenders and Agent to rely on the performance and results of such environmental assessment or, if older, a letter update (in form and substance reasonably acceptable to Agent) from the consulting firm which performed the assessment that permits the Lenders and Agent to rely on the performance and results of such environmental assessment;

(g) A certificate from a surveyor, licensed engineer or other professional satisfactory to Agent that such Property is not located in an area designated as a wetlands area or a Special Flood Hazard Area as defined by the Federal Insurance Administration or if the Property is in a Special Flood Hazard Area; specifying such area;

(h) Copies of (i) all material agreements relative to such Property, (ii) the form or forms of tenant lease used at such Property, and (iii) all material maintenance or service agreements affecting such Property;

(i) Copies of all engineering, mechanical, structural or maintenance studies, if any, performed with respect to such Property during the preceding two (2) years;

(j) Evidence that such Property complies with applicable zoning and land use laws;

(k) Insurance in such amounts and in such form as reasonably requested by Agent; and

(l) Such other information reasonably requested by Agent in order to evaluate the Property.

If, after receipt and review of the foregoing documents and information, Agent is prepared to proceed with acceptance of such Property for purposes of determining the borrowing base described in Section 3.01(iv) hereof, Agent will so notify Borrower, and Agent will obtain an Appraisal of such Property in order to determine the Appraised Value thereof. After obtaining such Appraised Value, Agent will submit the foregoing documents and information and the Appraised Value to the Lenders for approval by the Requisite Lenders in accordance with Section 11.10(a). Such acceptances and approvals by Agent and Requisite Lenders shall not be unreasonably withheld. Promptly following such approval (and in no event later than the August 17, 2000), Borrower shall execute and deliver or cause to be executed and delivered documents and complete all other closing requirements imposed by Agent, which shall include mortgages, Lender's title insurance policies, security agreements, surveys, legal opinion of Rosenberg & Liebentritt, P.C., and such other documents and items as Agent may reasonably request in form and substance reasonably acceptable to Agent.

ARTICLE IV.
CONDITIONS TO LOANS

4.01. Conditions to Initial Disbursement of Loans. The obligation of Lenders and Swingline Lender to make the initial disbursement of the Loans shall be subject to satisfaction of each of the following conditions precedent on or before the Closing Date:

(a) Borrower Loan Documents. Borrower shall have executed and delivered to Agent each of the following, in form and substance acceptable to Agent and Agent's counsel:

(i) This Agreement;

(ii) The Loan Notes, the Swingline Note and the Letter of Credit Note;

(iii) A solvency certificate;

(iv) Agent's form of Funds Transfer Agreement and signature authorization form; and

(v) All other documents to be executed by or on behalf of Borrower as listed on the Closing Checklist.

(b) REIT Documents. The REIT shall have executed and delivered to Agent each of the following, in form and substance acceptable to Agent and Agent's counsel:

(i) The REIT Guaranty;

(ii) A solvency certificate;

(iii) A Compliance Certificate confirming the matters described in Section 4.01(i); and

(iv) All other documents to be executed by or on behalf of the REIT as listed on the Closing Checklist.

(c) Corporate and Partnership Documents. Agent shall have received the following corporate and partnership documents:

(i) With respect to Borrower: a certified copy of Borrower's limited partnership agreement, a certified copy of Borrower's Certificate of Limited Partnership; a certificate of existence for Borrower from the State of Illinois; and a certificate of Borrower's Secretary or an officer comparable thereto (a "Secretary's Certificate") with respect to Borrower pertaining to authorization, incumbency and by-laws, if any; and

(ii) With respect to the REIT: certified copies of the REIT's certificate of incorporation and by-laws; a good standing certificate of the REIT from the State of Maryland; and a Secretary's Certificate with respect to the REIT pertaining to authorization, incumbency and by-laws.

(d) Notice of Borrowing. Borrower shall have delivered to Agent the applicable Notice of Borrowing in accordance with the terms hereof.

(e) Performance. Borrower, the REIT and each Agreement Party shall have performed in all material respects all agreements and covenants required by Agent to be performed by them as a condition to funding the Loans.

(f) Solvency. Each of the REIT, Borrower and each Agreement Party shall be Solvent.

(g) Material Adverse Changes. No change, as reasonably determined by Agent, shall have occurred during the period commencing on December 31, 1997 and ending on the Closing Date (the "Interim Period"), which has a Material Adverse Effect.

(h) Litigation Proceedings. There shall not have been instituted or, to the knowledge of Borrower or the REIT, threatened, during the Interim Period, any litigation or proceeding in any court or by a Governmental Authority affecting or threatening to affect Borrower, the REIT, any Subsidiary, or any Agreement Party, in which there is a reasonable possibility of an adverse decision that could, individually or in the aggregate, have a Material Adverse Effect.

(i) No Event of Default, Satisfaction of Financial Covenants. On the Closing Date and after giving effect to the initial disbursements of the Loans, no Event of Default or

Unmatured Event of Default shall exist and all of the financial covenants contained in Articles VIII and IX shall be satisfied.

(j) Opinion of Counsel. Agent shall have received on behalf of Agent and Lenders a favorable opinion of counsel for Borrower, each Agreement Party and the REIT dated as of the Closing Date, in form and substance reasonably satisfactory to Agent and its counsel.

(k) Due Diligence. Agent shall have completed its review of all other information delivered by Borrower pursuant to this Section 4.01 and shall have completed such additional due diligence investigations as Agent deems reasonably necessary, and such review and investigations shall provide Agent with results and information which, in Agent's determination, are satisfactory to permit Agent to enter into this Agreement.

(l) Representations and Warranties. All representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects.

(m) Fees. Agent shall have received for the benefit of Agent and Lenders all fees (or Borrower shall have made arrangements reasonably acceptable to Agent therefor) then due, and Borrower shall have performed all of its other obligations as set forth in the Loan Documents to make payments to Agent on or before the Closing Date and all expenses of Agent incurred prior to such Closing Date (including without limitation all reasonable attorneys' fees), shall have been paid by Borrower.

4.02. Conditions Precedent to All Loans and Issuance of Letters of Credit. The obligation of each Swingline Lender to make any Swingline Loan requested to be made by it, the obligation of Lender to make any Loan requested to be made by it, and the obligation of Issuing Lender to issue any Letter of Credit requested to be issued by it, on any date, is subject to satisfaction of the following conditions precedent as of such date:

(a) Documents. With respect to a request for a Loan, Agent shall have received in accordance with the provisions of Section 2.01(b) hereof or Section 2.10 hereof (as applicable), an original and duly executed Notice of Borrowing. With respect to a request for a Letter of Credit, Agent and Issuing Bank shall have received in accordance with the provisions of Section 2.09(b) hereof, an original and duly executed Letter of Credit Application together with such other documents as shall be required under Section 2.09(b) hereof.

(b) Additional Matters. As of the Funding Date for any Loan or the issuance date of any Letter of Credit and after giving effect to the Loans and/or Letters of Credit being requested:

(i) Representations and Warranties. All of the representations and warranties contained in this Agreement and in any other Loan Document (other than representations and warranties which expressly speak only as of a different date) shall be true and correct in all material respects on and as of such Funding Date or issuance date, as though made on and as of such date;

(ii) No Default. No Event of Default or Unmatured Event of Default shall have occurred and be continuing or would result from the making of the requested Loan or issuance for the requested Letter of Credit and all of the financial covenants contained in Articles VIII and IX shall be satisfied;

(iii) No Material Adverse Change. No change shall have occurred which shall have a Material Adverse Effect; and

(iv) Closing Date. The Closing Date shall have occurred.

Each submission by Borrower to Agent of a Notice of Borrowing with respect to a Loan or a request for a Letter of Credit and the acceptance by Borrower of the proceeds of each such Loan made hereunder or the issuance of such Letter of Credit hereunder shall constitute a representation and warranty by Borrower as of the Funding Date in respect of such Loan or the date such Letter of Credit is issued that all the conditions contained in this Section 4.02 have been satisfied.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES

5.01. Representations and Warranties as to Borrower. Borrower hereby represents and warrants to Agent, Swingline Lender, Issuing Lender and Lenders as follows:

(a) Organization; Partnership Powers. Borrower (i) is a limited partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, (ii) is duly qualified to do business as a foreign limited partnership and in good standing under the laws of each jurisdiction in which the nature of its business requires it to be so qualified, except for those jurisdictions where failure to so qualify and be in good standing would not have a Material Adverse Effect and (iii) has all requisite partnership power and authority to own, operate and encumber its property and assets and to conduct its business as presently conducted and as proposed to be conducted in connection with and following the consummation of the transactions contemplated by the Loan Documents.

(b) Authority. Borrower has the requisite partnership power and authority to execute, deliver and perform each of the Loan Documents to which it is or will be a party. The execution, delivery and performance thereof, and the consummation of the transactions contemplated thereby, have been duly approved by the general partner of Borrower, and no other partnership proceedings or authorizations on the part of Borrower or its general or limited partners are necessary to consummate such transactions. Each of the Loan Documents to which Borrower is a party has been duly executed and delivered by Borrower and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and general equitable principles.

(c) Ownership of Borrower. Schedule 5.01 (c) sets forth the general partners of Borrower and their respective ownership percentages as of the date hereof. Except as set forth

in the partnership agreement of Borrower, no partnership interests (or any securities, instruments, warrants, option or purchase rights, conversion or exchange rights, calls, commitments or claims of any character convertible into or exercisable for partnership interests) of Borrower are subject to issuance under any security, instrument, warrant, option or purchase rights, conversion or exchange rights, call, commitment or claim of any right, title or interest therein or thereto. To Borrower's knowledge, all of the partnership interests in Borrower have been issued in compliance with all applicable Requirements of Law.

(d) No Conflict. The execution, delivery and performance by Borrower of the Loan Documents to which it is or will be a party, and each of the transactions contemplated thereby, do not and will not (i) conflict with or violate Borrower's limited partnership agreement or Certificate of Limited Partnership or other organizational documents, as the case may be, or the organizational documents of any Subsidiary of Borrower or (ii) conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any Requirement of Law, Contractual Obligation or Court Order of or binding upon Borrower or any of its Subsidiaries, or require termination of any such Contractual Obligation, the consequences of which conflict or breach or default or termination would have a Material Adverse Effect, or result in or require the creation or imposition of any Lien whatsoever upon any Property (except as contemplated herein).

(e) Consents and Authorizations. Borrower has obtained all consents and authorizations required pursuant to its Contractual Obligations with any other Person, the failure of which to obtain would have a Material Adverse Effect, and has obtained all consents and authorizations of, and effected all notices to and filings with, any Governmental Authority necessary to allow Borrower to lawfully execute, deliver and perform its obligations under the Loan Documents to which Borrower is a party.

(f) Governmental Regulation. Borrower is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, the Investment Company Act of 1940 or any other federal or state statute or regulation such that its ability to incur indebtedness is limited or its ability to consummate the transactions contemplated by the Loan Documents is materially impaired.

(g) Prior Financials. The Consolidated and Combined Balance Sheet as of December 31, 1997, the Consolidated and Combined Statement of Operations for the Year Ended December 31, 1997, and the Consolidated and Combined Statement of Cash Flows for the Year Ended December 31, 1997 of the REIT contained in the Form 10-K Annual Report of the REIT as of December 31, 1997 (the "Pre-Closing Financials") delivered to Agent prior to the date hereof were prepared in accordance with GAAP in effect on the date such Pre-Closing Financials were prepared and fairly present the assets, liabilities and financial condition of the REIT, on a consolidated basis, at such date and the results of its operations and its cash flows, on a consolidated basis, for the period then ended.

(h) Financial Statements; Projections and Forecasts. Each of the Financial Statements to be delivered to Agent pursuant to Sections 6.01(a) and (b), (i) has been or will be

as applicable, prepared in accordance with the books and records of the REIT, on a consolidated basis, and (ii) either fairly present, or will fairly present, as applicable, the financial condition of the REIT, on a consolidated basis, at the dates thereof (and, if applicable, subject to normal year-end adjustments) and the results of its operations and cash flows, on a consolidated basis, for the period then ended. Each of the projections delivered to Agent (A) has been, or will be, as applicable, prepared by the REIT and the REIT's financial personnel in light of the past business and performance of the REIT, on a consolidated basis and (B) represent, or will represent, as of the date thereof, the reasonable good faith estimates of such personnel.

(i) Litigation; Adverse Effects.

(i) There is no action, suit, proceeding, governmental investigation or arbitration, at law or in equity, or before or by any Governmental Authority, pending, or to the best of Borrower's knowledge, threatened against Borrower or any of its Subsidiaries or any of their respective Properties, in which there is a reasonable possibility of an adverse decision that could have a Material Adverse Effect;

(ii) Neither Borrower nor any of its Subsidiaries is (A) in violation of any Requirement of Law, which violation has a Material Adverse Effect, or (B) subject to or in default with respect to any Court Order which has a Material Adverse Effect.

(j) No Material Adverse Change. Since December 31, 1997, there has occurred no event which has a Material Adverse Effect.

(k) Payment of Taxes. All tax returns and reports to be filed by Borrower or any of its Subsidiaries have been timely filed, and all taxes, assessments, fees and other governmental charges shown on such returns have been paid when due and payable, except such taxes, if any, as are reserved against in accordance with GAAP, such taxes as are being contested in good faith by appropriate proceedings or such taxes, the failure to make payment of which when due and payable will not have, in the aggregate, a Material Adverse Effect. Borrower has no knowledge of any proposed tax assessment against Borrower or any of its Subsidiaries that will have a Material Adverse Effect, which is not being actively contested in good faith by such Person.

(l) Material Adverse Agreements. Neither Borrower nor any of its Subsidiaries is a party to or subject to any Contractual Obligation or other restriction contained in its partnership agreement, certificate of partnership, by-laws, or similar governing documents which has a Material Adverse Effect.

(m) Performance. Neither Borrower nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation applicable to it, and no condition exists which, with the giving of notice or the lapse of time or both, would constitute a default under such Contractual Obligation in each case, except where the consequences, direct or indirect, of such default or defaults, if any, will not have a Material Adverse Effect.

(n) Federal Reserve Regulations. No part of the proceeds of the Loan hereunder will be used to purchase or carry any "margin security" as defined in Regulation G or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of said Regulation G. Borrower is not engaged primarily in the business of extending credit for the purpose of purchasing or carrying any "margin stock" as defined in Regulation U. No part of the proceeds of the Loan hereunder will be used for any purpose that violates, or which is inconsistent with, the provisions of Regulation X or any other regulation of the Federal Reserve Board.

(o) Disclosure. Borrower has not intentionally or knowingly withheld any material fact from Agent in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of Borrower's future performance such representations and warranties are made in good faith and to the best judgment of Borrower at the time such projections were made.

(p) Requirements of Law. To the Borrower's knowledge, Borrower and each of its Subsidiaries are in compliance with all Requirements of Law (including without limitation the Securities Act and the Securities Exchange Act, and the applicable rules and regulations thereunder, state securities law and "Blue Sky" laws) applicable to them and their respective businesses, in each case, where the failure to so comply will have a Material Adverse Effect.

(q) Patents, Trademarks, Permits. Etc. Borrower and each of its Subsidiaries owns, is licensed or otherwise has the lawful right to use, or have all permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes used in or necessary for the conduct of Borrower's or such Subsidiary's business as currently conducted, the absence of which would have a Material Adverse Effect. To Borrower's knowledge, the use of such permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes by Borrower or such Subsidiary does not infringe on the rights of any Person, subject to such claims and infringements as do not, in the aggregate, have a Material Adverse Effect.

(r) Environmental Matters. To the knowledge of Borrower, except as would not have a Material Adverse Effect and except as set forth on Schedule 5.01(r), (i) the Property and operations of Borrower and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws; (ii) none of the Property or operations of Borrower or any of its Subsidiaries are subject to any Remedial Action or other Liabilities and Costs arising from the Release or threatened Release of a Contaminant into the environment or from the violation of any Environmental Laws, which Remedial Action or other Liabilities and Costs would have a Material Adverse Effect; (iii) neither Borrower nor any of its Subsidiaries has filed any, notice under applicable Environmental Laws reporting a Release of a Contaminant into the environment in violation of any Environmental Laws, except as the same may have been heretofore remedied; (iv) there is not now, nor to Borrower's knowledge has there ever been, on or in the Property of Borrower or any of its Subsidiaries (except in compliance in all material respects with all applicable Environmental Laws): (A) any underground storage tanks. (B) any

asbestos-containing material, (C) any polychlorinated biphenyls (PCB's) used in hydraulic oils, electrical transformers or other equipment, (D) any petroleum hydrocarbons or (E) any chlorinated or halogenated solvents; and (v) neither Borrower nor any of its Subsidiaries has received any notice or claim to the effect that it is or may be liable to any Person as a result of the Release or threatened Release of a Contaminant into the environment.

(s) ERISA. None of the REIT, Borrower or any Agreement Party is an "employee pension benefit plan" as defined in Section 3(2) of ERISA, an "employee welfare benefit plan" as defined in Section 3(1) of ERISA, a "multiemployer plan" as defined in Sections 4001(a)(3) or 3(37) of ERISA or a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code. Except for a prohibited transaction arising solely because of a Lender's breach of the covenant set forth in Section 11.23, none of the Obligations, any of the Loan Documents or the exercise of any of the Agent's or Lenders' rights in connection therewith constitutes a prohibited transaction under ERISA or the Internal Revenue Code (which is not exempt from the restrictions of Section 406 of ERISA and the taxes and penalties imposed by Section 4975 of the Internal Revenue Code and Section 502(i) of ERISA) or otherwise results in a Lender, the Agent or the Lenders being deemed in violation of Sections 404 or 406 of ERISA or Section 4975 of the Internal Revenue Code or will by itself result in a Lender, the Agent or the Lenders being a fiduciary or party in interest under ERISA or a "disqualified person" as defined in Section 4975(e)(2) of the Internal Revenue Code with respect to an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code. No assets of the REIT, Borrower or any Agreement Party constitute "assets" (within the meaning of 29 C.F.R. ss. 2510.3-101 or any successor regulation thereto) of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code.

Each Borrower Plan is in compliance with ERISA and the applicable provisions of the Internal Revenue Code in all respects except where the failure to comply would not have a Material Adverse Effect. There are no claims (other than claims for benefits in the normal course), actions or lawsuits asserted or instituted against, and none of Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates has knowledge of any threatened litigation or claims against the assets of any Borrower Plan or against any fiduciary of such Borrower Plan with respect to the operation of such Borrower Plan which could have a Material Adverse Effect. No liability to the PBGC has been, or is likely to be, incurred by Borrower, the REIT, any of the Material Subsidiaries or their ERISA Affiliates other than such liabilities which, in the aggregate, would not have a Material Adverse Effect. None of Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates is now contributing to or has ever contributed to or been obligated to contribute to any Multiemployer Plan, no employees or former employees of Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates have been covered by any Multiemployer Plan in respect of their employment by Borrower or such Material Subsidiary or such ERISA Affiliate. None of Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates has engaged in a "prohibited transaction," as such term is defined in Section 4975 of the Internal Revenue Code or in a transaction subject to the prohibitions of Section 406 of ERISA, in connection with any Benefit Plan or Welfare Plan which would subject Borrower, the REIT. any of the Material Subsidiaries

or any of their ERISA Affiliates (after giving effect to any exemption) to the tax or penalty on prohibited transactions imposed by Section 4975 of the Internal Revenue Code, Section 502 of ERISA or any other liability under ERISA which tax, penalty or other liability would have a Material Adverse Effect. None of the Benefit Plans subject to Title IV of ERISA has any material Unfunded Pension Liability as to which Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates is or may be liable, which liability would have a Material Adverse Effect.

(t) Solvency. Borrower is and will be Solvent after giving effect to the disbursements of the Loans and the payment and accrual of all fees then payable.

(u) Title to Assets; No Liens. Borrower has good, indefeasible and merchantable title to the Property owned or leased by it, and all such Property is free and clear of all Liens, except Permitted Liens and Liens permitted by Section 8.01(b).

(v) Use of Proceeds. Borrower's use of the proceeds of the Loans are, and will continue to be, legal and proper uses (and to the extent necessary, duly authorized by Borrower's partners) and such uses are consistent with all applicable laws and statutes and Section 7.01(i).

(w) Subsidiaries and Investment Affiliates. Each Subsidiary and Investment Affiliate as of the date hereof is set forth on Schedule 5.01(w). Schedule 5.01(w) sets forth the ownership of each such Subsidiary and Investment Affiliate and the material Property owned by such Person as of the date hereof.

(x) Year 2000. Based on a recent assessment, Borrower determined that a majority of its applications will function properly with respect to dates in the Year 2000 and thereafter. Borrower has initiated formal communications with all of its significant suppliers to determine the extent to which Borrower's interface systems are vulnerable to those third parties' failure to remediate their own Year 2000 issues. Borrower's total Year 2000 project cost and estimate to complete do not include the estimated costs and time associated with the impact of third party Year 2000 issues. There can be no guarantee that the systems of other companies on which Borrower's systems rely will be timely converted and would not have an adverse effect on 'Borrower's systems. Borrower anticipates completing its Year 2000 project no later than December 31, 1998, which is prior to any impact on its operating systems. The total cost of the Year 2000 project is estimated to be immaterial assuming third parties remediate their own Year 2000 issues. This assumption is based on management's best estimates, which were derived utilizing numerous assumption of future events, and there can be no guarantee that these estimates will be achieved and actual results could differ materially from those anticipated.

5.02. Representations and Warranties as to the REIT. The REIT hereby represents and warrants to Agent, Swingline Lender, Issuing Lender and Lenders as follows:

(a) Organization; Corporate Powers. The REIT (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland, (ii) is duly qualified to do business as a foreign corporation and in good standing under the laws of each jurisdiction in which the nature of its business requires it to be so qualified, except for those jurisdictions where failure to so qualify and be in good standing will not have a Material Adverse Effect, and (iii) has all requisite corporate power and authority to own, operate and encumber its property and assets and to conduct its business as presently conducted and as proposed to be conducted in connection with and following the consummation of the transactions contemplated by the Loan Documents.

(b) Authority. The REIT has the requisite corporate power and authority to execute, deliver and perform each of the Loan Documents to which it is or will be a party. The execution, delivery and performance thereof, and the consummation of the transactions contemplated thereby, have been duly approved by the Board of Directors of the REIT, and no other corporate proceedings on the part of the REIT are necessary to consummate such transactions. Each of the Loan Documents to which the REIT is a party has been duly executed and delivered by the REIT and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and general equitable principles.

(c) No Conflict. The execution, delivery and performance by the REIT of the Loan Documents to which it is a party, and each of the transactions contemplated thereby, do not and will not (i) conflict with or violate its Articles or Certificate of Incorporation or by-laws, or other organizational documents, as the case may be, or the organizational documents of Borrower or any Subsidiary, (ii) conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any Requirement of Law, Contractual Obligation or Court Order of the REIT, Borrower or any Subsidiary, or require termination of any such Contractual Obligation, the consequences of which conflict or breach or default or termination will have a Material Adverse Effect, or result in or require the creation or imposition of any Lien whatsoever upon any of its Property, or (iii) require any approval of the stockholders of the REIT.

(d) Consents and Authorizations. The REIT has obtained all consents and authorizations required pursuant to its Contractual Obligations with any other Person, the failure of which to obtain would have a Material Adverse Effect, and has obtained all consents and authorizations of, and effected all notices to and filings with, any Governmental Authority necessary to allow the REIT to lawfully execute, deliver and perform its obligations under the Loan Documents to which the REIT is a party.

(e) Governmental Regulation. The REIT is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, the Investment Company Act of 1940 or any other federal or state statute or regulation such that its ability to incur indebtedness is limited or its ability to consummate the transactions contemplated by the Loan Documents is materially impaired.

(f) Capitalization. To the REIT's knowledge, all of the capital stock of the REIT has been issued in compliance with all applicable Requirements of Law.

(g) Litigation; Adverse Effects.

(i) There is no action, suit, proceeding, governmental investigation or arbitration, at law or in equity, or before or by any Governmental Authority, pending, or to best of the REIT's knowledge, threatened against the REIT, any of its Subsidiaries or any of their respective Properties in which there is a reasonable possibility of an adverse decision that could have a Material Adverse Effect.

(ii) , Neither the REIT nor any of its Subsidiaries is (A) in violation of any applicable Requirement of Law, which violation has a Material Adverse Effect, or (B) subject to or in default with respect to any Court Order which has a Material Adverse Effect.

(h) Payment of Taxes. All tax returns and reports to be filed by the REIT or any of its Subsidiaries have been timely filed, and all taxes, assessments, fees and other governmental charges shown on such returns have been paid when due and payable, except such taxes, if any, as are reserved against in accordance with GAAP, such taxes as are being contested in good faith by appropriate proceedings or such taxes, the failure to make payment of which when due and payable would not have, in the aggregate, a Material Adverse Effect. The REIT has no knowledge of any proposed tax assessment against the REIT or any of its Subsidiaries that would have a Material Adverse Effect, which is not being actively contested in good faith by the REIT or such Subsidiary.

(i) Material Adverse Agreements. The REIT is not a party to or subject to any Contractual Obligation or other restriction contained in its charter, by-laws, or similar governing documents which has a Material Adverse Effect.

(j) Performance. Neither the REIT nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation applicable to it, and no condition exists which, with the giving of notice or the lapse of time or both, would constitute a default under such Contractual Obligation in each case, except where the consequences, direct or indirect, of such default or defaults, if any, would not have a Material Adverse Effect.

(k) Securities Activities. The REIT is not engaged principally in the business of extending credit for the purpose of purchasing or carrying any "margin stock" (as defined in Regulation U).

(l) Disclosure. The REIT has not intentionally or knowingly withheld any material fact from Agent in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of the REIT's future performance such representations and warranties are made in good faith and to the best judgment of the management of the REIT at the time such projections were made.

(m) Requirements of Law. To the REIT's knowledge, the REIT and each of its Subsidiaries are in compliance with all Requirements of Law (including without limitation the Securities Act and the Securities Exchange Act, and the applicable rules and regulations thereunder, state securities law and "Blue Sky" laws) applicable to them and their respective businesses, in each case, where the failure to so comply would have a Material Adverse Effect. After giving effect to all filings made simultaneously with the Closing Date, the REIT has made all filings with and obtained all consents of the Commission required under the Securities Act and the Securities Exchange Act in connection with the execution, delivery and performance by the REIT of the Loan Documents to which it is a party.

(n) Patents, Trademarks, Permits, Etc. The REIT and each of its Subsidiaries own, are licensed or otherwise have the lawful right to use, or have all permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes used in or necessary for the conduct of the REIT's or such Subsidiary's business as currently conducted, the absence of which would have a Material Adverse Effect. To the REIT's knowledge, the use of such permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes by the REIT or such subsidiary does not infringe on the rights of any Person, subject to such claims and infringements as do not, in the aggregate, have a Material Adverse Effect.

(o) Environmental Matters. To the knowledge of the REIT, except as would not have a Material Adverse Effect and except as set forth on Schedule 5.01 (r), (i) the Property and operations of the REIT and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws; (ii) none of the Property or operations of the REIT or any of its Subsidiaries are subject to any Remedial Action or other Liabilities and Costs arising from the Release or threatened Release of a Contaminant into the environment or from the violation of any Environmental laws, which Remedial Action or other Liabilities and Costs would have a Material Adverse Effect; (iii) neither the REIT nor any of its Subsidiaries has filed any notice under applicable Environmental Laws reporting a Release of a Contaminant into the environment in violation of any Environmental Laws, except as the same may have been heretofore remedied; (iv) there is not now, nor to the REIT's knowledge has there ever been, on or in the Property of the REIT or any of its Subsidiaries (except in compliance in all material respects with all applicable Environmental Laws): (A) any underground storage tanks, (B) any asbestos containing material, (C) any polychlorinated biphenyls (PCB's) used in hydraulic oils, electrical transformers or other equipment, (D) any petroleum hydrocarbons or (E) any chlorinated or halogenated solvents; and (v) neither the REIT nor any of its Subsidiaries has received any notice or claim to the effect that it is or may be liable to any Person as a result of the Release or threatened Release of or Contaminant into the environment.

(p) Solvency. The REIT is and will be Solvent after giving effect to the disbursement of the Loans and the payment of all fees then payable.

(q) Status as a REIT. The REIT (i) is a real estate investment trust as defined in Section 856 of the Internal Revenue Code (or any successor provision thereto), (ii) has not revoked its election to be a real estate investment trust, (Iii) has not engaged in any "prohibited

transactions" as defined in Section 856(b)(6)(iii) of the Internal Revenue Code (or any successor provision thereto), except for the transfer of manufactured home inventory from Borrower to Realty Systems, Inc., a Delaware corporation (provided that such transfer does not adversely affect the REIT's status as a real estate investment trust under the Internal Revenue Code), and (iv) for its current "tax year" (as defined in the Internal Revenue Code) is and for all prior tax years subsequent to its election to be a real estate investment trust has been entitled to a dividends paid deduction which meets the requirements of Section 857 of the Internal Revenue Code.

(r) Ownership. The REIT does not own any Property or have any interest in any Person, other than as set forth on Schedule 5.01(w).

(s) Listing. The common stock of the REIT is and will continue to be listed for trading and traded on either the New York Stock Exchange or American Stock Exchange.

(t) Year 2000. Based on a recent assessment, the REIT determined that a majority of its applications will function properly with respect to dates in the Year 2000 and thereafter. The REIT has initiated formal communications with all of its significant suppliers to determine the extent to which the REIT's interface systems are vulnerable to those third parties' failure to remediate their own Year 2000 issues. The REIT's total Year 2000 project cost and estimate to complete do not include the estimated costs and time associated with the impact of third party Year 2000 issues. There can be no guarantee that the systems of other companies on which the REIT's systems rely will be timely converted and would not have an adverse effect on the REIT's systems. The REIT anticipates completing its Year 2000 project no later than December 31, 1998, which is prior to any impact on its operating systems. The total cost of the Year 2000 project is estimated to be immaterial assuming third parties remediate their own Year 2000 issues. This assumption is based on management's best estimates, which were derived utilizing numerous assumption of future events, and there can be no guarantee that these estimates will be achieved and actual results could differ materially from those anticipated.

ARTICLE VI.
REPORTING COVENANTS

Borrower covenants and agrees that, on and after the date hereof, until payment in full of all of the Obligations, the expiration of the Commitments and termination of this Agreement:

6.01. Financial Statements and Other Financial and Operating Information. Borrower shall maintain or cause to be maintained a system of accounting established and administered in accordance with sound business practices and consistent with past practice to permit preparation of quarterly and annual financial statements in conformity with GAAP. Borrower shall deliver or cause to be delivered to Agent with copies for each Lender:

(a) Quarterly Financial Statements Certified by CFO. As soon as practicable. and in any event within fifty (50) days after the end of each Fiscal Quarter, except the last fiscal

Quarter of a Fiscal Year, consolidated balance sheets, statements of income and expenses and statements of cash flow (collectively, "Financial Statements") for the REIT, on a consolidated basis, in the form provided to the Commission on the REIT's Form 10-Q and certified by the REIT's chief financial officer.

(b) Annual Financial Statements. Within one hundred and twenty (120) days after the close of each Fiscal Year, annual Financial Statements of the REIT, on a consolidated basis (in the form provided to the Commission on the REIT's Form 10K), audited and certified without qualification by the Accountants.

(c) Officer's Certificate of Borrower. (i) Together with each delivery of any Financial Statement pursuant to clauses (a) and (b) above, an Officer's Certificate of the REIT, stating that (A) the executive officer who is the signatory thereto, which officer shall be the chief executive officer or the chief financial officer of the REIT, has reviewed, or caused under his supervision to be reviewed, the terms of this Agreement and the other Loan Documents, and has made, or caused to be made under his supervision, a review in reasonable detail of the transactions and condition of Borrower, the REIT, the Subsidiaries, and the Agreement Parties, during the accounting period covered by such Financial Statements, and that such review has not disclosed the existence during or at the end of such accounting period, and that the signers do not have knowledge of the existence as of the date of the Officer's Certificate, of any condition or event which constitutes an Event of Default or Unmatured Event of Default, or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action has been taken, is being taken and is proposed to be taken with respect thereto and (B) such Financial Statements have been prepared in accordance with the books and records of the REIT, on a consolidated basis, and fairly present the financial condition of the REIT, on a consolidated basis, at the date thereof (and, if applicable, subject to normal year-end adjustments) and the results of operations and cash flows, on a consolidated basis, for the period then ended; and (ii) together with each delivery pursuant to clauses (a) and (b) above, a Compliance Certificate demonstrating, in reasonable detail (which detail shall include actual calculations), compliance during and at the end of such accounting periods with the financial covenants contained in 8.01(d) and 8.01(k) and Article IX.

(d) Knowledge of Event of Default. Promptly upon Borrower obtaining knowledge (i) of any condition or event which constitutes an Event of Default or Unmatured Event of Default, or (ii) of any condition or event which has a Material Adverse Effect, an Officer's Certificate specifying the nature and period of existence of any such condition or event and the nature of such claimed Event of Default, Unmatured Event of Default, event or condition, and what action Borrower, the REIT or the Agreement Party, as the case may be, has taken, is taking and proposes to take with respect thereto.

(e) Litigation, Arbitration or Government Investigation. Promptly upon Borrower obtaining knowledge of (i) the institution of, or threat of, any material action, suit, proceeding, governmental investigation or arbitration against or affecting Borrower, any Agreement Party, the REIT, any Subsidiary or any of their Property not previously disclosed in writing by Borrower to Agent pursuant to this Section 6.01 (f). or (ii) any material development

in any action, suit, proceeding, governmental investigation or arbitration already disclosed, in which, in either case, there is a reasonable possibility of an adverse decision that could have a Material Adverse Effect, a notice thereof to Agent and such other information as may be reasonably available to it to enable Agent and its counsel to evaluate such matters.

(f) Failure of the REIT to Qualify as Real Estate Investment Trust. Promptly upon, and in any event within forty-eight (48) hours after Borrower first has knowledge of (i) the REIT failing to continue to qualify as a real estate investment trust as defined in Section 856 of the Internal Revenue Code (or any successor provision thereof), (ii) any act by the REIT causing its election to be taxed as a real estate investment trust to be terminated, (iii) any act causing the REIT to be subject to the taxes imposed by Section 857(b)(6) of the Internal Revenue Code (or any successor provision thereto), (iv) the REIT failing to be entitled to a dividends paid deduction which meets the requirements of Section 857 of the Internal Revenue Code, or (v) any challenge by the IRS to the REIT's status as a real estate investment trust, a notice of any such occurrence or circumstance.

(g) Management Reports. Upon and after the occurrence of an Event of Default, copies of any management reports prepared by the Accountants as soon as available.

(h) Property Changes. Notice of any material acquisition, disposition, merger, or purchase by the REIT, Borrower, any Subsidiary or any Agreement Party no later than ten (10) days after the consummation thereof, specifying the nature of the transaction in reasonable detail.

(i) Other Information. Such other information, reports, contracts, schedules, lists, documents, agreements and instruments in the possession of the REIT, Borrower, any Subsidiary, or any Agreement Party with respect to the business, financial condition, operations, performance, or properties of Borrower, the REIT, any Subsidiary, or any Agreement Party, as Agent may, from time to time, reasonably request, including without limitation, annual information with respect to cash flow projections, budgets, operating statements (current year and immediately preceding year), rent rolls, lease expiration reports, leasing status reports, note payable summaries, bullet note summaries, equity funding requirements, contingent liability summaries, line of credit summaries, line of credit collateral summaries, wrap note or note receivable summaries, schedules of outstanding letters of credit, summaries of cash and Cash Equivalents, projections of management and leasing fees and overhead budgets, each in the form customarily prepared by the REIT or Borrower. If Borrower fails to provide Agent with information requested from Borrower within the time periods provided for herein, or if no time periods are provided for, within ten (10) Business Days after Agent requests such information, and provided that Agent gives Borrower reasonable prior notice and an opportunity to participate, Borrower hereby authorizes Agent to communicate with the Accountants and authorizes the Accountants to disclose to Agent any and all financial statements and other information of any kind, including copies of any management letter or the substance of any oral information, that such Accountants may have with respect to the collateral or the financial condition. operations, properties, performance and prospects of Borrower, the REIT, any Subsidiary, or any Agreement Party. Concurrently therewith, Agent will notify Borrower of any

such communication. At Agent's request, Borrower shall deliver a letter addressed to the Accountants instructing them to disclose such information in compliance with this Section 6.01(s).

6.02. Press Releases; SEC Filings and Financial Statements. The REIT and Borrower will deliver to the Agent as soon as practicable after public release all press releases concerning the REIT or Borrower. The REIT and Borrower will deliver to Agent as soon as practicable after filing with the Commission, all reports and notices, proxy statements, registration statements and prospectuses. All materials sent or made available generally by the REIT to the holders of its publicly-held Securities or to a trustee under any indenture or filed with the Commission, including all periodic reports required to be filed with the Commission, will be delivered to Agent as soon as available.

6.03. Environmental Notices. Except for events or occurrences that will not result in a Material Adverse Effect, Borrower shall notify Agent, in writing, as soon as practicable, and in any event within ten (10) days after Borrower's learning thereof, of any: (a) written notice or claim to the effect that Borrower, any Agreement Party, the REIT, or any Subsidiary is or may be liable to any Person as a result of the Release or threatened Release of any Contaminant into the environment; (b) written notice that Borrower, any Agreement Party, the REIT, or any Subsidiary is subject to investigation by any Governmental Authority evaluating whether any Remedial Action is needed to respond to the Release or threatened Release of any Contaminant into the environment; (c) written notice that any Property of Borrower, any Agreement Party, the REIT, or any Subsidiary is subject to an Environmental Lien; (d) written notice of violation to Borrower, any Agreement Party, the REIT, or any REIT Subsidiary or awareness of a condition which might reasonably result in a notice of violation of any Environmental Laws by Borrower, the REIT, any REIT Subsidiary or any Agreement Party; (e) commencement or written threat of any judicial or administrative proceeding alleging a violation by Borrower, the REIT, any Subsidiary or any Agreement Party of any Environmental Laws; or (f) written notice received directly from a Governmental Authority of any changes to any existing Environmental Laws.

6.04. Qualifying Unencumbered Properties. Borrower may from time to time but no more frequently than quarterly deliver notice to the Agent stating that Borrower intends to designate a Property to become a Qualifying Unencumbered Property. Such notice shall (i) set forth the name of such Property (or, if such Property has no name, such notice shall otherwise identify such Property), and (ii) be accompanied by a statement of income, certified by the chief financial officer of Borrower, for each such Property for the then most recently completed Fiscal Quarter (or, if such statement of income is unavailable, a pro forma financial statement setting forth the Net Operating Income with respect to such Property for the then current Fiscal Quarter). If any such Property meets the requirements set forth in the definition of "Qualifying Unencumbered Properties" and the Agent fails to deliver written notice to Borrower stating that the Requisite Lenders have disapproved the designation of such Property as a Qualifying Unencumbered Property (it being understood that such notice shall provide Borrower with information regarding why such designation was disapproved by the Requisite Lenders and that the Requisite Lenders will not unreasonably disapprove such designation) within twenty (20)

days after receipt of such information by Agent, such Property shall become a Qualifying Unencumbered Property.

ARTICLE VII.
AFFIRMATIVE COVENANTS

Borrower covenants and agrees that, on and after the date hereof, until payment in full of all of the Obligations, the expiration of the Commitments and termination of this Agreement:

7.01. With respect to Borrower:

(a) Existence. Borrower shall, and shall cause each of its Subsidiaries to, at all times maintain its and their respective partnership limited liability company, trust or corporate existence, as applicable, and preserve and keep in full force and effect its and their respective rights and franchises unless the failure to maintain such rights and franchises does not have a Material Adverse Effect. Borrower shall maintain its status as a limited partnership.

(b) Qualification. Borrower shall, and shall cause each of its Subsidiaries to, qualify and remain qualified to do business in each jurisdiction in which the nature of its and their businesses require them to be so qualified except for those jurisdictions where failure to so qualify does not have a Material Adverse Effect.

(c) Compliance with Laws, Etc. Borrower shall, and shall cause each of its Subsidiaries to, (i) comply with all Requirements of Law and Contractual Obligations, and all restrictive covenants affecting Borrower and its Subsidiaries or their respective properties, performance, assets or operations, and (ii) obtain as needed all Permits necessary for its and their respective operations and maintain such in good standing, except in each of the foregoing cases where the failure to do so will not have a Material Adverse Effect or expose Agent or Lenders to any material liability therefor.

(d) Payment of Taxes and Claims. (a) Borrower shall, and shall cause each of its Subsidiaries to, pay (i) all taxes, assessments and other governmental charges imposed upon it or them or on any of its or their respective properties or assets or in respect of any of its or their respective franchises, business, income or property before any penalty or interest accrues thereon, the failure to make payment of which in such time periods will have a Material Adverse Effect, and (ii) all claims (including, without limitation, claims for labor, services, materials and supplies) which have become due and payable and which by law have or may become a Lien (other than a Permitted Lien) upon any of its or their respective properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto, the failure to make payment of which will have a Material Adverse Effect; provided, however, that no such taxes, assessments, and governmental charges referred to in clause (i) above or claims referred to in clause (ii) above need be paid if being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and if adequate reserves shall have been set aside therefor in accordance with GAAP.

(e) Maintenance of Properties; Insurance. Borrower shall, and shall cause each of its Subsidiaries to, maintain in good repair, working order and condition, excepting ordinary wear and tear, all of its and their respective Property (personal and real) and will make or cause to be made all appropriate repairs, renewals and replacements thereof, in each case where the failure to so maintain, repair, renew or replace will have a Material Adverse Effect. Borrower shall, and shall cause each of its Subsidiaries to, maintain with insurance companies that have a Best Rating of "A- VII" or higher or other insurance companies reasonably acceptable to Agent that have similar financial resources and stability, which companies shall be qualified to do business in the states where such Property is located, the insurance policies and programs reasonably acceptable to Agent insuring all property and assets material to the operations of Borrower and each of its Subsidiaries against loss or damage by fire, theft, burglary, pilferage and loss in transit and business interruption, together with such other hazards as is reasonably consistent with prudent industry practice, and maintain liability insurance consistent with prudent industry practice with financially sound insurance companies qualified to do business in the states where such property is located. The insurance policies shall provide that they cannot be terminated or materially modified unless Agent receives thirty (30) days prior written notice of said termination or modification. At Agent's reasonable request, Borrower shall furnish evidence of replacement costs, without cost to Agent, such as are regularly and ordinarily made by insurance companies to determine the then replacement cost of the improvements on any Property of Borrower or any of its Subsidiaries. In the event Borrower fails to cause insurance to be carried as aforesaid, Agent shall have the right (but not the obligation), with the consent of Requisite Lenders, to place and maintain insurance required to be maintained hereunder and treat the amounts expended therefor as additional Obligations, payable on demand; provided, however that Agent shall give Borrower five (5) days' prior notice of Agent's intent to place or maintain such insurance during which time Borrower shall have the opportunity to obtain such insurance. All of the insurance policies required hereunder shall be in form and substance reasonably satisfactory to Agent. Agent hereby agrees that Borrower may use blanket policies to satisfy the requirements of this Section 7.01(e), approves the issuer, form and content of all insurance policies CURRENTLY carried by Borrower and agrees that such insurance satisfies the requirements of this Section 7.01(e). Furthermore, Agent agrees that it will not be unreasonable in exercising any right hereunder to require Borrower to modify, alter or supplement its insurance policies or coverage or in exercising any right it may have hereunder to approve any changes Borrower may hereafter make with respect to its insurance.

(f) Inspection of Property; Books and Records. Borrower shall permit and shall cause each of the REIT, each Subsidiary, and each Agreement Party to, upon reasonable prior notice by Agent to Borrower, permit any authorized representative(s) designated by Agent to visit and inspect any of its properties including inspection of financial and accounting records and leases, and to make copies and take extracts therefrom, all at such times during normal business hours and as often as Agent may reasonably request. In connection therewith, Borrower shall pay all reasonable expenses of the types described in Section 12.01. Borrower shall keep, and shall cause each of, the REIT, each Subsidiary and each Agreement Party to keep proper books of record and account in conformity with GAAP, as modified and as otherwise required by this Agreement and applicable Requirements of Law.

(g) Maintenance of Licenses, Permits, Etc. Borrower shall, and shall cause each of its Subsidiaries to, maintain in full force and effect all licenses, permits, governmental approvals, franchises, patents, trademarks, trade names, copyrights, authorizations or other rights necessary for the operation of their respective businesses, except where the failure to obtain any of the foregoing would not have a Material Adverse Effect; and notify Agent in writing, promptly after learning thereof, of the suspension, cancellation, revocation or discontinuance of or of any pending or threatened action or proceeding seeking to suspend, cancel, revoke or discontinue any such material license, permit, patent, trademark, trade name, copyright, governmental approval, franchise authorization or right, except where the suspension, cancellation, revocation or discontinuance would not have a Material Adverse Effect.

(h) Conduct of Business. Except for Permitted Holdings and other investments permitted under Section 8.01(c), Borrower shall engage only in the business of owning, operating and developing manufactured home communities, whether directly or through its Subsidiaries.

(i) Use of Proceeds. Borrower shall use the proceeds of each Loan only for general partnership purposes in accordance with the provisions of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, no Swingline Loan shall be used more than once for the purpose of refinancing another Swingline Loan, in whole or part.

(j) Further Assurance. Borrower shall take and shall cause its Subsidiaries and each Agreement Party to take all such further actions and execute all such further documents and instruments as Agent may at any time reasonably determine to be necessary or advisable to (i) correct any technical defect or technical error that may be discovered in any Loan Document or in the execution, acknowledgment or recordation thereof, and (ii) cause the execution, delivery and performance of the Loan Documents to be duly authorized.

7.02. With respect to the REIT:

(a) Corporate Existence. The REIT shall, and shall cause each of its Subsidiaries to, at all times maintain its and their respective partnership or corporate existence, as applicable, and preserve and keep in full force and effect its and their respective rights and franchises unless the failure to maintain such rights and franchises will not have a Material Adverse Effect.

(b) Qualification, Name. The REIT shall, and shall cause each of its Subsidiaries to, qualify and remain qualified to do business in each jurisdiction in which the nature of its and their businesses requires them to be so qualified except for those jurisdictions where failure to so qualify does not have a Material Adverse Effect. The REIT will transact business solely in its own name.

(c) Securities Law Compliance. The REIT shall comply in all material respects with all rules and regulations of the Commission and file all reports required by the Commission relating to the REIT's publicly-held Securities.

(d) Continued Status as a REIT; Prohibited Transactions. The REIT (i) will continue to be a real estate investment trust as defined in Section 856 of the Internal Revenue Code (or any successor provision thereto), (ii) will not revoke its election to be a real estate investment trust, (iii) will not engage in any "prohibited transactions" as defined in Section 856(b)(6)(iii) of the Internal Revenue Code (or any successor provision thereto), and (iv) will do all acts necessary to continue to be entitled to a dividend paid deduction meeting the requirements of Section 857 of the Internal Revenue Code.

(e) NYSE Listed Company. The REIT shall cause its common stock at all times to be listed for trading and be traded on the New York Stock Exchange or American Stock Exchange.

(f) Compliance with Laws, Etc. The REIT shall, and shall cause each of its Subsidiaries to, (i) comply with all Requirements of Law and Contractual Obligations, and all restrictive covenants affecting the REIT and its Subsidiaries or their respective properties, performance, prospects, assets or operations, and (ii) obtain as needed all Permits necessary for its and their respective operations and maintain such in good standing, except in each of the foregoing cases where the failure to do so will not have a Material Adverse Effect.

(g) Payment of Taxes and Claims. Subject to Section 7.02(d), the REIT shall, and shall cause each of its Subsidiaries to, pay (i) all taxes, assessments and other governmental charges imposed upon it or them or on any of its or their respective properties or assets or in respect of any of its or their respective franchises, business, income or property before any penalty or interest accrues thereon, the failure to make payment of which will have a Material Adverse Effect, and (ii) all claims (including, without limitation, claims for labor, services, materials and supplies) which have become due and payable and which by law have or may become a Lien (other than a Permitted Lien) upon any of its or their respective properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto, the failure to make payment of which will have a Material Adverse Effect; provided, however, that no such taxes, assessments, and governmental charges referred to in clause (i) above or claims referred to in clause (ii) above need be paid if being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and if adequate reserves shall have been set aside therefor in accordance with GAAP.

ARTICLE VIII.
NEGATIVE COVENANTS

Borrower and the REIT covenant and agree that, on and after the date hereof, until payment in full of all of the Obligations, the expiration of the Commitments and termination of this Agreement:

8.01. With respect to Borrower:

(a) Indebtedness. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(i) the Obligations;

(ii) trade debt incurred in the normal course of business; and

(iii) Indebtedness which, after giving effect thereto, may be incurred or may remain outstanding without giving rise to an Event of Default or Unmatured Event of Default under any provision of Articles VIII and IX.

(b) Liens. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any of its Property, except:

(i) Liens in favor of Agent securing the Obligations;

(ii) Permitted Liens; and

(iii) Liens securing Indebtedness permitted to be incurred and remain outstanding pursuant to Section 8.01(a)(iii) which, after giving effect thereto, may be incurred or may remain outstanding without giving rise to an Event of Default or Unmatured Event of Default under any provision of Articles VIII and IX.

(c) Investments. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly make or own any Investment except:

(i) Investments in cash and Cash Equivalents;

(ii) Permitted Holdings;

(iii) Investments in Subsidiaries and Investment Affiliates owned as of the Closing Date;

(iv) Investments permitted pursuant to Section 8.01(e)(v).

(v) Controlled Partnership Interests which do not constitute Non-Manufactured Home Community Property; and

(vi) mortgage loans which do not constitute Non-Manufactured Home Community Property and which are either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or are accounted for as investments in real estate under GAAP.

(d) Distributions and Dividends. Neither Borrower nor the REIT shall declare or make any dividend or other distribution on account of partnership interests in excess of ninety-five percent (95%) of Funds From Operations in any Fiscal Year; provided, however, that if an Event of Default under Section 10.01(a) shall have occurred, neither Borrower nor the REIT shall declare or make any dividend or other distribution on account of partnership interests in excess of what is required for the REIT to maintain its status as a real estate investment trust as defined in Section 856 of the Internal Revenue Code.

(e) Restrictions on Fundamental Changes.

(i) Borrower shall not, and shall not permit any of its Subsidiaries to, enter into any merger, consolidation, reorganization or recapitalization or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), or discontinue its business.

(ii) Borrower shall remain a limited partnership with the REIT as its sole general partner.

(iii) Borrower shall not change its Fiscal Year.

(iv) Except for Permitted Holdings and other Investments permitted under Section 8.01(c), Borrower shall not engage in any line of business other than ownership, operation and development of manufactured home communities and the provision of services incidental thereto and the brokerage, purchase, and sale of manufactured home units, whether directly or through its Subsidiaries and Investment Affiliates.

(v) Borrower shall not acquire by purchase or otherwise all or substantially all of the business, property or assets of, or stock or other evidence of beneficial ownership of, any Person, unless after giving effect thereto, Borrower is in pro forma compliance with this Agreement.

(f) ERISA. Neither Borrower nor the REIT shall, and neither shall permit any Material Subsidiary or any of their ERISA Affiliates to, do any of the following to the extent that such act or failure to act would result in the aggregate, after taking into account any other such acts or failure to act, in a Material Adverse Effect:

(i) Engage, or knowingly permit a Subsidiary or an ERISA Affiliate to engage, in any prohibited transaction described in Section 406 of ERISA or Section 4975 of the Internal Revenue Code which is not exempt under Section 407 or 408 of ERISA or Section 4975(d) of the Internal Revenue Code for which a class exemption is not available or a private exemption has not been previously obtained from the DOL;

(ii) Permit to exist any accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Internal Revenue Code), whether or not waived;

(iii) Fail, or permit a Material Subsidiary or an ERISA Affiliate of the REIT, Borrower or any Material Subsidiary to fail, to pay timely required contributions or

annual installments due with respect to any waived funding deficiency to any Plan if such failure could result in the imposition of a Lien or otherwise would have a Material Adverse Effect;

(iv) Terminate, or permit an ERISA Affiliate of the REIT, Borrower or any Material Subsidiary to terminate, any Benefit Plan which would result in any liability of Borrower or a Material Subsidiary or an ERISA Affiliate of the REIT, Borrower or any Material Subsidiary under Title IV of ERISA; or

(v) Fail, or permit any Subsidiary or ERISA Affiliate to fail to pay any required installment under section (m) of Section 412 of the Internal Revenue Code or any other payment required under Section 412 of the Internal Revenue Code on or before the due date for such installment or other payment, if such failure could result in the imposition of a Lien or otherwise would have a Material Adverse Effect; or

(vi) Permit to exist any Termination Event;

(vii) Make, or permit a Material Subsidiary or an ERISA Affiliate of the REIT, Borrower or any Material Subsidiary to make, a complete or partial withdrawal (within the meaning of ERISA Section 4201) from any Multiemployer Plan so as to result in liability to Borrower, a Material Subsidiary or any ERISA Affiliate of the REIT, Borrower or any Material Subsidiary which would have a Material Adverse Effect; or

(viii) Permit the total Unfunded Pension Liabilities (using the actuarial assumptions utilized by the PBGC) for all Benefit Plans (other than Benefit Plans which have no Unfunded Pension Liabilities) to have a Material Adverse Effect.

None of the REIT, Borrower nor any Agreement Party shall use any "assets" (within the meaning of ERISA or Section 4975 of the Internal Revenue Code, including but not limited to 29 C.F.R. ss. 2510.3-101 or any successor regulation thereto) of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code to repay or secure the Obligations if the use of such assets may result in a prohibited transaction under ERISA or the Internal Revenue Code (which is not exempt from the restrictions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code and the taxes and penalties imposed by Section 4975 of the Internal Revenue Code and Section 502(i) of ERISA) or in a Lender, Agent or the Lenders being deemed in violation of Section 404 or 406 of ERISA or Section 4975 of the Internal Revenue Code or otherwise by itself results in or will result in a Lender, Agent or the Lenders being a fiduciary or party in interest under ERISA or a "disqualified person" as defined in Section 4975(e)(2) of the Internal Revenue Code with respect to an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code. Without limitation of any other provision of this Agreement, none of the REIT, Borrower or any Agreement Party shall assign, sell, pledge, encumber, transfer, hypothecate or otherwise dispose of their respective interests or rights (direct or indirect) in any Loan Document, or attempt to do any of the foregoing or suffer any of the foregoing, or permit any party) with a direct or indirect interest or

right in any Loan Document to do any of the foregoing, nor shall REIT or Borrower assign, sell, pledge, encumber, transfer, hypothecate or otherwise dispose of any of their respective rights or interests (direct or indirect) in any Agreement Party, Borrower or REIT, as applicable, or attempt to do any of the foregoing or suffer any of the foregoing, if such action would cause the Obligations, or the exercise of any of the Agent's or Lenders' rights in connection therewith, to constitute a prohibited transaction under ERISA or the Internal Revenue Code (unless Borrower furnishes to Agent a legal opinion reasonably satisfactory to Agent that the transaction is exempt from the prohibited transaction provisions of ERISA and the Internal Revenue Code (for this purpose, the Agent and Lenders agree to supply Borrower all relevant non-confidential factual information reasonably necessary to such legal opinion and reasonably requested by Borrower)) or otherwise results in a Lender, the Agent or the Lenders being deemed in violation of Sections 404 or 406 of ERISA or Section 4975 of the Internal Revenue Code or otherwise by itself would result in a Lender, the Agent or the Lenders being a fiduciary or party in interest under ERISA or a "disqualified person" as defined in Section 4975(e)(2) of the Internal Revenue Code with respect to an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code.

(g) Environmental Liabilities. Borrower shall not, and shall not permit any of its Subsidiaries to, become subject to any Liabilities and Costs which will have a Material Adverse Effect arising out of or related to (i) the Release or threatened Release of any Contaminant into the environment, or any Remedial Action in response thereto, or (ii) any violation of any Environmental Laws. Notwithstanding the foregoing provision, Borrower and its Subsidiaries shall have the right to contest in good faith any claim of violation of an Environmental Law by appropriate legal proceedings and shall be entitled to postpone compliance with the obligation being contested as long as (i) no Event of Default shall have occurred and be continuing, (ii) Borrower shall have given Agent prior written notice of the commencement of such contest, (iii) noncompliance with such Environmental Law shall not subject Borrower or such Subsidiary to any criminal penalty or subject Agent to pay any civil penalty or to prosecution for a crime, and (iv) no portion of any Property material to Borrower or its condition or prospects shall be in imminent danger of being sold, forfeited or lost, by reason of such contest or the continued existence of the matter being contested.

(h) Amendment of Constituent Documents. Borrower shall not permit any amendment of its limited partnership agreements, certificate of limited partnership or by-laws, if any, which would materially and adversely affect Agent or Lenders or their respective rights and remedies under the Loan Documents.

(i) Disposal of Interests. Borrower will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any material portion of its partnership interests, stock or other ownership interests in any Subsidiary or other Person in which it has an interest unless Borrower has delivered to Agent a Compliance Certificate showing on a pro forma basis (calculated in a manner reasonably acceptable to Agent) that there would be no breach of any of the financial covenants contained in Articles VIII and XI after giving effect to such conveyance, sale, transfer, assignment, pledge, or other encumbrance or disposition.

(j) Margin Regulations. No portion of the proceeds of any credit extended under this Agreement shall be used in any manner which might cause the extension of credit or the application of such proceeds to violate Regulation G, Regulation U or Regulation X or any other regulation of the Federal Reserve Board or to violate the Securities Exchange Act or the Securities Act, in each case as in effect on the date or dates of Borrowings and such use of proceeds.

(k) Transactions with Affiliates. Borrower shall not and shall not permit any of its Subsidiaries to enter into, any transaction or series of related transactions with any Affiliate of Borrower, other than transactions in the ordinary course of business which are on terms and conditions substantially as favorable to Borrower or such Subsidiary as would be obtainable by Borrower or such Subsidiary in an arms-length transaction with a Person other than an Affiliate.

8.02. With respect to the REIT:

(a) Indebtedness. The REIT shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(i) the Obligations; and

(ii) Indebtedness which, after giving effect thereto, may be incurred or may remain outstanding without giving rise to an Event of Default or Unmatured Event of Default under any provision of Articles VIII and IX.

(b) Liens. The REIT shall not, and shall not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any of its Property, except:

(i) Liens in favor of Agent securing the Obligations;

(ii) Permitted Liens; and

(iii) Liens securing Indebtedness permitted to be incurred and remain outstanding pursuant to Section 8.02(a)(ii).

(c) Restriction on Fundamental Changes.

(i) The REIT shall not enter into any merger, consolidation, reorganization or recapitalization or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution) or discontinue its business.

(ii) The REIT shall not change its Fiscal Year.

(iii) The REIT shall not engage in any line of business other than owning partnership interests in Borrower and the interests identified on Schedule 5.01(w) as

being owned by the REIT and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(iv) The REIT shall not have an Investment in any Person other than Borrower and the interests identified on Schedule 5.01(w) as being owned by the REIT and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(v) The REIT shall not acquire an interest in any Property other than Securities issued by Borrower and the interests identified on Schedule 5.01(w) and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(d) Environmental Liabilities. The REIT shall not, and shall not permit any of its Subsidiaries to become subject to any Liabilities and Costs which will have a Material Adverse Effect arising out of or related to (i) the Release or threatened Release of any Contaminant into the environment, or any Remedial Action in response thereto, or (ii) any violation of any Environmental Laws. Notwithstanding the foregoing provision, the REIT and its Subsidiaries shall have the right to contest in good faith any claim of violation of an Environmental Law by appropriate legal proceedings and shall be entitled to postpone compliance with the obligation being contested as long as (i) no Event of Default shall have occurred and be continuing, (ii) the REIT shall have given Agent prior written notice of the commencement of such contest, (iii) noncompliance with such Environmental Law shall not subject the REIT or such Subsidiary to any criminal penalty or subject Agent to pay any civil penalty or to prosecution for a crime, and (iv) no portion of any Property material to Borrower or its condition or prospects shall be in imminent danger of being sold, forfeited or lost, by reason of such contest or the continued existence of the matter being contested.

(e) Amendment of Charter or By-Laws. The REIT shall not permit any amendment of its charter documents or by-laws, which would materially and adversely affect Agent or Lenders or their respective rights and remedies under the Loan Documents.

(f) Disposal of Partnership Interests. The REIT will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any of its partnership interests in Borrower.

(g) Maximum Ownership Interests. No Person or group of Persons (within the meaning of Section 13 or 14 of the Securities Exchange Act) (other than Samuel Zell) shall beneficially acquire ownership (within the meaning of Rule 13d-3 promulgated by the Commission under such Act), directly or indirectly, of more than fifteen percent (15%) of the Securities which have the right to elect the board of directors of the REIT under ordinary circumstances on a combined basis, after giving effect to the conversion of any Convertible Securities in the REIT and Borrower.

ARTICLE IX.
FINANCIAL COVENANTS

Borrower covenants and agrees that, on and after the date of this Agreement and until payment in full of all the Obligations, the expiration of all Commitments and the termination of this Agreement:

9.01. Total Liabilities to Gross Asset Value. Borrower shall not permit the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries to exceed 0.6:1.

9.02. Secured Debt to Gross Asset Value. Borrower shall not permit the ratio of Secured Debt to the sum of Gross Asset Values for Borrower and each of its Subsidiaries to exceed 0.40:1.

9.03. EBITDA to Interest Expense Ratio. Borrower shall not permit the ratio of EBITDA for any Fiscal Quarter to Interest Expense for such Fiscal Quarter to be less than 2.0:1.

9.04. EBITDA to Fixed Charges Ratio. Borrower shall not permit the ratio of EBITDA for any Fiscal Quarter to Fixed Charges for such Fiscal Quarter to be less than 1.75:1.

9.05. Unencumbered Net Operating Income to Unsecured Interest Expense. Borrower shall not permit the ratio of Unencumbered Net Operating Income for any Fiscal Quarter to Unsecured Interest Expense for such Fiscal Quarter to be less than 1.80:1.

9.06. Unencumbered Pool. Borrower shall not permit the ratio of (a) the sum of (i) the Unencumbered Asset Value and (ii) the fair market value of cash and Cash Equivalents owned by Borrower and subject to no Lien in excess of $10,000,000 to (b) outstanding Unsecured Debt to be less than 1.80:1.

9.07. Minimum Net Worth. Borrower will maintain a Net Worth of not less than Two Hundred Fifty-Eight Million Three Hundred Seventeen Thousand One Hundred Dollars ($258,317,100) plus ninety percent (90%) of all Net Offering Proceeds received by the REIT or Borrower after September 30, 1996.

9.08. Permitted Holdings. Borrower's primary business will be the ownership, operation and development of manufactured home communities and any other business activities of Borrower and its Subsidiaries will remain incidental thereto. Notwithstanding the foregoing, Borrower and its Subsidiaries may acquire, or maintain or engage in the following Permitted Holdings if and so long as (i) the aggregate value of such Permitted Holdings, whether held directly or indirectly by Borrower and its Subsidiaries, does not exceed, at any time, twenty percent (20%) of Gross Asset Value for Borrower as a whole and (ii) the value of each such Permitted Holding, whether held directly or indirectly by Borrower and its Subsidiaries, does not exceed, at any time, the following percentages of Borrower's Gross Asset Value:

Permitted Holdings	Maximum Percentage of Gross Asset Value
Non-Manufactured Home Community Property (other than cash or Cash Equivalents)	10%
Land	5%
Securities issued by real estate investment trusts primarily engaged in the development, ownership and management of manufactured home communities	5%
Manufactured Home Community Mortgages other than mortgage indebtedness which is either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or accounted for as investments in real estate under GAAP	10%
Manufactured Home Community Partnership Interests other than Controlled Partnership Interests	10%
Development Activity	10%

For purposes of calculating the foregoing percentages the value of each category shall be calculated in the manner that Gross Asset Value is determined; provided however, that the Gross Asset Value for Land and Securities shall be equal to the lesser of (a) the acquisition cost thereof or (b) the current market value thereof (such market value to be determined in a manner reasonably acceptable to Agent); provided, further, that the Gross Asset Value of Development Activity shall be determined in accordance with GAAP.

9.09. Calculation. Each of the foregoing ratios and financial requirements shall be calculated as of the last day of each Fiscal Quarter, but shall be satisfied at all times.

ARTICLE X.
EVENTS OF DEFAULT; RIGHTS AND REMEDIES

10.01. Events of Default. Each of the following occurrences shall constitute an Event of Default under this Agreement:

(a) Failure to Make Payments When Due. (i) The failure to pay in full any amount due on the Termination Date; (ii) the failure to pay in full any principal when due; (iii) the failure to pay in full any interest owing hereunder or under any of the other Loan Documents within ten (10) days after the due date thereof and, unless Agent has previously delivered two (2) or more notices of payment default to Borrower during the term of this Agreement (in which event the following notice shall not be required), Agent shall have given Borrower written notice that Agent has not received such payment on or before the date such payment was required to be made and Borrower shall have failed to make such payment within five (5) days after receipt of such notice; or (iv) the failure to pay in full any other payment required hereunder or under any of the other Loan Documents, whether such payment is required to be made to Agent or to some other Person, within ten (10) days after Agent gives Borrower written notice that such payment is due and unpaid.

(b) Dividends. Borrower or the REIT shall breach the covenant set forth in Section 8.01(d).

(c) Breach of Financial Covenants. Borrower shall fail to satisfy any covenant set forth in Article IX and such failure shall continue for forty (40) days after Borrower's knowledge thereof.

(d) Other Defaults. Borrower, the REIT or any Agreement Party shall fail duly and punctually to perform or observe any agreement, covenant or obligation binding on Borrower, the REIT or any Agreement Party under this Agreement or under any of the other Loan Documents (other than as described in Section 7.01(e) or Sections 10.01(a), (b), (c), (e), (g) or (p)), and such failure shall continue for thirty (30) days after written notice from Agent to Borrower, the REIT or any Agreement Party (or (i) such lesser period of time as is mandated by applicable Requirements of Law or (ii) such longer period of time (but in no case more than ninety (90) days) as is reasonably required to cure such failure if Borrower, the REIT, or such Agreement Party commences such cure within such ninety (90) days and diligently pursues the completion thereof).

(e) Breach of Representation or Warranty. Any representation or warranty made or deemed made by Borrower, the REIT or any Agreement Party to Agent or any Lender herein or in any of the other Loan Documents or in any statement, certificate or financial statements at any time given by Borrower pursuant to any of the Loan Documents shall be false or misleading in any material respect on the date as of which made and, with respect to any such representation or warranty not known by Borrower at the time made or deemed made to be false or misleading, the defect causing such representation or warranty to be false or misleading is not removed within thirty (30) days after written notice thereof from Agent to Borrower.

(f) Default as to Other Indebtedness. Borrower, the REIT, any Subsidiary or any Investment Affiliate shall have defaulted under any Other Indebtedness of such party (other than Non-Recourse Indebtedness) and as a result thereof the holders of such Other Indebtedness shall have accelerated such Other Indebtedness (other than Non-Recourse Indebtedness), if the aggregate amount of such accelerated Other Indebtedness (to the extent of any recourse to

Borrower, the REIT or any Material Subsidiary), together with the aggregate amount of any Other Indebtedness (other than Non-Recourse Indebtedness) of Borrower, the REIT, any Subsidiary or any Investment Affiliate which has theretofore been accelerated (to the extent of any recourse to Borrower, the REIT or any Material Subsidiary) is $10,000,000 or more.

(g) Involuntary Bankruptcy; Appointment of Receiver, etc.

(i) An involuntary case or other proceeding shall be commenced against the REIT, Borrower, any Subsidiary, or any Agreement Party and the petition shall not be dismissed within sixty (60) days after commencement of the case, or a court having jurisdiction shall enter a decree or order for relief in respect of the REIT, Borrower, any Subsidiary, or any Agreement Party, as the case may be, in an involuntary case or other proceeding, under any applicable bankruptcy, insolvency or other similar law now or hereinafter in effect; or any other similar relief shall be granted under any applicable federal, state or foreign law; or

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Borrower, the REIT, any Subsidiary, or any Agreement Party, or over all or a substantial part of the property of the REIT, Borrower, any Subsidiary, or any Agreement Party shall be entered, or an interim receiver, trustee or other custodian of the REIT, Borrower, any Subsidiary, or any Agreement Party, or of all or a substantial part of the property of the REIT, Borrower, any Subsidiary, or any Agreement Party shall be appointed or a warrant of attachment, execution or similar process against any substantial part of the property of the REIT, Borrower, any Subsidiary, or any Agreement Party shall be issued and any such event shall not be stayed, vacated, dismissed, bonded or discharged within sixty (60) days of entry, appointment or issuance.

(h) Voluntary Bankruptcy; Appointment of Receiver, Etc. The REIT, Borrower, any Subsidiary, or any Agreement Party shall have an order for relief entered with respect to it or commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking of possession by a receiver, trustee or other custodian for all or a substantial part of its property; the REIT, Borrower, any Subsidiary, or any Agreement Party shall make any assignment for the benefit of creditors or shall be unable or fail, or admit in writing its inability, to pay its debts as such debts become due; or the general partner(s) or Board of Directors (or any committee thereof), as applicable, of the REIT, Borrower, any Subsidiary, or any Agreement Party adopts any resolution or otherwise authorizes any action to approve any of the foregoing.

(i) Judgments and Attachments. (i) Any money judgments (other than a money judgment covered by insurance but only if the insurer has admitted liability with respect to such money judgment), writs or warrants of attachment, or similar processes involving an aggregate amount in excess of $5,000,000 shall be entered or filed against the REIT, Borrower,

any Subsidiary, or any Agreement Party or their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days, or (ii) any judgment or order of any court or administrative agency awarding material damages shall be entered against the REIT, Borrower, any Subsidiary, or any Agreement Party in any action under the Federal securities laws seeking rescission of the purchase or sale of, or for damages arising from the purchase or sale of, any Securities, such judgment or order shall have become final after exhaustion of all available appellate remedies and such judgment or order would have a Material Adverse Effect.

(j) Dissolution. Any order, judgment or decree shall be entered against the REIT, Borrower, or any Agreement Party decreeing its involuntary dissolution or split up and such order shall remain undischarged and unstayed for a period in excess of thirty (30) days; or the REIT, Borrower, 'or any Agreement Party shall otherwise dissolve or cease to exist.

(k) Loan Documents; Failure of Security or Subordination. Any Loan Document shall cease to be in full force and effect or any Obligation shall be subordinated or shall not have the priority contemplated by this Agreement or the Loan Documents for any reason or any guarantor under any guaranty of all or any portion of the Obligations shall at any time disavow or deny liability under such guaranty in writing.

(l) ERISA Plan Assets. Any assets of Borrower, the REIT or any Agreement Party shall constitute "assets" (within the meaning of 29 C.F.R. ss. 2510.3-101 or any successor regulation thereto) of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code or Borrower, the REIT or any Agreement Party shall be an "employee benefit plan" as defined in Section 3(3) of ERISA, a "multiemployer plan" as defined in Sections 4001(a)(3) or 3(37) of ERISA, or a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code.

(m) ERISA Prohibited Transaction. The Obligations, any of the Loan Documents or the exercise of any of the Agent's or Lenders' rights in connection therewith shall constitute a prohibited transaction under ERISA and/or the Internal Revenue Code (which is not exempt from the restrictions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code and the taxes and penalties imposed by Section 4975 of the Internal Revenue Code and Section 502(i) of ERISA).

(n) ERISA Liabilities. (i) Any Termination Event occurs which will or is reasonably likely to subject Borrower, the REIT, any Material Subsidiary, any Agreement Party, any ERISA Affiliate thereof or any of them to a liability which Agent reasonably determines will have a Material Adverse Effect, (ii) the plan administrator of any Benefit Plan applies for approval under Section 412(d) of the Internal Revenue Code for a waiver of the minimum funding standards of Section 412(a) of the Internal Revenue Code and Agent reasonably determines that the business hardship upon which the Section 412(d) waiver request was based will or would reasonably be anticipated to subject Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them to a liability which Agent reasonably determines will have a Material Adverse Effect; (iii) any Benefit Plan shall incur an accumulated funding deficiency" (as defined in Section 412 of the Internal Revenue Code or

Section 302 of ERISA) for which a waiver shall not have been obtained in accordance with the applicable provisions of the Internal Revenue Code or ERISA which "accumulated funding deficiency" will or would reasonably be anticipated to subject Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them to a liability which the Agent reasonably determines will have a Material Adverse Effect; (iv) Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them shall have engaged in a transaction which is prohibited under Section 4975 of the Internal Revenue Code or Section 406 of ERISA which will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect; (v) Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them shall fail to pay when due an amount which it shall have become liable to pay to the PBGC, a Plan or a trust established under Title IV of ERISA which failure will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect; (vi) a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that a Benefit Plan must be terminated or have a trustee appointed to administer such Plan which condition will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect; (vii) a Lien shall be imposed on any assets of Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them in favor of the PBGC or a Plan which the Agent reasonably determines will have a Material Adverse Effect; (viii) Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them shall suffer a partial or complete withdrawal from a Multiemployer Plan or shall be in "default" (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan resulting from a complete or partial withdrawal (as described in Section 4203 or 4205 of ERISA) from such Multiemployer Plan which will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect; or (ix) a proceeding shall be instituted by a fiduciary of any Multiemployer Plan against Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them to enforce Section 515 of ERISA which will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect.

(o) Solvency. Borrower, any Agreement Party or the REIT shall cease to be Solvent.

(p) Board of Directors. During any 12-month period, individuals who were directors of the REIT on the first day of such period shall not constitute a majority of the board of directors of the REIT.

(q) Term Loan Credit Agreement. An "Event of Default" shall have occurred under the Term Loan Credit Agreement.

An Event of Default shall be deemed "continuing" until cured or waived in writing in accordance with Section 12.05.

10.02. Rights and Remedies.

(a) Acceleration. Upon the occurrence of any Event of Default with respect to Borrower described in the foregoing Section 10.01(g) or 10.01(h), the Commitments (including the obligations of Swingline Lender and Issuing Lender) shall automatically and immediately terminate and the unpaid principal amount of and any and all accrued interest on the Loans and all of the other Obligations shall automatically become immediately due and payable, with all additional interest from time to time accrued thereon and without presentment, demand or protest or other requirements of any kind (including without limitation valuation and appraisement, diligence, presentment, notice of intent to demand or accelerate or notice of acceleration), all of which are hereby expressly waived by Borrower, and the obligations of Lenders to make any Loans hereunder shall thereupon terminate; and upon the occurrence and during the continuance of any other Event of Default, Agent shall, at the request of, or may, with the consent of, Requisite Lenders, by written notice to Borrower, (i) declare that the Commitments (including the obligations of Swingline Lender and Issuing Lender) are terminated, whereupon the Commitments and the obligation of Lenders to make any Loans hereunder shall immediately terminate, and/or (ii) declare the unpaid principal amount of and any and all accrued and unpaid interest on the Loans and all of the other Obligations to be, and the same shall thereupon be, immediately due and payable with all additional interest from time to time accrued thereon and without presentment, demand, or protest or other requirements of any kind (including without limitation, valuation and appraisement, diligence, presentment, notice of intent to demand or accelerate and of acceleration), all of which are hereby expressly waived by Borrower. Upon the occurrence of and during the continuance of an Event of Default, no Agreement Party shall be permitted to make any distributions or dividends without the prior written consent of Agent. Upon the occurrence of an Event of Default or an acceleration of the Obligations, Agent and Lenders may exercise all or any portion of the rights and remedies set forth in the Loan Documents.

(b) Access to Information. Notwithstanding anything to the contrary contained in the Loan Documents, upon the occurrence of and during the continuance of an Event of Default, Agent shall be entitled to request and receive, by or through Borrower or appropriate legal process, any and all information concerning the REIT, Borrower, any Subsidiary of Borrower, any Investment Affiliate, any Agreement Party, or any property of any of them, which is reasonably available to or obtainable by Borrower.

(c) Waiver of Demand. Demand, presentment, protest and notice of nonpayment are hereby waived by Borrower. Borrower also waives, to the extent permitted by law, the benefit of all valuation, appraisal and exemption laws.

(d) Waivers, Amendments and Remedies. No delay or omission of Agent or Lenders to exercise any right under any Loan Document shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein, and any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in a writing signed by Agent after obtaining written approval thereof or the signature thereon of those Lenders required to approve such waiver, amendment or other variation, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to Agent and Lenders until the Obligations have been paid in full, the Commitments have expired or terminated and this Agreement has been terminated.

10.03. Rescission. If at any time after acceleration of the maturity of the Loans, Borrower shall pay all arrears of interest and all payments on account of principal of the Loans which shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified in this Agreement) and all Events of Default and Unmatured Events of Default (other than nonpayment of principal of and accrued interest on the Loans due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Section 12.05, then by written notice to Borrower, Requisite Lenders may elect, in the sole discretion of Requisite Lenders to rescind and annul the acceleration and its consequences; but such action shall not affect any subsequent Event of Default or Unmatured Event of Default or impair any right or remedy in connection therewith. The provisions of the preceding sentence are intended merely to bind Lenders to a decision which may be made at the election of Requisite Lenders; they are not intended to benefit Borrower and do not give Borrower the right to require Lenders to rescind or annul any acceleration hereunder, even if the conditions set forth herein are met.

10.04. Suspension of Lending. At any time during which an Unmatured Event of Default exists pursuant to Section 10.01(c) or Section 10.01(d) and is not cured (by improvement in the applicable financial measure by compliance with the applicable financial covenant in such 40-day period or as provided in Section 10.01(d)), Borrower shall have no right to receive any additional Loans.

ARTICLE XI.
AGENCY PROVISIONS

11.01. Appointment

(a) Each Lender hereby designates and appoints Wells Fargo as Agent of such Lender under this Agreement and the Loan Documents, and each Lender hereby irrevocably authorizes Agent to take such action on its behalf under the provisions of this Agreement and the Loan Documents and to exercise such powers as are set forth herein or therein, together with such other powers as are reasonably incidental thereto. Agent agrees to act as such on the express conditions contained in this Article XI.

(b) The provisions of this Article XI are solely for the benefit of Agent and Lenders, and Borrower shall not have any rights to rely on or enforce any of the provisions hereof. In performing its functions and duties under this Agreement, Agent shall act solely as Agent of Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for Borrower.

11.02. Nature of Duties. Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement or in the Loan Documents. The duties of Agent shall be administrative in nature. Subject to the provisions of Sections 11.05 and 11.07, Agent shall administer the Loans in the same manner as it administers its own loans. Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any of the Loan Documents, expressed or implied, is intended or shall be construed to impose upon Agent any obligation in respect of this Agreement or any of the Loan Documents except as expressly set forth herein or therein. Each Lender shall make its own independent investigation of the financial condition and affairs of the REIT, Borrower, the Subsidiaries, the Investment Affiliates, and each Agreement Party in connection with the making and the continuance of the Loans hereunder and shall make its own assessment of the creditworthiness of the REIT, Borrower, the Subsidiaries, the Investment Affiliates, and each Agreement Party, and, except as specifically provided herein, Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the Closing Date or at any time or times thereafter.

11.03. Loan Disbursements

(a) Promptly after receipt of a Notice of Borrowing for a Loan to be made pursuant to Section 2.01 hereof, but in no event later than one (1) Business Day prior to the proposed Funding Date for a Base Rate Loan or two (2) Business Days prior to the proposed Funding Date for a LIBOR Loan, Agent shall notify each Lender of the proposed Borrowing and the Funding Date set forth therein. Each Lender shall make available to Agent (or the funding bank or entity designated by Agent), the amount of such Lender's Pro Rata Share of such Borrowing in immediately available funds not later than the times designated in Section 11.03(b). Unless Agent shall have been notified by any Lender prior to such time for funding in respect of any borrowing that such lender does not intend to make available to Agent such Lender's Pro Rata Share of such Borrowing, Agent may assume that such Lender has made such amount available to Agent and Agent, in its sole discretion, may, but shall not be obligated to, make available to Borrower a corresponding amount. If such corresponding amount is not in fact made available to Agent by such Lender on or prior to a Funding Date, such Lender agrees to pay to Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to Borrower until the date such amount is paid or repaid to Agent, at the Federal Funds Rate. If such Lender shall pay to Agent such corresponding amount, such amount so paid shall constitute such Lender's Pro Rata Share of such Borrowing. If such Lender shall not pay to Agent such corresponding amount after reasonable attempts are made by Agent to collect such amounts from such Lender, Borrower agrees to repay to Agent forthwith on demand such corresponding amount together with interest

thereon, for each day from the date such amount is made available to Borrower until the date such amount is repaid to Agent, at the interest rate applicable thereto.

(b) Requests by Agent for funding by Lenders of Loans will be made by telecopy. Each Lender shall make the amount of its Loan available to Agent in Dollars and in immediately available funds, to such bank and account, in El Segundo, California as Agent may designate, not later than 10:00 A.M. (California time) on the Funding Date designated in the Notice of Borrowing with respect to such Loan. Nothing in this Section 11.03(b) shall be deemed to relieve any Lender of its obligation hereunder to make its Pro Rata Share of Loans on any Funding Date, nor shall any Lender be responsible for the failure of any other Lender to perform its obligations to make any Loan hereunder, and the Commitment of any Lender shall not be increased or decreased as a result of the failure by any other Lender to perform its obligation to make a Loan.

11.04. Distribution and Apportionment of Payments

(a) Subject to Section 11.04(b), payments actually received by Agent for the account of Lenders shall be paid to them promptly after receipt thereof by Agent, but in any event prior to 3:00 P.M. (California time) on the day of receipt (if received by 11:00 A.M. (California time) on such day), or within one (1) Business Day thereafter (if received after 11:00 A.M. (California time) on the day of receipt), provided that Agent shall pay to such Lenders interest thereon at the Federal Funds Rate from the Business Day on which such funds are required to be paid to Lenders by Agent until such funds are actually paid in immediately available funds to such Lenders. All payments of principal and interest in respect of outstanding Loans (other than Swingline Loans), all payments of the fees described in this Agreement (other than agency and arrangement fees described in Section 2.04(c)), and all payments in respect of any other Obligations shall be allocated among such of Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein. Agent shall promptly, but in any event within two (2) Business Days (with interest thereon, if required pursuant to this Section 11.04(a)), distribute to each Lender at its primary address set forth on the appropriate counterpart signature page hereof or on the Assignment and Assumption, or at such other address as a Lender may request in writing, such funds as it may be entitled to receive, provided that Agent shall in any event not be bound to inquire into or determine the validity, scope or priority of any interest or entitlement of any Lender and may suspend all payments and seek appropriate relief (including without limitation instructions from Requisite Lenders, or all Lenders, as applicable, or an action in the nature of interpleader) in the event of any doubt or dispute as to any apportionment or distribution contemplated hereby. The order of priority herein is set forth solely to determine the rights and priorities of Lenders as among themselves and may at any time or from time to time be changed by Lenders as they may elect, in writing in accordance with Section 12.05, without necessity of notice to or consent of or approval by Borrower or any other Person.

(b) Notwithstanding any provision hereof to the contrary, until such time as a Defaulting Lender has funded its Pro Rata Share of a Loan (other than a Swingline Loan but including a Mandatory Borrowing) or draw on a Letter of Credit which was previously a Non Pro

Rata Loan, or all other Lenders have received payment in full (whether by repayment or prepayment) of the principal and interest due in respect of such Non Pro Rata Loan, all of the Obligations owing to such Defaulting Lender hereunder shall be subordinated in right of payment, as provided in the following sentence, to the prior payment in full of all principal, interest and fees in respect of all Non Pro Rata Loans in which the Defaulting Lender has not funded its Pro Rata Share (such principal, interest and fees being referred to as "Senior Loans"). All amounts paid by Borrower and otherwise due to be applied to the Obligations owing to the Defaulting Lender pursuant to the terms hereof shall be distributed by Agent to the other Lenders in accordance with their respective Pro Rata Shares (recalculated for purposes hereof to exclude the Defaulting Lender's Commitment), until all Senior Loans have been paid in full. This provision governs only the relationship among Agent, each Defaulting Lender, and the other Lenders; nothing hereunder shall limit the obligation of Borrower to repay all Loans in accordance with the terms of this Agreement. The provisions of this section shall apply and be effective regardless of whether an Event of Default occurs and is then continuing, and notwithstanding (i) any other provision of this Agreement to the contrary, (ii) any instruction of Borrower as to its desired application of payments or (iii) the suspension of such Defaulting Lender's right to vote on matters which are subject to the consent or approval of Requisite Lenders, Super majority Lenders, or all Lenders. No Unused Facility Fee shall accrue in favor of, or be payable to, such Defaulting Lender from the date of any failure to fund Loans (other than Swingline Loans but including Loans made pursuant to Mandatory Borrowings) or draws on Letters of Credit or reimburse Agent for any Liabilities and Costs as herein provided until such failure has been cured and, without limitation of other provisions set forth in this Agreement, Agent shall be entitled to (i) collect interest from such Lender for the period from the date on which the payment was due until the date on which the payment is made at the Federal Funds Rate for each day during such period, (ii) withhold or set off, and to apply to the payment of the defaulted amount and any related interest, any amounts to be paid to such Defaulting Lender under this Agreement, and (iii) bring an action or suit against such Defaulting Lender in a court of competent jurisdiction to recover the defaulted amount and any related interest. In addition, the Defaulting Lender shall indemnify, defend and hold Agent and each of the other Lenders harmless from and against any and all Liabilities and Costs plus interest thereon at the default rate set forth in the Loan Documents for funds advanced by Agent or any other Lender on account of the Defaulting Lender which they may sustain or incur by reason of or as a direct consequence of the Defaulting Lender's failure or refusal to abide by its obligations under this Agreement.

11.05. Rights, Exculpation, Etc. Neither Agent, any Affiliate of Agent, nor any of their respective officers, directors, employees, agents, attorneys or consultants, shall be liable to any Lender for any action taken or omitted by them hereunder or under any of the Loan Documents, or in connection herewith or therewith, except that Agent shall be liable for its gross negligence or willful misconduct in the performance of its express obligations hereunder. In the absence of gross negligence or willful misconduct, Agent shall not be liable for any apportionment or distribution of payments made by it in good faith pursuant to Section 11.04, and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Person to whom payment was due, but not made, shall be to

recover from the recipients of such payments any payment in excess of the amount to which they are determined to have been entitled. Agent shall not be responsible to any Lender for any recitals, statements, representations or warranties herein or for the execution, effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement, or any of the other Loan Documents, or any of the transactions contemplated hereby and thereby; or for the financial condition of the REIT, Borrower, any Subsidiary, any Investment Affiliate, or any Agreement Party. Agent shall not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any of the Loan Documents or the financial condition of the REIT, Borrower, any Subsidiary, any Investment Affiliate, or any Agreement Party, or the existence or possible existence of any Unmatured Event of Default or Event of Default. Agent may at any time request instructions from Lenders with respect to any actions or approvals which, by the terms of this Agreement or of any of the Loan Documents, Agent is permitted or required to take or to grant without instructions from any Lenders, and if such instructions are promptly requested, Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from taking any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from Requisite Lenders or Supermajority Lenders, as the case may be. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of Requisite Lenders, Supermajority Lenders or, where applicable, all Lenders. Agent shall promptly notify each Lender at any time that the Requisite Lenders or Supermajority Lenders, as the case may be, have instructed Agent to act or refrain from acting pursuant hereto.

11.06. Reliance. Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents, telecopies or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the Loan Documents and its duties hereunder or thereunder, upon advice of legal counsel (including counsel for Borrower), independent public accountant and other experts selected by it.

11.07. Indemnification. To the extent that Agent or Issuing Lender is not reimbursed and indemnified by Borrower, Lenders will reimburse, within ten (10) days after notice from Agent, and indemnify Agent and Issuing Lender for and against any and all Liabilities and Costs which may be imposed on, incurred by, or asserted against it (in its capacity as Agent or Issuing Lender) in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by Agent or Issuing Lender (in its capacity as Agent or Issuing Lender) under this Agreement or any of the other Loan Documents, in proportion to each Lender's Pro Rata Share, provided that no Lender shall be liable for any portion of such Liabilities and Costs resulting from Agent's or Issuing Lender's gross negligence or willful misconduct, bad faith or fraud. The obligations of Lenders under this Section 11.07 shall survive the payment in full of all Obligations and the termination of this Agreement. In the event that after payment and distribution of any amount by Agent to Lenders, any Lender or third party, including Borrower, any creditor of Borrower or a trustee in bankruptcy, recovers from

Agent any amount found to have been wrongfully paid to Agent or disbursed by Agent to Lenders, then Lenders, in proportion to their respective Pro Rata Shares, shall reimburse Agent for all such amounts. Notwithstanding the foregoing, Agent shall not be obligated to advance Liabilities and Costs and may require the deposit by each Lender of its Pro Rata Share of any material Liabilities and Costs anticipated by Agent before they are incurred or made payable.

11.08. Agent Individually. With respect to its Pro Rata Share of the Commitments hereunder and the Loans made by it, Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender. The terms "Lenders", "Requisite Lenders", "Supermajority Lenders", or any similar terms may include Agent in its individual capacity as a Lender, one of the Requisite Lenders or one of the Supermajority Lenders, but Requisite Lenders and Supermajority Lenders shall not include Agent solely in its capacity as Agent and need not necessarily include Agent in its capacity as a Lender. Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with Borrower or any of its Subsidiaries or Affiliates as if it were not acting as Agent pursuant hereto.

11.09. Successor Agent; Resignation of Agent, Removal of Agent

(a) Agent may resign from the performance of all its functions and duties hereunder at any time by giving at least thirty (30) Business Days prior written notice to Lenders and Borrower. For good cause, by a determination of all the Lenders (excluding for such determination the Agent in its capacity as a Lender), the Agent may be removed at any time by giving at least thirty (30) Business Days prior written notice to Agent and Borrower. Such resignation or removal shall take effect upon the acceptance by a successor Agent of appointment pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation by or removal of Agent, Requisite Lenders shall appoint a successor Agent with the consent of Borrower, which shall not be unreasonably withheld or delayed (and approval from Borrower shall not be required upon the occurrence and during the continuance of an Event of Default). Any successor Agent must be a bank (i) the senior debt obligations of which (or such Bank's parent's senior debt obligations) are rated not less than Baa-1 by Moody's Inc. or a comparable rating by a rating agency acceptable to Requisite Lenders, (ii) which has total assets in excess of Ten Billion Dollars ($10,000,000,000) and (iii) which is a Lender as of the date of such succession holding a Commitment without participants equal to at least ten percent (10%) of the Facility. Agent hereby agrees to remit to any successor Agent, a pro rata portion of any annual agent's fee received by Agent, in advance, for the one-year period covered by such agent's fee based upon the portion of such year then remaining.

(c) If a successor Agent shall not have been so appointed within said thirty (30) Business Day period, the retiring or removed Agent, with the consent of Borrower, which may not be unreasonably withheld or delayed (and which approval from Borrower shall not be required upon the occurrence and during the continuance of an Event of Default), shall then

appoint a successor Agent who shall meet the requirements described in subsection (b) above and who shall serve as Agent until such time, if any, as Requisite Lenders, with the consent of Borrower, which may not be unreasonably withheld or delayed (and which approval from Borrower shall not be required upon the occurrence and during the continuance of an Event of Default), appoint a successor Agent as provided above.

(d) Any Person succeeding Wells Fargo (or any successor to Wells Fargo) as Agent hereunder shall also serve as Issuing Lender and Swingline Lender; provided, however, that the issuer of any Letter of Credit outstanding at the time of such succession shall retain all of the rights and protections of Issuing Lender hereunder with respect to such Letter of Credit.

11.10. Consents and Approvals

(a) Each Lender authorizes and directs Agent to enter into the Loan Documents other than this Agreement for the benefit of Lenders. Each Lender agrees that any action taken by Agent at the direction or with the consent of Requisite Lenders or the Supermajority Lenders and any action taken by Agent not requiring consent by Requisite Lenders, Supermajority Lenders, or all Lenders in accordance with the provisions of this Agreement or any Loan Document, and the exercise by Agent at the direction or with the consent of Requisite Lenders or the Supermajority Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all Lenders, except for actions specifically requiring the approval of all Lenders. All communications from Agent to Lenders requesting Lenders determination, consent, approval or disapproval (i) shall be given in the form of a written notice to each Lender, (ii) shall be accompanied by a description of the matter or item as to which such determination, approval, consent or disapproval is requested, or shall advise each Lender where such matter or item may be inspected, or shall otherwise describe the matter or issue to be resolved, (iii) shall include, if reasonably requested by a Lender and to the extent not previously provided to such Lender, written materials and a summary of all oral information provided to Agent by Borrower in respect of the matter or issue to be resolved, and (iv) shall include Agent's recommended course of action or determination in respect thereof. Each Lender shall reply promptly, but in any event within fifteen (15) Business Days after receipt of the request therefor from Agent (the "Lender Reply Period"). Unless a Lender shall give written notice to Agent that it objects to the recommendation or determination of Agent (together with a written explanation of the reasons behind such objection) within the Lender Reply Period, such Lender shall be deemed to have approved of or consented to such recommendation or determination. With respect to decisions requiring the approval of Requisite Lenders, Supermajority Lenders or all Lenders, Agent shall submit its recommendation or determination for approval of or consent to such recommendation or determination to all Lenders and upon receiving the required approval or consent shall follow the course of action or determination recommended to Lenders by Agent or such other course of action recommended by Requisite Lenders or Supermajority Lenders, as the case may be, and each non-responding Lender shall be deemed to have concurred with such recommended course of action. The following amendments, modifications or waivers shall require the consent of the Requisite Lenders:

(i) If any collateral secures the Loans, approval of acceptance of such collateral or the construction of any improvements thereon;

(ii) Waiver of Sections 8.01(h) or 8.02(f);

(iii) Acceleration following an Event of Default pursuant to Section 10.02(a) (except for any Event of Default pursuant to Sections 10.01(g) or 10.01(h)) or rescission of such acceleration pursuant to Section 10.03;

(iv) Approval of the exercise of remedies requiring the consent of the Requisite Lenders under Section 10.02(a);

(v) Appointment of a successor Agent in accordance with Sections 11.09(b) and (c);

(vi) Approval of Protective Advances, except for Protective Advances not requiring such approval pursuant to Section 11.11(a);

(vii) Approval of the Post Foreclosure Plan in accordance with Section 11.11(f); or

(viii) Disapproval of any Property as a Qualifying Unencumbered Property.

(b) The consent of the Supermajority Lenders shall be required to amend or modify Sections 9.01, 9.02, 9.03, 9.04, 9.05, 9.06, 9.07 or 10.01(a) or to waive any requirement thereof or to amend or modify this Section 11.10(b).

(c) In addition to the required consents or approvals referred to in Section 12.05, Agent may at any time request instructions from Requisite Lenders with respect to any actions or approvals which, by the terms of this Agreement or of any of the Loan Documents, Agent is permitted or required to take or to grant without instructions from any Lenders, and if such instructions are promptly requested, Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from taking any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from Requisite Lenders. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement, any of the other Loan Documents in accordance with the instructions of Requisite Lenders or, where applicable, Supermajority Lenders or all Lenders. Agent shall promptly notify each Lender at any time that the Requisite Lenders or Supermajority Lenders have instructed Agent to act or refrain from acting pursuant hereto.

11.11. Consents and Approvals as to Collateral

(a) Agent is hereby authorized on behalf of all Lenders, without the necessity of any notice to or further consent from any Lender, from time to time prior to an Event of

Default, to take any action with respect to any collateral securing the Obligations or Loan Document which may be necessary to perfect and maintain perfected Agent's Liens upon such collateral. Agent may make, and shall be reimbursed for, Protective Advance(s) during any one calendar year with respect to each Property included in such collateral up to the sum of (i) amounts expended to pay real estate taxes, assessments and governmental charges or levies imposed upon such collateral (ii) amounts expended to pay insurance premiums for policies of insurance related to such collateral, and (iii) Five Hundred Thousand Dollars ($500,000). Protective Advances in excess of said sum during any calendar year for any such Property shall require the consent of Requisite Lenders.

(b) Lenders hereby irrevocably authorize Agent, at its option and in its discretion, to release any Lien granted to or held by Agent upon any collateral securing the Obligations (i) upon termination of the Commitments and repayment and satisfaction of all Loans, and all other Obligations and the termination of this Agreement or (ii) if approved, authorized or ratified in writing by all Lenders.

(c) So long as no Unmatured Event of Default or Event of Default is then continuing, upon receipt by Agent of any such written confirmation as referenced in Section 11.11(b)(ii) from all Lenders of its authority to release collateral securing the Obligations, and upon at least three (3) Business Days prior written request by Borrower, Agent shall (and is hereby irrevocably authorized by Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to Agent for the benefit of Lenders herein or pursuant hereto upon such collateral. Notwithstanding the foregoing, with respect to any release of any Lien granted to or held by Agent upon any such collateral, (i) Agent shall not be required to execute any such document on terms which, in Agent's opinion, would expose Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of Borrower in respect of) any Property which shall continue to constitute part of such collateral.

(d) Except as provided in this Agreement, Agent shall have no obligation whatsoever to any Lender or to any other Person to assure that any collateral exists or is owned by Borrower or any Agreement Party or is cared for, protected or insured or has been encumbered or that any Liens granted to agent in any Loan Documents or pursuant hereto or thereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority.

(e) Should Agent commence any proceeding or in any way seek to enforce its rights or remedies under the Loan Documents, irrespective of whether as a result thereof Agent shall acquire title to any collateral, either through foreclosure, deed in lieu of foreclosure, or otherwise, each Lender, upon demand therefor from time to time, shall contribute its share (based on its Pro Rata Share) of the reasonable costs and/or expenses of any such enforcement or acquisition, including, but not limited to, fees of receivers or trustees, court costs, title company charges, filing and recording fees, appraisers' fees and fees and expenses of attorneys to the extent not otherwise reimbursed by Borrower. Without limiting the generality of the foregoing,

each Lender shall contribute its share (based on its Pro Rata Share) of all reasonable costs and expenses incurred by Agent (including reasonable attorneys' fees and expenses) if Agent employs counsel for advice or other representation (whether or not any suit has been or shall be filed) with respect to any collateral or any part thereof, or any of the Loan Documents, or the attempt to enforce any security interest or Lien on any collateral, or to enforce any rights of Agent or any of Borrower's or any other party's obligations under any of the Loan Documents, but not with respect to any dispute between Agent and any other Lender(s). It is understood and agreed that in the event Agent determines it is necessary to engage counsel for Lenders from and after the occurrence of an Event of Default, said counsel shall be selected by Agent and written notice of such selection, together with a copy of such counsel's engagement letter and fee estimate, shall be delivered to Lenders.

(f) In the event that any collateral is acquired by Agent as the result of a foreclosure or the acceptance of a deed or assignment in lieu of foreclosure, or is retained in satisfaction of all or any part of Borrower's or any Agreement Party's obligations, title to any such collateral or any portion thereof shall be held in the name of Agent or a nominee or subsidiary of Agent, as agent, for the ratable benefit of Agent and Lenders. Agent shall prepare a recommended course of action for such collateral (the "Post-Foreclosure Plan"), which shall be subject to the approval of the Requisite Lenders. Agent shall administer the collateral in accordance with the Post-Foreclosure Plan, and upon demand therefor from time to time, each Lender will contribute its share (based on its Pro Rata Share) of all reasonable costs and expenses incurred by Agent pursuant to the Post-Foreclosure Plan, including without limitation, any operating losses. To the extent there is net operating income from such collateral, Agent shall, in accordance with the Post-Foreclosure Plan, determine the amount and timing of distributions to Lenders. All such distributions shall be made to Lenders in accordance with their respective Pro Rata Shares. Lenders acknowledge that if title to any collateral is obtained by Agent or its nominee, such collateral will not be held as a permanent investment but will be liquidated as soon as practicable. Agent shall undertake to sell such collateral, at such price and upon such terms and conditions as the Requisite Lenders shall reasonably determine to be most advantageous. Any purchase money mortgage or deed of trust taken in connection with the disposition of such collateral in accordance with the immediately preceding sentence shall name Agent, as agent for Lenders, as the beneficiary or mortgagee. In such case, Agent and Lenders shall enter into an agreement with respect to such purchase money mortgage defining the rights of Lenders in the same Pro Rata Shares as provided hereunder, which agreement shall be in all material respects similar to this Agreement insofar as this Agreement is appropriate or applicable.

11.12. Lender Actions Against Collateral. Except as provided in Article XII, each Lender agrees that it will not take any action, nor institute any actions or proceedings, against Borrower, the REIT, any Agreement Party or any other obligor hereunder or under the Loan Documents with respect to exercising claims against or rights in any collateral without the consent of Requisite Lenders.

11.13. Assignments and Participations

(a) Subject to the provisions of Section 11.13(j), after first obtaining the approval of Agent and Borrower, which approval will not be unreasonably withheld (and which approval from Borrower shall not be required upon the occurrence and during the continuance of an Event of Default), each Lender may assign to one or more banks, finance companies, insurance or other financial institutions all or a portion of its rights and obligations under this Agreement in accordance with the provisions of this Section (including without limitation all or a portion of its Commitment and the Loans owing to it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of the assigning Lender's rights and obligations under this Agreement and the assignment shall cover the same percentage of such Lender's Commitment and Loans, (ii) unless Agent and Borrower otherwise consent (which consent of Borrower shall not be required upon the occurrence and during the continuance of an Event of Default), the aggregate amount of the Commitment of the assigning Lender being assigned to a Person that is not already a Lender hereunder pursuant to each such assignment (determined as of the date of the Assignment and Assumption with respect to such assignment) shall in no event be less than Ten Million Dollars ($10,000,000) and shall be an integral multiple of One Million Dollars ($1,000,000), (iii) the parties to each such assignment shall execute and deliver to Agent, for its approval and acceptance, an Assignment and Assumption and (iv) Agent shall receive from the assignor or assignors for its sole account a processing fee of Three Thousand Dollars ($3,000). Without restricting the right of Agent or Borrower to reasonably object to any bank, finance company, insurance or other financial institution becoming an assignee of an interest of a Lender hereunder, each proposed assignee must be an existing Lender or a bank, finance company, insurance or other financial institution which (i) has (or, in the case of a bank which is a subsidiary, such bank's parent has) a rating of its senior debt obligations of not less than Baa-1 by Moody's or a comparable rating by a rating agency acceptable to Agent and (ii) has total assets in excess of Ten Billion Dollars ($10,000,000,000). Upon such execution, delivery, approval and acceptance, and upon the effective date specified in the applicable Assignment and Assumption, (A) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been validly and effectively assigned to it pursuant to such Assignment and Assumption, have the rights and obligations of a Lender hereunder and (B) the Lender-assignor thereunder shall, to the extent that rights and obligations hereunder have been validly and effectively assigned by it pursuant to such Assignment and Assumption, relinquish its rights and be released from its obligations under this Agreement.

(b) By executing and delivering an Assignment and Assumption, the Lender-assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Assumption, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the REIT, Borrower, any Subsidiary, any Investment Affiliate, or any Agreement

Party or the performance or observance by the REIT, Borrower, any Subsidiary, any Investment Affiliate, or any Agreement Party of any of their respective obligations under any Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Article VI or delivered pursuant to Article VI to the date of such assignment and such other Loan Documents and other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (iv) such assignee will, independently and without reliance upon Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes Agent to take such action as Agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) Agent shall maintain at its address referred to on the counterpart signature pages hereof a copy of each Assignment and Assumption delivered to and accepted by it and shall record the names and addresses of each Lender and the Commitment of, and principal amount of the Loans owing to, such Lender from time to time. Borrower, Agent and Lenders may treat each Person whose name is so recorded as a Lender hereunder for all purposes of this Agreement.

(d) Upon its receipt of an Assignment and Assumption executed by an assigning Lender and an assignee, Agent shall, if such Assignment and Assumption has been properly completed and is in substantially the form of Exhibit A, (i) accept such Assignment and Assumption, (ii) record the information contained therein and (iii) give prompt notice thereof to Borrower. Upon request, Borrower will execute and deliver to Agent an appropriate replacement promissory note or replacement promissory notes in favor of each assignee (and assignor, if such assignor is retaining a portion of its Commitment and Loans) reflecting such assignee's (and assignor's) Pro Rata Share(s) of the Facility. Upon execution and delivery of such replacement promissory notes, the original promissory note or notes evidencing all or a portion of the Commitments and Loans being assigned shall be canceled and returned to Borrower.

(e) Subject to the provisions of Section 11.13(j), each Lender may sell participations to one or more banks, finance companies, insurance or other financial institutions in or to all or a portion of its rights and obligations under this Agreement (including without limitation all or a portion of its Commitment and the Loans owing to it); provided, however, that (i) such Lender's obligations under this Agreement (including without limitation its Commitment to Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrower, Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and with regard to any and all payments to be made under this Agreement and (iv) the holder of any such participation shall not be entitled

to voting rights under this Agreement except that such Participant may have the contractual right in the applicable participation agreement to prevent (A) increases in the Facility, (B) extensions of the Maturity Date (except as provided in this Agreement), (C) decreases in the interest rates described in this Agreement and (D) the release of all or substantially all of the collateral, except as specifically authorized in Sections 11.10 or 11.11.

(f) Borrower will use reasonable efforts to cooperate with Agent and Lenders in connection with the assignment of interests under this Agreement or the sale of participations herein.

(g) Anything in this Agreement to the contrary notwithstanding, and without the need to comply with any of the formal or procedural requirements of this Agreement, including Section 11.13, any Lender may at any time and from time to time pledge and assign all or any portion of its rights under all or any of the Loan Documents to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from its obligations thereunder. To facilitate any such pledge or assignment, Agent shall, at the request of such Lender, enter into a letter agreement with the Federal Reserve Bank in, or substantially in, the form of the exhibit to Appendix C to the Federal Reserve Bank of New York Operating Circular No 12.

(h) Anything in this Agreement to the contrary notwithstanding, any Lender may assign all or any portion of its rights and obligations under this Agreement to a Lender Affiliate of such Lender without first obtaining the approval of Agent and Borrower, provided that (i) at the time of such assignment such Lender is not a Defaulting Lender, (ii) such assigning Lender is not released from any obligations hereunder unless the assignee has total assets in excess of Ten Billion Dollars ($10,000,000,000); (iii) such Lender gives Agent and Borrower at least fifteen (15) days prior written notice of any such assignment; (iv) the parties to each such assignment execute and deliver to Agent an Assignment and Assumption, and (v) Agent receives from assignor for its sole account a processing fee of Three Thousand Dollars ($3,000).

(i) No Lender shall be permitted to assign or sell all or any portion of its rights and obligations under this Agreement to Borrower or any Affiliate of Borrower.

(j) Anything in this Agreement to the contrary notwithstanding, so long as no Event of Default shall have occurred and be continuing, no Lender shall be permitted to enter into an assignment of, or sell a participation interest in, its rights and obligations hereunder which would result in such Lender holding a Commitment without participants of less than Ten Million Dollars ($10,000,000). In the event Agent ceases to hold a Commitment without participants of less than ten percent (10%) of the Facility, Agent shall resign from the performance of all of its functions and duties hereunder; provided, however, that no such resignation shall be required during the continuance of an Event of Default.

(k) By its execution of this Agreement, each Existing Lender hereby assigns and sells to the Lenders accepting the same as set forth below, without recourse, representation or warranty (except as expressly provided herein), that portion of its "Commitment" under the

Existing Credit Agreement which is in excess of its Pro Rata Share of the aggregate "Commitments" under the Existing Credit Agreement (collectively, the "Excess Existing Commitments"). By its execution of this Agreement, each of the Lenders which were not parties to the Existing Credit Agreement (each a "New Lender") and each Existing Lender whose Pro Rata Share of the aggregate "Commitments" under the Existing Credit Agreement exceeds its "Commitment" under the Existing Credit Agreement hereby accepts the portion of the Excess Existing Commitments which is equal to (i) in the case of a New Lender, the amount of its Pro Rata Share of the aggregate "Commitments" under the Existing Credit Agreement, and (ii) in the case of an Existing Lender whose Pro Rata Share of the aggregate "Commitments" under the Existing Credit Agreement exceeds its "Commitments" under the Existing Credit Agreement, the amount of such excess. Each Lender hereby acknowledges and agrees that, as of the date hereof and after giving effect to this Agreement, its Commitment hereunder is in the amount shown on the signature page of such Lender attached to this Agreement. Each Existing Lender hereby represents and warrants that it is the legal and beneficial owner of the interests being assigned by it in accordance with this Section 11.13(k) and that such interests are free and clear of any adverse claim.

11.14. Ratable Sharing. Subject to Sections 11.03 and 11.04, Lenders agree among themselves that (i) with respect to all amounts received by them which are applicable to the payment of the Obligations, equitable adjustment will be made so that, in effect, all such amounts will be shared among them ratably in accordance with their Pro Rata Shares, whether received by voluntary payment, by the exercise of the right of set-off or banker's lien, by counterclaim or cross action or by the enforcement of any or all of the Obligations or the collateral, (ii) if any of them shall by voluntary payment or by the exercise of any right of counterclaim, set-off, banker's lien or otherwise, receive payment of a proportion of the aggregate amount of the Obligations held by it which is greater than its Pro Rata Share of the payments on account of the Obligations, the one receiving such excess payment shall purchase, without recourse or warranty, an undivided interest and participation (which it shall be deemed to have done simultaneously upon the receipt of such payment) in such Obligations owed to the others so that all such recoveries with respect to such Obligations shall be applied ratably in accordance with their Pro Rata Shares; provided, that if all or part of such excess payment received by the purchasing party is thereafter recovered from it, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to that party to the extent necessary to adjust for such recovery, but without interest except to the extent the purchasing party is required to pay interest in connection with such recovery. Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 11.14 may, to the fullest extent permitted by law, exercise all its rights of payment (including, subject to Section 12.04, the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of Borrower in the amount of such participation.

11.15. Delivery of Documents. Agent shall as soon as reasonably practicable distribute to each Lender at its primary address set forth on the appropriate counterpart signature page hereof or at such other address as a Lender may request in writing, (i) all documents to which such Lender is a party or of which such Lender is a beneficiary set forth on the Closing Checklist attached hereto as Exhibit B and (ii) all documents of which Agent receives copies

from Borrower for distribution to Lenders pursuant to Sections 6.01 and 12.07. In addition, within ten (10) Business Days after receipt of a request in writing from a Lender for written information or documents provided by or prepared by Borrower, the REIT or any Agreement Party, Agent shall deliver such written information or documents to such requesting Lender if Agent has possession of such written information or documents in its capacity as Agent or as a Lender.

11.16. Notice of Events of Default. Except as expressly provided in this Section 11.16, Agent shall not be deemed to have knowledge or notice of the occurrence of any Unmatured Event of Default or Event of Default (other than nonpayment of principal of or interest on the Loans) unless Agent has received notice in writing from a Lender or Borrower referring to this Agreement or the other Loan Documents, describing such event or condition and expressly stating that such notice is a notice of an Unmatured Event of Default or Event of Default. Should Agent receive such notice of the occurrence of an Unmatured Event of Default or Event of Default, or should Agent send Borrower a notice of Unmatured Event of Default or Event of Default, Agent shall promptly give notice thereof to each Lender.

ARTICLE XII.

MISCELLANEOUS

12.01. Expenses

(a) Generally. Borrower agrees, within thirty (30) days after receipt of a written notice from Agent, to pay, or reimburse Agent for, all of Agent's reasonable costs and expenses incurred by Agent at any time (whether prior to, on or after the date of this Agreement) in connection with (A) its own audit and investigation of Borrower and the collateral, if any, pledged pursuant to Article III; (B) the negotiation, preparation and execution of this Agreement (including without limitation the satisfaction or attempted satisfaction of any of the conditions set forth in Article IV) and the other Loan Documents and the making of the Loans; (C) the review and, if applicable, acceptance of collateral pursuant to Article III including appraisal fees, title charges, recording fees and reasonable attorneys' fees and costs incurred in connection therewith; (D) the creation, perfection or protection of Agent's Liens on such collateral (including without limitation any reasonable fees and expenses for title and lien searches, local counsel in various jurisdictions, filing and recording fees and taxes, duplication costs and corporate search fees); (E) administration such collateral, including without limitation obtaining periodic Appraisals of such collateral; and (F) the collection or enforcement of any of the Obligations.

(b) After Event of Default. Borrower further agrees to pay, or reimburse Agent and Lenders, for all reasonable costs and expenses, including without limitation reasonable attorneys' fees and disbursements incurred by Agent or Lenders after the occurrence of an Event of Default (i) in enforcing any Obligation or in foreclosing against any collateral for the Obligations or exercising or enforcing any other right or remedy available by reason of such Event of Default; (ii) in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or in any insolvency

or bankruptcy proceeding; (iii) in commencing, defending or intervening in any litigation or in filing a petition, complaint, answer, motion or other pleadings in any legal proceeding relating to Borrower, the REIT or any Agreement Party and related to or arising out of the transactions contemplated hereby; (iv) in taking any other action in or with respect to any suit or proceeding (whether in bankruptcy or otherwise); (v) in protecting, preserving, collecting, leasing, selling, taking possession of, or liquidating any such collateral; or (vi) attempting to enforce or enforcing any Lien in any such collateral or any other rights under the Loan Documents; provided, however, that the attorneys' fees and disbursements for which Borrower is obligated under this subsection (b) shall be limited to the reasonable non-duplicative fees and disbursements of counsel for Agent and counsel for all Lenders as a group. For purposes of this Section 12.01 (b), (i) counsel for Agent shall mean a single outside law firm representing Agent plus any additional law firms providing special local law representation in connection with the enforcement of the Loan Documents, and (ii) counsel for all Lenders as a group shall mean a single outside law firm representing such Lenders as a group.

12.02. Indemnity

(a) Generally. Borrower shall indemnify and defend Agent, Swingline Lender, Issuing Lender and each Lender and their respective affiliates, participants, officers, directors, employees and agents (each an "Indemnitee") against, and shall hold each such Indemnitee harmless from, any and all losses, damages (whether general, punitive or otherwise), liabilities, claims, causes of action (whether legal, equitable or administrative), judgments, court costs and legal or other expenses (including reasonable attorneys' fees) which such Indemnitee may suffer or incur: (i) in connection with claims made by third parties against such Indemnitee for losses or damages suffered by such third party as a result of (A) such Indemnitee's performance of this Agreement or any of the other Loan Documents, including without limitation such Indemnitee's exercise or failure to exercise any rights, remedies or powers in connection with this Agreement or any of the other Loan Documents or (B) the failure by Borrower, the REIT or any Agreement Party to perform any of their respective obligations under this Agreement or any of the other Loan Documents as and when required hereby or thereby, including without limitation any failure of any representation or warranty of Borrower, the REIT or any Agreement Party to be true and correct; (ii) in connection with any claim or cause of action of any kind by any Person to the effect that such Indemnitee is in any way responsible or liable for any act or omission by Borrower, the REIT or any Agreement Party, whether on account of any theory of derivative liability or otherwise, (iii) in connection with the past, present or future environmental condition of any Property owned by Borrower, the REIT, Subsidiary or any Agreement Party, the presence of asbestos-containing materials at any such Property, the presence of Contaminants in groundwater at any such Property, or the Release or threatened Release of any Contaminant into the environment from any such Property; or (iv) in connection with any claim or cause of action of any kind by any Person which would have the effect of denying such Indemnitee the full benefit or protection of any provision of this Agreement or an), of the other Loan Documents.

(b) ERISA. Without limitation of the provisions of subsection (a) above, Borrower shall indemnify and hold each Indemnitee free and harmless from and against all loss.

costs (including reasonable attorneys' fees and expenses), expenses, taxes, and damages (including consequential damages) such Indemnitee may suffer or incur by reason of the investigation, defense and settlement of claims and in obtaining any prohibited transaction exemption under ERISA or the Internal Revenue Code necessary in such Indemnitee's reasonable judgment by reason of the inaccuracy of the representations and warranties set forth in the first paragraph of Section 5.01(s) or a breach of the provisions set forth in the last paragraph of Section 8.01(f).

(c) Exceptions; Limitations. Notwithstanding anything to the contrary set forth in this Section 12.02, Borrower shall have no obligation to any Indemnitee hereunder with respect to (i) any intentional tort, fraud or act of gross negligence or bad faith which any Indemnitee is personally determined by the judgment of a court of competent jurisdiction (sustained on appeal, if any) to have committed, (ii) any liability of such Indemnitee to any third party based upon contractual obligations of such Indemnitee owing to such third party which are not expressly set forth in the Loan Documents or (iii) violations of Environmental Laws relating to a Property which are caused by the act or omission of such Indemnitee after such Indemnitee takes possession of such Property and which would not have occurred if such Indemnitee had exercised reasonable care under the circumstances. In addition, the indemnification set forth in this Section 12.02 in favor of any officer, director, partner, employee or agent of Agent, Swingline Lender, Issuing or any Lender shall be solely in their respective capacities as such officer, director, partner, employee or agent. Such indemnification in favor of any affiliate of Agent, Swingline Lender, Issuing Lender or any Lender shall be solely in its capacity as the provider of services to Agent, Swingline Lender, Issuing Lender or such Lender in connection with this Agreement, and such indemnification in favor of any participant of Agent or any Lender shall be solely in its capacity as a participant in the Commitments and the Loans.

(d) Payment; Survival. Borrower shall pay any amount owing under this Section 12.02 within thirty (30) days after written demand therefor by the applicable Indemnitee together with reasonable supporting documentation therefor. The indemnity set forth in this Section 12.02 shall survive the payment of all amounts payable pursuant to, and secured by, this Agreement and the other Loan Documents. Payment by any Indemnitee shall not be a condition precedent to the obligations of Borrower under this Section 12.02. To the extent that any indemnification obligation set forth in this Section 12.02 may be unenforceable because it is violative of any law or public policy, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of the applicable indemnified matter.

12.03. Change in Accounting Principles. Except as otherwise provided herein, if any changes in accounting principles from those used in the preparation of the most recent financial statements delivered to Agent pursuant to the terms hereof are hereinafter required or permitted by the rules, regulations, pronouncements and opinions of the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions) and are adopted by the REIT, Borrower, any Subsidiary, any Investment Affiliate, or any Agreement Party with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the

financial covenants, standards or terms found herein, the parties hereto agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating the financial condition of the REIT, on a consolidated basis, shall be the same after such changes as if such changes had not been made; provided, however, that no change in GAAP that would affect the method of calculation of any of the financial covenants, standards or terms shall be given effect in such calculations until such provisions are amended, in a manner satisfactory to Agent and all Lenders, to so reflect such change in accounting principles.

12.04. Setoff. In addition to any Liens granted to Agent and any rights now or hereafter granted under applicable law and not by way of limitation of any such Lien or rights, upon the occurrence and during the continuance of any Event of Default, Agent and each Lender are hereby authorized by Borrower at any time or from time to time, with concurrent notice to Borrower, or to any other Person (any such notice being hereby expressly waived) to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured but not including trust accounts) and any other indebtedness at any time held or owing by Agent or such Lender solely to or for the credit or the account of Borrower against and on account of the Obligations of Borrower to Agent or such Lender including but not limited to all Loans and all claims of any nature or description arising out of or connected with this Agreement or any of the other Loan Documents, irrespective of whether or not (a) Agent or such Lender shall have made any demand hereunder or (b) Agent shall have declared the principal of and interest on the Loans and other amounts due hereunder to be due and payable as permitted by Article XI and although said obligations and liabilities, or any of them, may be contingent or unmatured.

12.05. Amendments and Waivers. No amendment or modification of any provision of this Agreement shall be effective without the written agreement of Requisite Lenders (after notice to all Lenders) as provided in Section 11.10(a) and Borrower provided that the agreement of Requisite Lenders shall not be required for amendments or modifications that are purely of a clerical nature or that correct a manifest error and no termination or waiver of any such provision of this Agreement (including without limitation any waiver of an Event of Default which does not specifically require the consent of all Lenders), or consent to any departure by Borrower therefrom, shall in any event be effective without the written concurrence of Requisite Lenders (after notice to all Lenders) as provided in Section 11.10(a), which Requisite Lenders shall have the right to grant or withhold at their sole discretion, except that the amendments, modifications or waivers specified in Section 11.10(b) shall require the consent of the Supermajority Lenders and the following amendments, modifications or waivers shall require the consent of all Lenders (other than Section 12.05(j) which shall require the consent of all Lenders other than Agent):

(a) Increasing the Commitments or any Lender's Commitments;

(b) Changing the principal amount or final maturity of the Loans;

(c) Reducing or increasing the interest rates applicable to the Loans (other than Swingline Loans);

(d) Reducing the rates on which fees payable pursuant hereto are determined;

(e) Forgiving or delaying any amount payable under Article II (other than late fees);

(f) Changing the definition of "Requisite Lenders," "Loan Availability," "Supermajority Lenders," or "Pro Rata Shares";

(g) Changing any provision contained in Section 12.05;

(h) Releasing any obligor under any Loan Document, unless such release is otherwise required by the terms of this Agreement or any other Loan Document;

(i) Issuing a Letter of Credit for a term extending beyond the Maturity Date;

(j) Removal of Agent for good cause in accordance with Section 11.09(a); and

(k) Modifying or waiving any other provision herein which specifically requires the consent of all Lenders;

Notwithstanding anything to the contrary contained in this Agreement, Borrower shall have no right to consent to any amendment, modification, termination or waiver of any provision of Article XI hereof; provided, however, that no amendment, modification, termination or waiver of Section 11.09(b), 11.09(c), 11.1O(a), or 11.13 (except subsection (i) thereof) which has an adverse effect on Borrower or Borrower's rights hereunder shall be effective without the written concurrence of Borrower. Agent and Lenders further acknowledge and agree that the remaining provisions of Article XI are intended to and shall continue to address only the rights and obligations of Agent and Lenders amongst each other and do not and shall not impose obligations or restrictions upon Borrower or result in any way in the loss of any rights, claims or defenses of Borrower. No amendment, modification, termination or waiver of any provision of Article XI hereof or any other provision referring to any Agent, Swingline Lender or Issuing Lender shall be effective without the written concurrence of the Agent, Swingline Lender or Issuing Lender, as applicable. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on Borrower in any case shall entitle Borrower to any other further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section shall be binding on each assignee, transferee or recipient of Agent's powers, functions or duties or any Lender's Commitment under this Agreement or the Loans at the time outstanding.

12.06. Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such

covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of an Event of Default or Unmatured Event of Default if such action is taken or condition exists.

12.07. Notices and Delivery. Unless otherwise specifically provided herein, any consent, notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied or sent by courier service or United States mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or if deposited in the United States mail (registered or certified, with postage prepaid and properly addressed) upon receipt or refusal to accept delivery. Notices to Agent, Swingline Lender or Issuing Lender pursuant to Article II shall not be effective until received by Agent, Swingline Lender or Issuing Lender, as applicable. For the purposes hereof, the addresses of the parties hereto (until notice of a change thereof is delivered as provided in this Section 12.07) shall be as set forth below each party's name on the signature pages hereof, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties. All deliveries to be made to Agent for distribution to the Lenders shall be made to Agent at the addresses specified for notice on the signature page hereto and, in addition, a sufficient number of copies of each such delivery shall be delivered to Agent for delivery to each Lender at the address specified for deliveries on the signature page hereto or such other address as may be designated by Agent or Lenders in a written notice.

12.08. Survival of Warranties, Indemnities and Agreements. All agreements, representations, warranties and indemnities made or given herein or pursuant hereto shall survive the execution and delivery of this Agreement and the other Loan Documents and the making and repayment of the Loans hereunder and such indemnities shall survive termination hereof

12.09. Failure or Indulgence Not Waiver, Remedies Cumulative. Except as otherwise expressly provided in this Agreement or any other Loan Document, no failure or delay on the part of Agent, Swingline Lender, Issuing Lender or any Lender in the exercise of any power, right or privilege under any of the Loan Documents shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing under the Loan Documents are cumulative to and not exclusive of any rights or remedies otherwise available.

12.10. Marshalling; Recourse to Security, Payments Set Aside. Neither any Lender, Swingline Lender, Issuing Lender nor Agent shall be under any obligation to marshall any assets in favor of Borrower or any other party or against or in payment of any or all of the Obligations. Recourse to security shall not be required at any time. To the extent that Borrower makes a payment or payments to Agent, Swingline Lender, Issuing Lender or the Lenders or Agent, Swingline Lender, Issuing Lender or the Lenders enforce their Liens or exercise their rights of set off, and such payment or payments or the proceeds of such enforcement or set off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such recovery. the

Obligations or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set off had not occurred.

12.11. Severability. In case any provision in or obligation under this Agreement or the other Loan Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

12.12. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

12.13. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.

12.14. Limitation of Liability. To the extent permitted by applicable law, no claim may be made by Borrower, the REIT, any Lender or any other Person against Agent, Swingline Lender, Issuing Lender or any Lender, or the affiliates, directors, officers, employees, attorneys or agents of any of them, for any punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and Borrower, the REIT, and each Lender hereby waive, release and agree not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

12.15. Successors and Assigns. This Agreement and the other Loan Documents shall be BINDING UPON THE PARTIES HERETO AND THEIR RESPECTIVE successors and permitted assigns and shall inure to the benefit of the parties hereto and the successors and permitted assigns of Agent and Lenders. The terms and provisions of this Agreement shall inure to the benefit of any permitted assignee or transferee of the Loans and the Commitments of Lenders under this Agreement, and in the event of such transfer or assignment, the rights and privileges herein conferred upon Agent and Lenders shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. Borrower's rights or any interest therein hereunder, and Borrower's duties and obligations hereunder, shall not be assigned (whether directly, indirectly, by operation of law or otherwise) without the consent of all Lenders.

12.16. Usury Limitation. Each Loan Document is expressly limited so that in no contingency or event whatsoever, whether by reason of error of fact or law, payment, prepayment or advancement of the proceeds of Loans, acceleration of maturity of the unpaid principal balance of the Loans, or otherwise, shall the amount paid or agreed to be paid to Lenders for the use, forbearance, or retention of money, including any, fees or charges collected or made in

connection with the Loans which may be treated as interest under applicable law, if any, exceed the maximum legal limit (if any such limit is applicable) under United States federal laws or state laws (to the extent not preempted by federal law, if any), now or hereafter governing the interest payable under such Loan Documents. If, from any circumstances whatsoever, fulfillment of any provision hereof or any of the other Loan Documents at the time performance of such provision shall be due, shall involve transcending the limit of validity (if any) prescribed by law which a court of competent jurisdiction may deem applicable hereto, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any circumstances Lenders shall ever receive as interest an amount which would exceed the maximum legal limit (if any such limit is applicable), such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due under the Loan Documents and not to the payment of interest or, if necessary, to Borrower. Notwithstanding any other provision of this Agreement or any of the other Loan Documents, this provision shall control every other provision of all Loan Documents.

12.17. Confidentiality. Agent, Swingline Lender, Issuing Lender and Lenders shall use reasonable efforts to assure that any information about Borrower, the REIT, Subsidiaries and Investment Affiliates (and their respective Properties) not generally disclosed to the public which is furnished to Agent, Swingline Lender, Issuing Lender or Lenders pursuant to the provisions of this Agreement or any of the other Loan Documents is used only for the purposes of this Agreement and the other Loan Documents and shall not be divulged to any other Person other than Agent, Swingline Lender, Issuing Lender and Lenders and their respective affiliates, officers, directors, employees and agents who are actively and directly participating in the evaluation, administration or enforcement of the Obligations; provided, however, that nothing herein shall affect the disclosure of any such information (i) to the extent required by statute, rule, regulation or judicial process, (ii) to counsel for Agent, Swingline Lender, Issuing Lender or Lenders or to their accountants, (iii) to bank examiners and auditors, (iv) to any transferee or participant or prospective transferee or participant hereunder who agrees to be bound by this provision, (v) in connection with the enforcement of the rights of Agent, Swingline Lender, Issuing Lender and Lenders under this Agreement and the other Loan Documents, or (vi) in connection with any litigation to which Agent, Swingline Lender, Issuing Lender or any Lender is a party so long as Agent, Swingline Lender, Issuing Lender or such Lender provides Borrower with prior written notice of the need for such disclosure and exercises reasonable efforts to obtain a protective order with respect to such information from the court or other tribunal before which such litigation is pending.

12.18. Consent to Jurisdiction and Service of Process; Waiver of Jury Trial-, Waiver Of Permissive Counterclaims. EXCEPT WITH RESPECT TO FORECLOSURE PROCEEDINGS AGAINST ANY COLLATERAL WHICH BY REQUIREMENT OF LAW MUST BE BROUGHT IN THE JURISDICTION WHERE SUCH COLLATERAL IS LOCATED, ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST BORROWER OR THE REIT WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE AND ALL JUDICIAL PROCEEDINGS BROUGHT BY BORROWER OR THE REIT WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT

JURISDICTION HAVING SITUS WITHIN THE BOUNDARIES OF THE FEDERAL COURT DISTRICT OF THE NORTHERN DISTRICT OF ILLINOIS, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, BORROWER AND THE REIT ACCEPT, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREE TO BE BOUND BY ANY FINAL JUDGMENT RENDERED THEREBY FROM WHICH NO APPEAL HAS BEEN TAKEN OR IS AVAILABLE. BORROWER AND THE REIT HEREBY DESIGNATE AND APPOINT ELLEN KELLEHER, ESQ., MANUFACTURED HOME COMMUNITIES, INC., TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS 60606, TO RECEIVE ON THEIR BEHALF SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDINGS IN ANY SUCH COURT, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY SUCH PERSON TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. SUCH APPOINTMENT SHALL BE REVOCABLE ONLY WITH AGENT'S PRIOR WRITTEN APPROVAL. BORROWER AND THE REIT IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO ITS RESPECTIVE NOTICE ADDRESS SPECIFIED ON THE SIGNATURE PAGES HEREOF, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT. BORROWER, THE REIT, AGENT AND LENDERS IRREVOCABLY WAIVE (A) TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, AND (B) ANY OBJECTION (INCLUDING WITHOUT LIMITATION ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY JURISDICTION SET FORTH ABOVE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. BORROWER AND THE REIT AGREE THAT THEY WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIM IN ANY PROCEEDING BROUGHT BY LENDER WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT.

12.19. Counterparts; Effectiveness; Inconsistencies. This Agreement and any amendments, waivers, consents or supplements may be executed in counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. This Agreement shall become effective when Borrower, the initial Lenders, Swingline Lender, Issuing Lender and Agent have duly executed and delivered counterpart execution pages of this Agreement to each other (delivery) by Borrower and the REIT to Lenders and by any Lender to Borrower, the REIT and any other Lender being deemed to have been made by delivery to Agent). This Agreement and each of the other Loan Documents shall be construed to the extent reasonable to be consistent one with the other, but to

the extent that the terms and conditions of this Agreement are actually and directly inconsistent with the terms and conditions of any other Loan Document, this Agreement shall govern.

12.20. Construction. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

12.21. Entire Agreement. This Agreement, taken together with all of the other Loan Documents and all certificates and other documents delivered by Borrower to Agent in connection herewith, embodies the entire agreement and supersede all prior agreements, written and oral, relating to the subject matter hereof.

12.22. Agent's Action for Its Own Protection Only. The authority herein conferred upon Agent, and any action taken by Agent, to inspect any Property will be exercised and taken by Agent for its own protection only and may not be relied upon by Borrower for any purposes whatsoever, and Agent shall not be deemed to have assumed any responsibility to Borrower with respect to any such action herein authorized or taken by Agent. Any review, investigation or inspection conducted by Agent, any consultants retained by Agent or any agent or representative of Agent in order to verify independently Borrower's satisfaction of any conditions precedent to Loans, Borrower's performance of any of the covenants, agreements and obligations of Borrower under this Agreement, or the validity of any representations and warranties made by Borrower hereunder (regardless of whether or not the party conducting such review, investigation or inspection should have discovered that any of such conditions precedent were not satisfied or that any such covenants, agreements or obligations were not performed or that any such representations or warranties were not true), shall not affect (or constitute a waiver by Agent or Lenders of) (i) any of Borrower's representations and warranties under this Agreement or Agent's or Lenders' reliance thereon or (ii) Agent's or Lenders' reliance upon any certifications of Borrower required under this Agreement or any other facts, information or reports furnished to Agent and Lenders by Borrower hereunder.

12.23. Lenders' ERISA Covenant. Each Lender, by its signature hereto or on the applicable Assignment and Assumption, hereby agrees (a) that on the date any Loan is disbursed hereunder no portion of such Lender's Pro Rata Share of such Loan will constitute "assets" within the meaning of 29 C.F.R. ss. 2510.3-101 of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code, and (b) that following such date such Lender shall not allocate such Lender's Pro Rata Share of any Loan to an account of such Lender if such allocation (i) by itself would cause such Pro Rata Share of such Loan to then constitute "assets" (within the meaning of 29 C.F.R. ss. 2510.3-101 or any successor regulation thereto) of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code and (ii) by itself would cause such Loan to constitute a prohibited transaction under ERISA or the Internal Revenue Code (which is not exempt from the restrictions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code and the

taxes and penalties imposed by Section 4975 of the Internal Revenue Code and Section 502(i) of ERISA) or any Agent or Lender being deemed in violation of Section 404 of ERISA.

12.24. Documentation Agent and Syndication Agent. Each of the parties to this Agreement acknowledges and agrees that the obligations of Documentation Agent and Syndication Agent hereunder shall be limited to those obligations that are expressly set forth herein, if any, and Documentation Agent and Syndication Agent shall not be required to take any action or assume any liability except as may be required in their respective capacities as a Lender hereunder. Each of the parties to this Agreement agrees that, for purposes of the indemnifications set forth herein, the term "Agent" shall be deemed to include Documentation Agent and Syndication Agent.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties here to have executed this Agreement as of the date first written above.

"Borrower"

MHC OPERATION LIMITED PARTNERSHIP, an Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC., A Maryland corporation as General Partner

By: Ellen Kelleher

Name: Ellen Kelleher

Title: Executive VP/General Counsel

Address:
Two North Riverside Plaza Suite 800
Chicago, Illinois 60606
Telecopy: 312/474-0205

"REIT"

MANUFACTURED HOME
COMMUNITIES, INC., a Maryland
corporation

By: Ellen Kelleher

Name: Ellen Kelleher

Title: Executive VP/General Counsel

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/474-0205

WELLS FARGO BANK, N.A.
as Agent, Swingline Lender, Issuing Lender
and a Lender

By: STEVEN R. LOWERY

Name: STEVEN R. LOWERY

Title: VICE PRESIDENT

Address:
225 West Wacker Drive
Suite 2550
Chicago, Illinois 60601
Attn: Senior Loan Officer
Telecopy: 312/782-0969

WITH A COPY TO:
Wells Fargo & Co.
Real Estate Group
420 Montgomery Street, Floor 6
San Francisco, Calif. 94163
Attn: Chief Credit Officer
Telecopy: 415/391-2971

WITH A COPY TO (FOR
FINANCIAL STATEMENTS AND REPORTING
INFORMATION ONLY):

Wells Fargo Bank
2030 Main Street
Suite 800
Irvine, California 92714
Attn: Deborah Autry
Telecopy: 714/851-9442

Commitment: $50,000,000
33.333333%

COMMERZBANK
AKTIENGESELLSCHAFT, Chicago
Branch, as a Lender

By: JAMES J. HENRY

Name: JAMES J. HENRY

Title: SENIOR VICE PRESIDENT

By: F. MARCUS PERRY

Name: F. MARCUS PERRY

Title: ASSISTANT TREASURER

Address:
Two World Financial Center
New York, New York 10281-1050
Attention: Douglas P. Traynor
Telecopy: 212/266-7569

Commitment: $33,333,333.33
22.222222%

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK, as
Documentation Agent and as a Lender

By: TIMOTHY V. O'DONOVAN

Name: TIMOTHY V. O'DONOVAN

Title: VICE PRESIDENT

Address:
60 Wall Street, 22nd Floor
New York, New York 10260-0060
Attention: Timothy O'Donovan
Telecopy: 212/648-8111

commitment: $33,333,333.34
22.222222%

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION,
as Syndication Agent and as a Lender

By: Megan McBride

Name: Megan McBride

Title: Vice President

Address:
231 S. LaSalle Street, 15th Floor
Chicago, Illinois 60697
Attn: Megan McBride
Telecopy: 312/974-4970

Commitment: $33,333,333.33
22.222222%

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

THIS ASSIGNMENT AND ASSUMPTION (the "Agreement") is dated this day of_____,_____,by and between _____ ("Assigning Lender") and _____ ("Assignee Lender").

WHEREAS, Assigning Lender is the holder of that certain promissory note (the "Note") in the principal amount of $_____, dated _____ ____, ____, and executed by MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), for the benefit of Assigning Lender. The Note evidences Assigning Lender's "Pro Rata Share" of the "Loans" made or to be made under that certain Second Amended and Restated Credit Agreement, dated as of April ____, 1998 (as amended, supplemented or restated from time to time, the "Credit Agreement"). Capitalized terms used herein without definition have the meanings provided in the Credit Agreement.

1. Assignment

(a) For value received, the Assigning Lender hereby sells, assigns, conveys and delivers to Assignee Lender, and Assignee Lender hereby purchases from Assigning Lender, a __% interest in the Loans and the Facility (collectively, the "Assigned Rights and Obligations"). After giving effect hereto, the Assignee Lender will have a Commitment of a $_____, Pro Rata Share of ____%.

(b) Agent shall pay to Assignee Lender all principal, interest, Unused Facility Fees and other amounts that are paid by or on behalf of Borrower pursuant to the Loan Documents and are attributable to the Assigned Rights and Obligations ("Borrower Amounts"), that accrue on and after the date hereof. If Assigning Lender receives or collects any such Borrower Amounts, Assigning Lender shall promptly pay them to Assignee Lender.

2. Representations and Warranties

(a) Each of Assigning Lender and Assignee Lender represents and warrants to the other and to Agent as follows:

(i) It has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement;

(ii) The making and performance of this Agreement and all documents required to be executed and delivered by it hereunder do not and will not violate any law or regulation applicable to it;

(iii) This Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation enforceable in accordance with its terms; and

(iv) All approvals, authorizations or other actions by, or filing with, any governmental authority necessary for the validity or enforceability of its obligations under this Agreement have been made or obtained.

(b) Assigning Lender represents and warrants to Assignee Lender that Assigning Lender owns the Assigned Rights and Obligations free and clear of any lien or other encumbrance and that the assignment contemplated hereby complies with the provisions of the first sentence of Section 11.13 (a) of the Credit Agreement.

(c) Assignee Lender represents and warrants to Assigning Lender as follows:

(i) Assignee Lender has made and shall continue to make its own independent investigation of the financial condition, affairs and creditworthiness of Borrower and any other person or entity obligated under the Loan Documents (collectively, "Credit Parties," and the value of any collateral now or hereafter securing any of the obligations);

(ii) Assignee Lender has received copies of the Loan Documents and such other documents, financial statements and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; and

(iii) The assignment contemplated hereby complies with the provisions of the second sentence of Section 11.13 (a) of the Credit Agreement.

3. No Assigning Lender Responsibility. Assigning Lender makes no representation or warranty regarding, and assumes no responsibility to Assignee Lender for:

(a) The execution (by any party other than Assigning Lender), effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of the Loan Documents or any representations, warranties, recitals or statements made in the Loan Documents or in any financial or other written or oral statement, instrument, report, certificate or any other document made or furnished or made available by Assigning Lender to Assignee Lender or by or on behalf of any Credit Party to Assigning Lender or Assignee Lender in connection with the Loan Documents and the transactions contemplated thereby;

(b) The performance or observance of any of the terms, covenants or agreements contained in any of the Loan Documents or as to the existence or possible existence of any Unmatured Event of Default or Event of Default under the Loan Documents;

(c) The accuracy or completeness of any information provided to Assignee Lender, whether by Assigning Lender or by or on behalf of any Credit Party; or

(d) Any investigation of the financial condition, affairs or creditworthiness of any of the Borrower or the REIT, or the value of any collateral, in connection with the assignment of the Assigned Rights and Obligations or to provide Assignee Lender with any credit or other information with respect thereto, whether coming into its possession before the date hereof or at any time or times thereafter.

4. Assignee Lender Bound By Credit Agreement. Effective on the date hereof, Assignee Lender (a) shall be deemed to be a party to the Credit Agreement, (b) agrees to be bound by the Credit Agreement to the same extent as it would have been if it had been an original Lender thereunder, and (c) agrees to perform in accordance with their respective terms all of the obligations which are required under the Loan Documents to be performed by it as a Lender. Assignee Lender appoints and authorizes Agent to take such actions as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto.

5. Assigning Lender Released From Credit Agreement. Effective on the date hereof, and to the extent of the Assigned Rights and Obligations, Assigning Lender shall relinquish its rights and be released from its obligations under the Credit Agreement and the other Loan Documents; provided, however, that Assigning Lender shall retain all of its rights to indemnification under the Credit Agreement and the other Loan Documents for any events, acts or omissions occurring before the date hereof.

6. General

(a) No term or provision of this Agreement may be amended, waived or terminated orally, but only by an instrument signed by the parties hereto.

(b) If Assigning Lender has not assigned its entire remaining Commitment and Loans to Assignee Lender, Assigning Lender may at any time and from time to time grant to others, subject to applicable provisions in the Credit Agreement, assignments of or participations in all of Assigning Lender's remaining Loans or Commitment.

(c) All payments to Assigning Lender or Assignee Lender hereunder shall, unless otherwise specified by the party entitled thereto, be made in Dollars, in immediately available funds, and to the address or account specified on the signature pages of this Agreement. The address of Assignee Lender for notice purposes under the Credit Agreement shall be as specified on the signature pages of this Agreement.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

(e) This Agreement is executed to be effective as of the date set forth above.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

_____, as
Assigning Lender

By:_____
Name:_____
Title:_____

Pro Rata Share (after giving effect to this Agreement):_____%
Commitment (after giving effect to this Agreement):$_____

Assigning Lender's Payment Instructions:

_____
ABA No.:_____
Account No.:_____
Ref.:_____

ASSUMPTION:

The undersigned Assignee Lender hereby accepts the above sale and assignment and agrees to be bound by the obligations of the Credit Agreement and the Loan Documents and hereby assumes the obligations of a Lender thereunder.

_____,as Assignee Lender

By:_____
Name:_____
Title:_____

Pro Rata Share (after giving effect to this Agreement):_____%
Commitment (after giving effect to this Agreement):$_____

Address for Notice and Delivery:

_____

_____

_____
Attention:_____
Telephone: (___)____-____
Telecopy: (___)____-____

Assignee Lender's Payment Instructions:

_____
ABA No.:_____
Account No.:_____
Ref.:_____

ACKNOWLEDGED AND AGREED:

WELLS FARGO BANK, N.A., as Agent

By:_____
Name:_____
Title:_____

MHC OPERATING LIMITED PARTNERSHIP,
an Illinois limited partnership, as Borrower

By: MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By:_____
Name:_____
Title:_____

ACKNOWLEDGED:

MANUFACTURED HOME COMMUNITIES, INC.,
a Maryland corporation, as Guarantor

By:_____
Name:_____
Title:_____

EXHIBIT B

AMENDMENT AND RESTATEMENT
OF $150,000,000 REVOLVING
CREDIT AGREEMENT FOR
MHC OPERATING LIMITED PARTNERSHIP

CLOSING CHECKLIST

1. Loan Documents

_____ 1.01 Amended and Restated Revolving Credit Agreement

_____ 1.02 Amended and Restated Notes for each Bank

___ a. Wells Fargo Bank, National Association
___ b. Bank of America National Trust and Savings Association
___ c. Morgan Guaranty Trust Company of New York
___ d. Commerzbank Aktiengesellschaft

_____ 1.03 Swingline Note

_____ 1.04 Letter of Credit Note

_____ 1.05 Agent's form of Funds Transfer Agreement and signature authorization form

_____ 1.06 The REIT Guaranty

_____ 1.07 Solvency Certificate of Borrower

_____ 1.08 Solvency Certificate of the REIT

_____ 1.09 Compliance Certificate (referencing Section 4.01(i)

_____ 1.10 Intentionally omitted

II. Evidence of Existence and Authorization

_____ 2.01 Opinion of Borrower's counsel

_____ 2.02 Certified copy of Borrower's Limited Partnership Agreement and Certificate of Limited Partnership (and all amendments thereto)

_____ 2.03 Certificate of Existence for Borrower from Secretary of State of Illinois

_____ 2.04 Intentionally omitted

_____ 2.05 Certified copy of the REIT's Certificate of Incorporation (and all amendments thereto)

_____ 2.06 Certificate of Good Standing for the REIT from the Secretary of State of Maryland

_____ 2.07 Certificate of the REIT's Secretary with respect to (i) authorization, (ii) incumbency, (iii) bylaws and (iv) resolutions

III. Miscellaneous

_____ 3.01 Assignment and Assumption by and between Wells Fargo and First Chicago

_____ 3.02 Existing Notes (marked canceled for return to Borrower)

___ a. Wells Fargo Bank, National Association
___ b. Bank of America Illinois
___ c. Morgan Guaranty Trust Company of New York
___ d. First National Bank of Chicago

_____ 3.03 Wells Fargo $50 Million Note (marked canceled for return to Borrower)

_____ 3.04 Forms 4224 from Banks (as appropriate)

_____ 3.05 Agent's Fee Letter

_____ 3.06 Authorizations from Banks and Borrower to release signature pages

_____ 3.07 Payoff of Wells Fargo $50 Million Bridge Loan

_____ 3.08 Payment of fees and expenses

EXHIBIT C TO REVOLVER

COMPLIANCE CERTIFICATE

This Compliance Certificate is delivered pursuant to the Second Amended and Restated Credit Agreement dated as of April 28, 1998 (as amended, supplemented and restated from time to time, the "Credit Agreement"), among MHC Operating Limited Partnership, the Lenders (as defined therein or made party thereto), and Wells Fargo Bank, N.A., as Agent. All capitalized defined terms used herein shall have the meaning ascribed to such terms in the Credit Agreement.

1. The undersigned hereby certifies that the undersigned has reviewed the terms of the Credit Agreement and other Loan Documents and has made a review in reasonable detail of the transactions consummated by and financial condition of the REIT, the Borrower, the Subsidiaries and the Agreement Parties during the accounting period covered by the financial statements being delivered to Lender along with this Compliance Certificate and

(a) Such review has not disclosed the existence during or at the end of such accounting period, and the undersigned does not have knowledge of the existence as of the date hereof, of any condition or event which constitutes an Unmatured Event of Default or an Event of Default (except as set forth in paragraph (b) hereof).

(b) The financial statements being delivered to Agent along with this Compliance Certificate have been prepared in accordance with the books and records of the REIT, on a consolidated basis, and fairly present the financial condition of the REIT, on a consolidated basis, at the date thereof (if applicable, subject to normal year-end adjustments) and the results of operations and cash flows, on a consolidated basis, for the period then ended.

(c) The nature and period of existence of the condition(s) or event(s) which constitute an Unmatured Event(s) of Default or an Event(s) of Default is (are) as follows: None.

(d) Borrower (is taking) (is planning to take) the following action with respect to the condition(s) or event(s) set forth in paragraph (b) above: N/A

2. As of the end of the most recently ended accounting period:

(a) Total Liabilities to Gross Asset Value. Total Liabilities:

$_____ Gross Asset Value: $_____ Ratio:_____
(Ratio not to exceed 0.6:1).

(b) Secured Debt to Gross Asset Value. Secured Debt:
$_____ Gross Asset Value: $_____Ratio:_____
(Ratio not to exceed 0.4:1).

(c) EBITDA to Interest Expense Ratio. EBITDA: $_____ interest Expense: $_____ Ratio: _____ (Ratio not to be less than 2.0:1).

(d) EBITDA to Fixed Charges Ratio. EBITDA: _____ Fixed Charges: $_____ Ratio: ____ (Ratio not to be less than 1.75:1).

(e) Unencumbered Net Operating Income to Unsecured Interest Expense. Unencumbered Net Operating Income: $_____ Unsecured Interest Expense: $_____ Ratio: _____ (Ratio not to be less than 1.80:1).

(f) Unencumbered Pool. Borrower shall not permit the ratio of (a) the sum of (i) Unencumbered Asset Value: $_____ (ii) Cash and Cash Equivalents owned by Borrower subject to no Lien in excess of $10MM: $_____ to (b) outstanding Unsecured Debt: $_____ Ratio: (Ratio not to be less than 1.80:1).

(g) Minimum Net Worth. Borrower will maintain Net Worth of not less than $258,317,100 plus 90% of all Net Offering Proceeds received by the REIT or Borrower after September 30, 1996. Net Worth: $_____.

(h) Permitted Holdings. Borrower and its Subsidiaries may acquire or maintain the following Permitted Holdings so long as (i) the aggregate value whether held directly or indirectly by Borrower and its Subsidiaries does not exceed, at any time, 20% of Gross Asset Value for the Borrower as a whole and (ii) the value of each Permitted Holding does not exceed, at any time the following percentages of Borrower's Gross Asset Value:

PERMITTED HOLDINGS	MAXIMUM	% OF GROSS ASSET VALUE
- Non manufactured home community property (other than cash or Cash Equivalents)	10%	___%
- Land	5%	___%
- Securities (issued by REITs primarily engaged in the development, ownership and management of Manufactured Home communities)	5%	___%
- Manufactured Home Community Mortgage other than mortgage indebtedness which is either eliminated in the consolidation of the REIT; Borrower and the Subsidiaries or accounted for as investments in real estate	10%	___%

under GAAP		
- Manufactured Home Community Partnership Interest other than Controlled Partnership Interests	10%	___%
- Development Activity	10%	___%

3. All representations and warranties contained in the above-referenced Credit Agreement remain true and correct in all material respects. No Event of Default described in Section 10.01(g) or Section 10.01(h) has occurred and no other Event of Default or Unmatured Event of Default has occurred and is continuing. There has been no Material Adverse Effect to the Borrower or the REIT.

4. As of the end of the Fiscal Quarter covered by the financial statements being delivered to Agent along with this Compliance Certificate, the weighted average occupancy rate of the Properties listed on Exhibit F to the Credit Agreement together with those designated by Borrower is at least eighty-five percent (85%)

Date: _____

_____
Mr. Thomas P. Heneghan
Chief Financial Officer of the REIT

EXHIBIT D

REVOLVING LOAN NOTE

$_____ April_____,1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of _____ ("Lender") at c/o Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100. El Segundo, California, 90245; the principal sum of _____ Dollars ($_____) or, if less, the aggregate unpaid principal amount of the "Loans" disbursed by Lender pursuant to that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder and Wells Fargo Bank, N.A., as Agent for the said Lenders ("Agent"), together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in and governed by the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loans, upon not less than three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Loans is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 10.01(g) or Section 10.01 (h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By:_____

Name:_____

Title:_____

EXHIBIT E

SWINGLINE NOTE

$30.000.000 April _____, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Wells Fargo Bank. N.A. ("Swingline Lender") at 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of THIRTY MILLION and NO/100 Dollars ($30.000.000) or, if less, the aggregate unpaid principal amount of "Swingline Loans" disbursed by the Swingline Lender pursuant to Section 2.10 of that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder, and Wells Fargo Bank, as Agent for the said Lenders ("Agent"), together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is the Swingline Note referred to in and governed by the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Swingline Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable in accordance with the provisions of Section 2.10(b) of the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of any Swingline Loan upon written notice not later than 1:00 p.m. (California time) on the same Business Day, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Swingline Loans is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 10.01(g) or Section 10.01(h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, the Swingline Lender may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences. release any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Swingline Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC.,
a Maryland corporation, as General Partner

By:_____

Name:_____

Title:_____

EXHIBIT F TO REVOLVER

QUALIFYING UNENCUMBERED PROPERTIES
AS OF MARCH 31,1998

Apollo Village
Aspen Meadow
Bear Creek
Bonner Springs
Brook Gardens
Bums Harbor Estate
Cabana
Camelot Meadows
Carefree Manor
Carriage Cove
Carriage Park
Colony Park
Country Meadows
Countryside North
Creekside
Del Rey
Desert Skies
Em Ja Ha
Fairview Manor
Five Seasons
Flamingo West
Fun N Sun
Golf Vista Estates Consolidated
Heritage Village
Hillcrest
Holiday Ranch
Lake Fairways
Lakewood Village
McNicol
Oak Bend
Sunrise Heights
Sweetbriar
The Heritage
The Mark
Waterford Estates
Woodland Hills
Independence Hill
Northstar
Dellwood
Briarwood
Pheasant Ridge
Quivira
Holiday Village-IA
Rockwood
Falconwood
All Seasons
Coralwood
Four Seasons
Quail Hollow
Royal Oaks
San Jose 1-4
Sea Oaks
Shadowbrook
Sunshadow
Westwood Village
Quail Meadows
Arrowhead Village
Mariners Cove
Landings
Meadows of Chantilly
Nassau Park
Pine Lakes

EXHIBIT G

LETTER OF CREDIT NOTE

$30.000.000 April_____, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Wells Fargo Bank. N.A. ("Issuing Lender") at 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of THIRTY MILLION and NO/100 Dollars ($30.000.000) or, if less, the aggregate unpaid principal amount of unreimbursed drawings under any Letter of Credit issued pursuant to Section 2.09 of that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder and Wells Fargo Bank. as Agent for the said Lenders ("Agent"), together with interest on the unpaid principal balance hereof at the rates provided below from the date such unreimbursed drawing is made until payment in full thereof. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

This Note is the Letter of Credit Note referred to in and governed by the Credit Agreement. The amount of any drawing under a Letter of Credit will be due and payable on the date of such drawing pursuant to Section 2.09(e) of the Credit Agreement.

Interest on the obligations evidenced hereby is payable on the terms and at the rates set forth in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Issuing Lender may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Issuing Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted. and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC.,
a Maryland corporation, as General Partner

By:_____

Name:_____

Title:_____

EXHIBIT H

WELLS FARGO BANK

APPLICATION _____
FOR STANDBY LETTER OF CREDIT

TO: WELLS FARGO BANK, N.A.
TRADE SERVICES DIVISION

DATE:

FOR BANK USE ONLY

LETTER OF CREDIT NO.

DOCUMENT TRACK NO.

PLEASE ISSUE AN IRREVOCABLE LETTER OF CREDIT ON THE TERMS SET FORTH BELOW AND UNLESS OTHERWISE SPECIFIED _____ SPECIAL INSTRUCTIONS. FORWARD THE LETTER OF CREDIT TO THE BENEFICIARY BY:

[ ]_____ MAIL [ ] AIRMAIL WITH BRIEF ADVICE BY CABLE/TELEX [ ] FULL CABLE/TELEX [ ] _____

_____ BANK: (If isn't blank, Wells Fargo may select)

Beneficiary: (Name and Address)

Applicant: (Name and Address)

AMOUNT: (In words)

(In figure) (Currency)

AVAILABILITY: Unless otherwise specified herein, the Letter of Credit is to be available with Wells Fargo's issuing office by payment of draft(s) drawn at at sight on Wells Fargo's or, at Wells Fargo's option, with any bank(s) or with a bank nominated by Wells Fargo by negotiation of draft(s) drawn at sight on Wells Fargo.

EXPIRATION DATE:

Place of Expiration: Unless otherwise specified herein, the Letter of Credit is to expire at Wells Fargo's issuing office or, if the Letter of Credit is available with any bank(s) or with a specific bank other that Wells Fargo's issuing office, at such place as Wells Fargo shall elect.

DOCUMENT(S): Draft's are to be accompanied by: (Attach additional signed sheet(s). If necessary, and label as attachments to this Application.)

* that certain Second Amended and Restated Credit Agreement dated as of April 28, 1998 among MHC Operating Limited Partnership, Manufactured Home Communities, Inc., the Lenders therein and Wells Fargo Bank, N.A. as Agent for said Lenders.

DRAWINGS(S): [ ] Partial drawings are permitted. (More than one draft may be drawn and presented under the Letter of Credit.)
[ ] Only one draft may be drawn and presented under the Letter of Credit, and:
[ ] the draft must be for the full amount of the Letter of Credit. [ ] the draft may be for less than the full amount of the Letter of Credit.

SPECIAL INSTRUCTIONS: (Attach additional signed sheet(s), If necessary, and label as attachments to this Application.)

TRANSFERABILITY: (If not checked, the Letter of Credit will not be transferable.) [ ] The Letter of Credit is to be transferable, with transfer charges for: [ ] Applicant's account [ ] Beneficiary's Account

INQUIRIES: Direct tax: Telephone Number:

APPLICANT'S AGREEMENT AND SIGNATURE: My/Our signature here indicates agreement to all the terms and conditions on this application and my/our agreement that the Letter of Credit and its issuance will be governed by the terms and conditions of_____. This Application is signed by Applicant's duly authorized representative or representatives on the date specified above.

APPLICANT — ADDRESS

AUTHORIZED SIGNATURE — TITLE — ADDRESS

AUTHORIZED SIGNATURE — TITLE — ADDRESS

FOR BANK USE ONLY (To be Completed by Approving Bank Officer)

SPECIFIED INSTRUCTIONS: (Specify any terms and conditions to be applicable to the Letter of Credit which differ from those specified on Applicant's RMI Form F163.)

COLLATERAL CODE PURPOSE CODE

Applicant's signature on this Application is verified. Issuance of the Letter of Credit has been approved in accordance with Bank's credit policies and procedures.

_____ OFFICER'S NAME (Please type or print APPROVING OFFICER'S OFFICE (Please Type or Print) MAC AU

APPROVING OFFICER'S SIGNATURE PHONE AFS INTERFACE REQUIRED STANDALONE TRANSACTIONS DATE

EXHIBIT I

NOTICE OF BORROWING

Re: Amended and Restated Credit Agreement dated as of April ___, 1998, as amended, supplemented and restated from time to time among MHC Operating Limited Partnership, Manufactured Home Communities, Inc., the Lenders thereunder and Wells Fargo Bank. N.A., as agent for said Lenders ("Agent") (the "Credit Agreement")

Wells Fargo Disbursement Center
2120 East Park Place
Suite 100
El Segundo, California 90245

This notice represents the Borrower's request for a Borrowing pursuant to Section [2.01] [2.10] of the Credit Agreement on _____ (the "Funding Date") in the principal amount of $_____ on the terms set forth on the attached schedule. All capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Credit Agreement.

Borrower hereby certifies that (a) all conditions set forth in Article IV of the Credit Agreement to the disbursement of the Loan hereby requested will be satisfied on the Funding Date, (b) the proposed Borrowing complies with the terms of the Credit Agreement, and (c) no Event of Default or Unmatured Event of Default has occurred and is continuing either before or after giving effect to such Borrowing.

Dated: April _, 1998

MHC Operating Limited Partnership,
an Illinois limited partnership

By: Manufactured Home Communities. Inc., a Maryland corporation, as its General Partner

By:_____

Name:_____

Title:_____

cc: Wells Fargo Bank, N.A.
225 W. Wacker Drive
Suite 2550
Chicago, Illinois 60606
Attn: Account Officer

SCHEDULE 1 TO
NOTICE OF BORROWING

PROPOSED LOAN FUNDING

1. Type of Loan:

___ Borrowing pursuant to Section 2.01
___ Swingline Loan pursuant to Section 2.10

2. Proposed Funding Date: _____

3. Amount of Proposed Loan: $_____

	Yes	No	
4. Base Rate:	____	____	
	____	____	
5. Libor Rate:	____	____	($1,000,000 or integral multiples of $100,000)

(Indicate with an "x")

6. Specify Interest Period for LIBOR Loan (if applicable), indicate with "x."

< 30 DAYS	30 DAYS	60 DAYS	90 DAYS	180 DAYS	360 DAYS
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

CERTAIN CONDITIONS

(i) All Notices of Borrowing are to be submitted no later than 10:00 a.m. (California time), not less than three (3) nor more than five (5) Business days prior to the proposed Funding Date, provided however, that a Notice of Borrowing with respect to a Swingline Loan may be submitted no later than 11.00 a.m. (California Time) on the proposed Funding Date.

(ii) All Loans (including Swingline Loans) are required to be in minimum amounts of One Million Dollars ($1,000.000) or integral multiples of One Hundred Thousand Dollars ($100,000) in excess thereof.

(iii) Swingline Loans bear interest as provided in Section 2.10(c) of the Credit Agreement. Items 4, 5 and 6 above are not applicable to a Notice of Borrowing with respect to Swingline Loans.

(iv) An Interest Period having a duration of less than one (1) month is available with the reasonable approval of Agent (unless any Lender has previously advised Agent and Borrower that it is unable to enter into LIBOR contracts for an Interest Period of such duration).

EXHIBIT J

NOTICE OF CONTINUATION/CONVERSION

TODAY'S DATE: _____

TO: WELLS FARGO BANK, N.A.
DISBURSEMENT AND OPERATIONS CENTER
FAX #(310) 615-1014 OR (310) 615-1016
ATTENTION: RATE OPTION DESK

BORROWER INTEREST RATE OPTION REQUEST
Rate Quote Line (310) 335-9472

LOAN# _____ BORROWER NAME: _____

RATE SET DATE: _____ INTEREST PERIOD COMMENCEMENT DATE:_____ (1350)

INTEREST PERIOD (TERM): _____(i.e. 1, 2, 3, 6 months, etc. as allowed per the Credit Agreement)

INDEX: _____ RATE: _____% + _____=_____(1350).
(i.e. Libor) Spread Applicable Rate

LIBOR LOAN EXPIRING ON _____ (Date): $_____

1) AMOUNT ROLLING OVER $_____ FROM OBLGN#:_____

2) ADD: AMT TRANSFERRED FROM
BASE RATE LOAN $_____ FROM OBLGN#:_____(5522) TO OBLGN:_____(5022)

3) ADD: AMT TRANSFERRED FROM
OTHER LIBOR LOAN $_____ FROM OBLGN#:_____(5522) TO OBLGN:_____(5022)

ADD: AMT TRANSFERRED FROM
OTHER LIBOR LOAN $_____ FROM OBLGN#:_____(5522) TO OBLGN:_____(5022)

4) LESS: AMT TRANSFERRED TO
BASE RATE LOAN $_____ FROM OBLGN#:_____(5522) TO OBLGN:_____(5022)

TOTAL LIBOR LOAN: $_____

Borrower confirms, represents and warrants to Lender (a) that this Notice of Continuation/Conversion is subject to the terms and conditions of that certain Second Amended and Restated Credit Agreement dated as of_____ ___, 1999, by and among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder and Wells Fargo Bank, N.A., as Agent for the said Lenders (the "Credit Agreement"), (b) that terms, words and phrases used but not defined in this Notice of Continuation/Conversion have the meanings attributed thereto in the Credit Agreement. and (c) that no Event of Default or Unmatured Event of Default has occurred and is continuing.

REQUESTED BY (as allowed per documents):_____ TELEPHONE #:(___)_____
PRINT NAME:_____ FAX #:(___)_____

WELLS FARGO BANK ACKNOWLEDGMENT OF RECEIPT AND CONFIRMATION
FIXED RATE EXPIRATION DATE:_____(2301)
REQUEST VERIFIED BY:_____ DATE:_____
REQUEST APPROVED BY:_____ DATE:_____
CONFIRMATION FAXED TO CUSTOMER BY:_____ DATE:_____TIME:_____

WELLS FARGO BANK OPERATIONS USE ONLY
TRACKING #:_____ LOAN AU:_____ LOAN SU:_____ OBLIGOR #:_____
CHARGECODE: 100 BASIS:_____ EARN TYPE: 0 BAL TYPE: 000 (1350)
SPECIAL PRODUCT TYPE CODE: (If change required)_____ (2305)
TDR: NO___ YES___ (Fax to loan acctg) UPDATE BILLING SCHEDULE: NO___YES___(1370)

DATA ENTRY COMPLETED BY:_____ DATE:_____ BATCH ID:_____
DATA ENTRY AUDITED BY:_____ DATE:_____

SCHEDULE 5.01 (C) TO REVOLVER

General Partners of Borrower

Manufactured Home Communities, Inc. owns approximately an 80% general partnership interest.

Schedule 5.01 (r) to Revolver

Environmental Compliance Issues

ASBESTOS. Limited quantities of asbestos containing materials ("ACMs") are present in various building materials such as floor coverings, acoustical tiles and decorative treatments located at certain Properties. The ACMs present at these Properties are generally in good condition, and possess low probabilities for disturbance. Borrower has implemented comprehensive operations and maintenance plans for Properties where ACMs are present or reasonably suspected. Property managers are being trained to deal effectively with the in-place maintenance of ACMs. ACMs will be property removed by Borrower in the ordinary course of renovation and construction and all damaged ACMs will be replaced immediately; however, in certain circumstances, Borrower may determine to encapsulate rather than remove damaged ACMs.

STORAGE TANKS. A number of above ground fuel tanks ("ASTs") and underground storage tanks ("USTs") are located on the Properties. Four of the manufactured housing communities, Camelot Meadows, McNicol, Nassau and Mariner's Cove, have several active and/or inactive USTs (approximately 225 USTs between the four Properties) used for the storage of residential heating fuel. A June 1994 site assessment (conducted prior to the Borrower's ownership of the Properties) conducted by ATEC Environmental Consultants at Camelot Meadows and McNicol identified six potential leaking underground storage tanks ("LUSTs"). The LUSTs were removed by Ogden Environmental in March 1998. A Site Investigation Work Plan has been submitted to Delaware Department of Natural Resources. The Borrower does not believe that any future remediation that may be required of the LUST's will have a Material Adverse Effect.

WASTE WATER TREATMENT PLANTS ("WWTPs"). WWTPs are operated at several of the Properties. Two WWTPs, those at Oak Tree Village and Bums Harbor Estates, are currently under an Order Pursuant to the Clean Water Act to implement various corrective actions to conform to National Pollution Discharge Elimination System permit requirements and conditions. United States Environmental Protection Agency ("USEPA") and Indiana Department of Environmental Management ("IDEM") may assess certain penalties for past non compliance. Borrower has implemented most of the corrective actions proposed to it by USEPA/IDEM and Borrower intends to complete the remaining corrective actions in due course.

SCHEDULE 5.01 (W) TO REVOLVER

Subsidiaries and Investment Affiliates

Manufactured Home Communities, Inc. ("MHC") owns 100% of the stock of:

MHC-QRS Bay Indies, Inc.	MHC-QRS Western, Inc.
MHC Lending QRS, Inc.	MHC-QRS Two, Inc.
MHC-QRS, Inc.	MHC-QRS Blue Ribbon Communities, Inc.
MHC-QRS DeAnza, Inc.	QRS Gold Medal Communities, Inc.

MHC owns an approximately an 80% general partner interest in MHC Operating Limited Partnership ("MHC OP").

MHC-QRS DeAnza, Inc. is the 1% general partner of

MHC-DeAnza Financing Limited Partnership (owns the beneficial interest in six manufactured home communities purchased from affiliates of DeAnza Group, Inc.)

MHC-QRS Bay Indies, Inc. is the 1% general partner of

MHC-Bay Indies Financing Limited Partnership (owns the beneficial interest in Bay Indies manufactured home community)

MHC Lending QRS, Inc. is the 1% general partner of

MHC Lending Limited Partnership (owns certain loans)

MHC-QRS, Inc. is the 1% general partner of

MHC Financing Limited Partnership (owns the beneficial interest in 29 manufactured home communities)

MHC-QRS Two, Inc. is the 1% general partner of

MHC Financing Limited Partnership Two (owns some or all of the beneficial interest in 26 manufactured home communities or recreational vehicle parks)

MHC-QRS Blue Ribbon Communities, Inc. is the 1% general partner of

Blue Ribbon Communities Limited Partnership (currently an inactive "shelf" entity)

QRS Gold Medal Communities, Inc. is the 1% general partner of

Gold Medal Communities Limited Partnership (currently an inactive "shelf" entity)

MHC OP is the 99% limited partner of:

MHC Financing Limited Partnership
MHC Lending Limited Partnership
MHC-Bay Indies Financing Limited Partnership
MHC-DeAnza Financing Limited Partnership
MHC Financing Limited Partnership Two

Blue Ribbon Communities Limited Partnership
Gold Medal Communities Limited Partnership

MHC OP owns the amount set forth below of the limited partnership interests in the following entities:

ELL-CAP XX - Mon Dak	4.88%
ELL-CAP[Diversified 75 - Naples Estates	100%
ELL-CAP/Diversified 80 - Rehobeth Beach	87.13%
ELL-CAP/Diversified 80 Associates	91.75%
ELL-CAP 97 Laguna Lake Associates	15.69%

MHC OP is a 49% member of Trails Associates LLC and a 49% member of Plantation Company LLC

MHC OP owns the beneficial interest in the manufactured home communities not beneficially owned by a financing partnership.

MHC OP is the 1% general partner of:

MHC Management Limited Partnership
MHC DAG Management Limited Partnership

MHC OP owns 100% of the non-voting preferred stock of:

LP Management Corporation
DeAnza Group, Inc.

LP Management Corp. is the 99% limited partner of MHC Management Limited Partnership.

DeAnza Group, Inc. is the 99% limited partner of MHC DAG Management Limited Partnership.

MHC OP owns 100% of the non-voting preferred stock of Realty Systems, Inc. ("RSI").

Equity Group Investments, Inc. owns 100% of the non-voting common stock of RSI.

Equity-RSI Limited Partnership owns 100% of the voting common stock of RSI.

MHC Management Limited Partnership owns 100% of the stock of MHC Systems, Inc.

RSI owns 100% of the stock of Realty Systems Nevada. Inc.

REVOLVING LOAN NOTE

$50,000,000 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of Fifty Million Dollars ($50,000,000) or, if less, the aggregate unpaid principal amount of the "Loans" disbursed by Lender pursuant to that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder and Wells Fargo Bank, N.A., as agent for the said Lenders ("Agent"), together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in and governed by the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loans, upon not less than three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Loans is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 10.01(g) or Section 10.01(h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, releases any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC., a Maryland corporation, as General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

REVOLVING LOAN NOTE

$33,333,333.33 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Bank of America National Trust and Savings Association ("Lender") at c/o Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of Thirty Three Million Three Hundred Thirty Three Thousand Thirty Three Dollars and 33/100 ($33,333,333.33) or, if less, the aggregate unpaid principal amount of the "Loans" disbursed by Lender pursuant to that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder and Wells Fargo Bank, N.A., as Agent for the said Lenders ("Agent"), together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in and governed by the Credit Agreement, which Credit Agreement, among other things contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loans, upon not less than three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Loans is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 10.01 (g) or Section 10.01 (h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, releases any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC., a Maryland corporation, as General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

REVOLVING LOAN NOTE

$33,333,333.34 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Morgan Guaranty Trust Company of New York ("Lender") at c/o Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of Thirty Three Million Three Hundred Thirty Three Thousand Thirty Three Dollars and 34/100 ($33,333,333.34) or, if less, the aggregate unpaid principal amount of the "Loans" disbursed by Lender pursuant to that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder and Wells Fargo Bank, N.A., as Agent for the said Lenders ("Agent"), together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in and governed by the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loans, upon not less than three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Loans is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 10.01(g) or Section 10.01(h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any part primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Lender's right or recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation,
as General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

REVOLVING LOAN NOTE

$33,333,333.33 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Commerzbank Aktiengesellschaft ("Lender") at c/o Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of Thirty Three Million Three Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars and 33/100 ($33,333,333.33) or, if less, the aggregate unpaid principal amount of the "Loans" disbursed by Lender pursuant to that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder and Wells Fargo Bank, N.A., as Agent for the: said Lenders ("Agent"), together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in and governed by the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loans, upon not less than three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Loans is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 10.01(g) or Section 10.01(h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

SWINGLINE NOTE

$30,000,000 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Wells Fargo Bank, N.A. ("Swingline Lender") at 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of THIRTY MILLION and NO/100 Dollars ($30,000,000) or, if less, the aggregate unpaid, principal amount of "Swingline Loans" disbursed by the Swingline Lender pursuant to Section 2.10 of that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder, and Wells Fargo Bank, as Agent for the said Lenders ("Agent"), together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is the Swingline Note referred to in and governed by the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Swingline Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable in accordance with the provisions of Section 2.10(b) of the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of any Swingline Loan upon written notice not later than 1:00 p.m. (California time) on the same Business Day, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Swingline Loans is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 10.01(g) or Section 10.01(h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, the Swingline Lender may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Swingline Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC.,
a Maryland corporation, as General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

LETTER OF CREDIT NOTE

$30,000,000 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Wells Fargo Bank, N.A. ("Issuing Lender") at 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of THIRTY MILLION and NO/100 Dollars ($30,000,000) or, if less, the aggregate unpaid principal amount of unreimbursed drawings under any Letter of Credit issued pursuant to Section 2.09 of that certain Second Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the "Lenders" thereunder and Wells Fargo Bank, as Agent for the said Lenders ("Agent"), together with interest on the unpaid principal balance hereof at the rates provided below from the date such unreimbursed drawing is made until payment in full thereof. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

This Note is the Letter of Credit Note referred to in and governed by the Credit Agreement. The amount of any drawing under a letter of Credit will be due and payable on the date of such drawing pursuant to Section 2.09 of the credit Agreement.

Interest on the obligations evidenced hereby is payable on the terms and at the rates set forth in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Issuing Lender may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Issuing Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC.,
a Maryland corporation, as General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

AMENDED AND RESTATED
REIT GUARANTY
(Manufactured Home Communities, Inc.)

This REIT Guaranty (this "Guaranty") is made as of April 28, 1998 by Manufactured Home Communities, Inc., a Maryland corporation ("Guarantor"), in favor of the Lenders (as defined in the "Credit Agreement" described below) and Wells Fargo Bank, N.A. ("Agent"), in its capacity as agent for the Lenders and as a Lender.

Recitals

Concurrently with the execution and delivery of this Guaranty, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), Guarantor, Agent and Lenders are entering into a certain Second Amended and Restated Credit Agreement of even date herewith (the "Credit Agreement") pursuant to which Lenders are agreeing to provide a revolving credit facility to Borrower. This Guaranty is executed and delivered in order to induce Agent and Lenders to enter into the Credit Agreement. Unless otherwise specified herein, the capitalized defined terms used herein shall have the meanings ascribed to such terms in the Credit Agreement.

Guaranty

1. For valuable consideration, receipt of which is hereby acknowledged, Guarantor hereby unconditionally guaranties the full and prompt payment when due and performance of all of the Obligations. The Guarantor agrees that this Guaranty is a guaranty of payment and performance and not of collection. Nothing herein shall be construed as requiring Agent or Lenders to exhaust its remedies against Borrower, or to foreclose any security interest that may in the future be granted to Agent in any collateral or to exercise any other remedies available to it, as a condition to proceeding against Guarantor hereunder.

Additional Agreements and Waivers

2. Guarantor hereby agrees that its obligations under this Guaranty shall be unconditional, irrespective of (i) the validity or enforceability of the Obligations or any part thereof, or of any other Loan Document, (ii) the absence of any attempt to collect the Obligations from Borrower or any other guarantor or other action to enforce the same, (iii) the waiver or consent by Agent or Lenders with respect to any provision of any Loan Document or any other agreement now or hereafter executed by Borrower and delivered to Agent and Lenders, (iv) the failure by Agent to take any steps to perfect and maintain any Liens that may in the future be granted to Agent against any collateral, (v) Agent's election, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended (the "Bankruptcy Code") of the application of Section 1111(b)(2) of the Bankruptcy Code, (vi) any borrowing or grant of a security interest by Borrower as debtor-in-possession, under Section 364 of the Bankruptcy Code, (vii) the disallowance, under Section 502 of the Bankruptcy Code,

of all or any portion of Agent's or Lenders' claim(s) for repayment of the Obligations, or (viii) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of Borrower or a guarantor.

3. Effective until the repayment in full of the Obligations, no payment made by or for the account or benefit of Guarantor (including, without limitation, (i) a payment made by Guarantor in respect of the Obligations, (ii) a payment made by any Person under any other guaranty of the Obligations or (iii) a payment made by means of set-off or other application of funds by Agent or any of the Lenders) pursuant to this Guaranty shall entitle Guarantor, by subrogation or otherwise, to any payment by Borrower or from or out of any property of Borrower, and Guarantor shall not exercise any right or remedy against Borrower or any property of Borrower including, without limitation, any right of contribution or reimbursement by reason of any performance by Guarantor under this Guaranty. Without limitation of any of the foregoing, any Indebtedness (including, without limitation, interest obligations) of Borrower to Guarantor now or hereafter existing shall be, and such Indebtedness hereby is, deferred, postponed and subordinated to the repayment in full of the Obligations. The provisions of this paragraph shall survive the termination of this Guaranty or the release or discharge of Guarantor from liability hereunder. Guarantor and Agent hereby agree that Borrower is and shall be a third party beneficiary of the provisions of this paragraph.

4. To the extent permitted by law, Guarantor further waives all notices to which Guarantor might otherwise be entitled, except as otherwise expressly provided for herein, in the Credit Agreement or in any other agreement or document executed in connection with the transactions contemplated by the Credit Agreement. Without limitation of the foregoing, Guarantor, to the extent permitted by applicable law, hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of receivership or bankruptcy of the Borrower, protest or notice with respect to the Obligations, all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Guaranty, the benefits of all statutes of limitation, and all other demands whatsoever (and shall not require that the same be made on the Borrower as a condition precedent to Guarantor's obligations hereunder). Guarantor further waives all notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to the Borrower or otherwise, and also waives, to the extent permitted by law, all notices that the principal amount or any portion thereof, and/or any interest on any instrument or document evidencing all or any part of the Obligations is due, notices of any and all proceedings to collect from the maker, any endorser or any guarantor of all or any part of the Obligations or from any other party, and, to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security given to the Lenders and the Agent to secure payment of all or any part of the Obligations.

5. Guarantor covenants that this Guaranty will not be discharged except by complete and irrevocable payment and performance of the obligations and liabilities guaranteed

herein. No notice to Guarantor or any other party shall be required for Agent or Lenders to make demand hereunder. Such demand shall constitute a mature and liquidated claim against Guarantor. Upon the occurrence of an Event of Default described in Section 10.01(g) or Section 10.01(h) or upon the occurrence and continuance of any other Event of Default, Agent may, at its sole election, proceed directly and at once, without notice, against Guarantor to collect and recover the full amount or any portion of the Obligations, without first proceeding against Borrower. any other Person or any other collateraL Agent and Lenders shall have the exclusive right to determine the application of payments and credits, if any, from Guarantor, Borrower or from any other person, firm or corporation, on account of the Obligations.

6. To the extent permitted by applicable law, Agent is hereby authorized, without notice or demand to Guarantor (but without limiting any requirements of notice and demand to Borrower) and without affecting the liability of Guarantor hereunder or under any of the other Loan Documents executed by Guarantor, from time to time, (i) to renew, extend, accelerate or otherwise change the time for payment of, or other terms relating to, all or any part of the Obligations, or to otherwise modify, amend or change the terms of any of the Loan Documents; (ii) to accept partial payments on all or any part of the Obligations; (iii) to take and hold security or collateral for the payment of all or any part of the Obligations, or any guaranties of all or an), part of the Obligations or other liabilities of Borrower, (iv) to exchange, enforce, waive and release any such security or collateral; (v) to apply such security or collateral and direct the order or manner of sale thereof as in its discretion it may determine; (vi) to settle, release, exchange, enforce, waive, compromise or collect or otherwise liquidate all or any part of the Obligations, any guaranty of all or any part of the Obligations and any security or collateral for the Obligations or for any such guaranty. Guarantor agrees, to the extent permitted by applicable law, that any of the foregoing may be done in any manner, without affecting or impairing the obligations of Guarantor hereunder or under any of the other Loan Documents executed by Guarantor.

7. At any time after maturity of the Obligations, Agent may, in its sole discretion, with notice (solely as may be provided for in the Credit Agreement) to Guarantor and regardless of the acceptance of any collateral for the payment hereof, appropriate and apply toward payment of the Obligations (i) any Indebtedness due or to become due from Agent or any of Lenders to Guarantor and (ii) any moneys, credits or other property belonging to Guarantor at any time held by or coming into the possession of Agent or any of Lenders or any affiliates thereof, whether for deposit or otherwise. Agent and Lenders shall appropriate and apply towards payment of the Obligations only moneys, credits or other property of Guarantor and of Guarantor's direct and indirect wholly-owned subsidiaries.

8. Notwithstanding any provision of this Guaranty to the contrary, it is not intended that this Guaranty constitute a "Fraudulent Conveyance" (as defined below). Consequently, Guarantor agrees that if the Guaranty would, but for the application of this sentence. constitute a Fraudulent Conveyance, this Guaranty shall be valid and enforceable only

to the maximum extent that would not cause this Guaranty to constitute a Fraudulent Conveyance, and this Guaranty shall automatically be deemed to have been amended accordingly at all relevant times. For purposes hereof, a "Fraudulent Conveyance" means a fraudulent conveyance under Section 548 of the Bankruptcy Code (or any successor section) or a fraudulent conveyance or fraudulent transfer under the provisions of any applicable fraudulent conveyance or fraudulent transfer law or similar law of any state, nation or other governmental unit, as in effect from time to time.

9. The obligations of Guarantor under this Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Borrower or by any defense which Borrower may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor acknowledges and agrees that any interest on the Obligations which accrues after the commencement of any such proceeding (or, if interest on any portion of the Obligations ceases to accrue by operation of law by reason of the commencement of said proceeding, such interest as would have accrued on any such portion of the Obligations if said proceedings had not been commenced) shall be included in the Obligations, since it is the intention of the parties that the amount of the Obligations which is guaranteed by Guarantor pursuant to this Guaranty should be determined without regard to any rule of law or order which may relieve Borrower of any portion of such Obligations. Guarantor will permit, to the extent permitted by law, any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay Agent for the benefit of the Lenders, or allow the claim of Agent in respect of, any such interest accruing after the date on which such proceeding is commenced.

10. Guarantor consents and agrees that neither Agent nor any Lender shall be under any obligation to marshal any assets in favor of Guarantor or against or in payment of any or all of the Obligations. Guarantor further agrees that, to the extent that Borrower makes a payment or payments to Agent or Lenders, or Agent receives any proceeds of any collateral, for its benefit and the ratable benefit of Lenders, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to Borrower, its estate, trustee, receiver or any other party, including without limitation Guarantor, under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the Obligations or the part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred, and this Guaranty shall continue to be in existence and in full force and effect, irrespective of whether any evidence of indebtedness has been surrendered or cancelled.

11. No delay on the part of Agent or Lenders in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Agent or Lenders of any right or remedy shall preclude any further exercise thereof; nor shall any modification or

waiver of any of the provisions of this Guaranty be binding upon Agent or Lenders, except as expressly set forth in a writing duly signed and delivered on Agent's behalf by an authorized officer or agent of Agent. Agent's or Lenders' failure at any time or times hereafter to require strict performance by Borrower or Guarantor of any of the provisions, warranties, terms and conditions contained in any Loan Document, agreement, guaranty instrument or document now or at an), time or times executed by Borrower, Guarantor or any other Person obligated under the Loan Documents shall not constitute a waiver of or affect or diminish any right of Agent and Lenders at any time or times hereafter to demand strict performance thereof and such right shall not be deemed to have been waived by any act or knowledge of Agent or Lenders, or their respective agents, officers or employees, unless such waiver is contained in an instrument in writing signed by an officer or agent of Agent and directed to Borrower, Guarantor or such other Person, as applicable, specifying such waiver. No waiver by Agent or Lenders of any default shall operate as a waiver of any other default or the same default on a future occasion, and no action by Agent or Lenders permitted hereunder shall in any way affect or impair Agent's or Lenders' rights or the obligations of Guarantor under this Guaranty. Any determination by a court of competent jurisdiction of an amount owing by Borrower to Agent or Lenders, or both, shall be conclusive and binding on Guarantor irrespective of whether Guarantor was a party to the suit or action in which such determination was made.

12. Guarantor will file all claims against Borrower in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law upon any indebtedness of Borrower to Guarantor or claim against Borrower by Guarantor and will assign to Agent for the benefit of the Lenders all rights of Guarantor thereunder. If Guarantor does not file any such claim, Agent, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in Agent's discretion, to assign the claim and to cause proof of claim to be filed in the name of Agent's nominee. Agent or its nominee shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to take. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Agent the full amount payable on such claims, and, to the full extent necessary for that purpose, Guarantor hereby assigns to Agent for the benefit of the Lenders all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Agent receives cash by reason of any such payment or distribution. If Agent receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Agreement.

13. This Guaranty shall be binding upon Guarantor and upon the successor and permitted assigns of Guarantor and shall inure to the benefit of Agent's and Lenders' respective successors and assigns. All references herein to Borrower shall be deemed to include its successors, transferees and permitted assigns and all references herein to Agent or Lenders shall be deemed to include their successors, transferees and assigns. Borrower's successors and permitted assigns shall include, without limitation, a receiver, trustee or debtor in possession of

or for Borrower. All references to the singular shall be deemed to include the plural, and vice versa, where the context so requires.

14. Guarantor is fully aware of the financial condition of Borrower and is executing and delivering this Guaranty based solely upon Guarantor's own independent investigation of all matters pertinent hereto and is not relying in any manner upon any representation or statement of Agent. Guarantor represents and warrants that Guarantor is in a position to obtain, and Guarantor hereby assumes full responsibility for obtaining, any additional information concerning Borrower's financial condition and any other matter pertinent hereto as Guarantor may desire, and Guarantor is not relying upon or expecting Agent to furnish to Guarantor any information now or hereafter in Agent's possession concerning the same or any other matter. By executing this Guaranty, Guarantor knowingly accepts the full range of risks encompassed within. a contract of this type, which risks Guarantor acknowledges. Guarantor shall have no right to require Agent to obtain or disclose any information with respect to the Obligations, the financial condition or character of Borrower or Borrower's ability to perform the Obligations, the existence or nonexistence of any other guaranties of all or any part of the Obligations, any action or nonaction on the part of Agent, Borrower, or any other person, or any other matter, fact or occurrence whatsoever.

15. Guarantor understands and agrees that, in accordance with the terms of the Credit Agreement, any Lender may elect, at any time, to sell, assign, or participate all or any part of such Lender's interest in the Loans and the Facility, and that any such sale, assignment or participation may be to one or more Persons as provided in Section 11. 13 of the Credit Agreement. Subject to Section 12.17 of the Credit Agreement, Guarantor further agrees that Agent or any Lender may disseminate to any such potential purchaser(s), assignee(s) or participant(s) all documents and information (including without limitation all financial information) which has been or is hereafter provided to or known to Agent or any Lender with respect to: (a) the Property owned or leased by Guarantor and its operation; (b) any party connected with the Loans (including, without limitation, Guarantor, Borrower, any partner of Borrower or Guarantor or any other guarantor); and/or (c) any lending relationship other than the Facility which Agent or any Lender may have with any party connected with the Facility.

16. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST GUARANTOR WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT MAY BE AND ALL JUDICIAL PROCEEDINGS BROUGHT BY GUARANTOR WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION HAVING SITUS WITHIN THE BOUNDARIES OF THE FEDERAL COURT DISTRICT OF THE NORTHERN DISTRICT OF ILLINOIS, AND BY EXECUTION AND DELIVERY OF THIS GUARANTY, GUARANTOR ACCEPTS, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS AND IRREVOCABLY AGREES TO BE BOUND BY ANY FINAL JUDGMENT

RENDERED THEREBY FROM WHICH NO APPEAL HAS BEEN TAKEN OR IS AVAILABLE. GUARANTOR HEREBY DESIGNATES AND APPOINTS ELLEN KELLEHER, ESQ., MANUFACTURED HOME COMMUNITIES, INC., TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS 60606, TO RECEIVE ON ITS BEHALF SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDINGS IN ANY SUCH COURT, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY SUCH PERSON TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. SUCH APPOINTMENT SHALL BE REVOCABLE ONLY WITH AGENT'S PRIOR WRITTEN APPROVAL GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO ITS NOTICE ADDRESS SPECIFIED ON THE SIGNATURE PAGES HEREOF, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT. GUARANTOR AGENT AND LENDERS IRREVOCABLY WAIVE (A) TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT, AND (B) ANY OBJECTION (INCLUDING WITHOUT LIMITATION ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT IN ANY JURISDICTION SET FORTH ABOVE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST GUARANTOR IN THE COURTS OF OTHER JURISDICTION. GUARANTOR AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIM IN ANY PROCEEDING BROUGHT BY AGENT OR A LENDER WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT.

17. This Guaranty shall be governed by, and shall be construed and enforced accordance with, the laws of the State of Illinois without regard to conflict of law principles.

18. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

19. This Guaranty amends and restates in its entirety that certain REIT Guaranty dated as of August 16, 1994 executed by Guarantor in connection with the Original Credit Agreement, as such REIT Guaranty has been heretofore amended, modified and confirmed.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Guaranty has been duly executed by Guarantor as of this 28th day of April, 1998.

GUARANTOR:

MANUFACTURED HOME COMMUNITIES, INC.
a Maryland corporation

By: /s/ Ellen Kelleher

Name: Ellen Kelleher

Title: Executive VP/General Counsel

Address: Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606

SOLVENCY CERTIFICATE
(MHC Operating Limited Partnership)

I, Thomas P. Heneghan, the Chief Financial Officer of Manufactured Home Communities, Inc., a Maryland corporation (the "REIT"), which is the general partner of MHC Operating Limited Partnership, an Illinois limited partnership (the "Borrower"), in my capacity as Chief Financial Officer of the REIT, hereby certify to Wells Fargo Bank, N.A. as agent for the lenders (the "Lenders") under the Second Amended and Restated Credit Agreement of even date herewith (as amended, supplemented or restated from time to time, the "Credit Agreement) by and among the Borrower, the REIT, Agent and the Lenders, and to the Lenders that:

1. I am the duly elected, qualified and acting Chief Financial Officer of the REIT, which is the general partner of the Borrower, and I am familiar with the business and financial matters hereinafter described.

2. This Certificate, is made and delivered to Wells Fargo Bank, N.A., as Agent on behalf of the Lenders, for the purpose of inducing the Lenders to advance the Loans (as defined in the Credit Agreement) to Borrower, pursuant to the Credit Agreement. Each capitalized term used herein without definition shall have the meaning ascribed to such term in the Credit Agreement.

3. Immediately following the execution of the Loan Documents to which it is a party, including without limitation, the Credit Agreement, the Borrower will be able to pay its debts as they mature, will have capital sufficient to carry on its business and all businesses in which it presently intends to engage and will have assets which will have a present fair salable value and a fair valuation greater than the amount of its liabilities, whether direct or contingent.

4. The Borrower does not intend to incur debts beyond its ability to pay them as they mature.

5. The Borrower does not contemplate filing a petition in bankruptcy or for an arrangement or reorganization under Federal bankruptcy law, nor to its knowledge are there any threatened bankruptcy or insolvency proceedings against the Borrower.

[SIGNATURE PAGE FOLLOWS]

Dated: April 28, 1998

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME
COMMUNITIES, INC., a Maryland corporation as
General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

Signature page to Solvency Certificate of MHC
Operating Limited Partnership (Revolver).

SOLVENCY CERTIFICATE
(Manufactured Home Communities, Inc.)

I, Thomas P. Heneghan, the Chief Financial Officer of Manufactured Home Communities, Inc., a Maryland corporation (the "REIT"), which is the general partner of MHC Operating Limited Partnership, an Illinois limited partnership (the "Borrower"), in my capacity as Chief Financial Officer of the REIT, hereby certify to Wells Fargo Bank, N.A. as agent for the lenders (the "Lenders") under the Second Amended and Restated Credit Agreement of even date herewith (as amended, supplemented or restated from time to time, the "Credit Agreement) by and among the Borrower, the REIT, Agent and the Lenders, and to the Lenders that:

1. I am the duly elected, qualified and acting Chief Financial Officer of the REIT, which is the general partner of the Borrower, and I am familiar with the business and financial matters hereinafter described.

2. This Certificate is made and delivered to Wells Fargo Bank, N.A., as Agent on behalf of the Lenders, for the purpose of inducing the Lenders to advance the Loans (as defined in the Credit Agreement) to Borrower, pursuant to the Credit Agreement. Each capitalized term used herein without definition shall have the meaning ascribed to such term in the Credit Agreement.

3. Immediately following the execution of the Loan Documents to which it is a party, including without limitation, the REIT Guarantee, the REIT will be able to pay its debts a they mature, will have capital sufficient to carry on its business and all businesses in which it presently intends to engage and will have assets which will have a present fair salable value and fair valuation greater than the amount of its liabilities, whether direct or contingent.

4. The REIT does not intend to incur debts beyond its ability to pay them as they mature.

5. The REIT does not contemplate filing a petition in bankruptcy or for an arrangement or reorganization under Federal bankruptcy law, nor to its knowledge are there any threatened bankruptcy or insolvency proceedings against the REIT

[SIGNATURE PAGE FOLLOWS]

Dated: April 28, 1998

MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

Signature page to Solvency Certificate of
Manufactured Home Communities, Inc. (Revolver).

COMPLIANCE CERTIFICATE

This Compliance Certificate is delivered pursuant to the Second Amended and Restated Credit Agreement dated as of April 28, 1998 (as amended, supplemented and restated from time to time, the "Credit Agreement"), among MHC Operating Limited Partnership, the Lenders (as defined therein or made party thereto), and Wells Fargo Bank, N.A., as Agent. All capitalized defined terms used herein shall have the meaning ascribed to such terms in the Credit Agreement.

1. The undersigned hereby certifies that the undersigned has reviewed the terms of the Credit Agreement and other Loan Documents and has made a review in reasonable detail of the transactions consummated by and financial condition of the REIT, the Borrower, the Subsidiaries and the Agreement Parties during the accounting period covered by the financial statements being delivered to Lender along with this Compliance Certificate and

(a) Such review has not disclosed the existence during or at the end of such accounting period, and the undersigned does not have knowledge of the existence as of the date hereof, of any condition or event which constitutes an Unmatured Event of Default or an Event of Default (except as set forth in paragraph (b) hereof).

(b) The financial statements being delivered to Agent along with this Compliance Certificate have been prepared in accordance with the books and records of the REIT, on a consolidated basis, and fairly present the financial condition of the REIT, on a consolidated basis, at the date thereof (if applicable, subject to normal year-end adjustments) and the results of operations and cash flows, on a consolidated basis, for the period then ended.

(c) The nature and period of existence of the condition(s) or event(s) which constitute an Unmatured Event(s) of Default or an Event(s) of Default is (are) as follows: None.

(d) Borrower (is taking) (is planning to take) the following action with respect to the condition(s) or event(s) set forth in paragraph (b) above: N/A

2. As of the end of the most recently ended accounting period (March 31, 1998):

(a) Total Liabilities to Gross Asset Value. Total Liabilities: $589,989,000.00 Gross Asset Value: $1,183,980,000.00. Ratio: 0.49:1 (Ratio not to exceed 0.6:1).

(b) Secured Debt to Gross Asset Value. Secured Debt: $409,500,000.00. Gross Asset Value: $1,183,980,000.00. Ratio: 0.35:1 (Ratio not to exceed 0.4:1).

(c) EBITDA to Interest Expense Ratio. EBITDA: $25,824,000.00. Interest Expense: $10,019,000.00. Ratio: 2.61 (Ratio not to be less than 2.0:1).

(d) EBITDA to Fixed Charges Ratio. EBITDA: $25,824,000.00. Fixed Charges: $11,954,000.00. Ratio: 2.2:1 (Ratio not to be less than 1.75:1).

(e) Unencumbered Net Operating Income to Unsecured Interest Expense. Unencumbered Net Operating Income: $11,336,000.00. Unsecured Interest Expense: $2,360,000.00. Ratio: 4.8:1 (Ratio not to be less than 1.80:1).

(f) Unencumbered Pool. Borrower shall not permit the ratio of (a) the sum of (i) Unencumbered Asset Value: $518,236,000.00; (ii) Cash and Cash Equivalents owned by Borrower subject to no Lien in excess of $10MM: $0 to (b) outstanding Unsecured Debt: $150,488,000.00. Ratio: 3.4:1 (Ratio not to be less than 1.80:1).

(g) Minimum Net Worth. Borrower will maintain Net Worth of not less than $258,317,100 plus 90% of all Net Offering Proceeds received by the REIT or Borrower after September 30, 1996. Net Worth: $386,878,000.00.

(h) Permitted Holdings. Borrower and its Subsidiaries may acquire or maintain the following Permitted Holdings so long as (i) the aggregate value whether held directly or indirectly by Borrower and its Subsidiaries does not exceed, at any time, 20% of Gross Asset Value for the Borrower as a whole and (ii) the value of each Permitted Holding does not exceed, at any time the following percentages of Borrower's Gross Asset Value:

PERMITTED HOLDINGS	MAXIMUM	% OF GROSS ASSET VALUE
- -- Non manufactured home community property (other than cash or Cash Equivalents)	10%	0.6%
- -- Land	5%	0%
- -- Securities (issued by REITs primarily engaged in the development, ownership and management of Manufactured Home communities)	5%	0%
- -- Manufactured Home Community Mortgage other than mortgage indebtedness which is either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or accounted for as investments in real estate under GAAP	10%	1.1%
- -- Manufactured Home Community Partnership Interest other than Controlled Partnership Interests	10%	0.5%
- -- Development Activity	10%	0.5%

3. All representations and warranties contained in the above-referenced Credit Agreement remain true and correct in all material respects. No Event of Default described in Section 10.01(g) or Section 10.01(h) has occurred and no other Event of Default or Unmatured

Event of Default has occurred and is continuing. There has been no Material Adverse Effect to the Borrower or the REIT.

4. As of the end of the Fiscal Quarter covered by the financial statements being delivered to Agent along with this Compliance Certificate, the weighted average occupancy rate of the Properties listed on Exhibit F to the Credit Agreement together with those designated by Borrower is at least eight-five percent (85%)

Date: April 28, 1998

/s/ Thomas P. Heneghan

Mr. Thomas P. Heneghan
Chief Financial Officer the REIT

EXHIBIT 10.3

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT is dated as of December 18, 1998 (this "Amendment"), and is among MHC OPERATING LIMITED PARTNERSHIP, an Illinois limited partnership ("Borrower"), MANUFACTURED HOME COMMUNITIES, INC., a Maryland corporation (the "REIT"), each of the undersigned "Lenders", WELLS FARGO BANK, NATIONAL ASSOCIATION, in its capacity as "Agent", "Swingline lender" and "Issuing Lender", BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, in its capacity as "Syndication Agent", and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as "Documentation Agent". Capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Credit Agreement referenced below.

WHEREAS, the parties hereto have previously entered into that certain Second Amended and Restated Credit Agreement dated as of April 28, 1998 (the "Credit Agreement"); and

WHEREAS, the parties hereto now desire to (i) increase the amount of the Facility from One Hundred Fifty Million Dollars ($150,000,000) to One Hundred Seventy-Five Million Dollars ($175,000,000), and (ii) add LASALLE NATIONAL BANK ("LNB") as a "Lender" under the Credit Agreement. The Lenders who are original parties to the Credit Agreement are herein referred to as the "Existing Lenders."

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements herein contained, the parties hereto agree as follows:

1. Facility Amount. The amount of the Facility is hereby increased from One Hundred Fifty Million Dollars ($150,000,000) to One Hundred Seventy-Five Million Dollars ($175,000,000). The amount by which the Facility is increased is referred to herein as the "Facility Increase Amount."

2. Assignment and Assumption. Each Existing Lender hereby assigns to LNB that portion of its Commitment equal to its Pro Rata Share of the Facility Increase Amount. LNB hereby accepts and assumes such portions of the Commitments of the Existing Lenders, and shall hereafter constitute a "Lender" under the Credit Agreement with a Commitment as described in Section 3 hereof. Each Existing Lender hereby represents and warrants that it is not in default of any of its obligations under the Credit Agreement.

3. Commitments. As of the date hereof, the Commitment of each of the undersigned Lenders shall be in the amount set out under such Lender's name under the heading "Commitment" on the counterpart signature pages attached to this Amendment.

4. Conditions to Effectiveness. The effectiveness of this Agreement is subject to satisfaction of each of the following conditions precedent:

(a) Borrower shall have executed and delivered to Agent for the benefit of LNB a Loan Note in favor of LNB in the amount of Twenty-Five Million Dollars ($25,000,000) and substantially in the form attached hereto as Exhibit A;

(b) Borrower shall have delivered to Agent for the benefit of the Existing Lenders and LNB the following corporate and partnership documents:

(i) With respect to Borrower: a certified copy of Borrower's limited partnership agreement; a certified copy of Borrower's Certificate of Limited Partnership; a certificate of existence for Borrower from the State of Illinois; and a certificate of Borrower's Secretary or an officer comparable thereto (a "Secretary's Certificate") with respect to Borrower and pertaining to authorization, incumbency and by-laws, if any; and

(ii) With respect to the REIT: certified copies of the REIT's certificate of incorporation and by-laws; a good standing certificate of the REIT from the State of Maryland; and a Secretary's Certificate with respect to the REIT pertaining to authorization, incumbency and by-laws; and

(c) Borrower shall have delivered to Agent for the benefit of the Existing Lenders and LNB a favorable opinion of counsel for Borrower and the REIT in form and substance reasonably satisfactory to Agent and its counsel.

5. LNB Acknowledgments. LNB hereby represents and warrants to each of the Existing Lenders as follows:

(a) LNB has made and shall continue to make its own independent investigation of the financial condition, affairs and creditworthiness of Borrower and any other person or entity obligated under the Loan Documents.

(b) LNB has received copies of the Loan Documents and such other documents, financial statements and information as it has deemed appropriate to make its own credit analysis and decision to become a Lender under the Credit Agreement.

6. No Existing Lender Responsibility. No Existing Lender makes any representation or warranty regarding, or assumes any responsibility to LNB for:

(a) The execution, effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of the Loan Documents or any representations, warranties, recitals or statements made in the Loan Documents or in any financial or other written or oral statement, instrument, report, certificate or any other documents furnished or made available to LNB with respect to the Facility, Borrower or the REIT;

(b) The performance or observance of any of the terms, covenants or agreements contained in any of the Loan Documents or as to the existence or possible existence of any Unmatured Event of Default or Event of Default under the Loan Documents;

(c) The accuracy or completeness of any information furnished or made available to LNB with respect to the Facility, Borrower or the REIT; or

(d) Any investigation of the financial condition, affairs or creditworthiness of Borrower or the REIT, or to provide LNB with any credit or other information with respect thereto.

7. LNB Bound by Credit Agreement. Effective on the date hereof, LNB (a) shall be deemed to be a party to the Credit Agreement, (b) agrees to be bound by the Credit Agreement to the same extent as it would have been if it had been an original Lender thereunder, and (c) agrees to perform in accordance with their respective terms all of the obligations which are required under the Loan Documents to be performed by it as a Lender which first arise on or after the date hereof. LNB appoints and authorizes Agent to take such actions as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto. Without limitation of the foregoing, LNB agrees to be bound by the provisions of Section 12.23 of the Credit Agreement.

8. Consent of Borrower and the REIT.

(a) Borrower hereby consents to the assignment and assumption set forth in Section 2 hereof, and the inclusion of LNB as a Lender under the Loan Documents as provided herein.

(b) The REIT hereby consents to the terms of this Amendment and agrees that the REIT Guaranty remains valid and enforceable and that the REIT has no defenses or offsets to enforcement against the REIT under the REIT Guaranty. The REIT hereby confirms that the REIT Guaranty remains effective with respect to the Loans, the maximum principal amount of which is increased by the increase in the amount of the Facility as provided herein.

9. Representations and Warranties. Borrower hereby represents and warrants as follows:

(a) All of the representations and warranties contained in the Credit Agreement and in the other Loan Documents are true and correct in all material respects on and as of the date hereof except to the extent such representation and warranty is made as of a specified date, in which case such representation and warranty is true and correct as of such specified date.

(b) No Event of Default or Unmatured Event of Default exists as of the date hereof.

10. Effect on Credit Agreement. The Credit Agreement and all other Loan Documents (each as amended, supplemented or otherwise modified hereby) shall remain in full force and effect and are hereby ratified and confirmed in all respects. Except as expressly provided herein or pursuant hereto, the execution, delivery, performance and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Agent or any Lender under the Loan Documents, nor constitute a waiver of any provisions of any of the Loan Documents.

11. Miscellaneous

(a) Execution in Counterparts. This Amendment may be executed in any number of counterparts, and each such counterpart, when so executed and delivered, shall be deemed to be an original and binding upon the party signing such counterpart; all such counterparts taken together shall constitute one and the same instrument.

(b) Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.

(c) Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(d) Entire Agreement. This Amendment is the entire agreement among the parties with respect to the matters addressed herein, and may not be modified except by written modification signed by all parties hereto.

(e) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, personal representatives and assigns (as permitted under the Credit Agreement).

(f) Fees and Expenses. Simultaneously herewith, Borrower has paid a loan fee to LNB and an amendment fee to the Existing Lenders in amounts previously agreed among Borrower and LNB and Borrower and the Existing Lenders, as the case may be. Pursuant to Section 12.01(a) of the Credit Agreement, Borrower hereby agrees to promptly pay all reasonable attorneys' fees and expenses or other costs or expenses incurred by Agent in connection with this Amendment and the transactions contemplated hereby.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the date set forth above.

MHC OPERATING LIMITED PARTNERSHIP, an Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC., a Maryland corporation, as General Partner

By: /s/ Ellen Kelleher

Name: ELLEN KELLEHER

Title: EXECUTIVE VICE PRESIDENT & GENERAL COUNSEL

MANUFACTURED HOME COMMUNITIES, INC., a Maryland corporation

By: /s/ Ellen Kelleher

Name: ELLEN KELLEHER

Title: EXECUTIVE VICE PRESIDENT & GENERAL COUNSEL

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Agent, Swingline Lender, Issuing Lender and a Lender

By: /s/ Steven R. Lowery

Name: STEVEN R. LOWERY

Title: VICE PRESIDENT

Commitment: $50,000,000

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as Syndication Agent and a
Lender

By: /s/ Megan McBride

Name: Megan McBride

Title: Vice President

Commitment: $33,333,333.33

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Documentation Agent and a Lender

By: /s/ Richard L. Dugoff

Name: Richard L. Dugoff

Title: Vice President

Commitment: $33,333,333.33

COMMERZBANK AKTIENGESELLSCHAFT, Chicago Branch, as a Lender

By: /s/ Douglas P. Traynor /s/ Christian Berry

Name: Douglas P. Traynor Christian Berry

Title: Vice President Assistant Treasurer

Commitment: $33,333,333.33

LASALLE NATIONAL BANK, as a Lender

By: /s/ Peter Margolin

Name: Peter Margolin

Title: Commercial Banking Officer

Commitment: $25,000,000

Address:
LaSalle National Bank
135 South LaSalle
3rd Floor, Suite 1225
Chicago, Illinois 60603
Attention: Peter Margolin
Telecopy: 312-904-6691

EXHIBIT 10.4

AMENDED AND RESTATED CREDIT AGREEMENT

(TERM LOAN)

AMONG

MHC OPERATING LIMITED PARTNERSHIP,
AN ILLINOIS LIMITED PARTNERSHIP,
AS BORROWER,

MANUFACTURED HOME COMMUNITIES, INC.,
A MARYLAND CORPORATION,
THE REIT,

WELLS FARGO BANK, N.A.,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,

COMMERZBANK AKTIENGESELLSCHAFT,
CHICAGO BRANCH

AND

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,

TOGETHER WITH THOSE ASSIGNEES
BECOMING PARTIES HERETO PURSUANT
TO SECTION 10.11, AS LENDERS,

WELLS FARGO BANK, N.A.,
AS AGENT

DATED AS OF APRIL 28, 1998

EXHIBITS

SCHEDULES

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT is dated as of April 28, 1998 (as amended, supplemented or modified from time to time, the "Agreement") and is among MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), Manufactured Home Communities. Inc., a Maryland corporation (the "REIT"), each of the Lenders, as hereinafter defined, and Wells Fargo Bank, N.A. ("Wells Fargo") in its capacity as Agent and as a Lender, Bank of America National Trust and Savings Association, as Syndication Agent and as a Lender, Morgan Guaranty Trust Company of New York, as Documentation Agent and as a Lender, and Commerzbank Aktiengesellschaft, Chicago Branch, as a Lender.

RECITALS

A. Borrower and the REIT have executed and delivered to Agent and the Lenders that certain Credit Agreement dated as of April 3, 1997, by and among Borrower, the REIT, Agent and the Lenders (the "Existing Credit Agreement"); and

B. Borrower, the REIT, Agent and the Lenders desire to amend and restate the Existing Credit Agreement in its entirety to increase the term loan facility provided thereby from Sixty Million Dollars ($60,000,000) to One Hundred Million Dollars ($100,000.000), and make certain other modifications as hereinafter set forth.

AGREEMENT

ARTICLE I

DEFINITIONS

1.01 Certain Defined Terms. The following terms used in this Agreement shall have the following meanings (such meanings to be applicable, except to the extent otherwise indicated in a definition of a particular term, both to the singular and the plural forms of the terms defined):

"Accommodation Obligations" as applied to any Person, means any obligation, contingent or otherwise, of that Person in respect of which that person is liable for any Indebtedness or other obligation or liability of another Person, including without limitation and without duplication (i) any such Indebtedness, obligation or liability directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business), co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable, including Contractual Obligations (contingent or otherwise) arising through any agreement to purchase, repurchase or otherwise acquire such Indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof (whether in the form of loans. advances, stock purchases, capital

contributions or otherwise), or to maintain solvency, assets, level of income, or other financial condition, or to make payment other than for value received and (ii) any obligation of such Person arising through such Person's status as a general partner of a general or limited partnership with respect to any Indebtedness, obligation or liability of such general or limited partnership.

"Accountants" means any nationally recognized independent accounting firm.

"Adjusted Asset Value" means, as of any date of determination, (i) for any Property for which an acquisition or disposition by Borrower or any Subsidiary has not occurred in the Fiscal Quarter most recently ended as of such date, the product of four (4) and a fraction, the numerator of which is EBITDA for such Fiscal Quarter attributable to such Property in a manner reasonably acceptable to Agent, and the denominator of which is eight hundred seventy-five ten thousandths (0.0875), and (ii) for any Property which has been acquired by Borrower or any Subsidiary in the Fiscal Quarter most recently ended as of such date, the Net Price of the Property paid by Borrower or its Subsidiaries for such Property.

"Affiliates" as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means (a) the possession, directly or indirectly, of the power to vote twenty-five percent (25%) or more of the Securities having voting power for the election of directors of such Person or otherwise to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting Securities or by contract or otherwise, (b) the ownership of a general partnership interest in such Person or (c) the ownership of twenty-five percent (25%) or more of the limited partnership interests (or other ownership interests with similarly limited voting rights) in such Person; provided, however, that in no event shall the Affiliates of Borrower or any Subsidiary or any Investment Affiliate include Persons holding direct or indirect ownership interests in the REIT or any other real estate investment trust which holds a general partnership interest in Borrower if such Person does not otherwise constitute an "Affiliate" hereunder; provided, further, that the REIT and Borrower shall at all times be deemed Affiliates of each other.

"Agent" means Wells Fargo in its capacity as administrative agent for the Lenders under this Agreement, and shall include any successor Agent appointed pursuant hereto and shall be deemed to refer to Wells Fargo in its individual capacity as a Lender where the context so requires.

"Agreement" has the meaning ascribed to such term in the Preamble hereto.

"Agreement Party" means any Person, other than the REIT and Borrower. which concurrently with this Agreement or hereafter executes and delivers a guaranty in connection with this Agreement, which as of the date of determination, is in force and effect.

"Assignment and Assumption" means an Assignment and Assumption in the form of Exhibit A hereto (with blanks appropriately filled in) delivered to Agent in connection with each assignment of a Lender's interest under this Agreement pursuant to Section 10.11.

"Balloon Payment" means, with respect to any loan constituting Indebtedness, any required principal payment of such loan which is either (i) payable at the maturity of such Indebtedness or (ii) in an amount which exceeds twenty-five percent (25%) of the original principal amount of such loan; provided, however, that the final payment of a fully amortizing loan shall not constitute a Balloon Payment.

"Base Rate" means, on any day, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall at all times be equal to the higher of (a) the base rate of interest per annum established from time to time by Wells Fargo, and designated as its prime rate and in effect on such day, and (b) the Federal Funds Rate as announced by the Federal Reserve Bank of New York in effect on such day plus one half percent (0.5%) per annum. Each change in the Base Rate shall become effective automatically as of the opening of business on the date of such change in the Base Rate, without prior written notice to Borrower or Lenders. The Base Rate may not be the lowest rate of interest charged by any bank, Agent or Lender on similar loans.

"Base Rate Loans" means that portion of the Loan bearing interest at the Base Rate.

"Base Rent" means the aggregate rent received by Borrower from tenants which lease manufactured community home sites owned by Borrower minus any amounts specifically identified as and representing payments for trash removal, cable television, water, electricity, taxes, other utilities, and other rent which reimburses expenses related to tenant's occupancy.

"Benefit Plan" means any employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) which a Person or any ERISA Affiliate maintains, administers, contributes to or is required to contribute to, or, within the immediately preceding five (5) years, was maintained administered, contributed to or was required to contribute to, or under which a Person or any ERISA Affiliate may have any liability.

"Borrower" has the meaning ascribed to such term in the preamble hereto.

"Borrower Plan" shall mean any Plan (A) which Borrower, any of its Subsidiaries or any of its ERISA Affiliates maintains administers, contributes to or is required to contribute to, or, within the five years prior to the Closing Date, maintained, administered, contributed to or was required to contribute to, or under which Borrower, any of its Subsidiaries or any of its ERISA Affiliates may incur any liability and (B) which covers any employee or former employee of Borrower, any of its Subsidiaries or any of its ERISA Affiliates (with respect to their relationship with such entities).

"Borrower's Share" means Borrower's or the REIT's direct or indirect share of the assets, liabilities, income, expenses or expenditures, as applicable, of an Investment Affiliate based upon Borrower's or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, as the case may be.

"Business Day" means (a) with respect to any payment or rate determination of LIBOR Loans, a day, other than a Saturday or Sunday, on which Agent is open for business in Chicago and San Francisco and on which dealings in Dollars are carried on in the London inter bank market, and (b) for all other purposes any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the States of California and Illinois, or is a day on which banking institutions located in California and Illinois are required or authorized by law or other governmental action to close.

"Capital Expenditures" means, as applied to any Person for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities during that period and including that portion of Capital Leases which is capitalized on the balance sheet of a Person) by such Person during such period that, in conformity with GAAP, are required to be included in or reflected by the property, plant or equipment or similar fixed asset accounts reflected in the balance sheet of such Person, excluding any expenditures reasonably determined by such Person as having been incurred for expansion of the number of manufactured home sites at a manufactured home community owned by such Person.

"Capital Leases," as applied to any Person, means any lease of any property (whether real, personal or mixed) by that Person as lessee which, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person, excluding ground leases.

"Cash Equivalents" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by an agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year after the date of acquisition thereof, (b) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within ninety (90) days after the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from any two nationally recognized rating services reasonably acceptable to Agent; (c) domestic corporate bonds, other than domestic corporate bonds issued by Borrower or any of its Affiliates, maturing no more than 2 years after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A or the equivalent from two nationally recognized rating services reasonably acceptable to Agent; (d) variable-rate domestic corporate notes or medium term corporate notes, other than notes issued by Borrower or any of its Affiliates, maturing or resetting no more than I year after the date of acquisition thereof and having a rating of at least AA or the equivalent from, two nationally recognized rating services reasonably acceptable to Agent; (e) commercial paper (foreign and domestic) or master notes, other than commercial paper or master notes issued by

Borrower or any of its Affiliates, and, at the time of acquisition, having a long-term rating of at least A or the equivalent from a nationally recognized rating services reasonably acceptable to Agent and having a short-term rating of at least A-1 and P-1 from S&P and Moody's, respectively (or, if at any time neither S&P nor Moody's shall be rating such obligations, then the highest rating from such other nationally recognized rating services reasonably acceptable to Agent); (f) domestic and Eurodollar certificates of deposit or domestic time deposits or Eurotime deposits or bankers' acceptances (foreign or domestic) that are issued by a bank (I) which has, at the time of acquisition, a long-term rating of at least A or the equivalent from a nationally recognized rating service reasonably acceptable to Agent and (II) if a domestic bank, which is a member of the Federal Deposit Insurance Corporation; and (g) overnight securities repurchase agreements, or reverse repurchase agreements secured by any of the foregoing types of securities or debt instruments, provided that the collateral supporting such repurchase agreements shall have a value not less than 101% of the principal amount of the repurchase agreement plus accrued interest.

"Closing Checklist" means the Closing Checklist attached hereto as Exhibit B, as the same may be amended by the parties.

"Closing, Date" means the date on which this Agreement shall become effective in accordance with Section 11. 19, which date shall be April 28, 1998 or such later date as to which Agent and Borrower agree in writing.

"Commission" means the Securities and Exchange Commission.

"Commitment" means, with respect to any Lender, the principal amount set out under such Lender's name under the heading "Loan Commitment" on the counterpart signature pages attached to this Agreement or as set forth on an Assignment and Assumption complying with Section 10.11 and executed by such Lender, as assignee, as such amount may be adjusted pursuant to the terms of this Agreement.

"Compliance Certificate" means a certificate in the form of Exhibit C hereto delivered to Agent by Borrower pursuant to Section 5.01(c) and covering Borrower's compliance with the financial covenants contained in Articles VII and VIII hereof.

"Contaminant" means any pollutant (as that term is defined in 42 U.S.C. 9601(33)) or toxic pollutant (as that term is defined in 33 U.S.C. 1362(13)), hazardous substance (as that term is defined in 42 U.S.C. 9601(14)), hazardous chemical (as that term is defined by 29 C.F.R. Section 1910.1200(c)), toxic substance, hazardous waste (as that term is defined in 42 U.S.C. 6903(5)), radioactive material, special waste, petroleum (including crude oil or any petroleum-derived substance, waste, or breakdown or decomposition product thereof), or any constituent of any such substance or waste, including, but not limited to hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, urea formaldehyde insulation, radioactive materials, biological substances, PCBs, pesticides, herbicides, asbestos, sewage sludge, industrial slag, acids, metals, or solvents.

"Continuation/Conversion Date" means, with respect to the continuation of a LIBOR Loan or the conversion of a Base Rate Loan into a LIBOR Loan, and vice versa, the date of such continuation or conversion.

"Contractual Obligation," as applied to any Person, means any provision of any Securities issued by that Person or any indenture, mortgage, deed of trust, lease, contract, undertaking, document or instrument to which that Person is a party or by which it or any of its properties is bound, or to which it or any of its properties is subject (including without limitation any restrictive covenant affecting such Person or any of its properties).

"Controlled Partnership Interests" means ownership interests held by the REIT and/or Borrower in a partnership or joint venture where the REIT or Borrower (independently or collectively) has control over the management and operations of the partnership or joint venture.

"Convertible Securities" means evidences of indebtedness, shares of stock, limited or general partnership interests or other ownership interests, warrants, options, or other rights or securities which are convertible into or exchangeable for, with or without payment of additional consideration, shares of common stock of the REIT or partnership interests of Borrower, as the case may be, either immediately or upon the arrival of a specified date or the happening of a specified event.

"Court Order" means any judgment, writ, injunction, decree, rule or regulation of any court or Governmental Authority binding upon the Person in question.

"Debt Service" means, for any period, Interest Expense for such period plus scheduled principal amortization (exclusive of Balloon Payments) for such period on all Indebtedness of the REIT, on a consolidated basis, plus, the REIT's and Borrower's actual or potential liability, on a consolidated basis, for scheduled principal amortization (exclusive of Balloon Payments) for such period on all Indebtedness of Investment Affiliates that is recourse to the REIT, Borrower or any Material Subsidiary.

"Development Activity" means construction in process, that is being performed by or at the direction of Borrower, of any manufactured home community that will be owned and operated by Borrower upon completion of construction, other than (i) construction in process of manufactured home communities not owned by Borrower and for which Borrower has no contractual obligation to purchase until completion of construction or (ii) construction in process for the purpose of expanding manufactured home communities that have been operated by Borrower or another owner for at least one (1) year prior to the commencement of such expansion.

"Documentation Agent means Morgan Guaranty Trust Company of New York in its capacity as documentation agent for the Lenders under this Agreement

"DOL" means the United States Department of Labor and any successor department or agency.

"Dollars" and "$" means the lawful money of the United States of America.

"EBITDA" means, for any period (i) Net Income for such period, plus (ii) depreciation and amortization expense and other non-cash items deducted in the calculation of Net Income for such period, plus (iii) Interest Expense deducted in the calculation of Net Income for such period, plus, (iv) Taxes deducted in the calculation of Net Income for such period, minus (v) the gains (and plus the losses) from extraordinary or unusual items or asset sales or write-ups or forgiveness of indebtedness included in the calculation of Net Income for such period, minus (vi) earnings of Subsidiaries for such period distributed to third parties, all of the foregoing without duplication.

"Environmental Laws" means all federal, state, district, local and foreign laws, and all orders, consent orders, judgments, notices, permits or demand letters issued, promulgated or entered thereunder, relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contamination, chemicals, or industrial substances or Contaminants into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contamination, chemicals, industrial substances or Contaminants. The term Environmental Laws shall include, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"); the Toxic Substances Control Act, as amended; the Hazardous Materials Transportation Act, as amended; the Resource Conservation and Recovery Act, as amended ("RCRA"); the Clean Water Act, as amended; the Safe Drinking Water Act, as amended; the Clean Air Act, as amended; all analogous state laws; the plans, rules, regulations or ordinances adopted, or other criteria and guidelines promulgated pursuant to the preceding laws or other similar laws, regulations, rules or ordinances now or hereafter in effect regulating public health, welfare or the environment.

"Environmental Lien" means a Lien in favor of any Governmental Authority for (a) any liability under federal or state environmental laws or regulations, or (b) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment

"ERISA" means the Employee Retirement Income Security Act of 1974. as amended from time to time, and any successor statute.

"ERISA Affiliate" means any (a) corporation which is, becomes, or is deemed by any Governmental Authority to be a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code) as a Person or is so deemed by such Person, (b) partnership, trade or business (whether or not incorporated) which is,

becomes or is deemed by any Governmental Authority to be under common control (within the meaning of Section 414(c) of the Internal Revenue Code) with such Person or is so deemed by such Person, (c) any Person which is, becomes or is deemed by any Governmental Authority to be a member of the same "affiliated service group" (as defined in Section 414(m) of the Internal Revenue Code) as such Person or is so deemed by such Person, or (d) any other organization or arrangement described in Section 414(o) of the Internal Revenue Code which is, becomes or is deemed by such Person or by any Governmental Authority to be required to be aggregated pursuant to regulations issued under Section 414(o) of the Internal Revenue Code with such Person pursuant to Section 414(o) of the Internal Revenue Code or is so deemed by such Person.

"Event of Default" means any of the occurrences set forth in Article IX after the expiration of any applicable grace period expressly provided therein.

"Existing Credit Agreement" has the meaning set forth in the Recitals hereto.

"Existing Loan" means the "Loan" as defined in the Existing Credit Agreement.

"Existing Pro Rata Share" means, with respect to any Lender, such Lender's "Pro Rata Share" as defined in the Existing Credit Agreement.

"Extended Maturity Date" means April 3, 2002.

"Extension Notice" has the meaning ascribed to such term in Section 2.01(d).

"Facility" means the loan facility of One Hundred Million Dollars ($100,000,000) described in Section 2.01 (a).

"FDIC" means the Federal Deposit Insurance Corporation or any successor thereto.

"Federal Funds Rate" means, for any period, a fluctuating interest rate, rounded upwards to the nearest one hundredth of one percent (0.01%), per annum equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal Funds brokers of recognized standing selected by Agent.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System or any governmental authority succeeding to its functions.

"Financial Statements" has the meaning ascribed to such term in Section 5.01(a).

"Fiscal Quarter" means a fiscal quarter of a Fiscal Year.

"Fiscal Year" means the fiscal year of Borrower and the REIT which shall be the twelve (12) month period ending on the last day of December in each year.

"Fixed Charges" for any Fiscal Quarter period means the sum of (i) Debt Service for such period, (ii) 3% of Base Rent for such period, and (iii) Borrower's Share of Capital Expenditures from Investment Affiliates for such period.

"Funds from Operations" means the definition of "Funds from Operations" of the National Association of Real Estate Investment Trusts on the date of determination (before allocation of minority interests).

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements, and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination and which are consistent with the past practices of the REIT and Borrower.

"Governmental Authority" means any nation or government, any federal, state, local, municipal or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Gross Asset Value" means (subject to the proviso in Section 8.08), with respect to any Person as of any date of determination, the sum of the Adjusted Asset Values for each Property then owned by such Person plus the value of any cash or Cash Equivalent owned by such Person and not subject to any Lien.

"Indebtedness," as applied to any Person (and without duplication), means (a) all indebtedness, obligations or other liabilities (whether secured, unsecured, recourse, non-recourse, direct, senior or subordinate) of such Person for borrowed money, (b) all indebtedness obligations or other liabilities of such Person evidenced by Securities or other similar instruments, (c) all reimbursement obligations and other liabilities of such Person with respect to letters of credit or banker's acceptances issued for such Person's account or other similar instruments for which a contingent liability exists, (d) all obligations of such Person to pay the deferred purchase price of Property or services, (e) all obligations in respect of Capital Leases of such Person, (f) all Accommodation Obligations of such Person, (g) all indebtedness, obligations or other liabilities of such Person or others secured by a Lien on any asset of such Person, whether or not such indebtedness, obligations or liabilities are assumed by, or are a personal liability of, such Person, (h) all indebtedness, obligations or other liabilities (other than interest expense liability) in respect of Interest Rate Contracts and foreign currency exchange agreements excluding all indebtedness, obligations or other liabilities in respect of such Interest Rate Contracts to the extent that the aggregate notional amount thereof does not exceed the aggregate principal amount of any outstanding fixed or floating rate Indebtedness, obligations or other liabilities permitted under this Agreement that exist as of the date that such Interest Rate

Contracts are entered into or that are incurred no more than thirty (30) days after such Interest Rate Contracts are entered into and (i) ERISA obligations currently due and payable.

"Interest Expense" means, for any period and without duplication, total interest expense, whether paid, accrued or capitalized (including the interest component of Capital Leases but excluding interest expense covered by an interest reserve established under a loan facility) of the REIT, on a consolidated basis and determined in accordance with GAAP, plus the REIT's and Borrower's actual or potential liability, on a consolidated basis, for accrued, paid or capitalized interest with respect to Indebtedness of Investment Affiliates that is recourse to the REIT, Borrower or any Material Subsidiary.

"Interest Period" means, relative to any LIBOR Loans, the period beginning on (and including) the date on which such LIBOR Loans are made as, or converted into, LIBOR Loans, and shall end on (but exclude) the day which numerically corresponds to such date one (I), two (2), three (3), six (6) or twelve (12) months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month), in either case as Borrower may select in its relevant Notice of Continuation/Conversion pursuant to Section 2.01 (b); provided, however, that:

(a) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day);

(b) no Interest Period may end later than the Termination Date; and

(c) with the reasonable approval of Agent (unless any Lender has previously advised Agent and Borrower that it is unable to enter into LIBOR contracts for an Interest Period of such duration), an Interest Period may have a duration of less than one (1) month.

"Interest Rate Contracts" means, collectively, interest rate swap, collar, cap or similar agreements providing interest rate protection.

"Interim Period" has the meaning ascribed to such term in Section 3.01(g).

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"Investment" means, as applied to any Person, any direct or indirect purchase or other acquisition by that Person of Securities, or of a beneficial interest in Securities, of any other Person, and any direct or indirect loan, advance (other than deposits with financial institutions available for withdrawal on demand, prepaid expenses, advances to employees and similar items made or incurred in the ordinary course of business), or capital contribution by such Person to

any other Person, including all Indebtedness and accounts owed by that other Person which are not current assets or did not arise from sales of goods or services to that Person in the ordinary course of business. The amount of any Investment shall be determined in conformity with GAAP.

"Investment Affiliate" means any Person in whom the REIT, Borrower or any Subsidiary holds an equity interest, directly or indirectly, whose financial results are not consolidated under GAAP with the financial results of the REIT or Borrower on the consolidated financial statements of the REIT and Borrower.

"Investment Mortgages" means mortgages securing indebtedness directly or indirectly owed to Borrower or any of its Subsidiaries, including certificates of interest in real estate mortgage investment conduits.

"IRS" means the Internal Revenue Service and any Person succeeding to the functions thereof.

"Land" means unimproved real estate purchased or leased or to be purchased or leased by Borrower or any of its Subsidiaries for the purpose of future development of improvements.

"Lender Affiliate "as applied to any Lender, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Lender. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means (a) the possession, directly or indirectly, of the power to vote more than fifty percent (50%) of the Securities having voting power for the election of directors of such Person or otherwise to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting Securities or by contract or otherwise, or (b) the ownership of a general partnership interest or a limited partnership interest representing more than fifty (50%) of the outstanding limited partnership interests of a Person.

"Lender Reply Period" has the meaning ascribed to such term in Section 10.10(a).

"Lender Taxes" has the meaning ascribed to such term in Section 2.03(g).

"Lenders" means Wells Fargo and any other bank, finance company, insurance or other financial institution which is or becomes a party to this Agreement by execution of a counterpart signature page hereto or an Assignment and Assumption, as assignee.

"Liabilities and Costs" means all claims, judgments, liabilities, obligations, responsibilities, losses, damages (including punitive and treble damages), costs, disbursements and expenses (including without limitation reasonable attorneys', experts' and consulting fees

and costs of investigation and feasibility studies), fines, penalties and monetary sanctions, interest, direct or indirect, known or unknown, absolute or contingent, past, present or future.

"LIBOR" means, relative to any Interest Period for any LIBOR Loan, the rate of interest obtained by dividing (i) the rate of interest determined by Agent (whose determination shall be conclusive absent manifest error, which shall not include any lower determination by any other banks) equal to the rate (rounded upwards, if necessary, to the nearest one one-hundredth of one percent (.01%)) per annum reported by Wells Fargo at which Dollar deposits in immediately available funds are offered by Wells Fargo to leading banks in the Eurodollar inter bank market at or about 11:00 AM London time two (2) Business Days prior to the beginning of such Interest Period for delivery on the first day of such Interest Period for a period approximately equal to such Interest Period and in an amount equal or comparable to the LIBOR Loan to which such Interest Period relates, by (ii) a percentage expressed as a decimal equal to one (1) minus the LIBOR Reserve Percentage.

"LIBOR Loans" means those portions of the Loan bearing interest, at all times during an Interest Period applicable to such portion, at a fixed rate of interest determined by reference to LIBOR.

"LIBOR Margin" means one percent (1.00%).

"LIBOR Reserve Percentage" means, relative to any Interest Period, the average daily maximum reserve requirement (including, without limitation, all basic, emergency, supplemental, marginal and other reserves) which is imposed under Regulation D, as Regulation D may be amended, modified or supplemented, on "Eurocurrency liabilities" having a term equal to the applicable Interest Period (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on LIBOR Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any bank to United States residents), which requirement shall be expressed as a decimal. LIBOR shall be adjusted automatically on, and as of the effective date of, any change in the LIBOR Reserve Percentage.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, encumbrance (including, but not limited to, easements, rights-of-way, zoning restrictions and the like), lien (statutory or other) preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including without limitation any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement (other than a financing statement filed by a "true" lessor pursuant to 9-408 of the Uniform Commercial Code) naming the owner of the asset to which such Lien relates as debtor, under the Uniform Commercial Code or other comparable law of any jurisdiction.

"Loan" means the One Hundred Million Dollar ($100,000,000) loan made pursuant to this Agreement and the Existing Credit Agreement.

"Loan Documents" means, this Agreement, the Loan Notes, the REIT Guaranty, and all other agreements, instruments and documents (together with amendments and supplements thereto and replacements thereof) now or hereafter executed by the REIT. Borrower or any Agreement Party, which evidence, guaranty or secure the Obligations.

"Loan Increase" means that portion of the Loan in excess of the Existing Loan.

"Loan Notes" means the promissory notes evidencing the Loan in the aggregate original principal amount of One Hundred Million Dollars ($100,000,000) executed by Borrower in favor of Lenders, as they may be amended, supplemented, replaced or modified from time to time. The initial Loan Notes and any replacements thereof shall be substantially in the form of Exhibit D. The Loan Notes shall be issued in substitution for the "Loan Notes" issued pursuant to the Existing Credit Facility.

"Manufactured Home Community Mortgages" means Investment Mortgages issued by any Person engaged primarily in the business of developing, owning, and managing manufactured home communities.

"Manufactured Home Community Partnership Interests" means partnership or joint venture interests issued by any Person engaged primarily in the business of developing, owning, and managing manufactured home communities.

"Material Adverse Effect" means a material adverse effect upon (i) the ability of Borrower or the REIT to perform its covenants and obligations under this Agreement and the other Loan Documents or (ii) the ability of Agent or Lenders to enforce the Loan Documents. The phrase "has a Material Adverse Effect" or "will result in a Material Adverse Effect" or words substantially similar thereto shall in all cases be intended to mean "has or will result in a Material Adverse Effect," and the phrase "has no (or does not have a) Material Adverse Effect" or "will not result in a Material Adverse Effect" or words substantially similar thereto shall in all cases be intended to mean "does not or will not result in a Material Adverse Effect."

"Material Subsidiary" means any Subsidiary having a Gross Asset Value in excess of One Hundred Million Dollars ($ 100,000,000).

"Maturity Date" means April 3, 2000.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agent.

"Multiemployer Plan" means an employee benefit plan defined in Section 4001 (a)(3) or Section 3(37) of ERISA which is, or within the immediately preceding six (6) years was, maintained, administered, contributed to by or was required to be contributed to by a Person or any ERISA Affiliate, or under which a Person or any ERISA Affiliate may incur any liability.

"Net Income" means, for any period, the net income (or loss) after Taxes of the REIT, on a consolidated basis, for such period calculated in conformity with GAAP.

"Net Offering Proceeds" means all cash or other assets received by the REIT or Borrower as a result of the sale of common stock, preferred stock, partnership interests, limited liability company interests, Convertible Securities or other ownership or equity interests in the REIT or Borrower less customary costs and discounts of issuance paid by the REIT or Borrower, as the case may be.

"Net Operating Income" means, for any period, and with respect to any Qualifying Unencumbered Property, the net operating income of such Qualifying Unencumbered Property (attributed to such Property in a manner reasonably acceptable to Agent) for such period (i) determined in accordance with GAAP, (ii) determined in a manner which is consistent with the past practices of the REIT and Borrower, and (iii) inclusive of an allocation of reasonable management fees and administrative costs to such Qualifying Unencumbered Property consistent with the past practices of the REIT and Borrower, except that, for purposes of determining Net Operating Income, income shall not (a) include security or other deposits, lease termination or other similar charges, delinquent rent recoveries, unless previously reflected in reserves, or any other items reasonably deemed by Agent to be of a non-recurring nature or (b) be reduced by depreciation or amortization or any other non-cash item.

"Net Price" means, with respect to the purchase of any Property by Borrower or any Subsidiary, without duplication, (i) cash and Cash Equivalents paid as consideration for such purchase, plus (ii) the principal amount of any note or other deferred payment obligation delivered in connection with such purchase (except as described in clause (iv) below), plus (iii) the value of any other consideration delivered in connection with such purchase or sale (including, without limitation, shares in the REIT and operating partnership units or preferred operating partnership units in Borrower) (as reasonably determined by Agent), minus (iv) the value of any consideration deposited into escrow or subject to disbursement or claim upon the occurrence of any event, minus (v) reasonable costs of sale and taxes paid or payable in connection with such purchase.

"Net Worth" means, at any time, the tangible net worth of the REIT determined in accordance with GAAP, on a consolidated basis, not including depreciation and amortization expense of the REIT since September 30, 1996 and not including the REIT's share of depreciation and amortization expense of Investment Affiliates since September 30, 1996. The

parties hereto acknowledge that the Net Worth as of December 31, 1997 was Three Hundred Sixty Nine Million Nine Hundred Sixty One Thousand Dollars ($369,961,000).

"Non-Recourse Indebtedness" means any single loan with respect to which recourse for payment is limited to (i) specific assets related to a particular Property or group of Properties encumbered by a Lien securing such Indebtedness, so long as the Adjusted Asset Value for such Property, or the total of the Adjusted Asset Values for such group of Properties, does not exceed One Hundred Million Dollars ($100,000,000) or (ii) any Subsidiary which is not a Material Subsidiary; provided, however, that personal recourse to the REIT, on a consolidated basis, or to Borrower by a holder of any such loan for fraud, misrepresentation, misapplication of cash, waste, environmental claims and liabilities and other circumstances customarily excluded by institutional lenders from exculpation provisions and/or included in separate indemnification on agreements in non-recourse financing of real estate shall not, by itself, prevent such loan from being characterized as Non-Recourse Indebtedness.

"Non-Manufactured Home Community Property" means Property which is not (i) used for lease, operation or use of manufactured home communities, (ii) Land, (iii) Securities consisting of stock issued by real estate investment trusts engaged primarily in the development, ownership and management of manufactured home communities, (iv) Manufactured Home Community Mortgages or (v) Manufactured Home Community Partnership Interests.

"Notice of Borrowing" means a notice of borrowing duly executed by an authorized officer of Borrower substantially in the form of Exhibit E-1.

"Notice of Continuation/Conversion" means a notice of continuation or conversion of or to a LIBOR Loan duly executed by an authorized officer of Borrower substantially in the form of Exhibit E-2.

"Obligations" means, from time to time, all Indebtedness of Borrower owing to Agent, any Lender, or any Person entitled to indemnification pursuant to Section 11.02, or any of their respective successors, transferees or assigns, of every type and description, whether or not evidenced by any note, guaranty or other instrument, arising under or in connection with this Agreement or any other Loan Document, whether or not for the payment of money, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, reasonable attorneys' fees and disbursements and any other sum now or hereafter chargeable to Borrower under or in connection with this Agreement or any other Loan Document. Notwithstanding anything to the contrary contained in this definition, Obligations shall not be deemed to include any obligations or liabilities of Borrower to Agent or any Lender under an Interest Rate Contract, foreign currency exchange agreement or other Contractual Obligation unless the same is among Borrower and all Lenders. Obligations shall also not include the "Obligations" under the Revolving Credit Agreement.

"Officer's Certificate" means a certificate signed by a specified officer of a Person certifying as to the matters set forth therein.

"Other Indebtedness" means all Indebtedness other than the Obligations.

"Original Closing Date" means the "Closing Date" as defined in the Existing Credit Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation or any Person succeeding to the functions thereof.

"Permit" means any permit, approval, authorization, license, variance or permission required from a Governmental Authority under an applicable Requirement of Law.

"Permitted Holdings" means any of the holdings and activities described in Section 8.08, but only to the extent permitted in Section 8.08.

"Permitted Liens" means:

(a) Liens for Taxes, assessments or other governmental charges not yet due and payable or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted in accordance with Sections 6.01(d) or 6.02(g);

(b) statutory liens of carriers, warehousemen, mechanics, materialmen and other similar liens imposed by law, which are incurred in the ordinary course of business for sums not more than sixty (60) days delinquent or which are being contested in good faith in accordance with Sections 6.01(d) or 6.02(g);

(c) deposits made in the ordinary course of business to secure liabilities to insurance carriers;

(d) Liens for purchase money obligations for equipment; provided that (i) the Indebtedness secured by any such Lien does not exceed the purchase price of such equipment, (ii) any such Lien encumbers only the asset so purchased and the proceeds upon sale, disposition, loss or destruction thereof, and (iii) such Lien, after giving effect to the Indebtedness secured thereby, does not give rise to an Event of Default or Unmatured Event of Default pursuant to Section 7.01(a)(iii);

(e) easements, rights-of-way, zoning restrictions, other similar charges or encumbrances and all other items listed on Schedule B to Borrower's owner's title insurance policies for any of Borrower's real Properties, so long as the foregoing do not interfere in any material respect with the use or ordinary conduct of the business of Borrower and do not diminish in any material respect the value of the Property to which it is attached or for which it is listed; or

(f) Liens and judgments which have been or will be bonded or released of record within thirty (30) days after the date such Lien or judgment is entered or filed against the REIT, Borrower, any Subsidiary or any Agreement Party.

"Person" means any natural person, employee, corporation, limited partnership, limited liability partnership, general partnership, joint stock company, limited liability company, joint venture, association, company, trust, bank-, trust company, land trust, business trust. real estate investment trust or other organization, whether or not a legal entity, or any other nongovernmental entity, or any Governmental Authority.

"Plan" means an employee benefit plan defined in Section 3(3) of ERISA (other than a Multiemployer Plan) in respect of which a Person or an ERISA Affiliate, as applicable, is an "employer" as defined in Section 3(5) of ERISA.

"Pre-Closing Financials" has the meaning ascribed to such term in Section 4.01(g).

"Pro Rata Share" means, with respect to any Lender, a fraction (expressed as a percentage), the numerator of which shall be the amount of such Lender's Commitment and the denominator of which shall be the aggregate amount of all of the Lenders' Commitments, as adjusted from time to time in accordance with the provisions of this Agreement.

"Property" means, with respect to any Person, any real or personal property, building, facility, structure, equipment or unit, or other asset owned by such Person.

"Qualifying Unencumbered Property" means (a) the Properties listed on Exhibit F hereto and (b) any Property designated by Borrower from time to time pursuant to Section 5.04 which (i) is an operating manufactured home community property wholly-owned (directly or beneficially) by Borrower or any Subsidiary wholly-owned, directly or indirectly by Borrower and/or the REIT, (ii) is not subject (nor are any equity interests in such Property subject) to a Lien which secures Indebtedness of any Person other than a Permitted Lien, (iii) is not subject (nor are any equity interests in such Property subject) to any covenant, condition, or other restriction which prohibits or limits the creation or assumption of any Lien upon such Property (except as set forth in the Revolving Credit Agreement), and (iv) has not been designated by the Agent in a notice to Borrower as not acceptable to the Requisite Lenders pursuant to Section 5.04; provided, however, that the weighted average occupancy rate of the Properties listed on Exhibit F together with those designated by Borrower to be Qualifying Unencumbered Properties pursuant to Section 5.04 (excluding expansion areas of such Properties which are purchased and/or developed on or after the Closing Date) shall be at least eighty-five percent (85%); provided, further that Borrower may, upon at least fifteen (15) Business Days prior notice to Agent, designate that any Property listed on Exhibit F or otherwise designated as a Qualifying Unencumbered Property is no longer a Qualifying Unencumbered Property (and upon such designation such Property shall no longer be a Qualifying Unencumbered Property).

"Regulation D" means Regulation D of the Federal Reserve Board as in effect from time to time.

"Regulation G" means Regulation G of the Federal Reserve Board as in effect from time to time.

"Regulation T" means Regulation T of the Federal Reserve Board as in effect from time to time.

"Regulation U" means Regulation U of the Federal Reserve Board as in effect from time to time.

"Regulation X" means Regulation X of the Federal Reserve Board as in effect from time to time.

"REIT" has the meaning ascribed to such term in the preamble hereto.

"REIT Guaranty" means the Amended and Restated REIT Guaranty of even date herewith executed by the REIT in favor of Agent and the Lenders.

"Release" may be either a noun or a verb and means the release, spill, emission, leaking, pumping, pouring, emitting, emptying, escaping, dumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment or into or out of any property, including the movement of Contaminants through or in the air, soil, surface water, groundwater or property.

"Remedial Action" means any action undertaken pursuant to Environmental Laws to (a) clean up, remove, remedy, respond to, treat or in any other way address Contaminants in the indoor or outdoor environment; (b) prevent the Release or threat of Release or minimize the further Release of Contaminants so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care.

"Reportable Event" means any of the events described in Section 4043(b) of ERISA, other than an event for which the thirty (30) day notice requirement is waived by regulations, or any of the events described in Section 4062(f) or 4063(a) of ERISA.

"Requirements of Law" means, as to any Person, the charter and by-laws, partnership agreements or other organizational or governing documents of such Person, and any law, rule or regulation, permit, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, including without limitation, the Securities Act, the Securities Exchange Act, Regulations G, T, U and X and any certificate of occupancy,

zoning ordinance, building or land use requirement or Permit or occupational safety or health law, rule or regulation.

"Requisite Lenders" means, collectively, Lenders whose Pro Rata Shares, in the aggregate, are at least sixty-six and two-thirds percent (66 2/3%).

"Revolving Credit Agreement" means that certain Second Amended and Restated Credit Agreement of even date herewith by and among Borrower, the REIT, Wells Fargo, as Agent, and the lenders named therein.

"S&P" means Standard & Poor's Rating Group, a division of McGraw Hill, its successors and assigns, and, if Standard & Poor's Rating Group shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agent.

"Secretary's Certificate" has the meaning ascribed to such term in Section 3.01(c)(i).

"Secured Debt" means Indebtedness, the payment of which is secured by a Lien on any real Property owned or leased by the REIT, Borrower, or any Subsidiary.

"Securities" means any stock, partnership interests, shares, shares of beneficial interest, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares, or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire any of the foregoing, but shall not include any evidence of the Obligations.

"Securities Act" means the Securities Act of 1933, as amended to the date hereof and from time to time hereafter, and any successor statute.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended to the date hereof and from time to time hereafter, and any successor statute.

"Solvent" means as to any Person at the time of determination, such Person (a) owns property the value of which (both at fair valuation and at present fair saleable value) is greater than the amount required to pay all of such Person's liabilities (including contingent liabilities and debts); (b) is able to pay all of its debts as such debts mature; and (c) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage.

"Subsidiary" means any Person whose financial results are consolidated under GAAP with the financial results of the REIT or Borrower on the consolidated financial statements of the REIT or Borrower.

"Supermajority Lenders" means Lenders whose Pro Rata Shares, in the aggregate, are at least eighty-five percent (85%).

"Syndication Agent" means Bank of America National Trust and Savings Association in its capacity as syndication agent for the Lenders under this Agreement.

"Taxes" means all federal, state, local and foreign income and gross receipts taxes.

"Termination Date" has the meaning ascribed to such term in Section 2.01(d).

"Termination Event" means (a) any Reportable Event, (b) the withdrawal of a Person, or an ERISA Affiliate from a Benefit Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, (c) the occurrence of an obligation arising under Section 4041 of ERISA of a Person or an ERISA Affiliate to provide affected parties with a written notice of an intent to terminate a Benefit Plan in a distress termination described in Section 4041(c) of ERISA, (d) the institution by the PBGC of proceedings to terminate any Benefit Plan under Section 4042 of ERISA or to appoint a trustee to administer any Benefit Plan, (e) any event or condition which constitutes grounds under Section 4042 of ERISA for the appointment of a trustee to administer a Benefit Plan, (f) the partial or complete withdrawal of such Person or any ERISA Affiliate from a Multiemployer Plan which would have a Material Adverse Effect, or (g) the adoption of an amendment by any Person or any ERISA Affiliate to terminate any Benefit Plan which is subject to Title IV of ERISA or Section 412 of the Internal Revenue Code or the treatment of an amendment to a Benefit Plan as a termination under ERISA.

"Total Liabilities" means, without duplication, all Indebtedness of the REIT, on a consolidated basis, plus all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of the REIT (including, without limitation, accounts payable incurred in the ordinary course of business), on a consolidated basis, plus the actual or potential liability of the REIT, Borrower or any Material Subsidiary for any Indebtedness of Investment Affiliates that is recourse to the REIT, Borrower or any Material Subsidiary; provided, however, that "Total Liabilities" shall not include dividends declared by the REIT or Borrower which are permitted under Section 7.01(d) but not yet paid.

"Unencumbered Asset Value" means, as of any date of determination, (i) a fraction, the numerator of which is the product of four (4) and the Unencumbered Net Operating Income for the most recently ended Fiscal Quarter which is attributable (in a manner reasonably acceptable to Agent) to Qualifying Unencumbered Properties owned (directly or beneficially) by Borrower or any Subsidiary wholly-owned, directly or indirectly, by Borrower and/or the REIT, for the entire Fiscal Quarter and the denominator of which is eight hundred seventy-five ten-thousandths (0.0875) plus (ii) the aggregate of the Net Prices paid by Borrower or such Subsidiary or their respective Affiliates for all Qualifying Unencumbered Properties which have been acquired in the Fiscal Quarter most recently ended.

"Unencumbered Net Operating income" means for any Fiscal Quarter, Net Operating Income for such period from each Qualifying Unencumbered Property owned (directly or beneficially) by Borrower.

"Unfunded Pension Liabilities" means the excess of a Benefit Plan's accrued benefits, as defined in Section 3(23) of ERISA, over the current value of that Plan's assets, as defined in Section 3(26) of ERISA.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect on the date hereof in the State of Illinois.

"Unmatured Event of Default" means an event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default.

"Unsecured Debt" means, as of any date of determination, the sum of (i) Indebtedness of the REIT, Borrower or any Subsidiary, which is not Secured Debt or accounts payable plus (ii) that portion of accounts payable of the REIT, Borrower or any Subsidiary incurred in the ordinary course of business, the payment of which is not secured by a Lien on any property owned or leased by the REIT, Borrower or any Subsidiary, which at the date of determination exceeds two percent (2%) of the sum of Gross Asset Values of Borrower and each of its Subsidiaries.

"Unsecured Interest Expense" means Interest Expense other than Interest Expense payable in respect of Secured Debt.

"Welfare Plan" means any "employee welfare benefit plan" as defined in Section 3(1) of ERISA, which a Person or any ERISA Affiliate maintains, administers, contributes to or is required to contribute to, or within the immediately preceding five years maintained, administered, contributed to or was required to contribute to, or under which a Person or any ERISA Affiliate may incur any liability.

"Wells Fargo" has the meaning ascribed to such term in the preamble hereto.

1.02 Computation of Time Periods. In this Agreement, unless otherwise specified, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to and including." Periods of days referred to in this Agreement shall be counted in calendar days unless Business Days are expressly prescribed.

1.03 Terms

(a) Any accounting terms used in this Agreement which are not specifically defined shall have the meanings customarily given them in accordance with GAAP, provided that for purposes of references to the financial results of the "REIT, on a consolidated basis," the

REIT shall be deemed to own one hundred percent (100%) of the partnership interests in Borrower.

(b) Any time the phrase "to the best of Borrower's knowledge" or a phrase similar thereto is used herein, it means: "to the actual knowledge of the executive officers of Borrower and the REIT, after reasonable inquiry of those agents, employees or contractors of the REIT, Borrower, any Agreement Party or any Subsidiary who could reasonably be anticipated to have knowledge with respect to the subject matter or circumstances in question and review of those documents or instruments which could reasonably be anticipated to be relevant to the subject matter or circumstances in question."

(c) In each case where the consent or approval of Agent, Requisite Lenders, Supermajority Lenders or all Lenders is required or their non-obligatory action is requested by Borrower, such consent, approval or action shall be in the sole and absolute discretion of Agent and, as applicable, each Lender, unless otherwise specifically indicated.

1.04 Interrelationship with the Existing Credit Agreement. Effective on the Closing Date, this Agreement shall amend and restate the provisions of the Existing Credit Agreement in their entirety, and the Existing Loan and the Loan Increase shall together constitute the Loan and be governed exclusively by the terms of this Agreement. Borrower hereby acknowledges that no Existing Lender is currently in default of its obligations under the Existing Credit Agreement. Each Existing Lender hereby waives any Event of Default or Unmatured Event of Default arising from the failure of Borrower to comply with the provisions of Section 8.01 of the Existing Credit Agreement prior to the Closing Date.

ARTICLE II

LOAN

2.01 Making of Loan and Repayment.

(a) Loan Availability.

(i) Subject to the terms and conditions set forth in this Agreement and in reliance on the representation and warranties of Borrower and the REIT set forth in this Agreement, each Lender hereby agrees to make its share of the Loan Increase to Borrower on the Closing Date in an amount equal to such Lender's Commitment. The Loan will be evidenced by the Loan Notes.

(ii) The Loan may be voluntarily prepaid pursuant to Section 2.05(a), but Borrower may not reborrow any amounts so prepaid. The principal balance of the Loan shall be payable in full on the Termination Date.

(b) Notice of Borrowing: Continuation/Conversion. Borrower shall give Agent, at Wells Fargo Disbursement Center, 2120 East Park Place, Suite 100, El Segundo, California, 90245, with a copy to Wells Fargo Bank, N.A., 225 West Wacker Drive, Suite 2550, Chicago, Illinois, 60606, Attn: Account Officer, or such other address as Agent shall designate, an original or facsimile Notice of Borrowing no later than 10:00 A.M. (California time), not less than three (3) nor more than five (5) Business Days prior to the Closing Date. The Notice of Borrowing shall specify whether the Loan Increase will be a Base Rate Loan or a LIBOR Loan and, if a LIBOR Loan, the applicable Interest Period. Any Notice of Borrowing pursuant to this Section 2.01(b) shall be irrevocable. Borrower may elect (A) so long as no Event of Default has occurred and is continuing, to convert Base Rate Loans or any portion thereof into LIBOR Loans, (B) to convert LIBOR Loans or any portion thereof into Base Rate Loans, or (C) so long as no Event of Default has occurred and is continuing, to continue any LIBOR Loans or any portion thereof for an additional Interest Period; provided, however, that the amount of the Loan being continued as or converted to LIBOR Loans shall, in the aggregate, equal One Million Dollars ($1,000,000) or an integral multiple of One Hundred Thousand Dollars ($100,000) in excess thereof. The applicable Interest Period for the continuation of any LIBOR Loan shall commence on the day on which the next preceding Interest Period expires. Each such election shall be made by giving Agent, at 2120 E. Park Place, Suite 100, El Segundo, California, 90245, Attn: Kathleen Mederios, a Notice of Continuation/Conversion by 10:00 A.M. (California time) on the date of a conversion to a Base Rate Loan, or by 10:00 A.M. (California time) not less than three (3) nor more than five (5) Business Days prior to the date of a conversion to or continuation of a LIBOR Loan, specifying, in each case (1) whether a conversion or continuation is to occur, (2) the amount of the conversion or continuation, (3) the Interest Period therefor, in the case of a conversion to or continuation of a LIBOR Loan, and (4) the date of the conversion or continuation (which date shall be a Business Day). Agent shall promptly notify each Lender, but in any event within one (1) Business Day after receipt of such notice, of its receipt of each such notice and the contents thereof. Notwithstanding anything to the contrary contained herein and subject to the default interest provisions contained in Section 2.03, if an Event of Default occurs, all LIBOR Loans will convert to Base Rate Loans upon the expiration of the applicable Interest Periods therefor or the date the Loan becomes due, whichever occurs first. Except as provided above, the conversion of a LIBOR Loan to a Base Rate Loan shall only occur on the last Business Day of the Interest Period relating to such LIBOR Loan. In the absence of an effective election by Borrower of a LIBOR Loan and Interest Period in accordance with the above procedures prior to the third (3rd) Business Day prior to the expiration of the then current Interest Period with respect to any LIBOR Loan, interest on such LIBOR Loan shall accrue at the interest rate then applicable to a LIBOR Loan for an Interest Period of thirty (30) days, effective immediately upon the expiration of the then-current Interest Period, without prejudice, however, to the right of Borrower to elect a Base Rate Loan or a different Interest Period in accordance with the terms and provisions of this Agreement; provided, however, that if such continuation shall cause the number of LIBOR Loan tranches to exceed three (3), such LIBOR Loan shall be converted to a Base Rate Loan.

(c) Making of Loan Increase. Subject to Section 10.03. Agent shall make the proceeds of the Loan Increase available to Borrower in El Segundo, California on the Closing Date and shall disburse such funds in Dollars and in immediately available funds not later than 1:00 P.M. Chicago time to Borrower's account, at Bank of America, Account Number 75-01943 in Chicago, Illinois, or such other account specified in the Notice of Borrowing acceptable to Agent, with a confirming telephone call to Roger Vollmer at (312) 466-3211 or Judy Pultorak at (312) 466-3415.

(d) Term; Principal Payment. The outstanding balance of the Loan shall be payable in full on the earlier to occur of (A) the Maturity Date, and (B) the acceleration of the Loan pursuant to Section 9.02(a) (the "Termination Date"); provided, however, that Borrower shall have one (1) option to extend the Maturity Date to the Extended Maturity Date, to be exercised by providing Agent with written notice of Borrower's desire to so extend the Maturity Date (the "Extension Notice") no earlier than one hundred eighty (180) days prior to the Maturity Date and no later than thirty (30) days prior to the Maturity Date; provided, further, that Borrower shall have the right to such extension only if all of the following conditions are satisfied:

(i) no Event of Default or Unmatured Event of Default shall have occurred and be continuing as of the Maturity Date;

(ii) all representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects as of the Maturity Date except to the extent they relate to a specific date;

(iii) Agent shall have received Officer's Certificates of the REIT dated as of the Maturity Date stating that the executive officer who is the signatory thereto, which officer shall be the chief executive officer or the chief financial officer of the REIT, has reviewed, or caused under his supervision to be reviewed, the terms of this Agreement and the other Loan Documents, and has made, or caused to be made under his supervision, a review in reasonable detail of the transactions and condition of Borrower, the REIT, the Subsidiaries, and the Agreement Parties, and that (A) such review has not disclosed the existence as of the date of such Officer's Certificate, and that the signers do not have knowledge of the existence as of the date of such Officer's Certificate, of any condition or event which constitutes an Event of Default or Unmatured Event of Default and (B) all representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects as of the date of such Officer's Certificate except to the extent they relate to a specific date; and

(iv) on or before the Maturity Date, Agent shall have received, on behalf of Agent and Lenders, an extension fee in the amount of fifteen one-hundredths of one percent (0.15%) of the outstanding principal amount of the Loan as of the Maturity Date.

In the event Agent has not received an Extension Notice on or before the date which is sixty (60) days prior to the Maturity Date, Agent shall so notify Borrower in writing.

2.02 Borrowing and Interest Rate Election Authorization. Borrower shall provide Agent with documentation satisfactory to Agent indicating the names of those employees or agents of Borrower authorized by Borrower to sign Notices of Borrowing and Continuation/Conversion, the Extension Notice and to receive callback confirmations, and Agent and Lenders shall be entitled to rely on such documentation until notified in writing by Borrow of any change(s) of the persons so authorized. Agent shall be entitled to act in good faith on the instructions of anyone identifying himself as one of the Persons so authorized, and Borrower shall be bound thereby in the same manner as if such Person were actually so authorized. Borrower agrees to indemnify, defend and hold Lenders and Agent harmless from and against any and all Liabilities and Costs which may arise or be created by the acceptance of instructions for making the Loan.

2.03 Interest on the Loan.

(a) Base Rate Loans. Subject to Section 2.03(d), all Base Rate Loans shall bear interest on the average daily unpaid principal amount thereof from the date made until paid in full at a fluctuating rate per annum equal to the Base Rate.

(b) LIBOR Loans. Subject to Section 2.03(d), all LIBOR Loans shall bear interest on the unpaid principal amount thereof during the Interest Period applicable thereto at a rate per annum equal to the sum of LIBOR for such Interest Period plus the LIBOR Margin. Upon receipt of a Notice of Borrowing or Continuation/Conversion requesting the making of, continuation of and/or conversion to LIBOR Loans, Agent shall determine LIBOR applicable to the Interest Period for such LIBOR Loans, and shall give notice thereof to Borrower and Lenders; provided, however, that failure to give such notice shall not affect the validity of such rate. Each determination by Agent of LIBOR shall be conclusive and binding upon the parties hereto in the absence of demonstrable error. LIBOR Loans shall be in tranches of One Million Dollars ($1,000,000) or One Hundred Thousand Dollar ($100,000) increments in excess thereof. No more than three (3) LIBOR Loan tranches shall be outstanding at any one time.

(c) Interest Payments. Subject to Section 2.03(d), interest accrued on the Loan shall be payable by Borrower in arrears on the first Business Day of the first calendar month following the Closing Date, and the first Business Day of each succeeding calendar month thereafter, and on the Termination Date.

(d) Default Interest. Notwithstanding the rates of interest specified in Sections 2.03(a) and 2.03(b) and the payment dates specified in Section 2.03(c), effective immediately upon demand by Agent after the occurrence of an Event of Default and during the continuance of any Event of Default, the principal balance of the Loan then outstanding and, to the extent permitted by applicable law, any interest payments on the Loan not paid when due shall bear interest payable upon demand at a rate which is five percent (5%) per annum in excess of the rate.

or rates of interest otherwise payable under this Agreement. All other amounts due Agent or Lenders (whether directly or for reimbursement) under this Agreement or any of the other Loan Documents if not paid when due, or if no time period is expressed, if not paid within fifteen (15) days after written demand to Borrower, shall bear interest from and after demand at the rate which is five percent (5%) per annum in excess of the lowest rate or rates of interest otherwise payable under this Agreement, or, if no portion of the Loan is then outstanding, at the rate which is five percent (5%) per annum in excess of the rate of interest applicable to Base Rate Loans.

(e) Late Fee. Borrower acknowledges that late payment to Agent will cause Agent and Lenders to incur costs not contemplated by this Agreement. Such costs include without limitation processing and accounting charges. Therefore, if Borrower fails timely to pay any sum due and payable hereunder through the Termination Date (other than payments of principal), unless waived by Agent, pursuant to Section 11.05(e), a late charge of four cents ($.04) for each dollar of any interest payment due hereon and which is not paid within fifteen (15) days after such payment is due or of any other amount due hereon (other than payments of principal) and which is not paid within thirty (30) days after such payment is due, shall be charged by Agent (for the benefit of Lenders) and paid by Borrower for the purpose of defraying the expense incident to handling such delinquent payment; provided, however, that no late charges shall be assessed with respect to any amount for which Borrower is obligated to pay interest at the rate specified in Section 2.03(d), provided, further, that in no event shall Agent or Lenders be required to refund any late fees paid by Borrower, notwithstanding the preceding proviso. Borrower and Agent agree that this late charge represents a reasonable sum considering all of the circumstances existing on the date hereof and represents a fair and reasonable estimate of the costs that Agent and Lenders will incur by reason of late payment. Borrower and Agent further agree that proof of actual damages would be costly and inconvenient. Acceptance of any late charge shall not constitute a waiver of the default with respect to the overdue installment, and shall not prevent Agent from exercising any of the other rights available hereunder or any other Loan Document. Such late charge shall be paid without prejudice to any other rights of Agent.

(f) Computation of Interest. Interest and fees shall be computed on the basis of the actual number of days elapsed in the period during which interest or fees accrue and a year of three hundred sixty (360) days. In computing interest on the Loan, the date of the making of the Loan shall be included and the date of payment shall be excluded. Notwithstanding subsections (a), (b), (d) and (e) above, interest in respect of the Loan or any portion thereof shall not exceed the maximum rate permitted by applicable law.

(g) Changes; Legal Restrictions. In the event that after the Closing Date (A) the adoption of or any change in any law, treaty, rule, regulation, guideline or determination of a court or Governmental Authority or any change in the interpretation or application thereof by a court or Governmental Authority, or (B) compliance by Agent or any Lender with any request or directive made or issued after the Closing Date (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) from any central bank or other Governmental Authority or quasi-governmental authority:

(i) subjects Agent or any Lender to any tax, duty or other charge of any kind with respect to the Facility, this Agreement or any of the other Loan Documents or changes the basis of taxation of payments to Agent or such Lender of principal, fees, interest or any other amount payable hereunder, except for net income, gross receipts, gross profits or franchise taxes imposed by any jurisdiction and not specifically based upon loan transactions (all such non-excepted taxes, duties and other charges being hereinafter referred to as "Lender Taxes");

(ii) imposes, modifies or holds applicable, in the determination of Agent or any Lender, any reserve, special deposit, compulsory loan, FDIC insurance, capital allocation or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, Agent or such Lender or any applicable lending office (except to the extent that the reserve and FDIC insurance requirements are reflected in the "Base Rate" or "LIBOR"); or

(iii) imposes on Agent or any Lender any other condition materially more burdensome in nature, extent or consequence than those in existence as of the Closing Date;

and the result of any of the foregoing is to (X) increase the cost to Agent or any Lender of making, renewing, maintaining or participating in any portion of the Loan or to reduce any amount receivable hereunder or thereunder or (Y) to require Agent or any Lender or any applicable lending office to make any payment calculated by reference to the amount of the portion of the Loan held or interest received by it under such portion of the Loan; then, in any such case, Borrower shall promptly pay to Agent or such Lender, as applicable, upon demand, such amount or amounts (based upon a reasonable allocation thereof by Agent or such Lender to the financing transactions contemplated by this Agreement and affected by this Section 2.03(g)) as may be necessary to compensate Agent or such Lender for any such additional cost incurred, reduced amounts received or additional payments made to the extent Agent or such Lender generally imposes such additional costs, losses and payments on other borrowers of Agent or such Lenders in similar circumstances. Agent or such Lender shall deliver to Borrower and in the case of a delivery by a Lender, such Lender shall also deliver to Agent, a written statement in reasonable detail of the claimed additional costs incurred, reduced amounts received or additional payments made and the basis therefor as soon as reasonably practicable after such Lender obtains knowledge thereof.

(h) Certain Provisions Regarding LIBOR Loans.

(i) LIBOR Lending Unlawful. If any Lender shall determine in good faith that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to convert any Base Rate Loan into a LIBOR Loan or maintain any Loan

as a LIBOR Loan, (A) the obligations of the Lenders to convert any Base Rate Loan into a LIBOR Loan or maintain any LIBOR Loans shall, upon such determination, forthwith be suspended until such Lender shall notify Agent that the circumstances causing such suspension no longer exist, and (B) if required by law or such assertion, all LIBOR Loans shall automatically convert into Base Rate loans.

(ii) Deposits Unavailable. If Agent shall have determined in good faith that adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBOR Loans, then, upon notice from Agent to Borrower the obligations of all Lenders to convert any Base Rate Loan into a LIBOR Loan or maintain any Loan as a LIBOR Loan shall forthwith be suspended until Agent shall notify Borrower that the circumstances causing such suspension no longer exist. Agent will give such notice when it determines, in good faith, that such circumstances no longer exist; provided, however, that Agent shall not have any liability to any Person with respect to any delay in giving such notice.

(iii) Funding Losses. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make or maintain any portion of the Loan as a LIBOR Loan) as a result of:

(A) any continuance, conversion, repayment or prepayment of the principal amount of any LIBOR Loans for any reason whatsoever on a date other than the scheduled last day of the Interest Period applicable thereto;

(B) any Base Rate Loans not being converted into LIBOR Loans or any LIBOR Loans not being continued as LIBOR Loans in accordance with the Notice of Continuation/Conversion therefor, other than as a result of such Lender's breach of its obligation to continue or convert such Loan in accordance with the terms hereof;

then, within fifteen (15) Business Days after Borrower's receipt of the written notice of such Lender to Borrower with a copy to Agent, Borrower shall reimburse such Lender for such loss or expense; provided, however, that each Lender will use reasonable efforts to minimize such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of demonstrable error, be conclusive and binding on the parties hereto.

(i) Withholding Tax Exemption. Each Lender that is not created or organized under the laws of the United States of America or a political subdivision thereof shall deliver to Borrower and the Agent no later than the Closing Date (or, in the case of a Lender which becomes a Lender pursuant to Section 10.11, the date upon which such Lender becomes a party hereto) a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender in a form satisfactory to Borrower and the Agent, to the effect that such Lender is

capable, under the provisions of an applicable treaty concluded by the United States of America (in which case the certificate shall be accompanied by three (3) accurate and complete duly executed originals of Form 1001 of the Internal Revenue Service) or under Section 1442 of the Internal Revenue Code (in which case the certificate shall be accompanied by three (3) accurate and complete duly executed originals of Form 4224 of the Internal Revenue Service), of receiving payments of principal, interest and fees hereunder without deduction or withholding of United States federal income tax. Further, if at any time a Lender changes its applicable lending office or selects an additional applicable lending office, it shall, at the same time or promptly thereafter, but only to the extent the certificate and forms previously delivered by it hereunder are no longer applicable or effective, deliver to Borrower and Agent in replacement for, or in addition to, the certificate and forms previously delivered by it hereunder, a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender accompanied by three (3) accurate and complete duly executed originals of either Form 1001 of the Internal Revenue Service or Form 4224 of the Internal Revenue Service, whichever is applicable, indicating that such Lender is entitled to receive payments of principal, interest and fees for the account of such changed or additional applicable lending office under this Agreement without deduction or withholding of United States federal tax. Each Lender further agrees to deliver to Borrower and the Agent a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender accompanied by three (3) accurate and complete duly executed originals of either Form 1001 of the Internal Revenue Service or Form 4224 of the Internal Revenue Service, whichever is appropriate, substantially in a form satisfactory to Borrower and the Agent, before or promptly upon the occurrence of any event requiring a change in the most recent certificate or Internal Revenue Service form previously delivered by it to Borrower and the Agent pursuant to this Section 2.03(j). Further, each Lender which delivers a certificate accompanied by Form 1001 of the Internal Revenue Service covenants and agrees to deliver to Borrower and the Agent within fifteen (15) days prior to January 1, 1999, and every third (3rd) anniversary of such date thereafter, on which this Agreement is still in effect, another such certificate and three (3) accurate and complete original signed copies of Form 1001 (or any successor form or forms required under the Internal Revenue Code or the applicable regulations promulgated thereunder), and each Lender that delivers a certificate accompanied by Form 4224 of the Internal Revenue Service covenants and agrees to deliver to Borrower and the Agent within fifteen (15) days prior to the beginning of each subsequent taxable year of such Lender during which this Agreement is still in effect, another such certificate and three (3) accurate and complete original signed copies of Internal Revenue Service Form 4224 (or any successor form or forms required under the Internal Revenue Code or the applicable regulations promulgated hereunder). If (i) any Lender is required under this Section 2.03(j) to provide a certificate or other evidence described above and fails to deliver to Borrower and Agent such certificate or other evidence or (ii) any Lender delivers a certificate to the effect that, as a result of the adoption of or any change in any law, treaty, rule, regulation, guideline or determination of a Governmental Authority after the date such Lender became a party hereto, such Lender is not capable of receiving payments of interest hereunder without deduction or withholding of United States of America federal income tax as specified therein and that it is not capable of recovering the full amount of the same from a source other than Borrower, then, to the extent required by

law, as the sole consequence of such Lender's failure to deliver the certificate described in (i) above or such Lender's delivery of the certificate described in (ii) above. Borrower shall be entitled to deduct or withhold taxes from the payments owed to such Lender.

2.04 Fees.

(a) Loan Fee. On the Closing Date, Borrower shall pay Agent, on behalf of Agent and Lenders, a loan increase fee in the amount of Sixty Thousand Dollars ($60,000).

(b) Agency Fees. Borrower shall pay Agent such fees as are provided for in the agency and arrangement fee agreement between Agent and Borrower, as in existence from time to time.

(c) Payment of Fees. The fees described in this Section 2.04 represent compensation for services rendered and to be rendered separate and apart from the lending of money or the provision of credit and do not constitute compensation for the use, detention or forbearance of money, and the obligation of Borrower to pay the fees described herein shall be in addition to, and not in lieu of, the obligation of Borrower to pay interest, other fees and expenses otherwise described in this Agreement. All fees shall be payable when due in California in immediately available funds and shall be non-refundable when paid. If Borrower fails to make any payment of fees or expenses specified or referred to in this Agreement due to Agent or Lenders, including without limitation those referred to in this Section 2.04 or otherwise under this Agreement or any separate fee agreement between Borrower and Agent relating to this Agreement, when due, the amount due shall bear interest until paid at the Base Rate and, after five (5) days at the rate specified in Section 2.03(d) (but not to exceed the maximum rate permitted by applicable law) and shall constitute part of the Obligations. All fees described in this Section 2.04 which are expressed as a per annum charge shall be calculated on the basis of the actual number of days elapsed in a three hundred sixty (360) day year.

2.05 Payments.

(a) Voluntary Prepayments. Borrower may, upon not less than three (3) Business Days prior written notice, at any time and from time to time, prepay, without premium or penalty (other than as set forth in Section 2.03(h)(iii)), the Loan in whole or in part in amounts not less than One Hundred Thousand Dollars ($100,000) or integral multiples of Twenty-Five Thousand Dollars ($25,000) in excess of One Hundred Thousand Dollars ($100,000). Any notice of prepayment given to Agent under this Section 2.05(a) shall specify the date of prepayment and the aggregate principal amount of the prepayment. All prepayments of principal shall be accompanied by a payment of all accrued and unpaid interest thereon.

(b) Manner and Time of Payment. All payments of principal, interest and fees hereunder payable to Agent or the Lenders shall be made without condition or reservation of right and free of set-off or counterclaim, in Dollars and by (i) wire transfer (pursuant to Agent's written wire transfer instructions) of immediately available funds, delivered to Agent not later

than 11:00 A.M. (California time) on the date due; and funds received by Agent after that time and date shall be deemed to have been paid on the next succeeding Business Day or (ii) by check (pursuant to Agent's written check payment instructions) delivered to Agent, such check and the payment intended to be covered thereby to be deemed to have been paid on the date Agent receives immediately available funds therefor. All payments of principal, interest and fees hereunder shall be made by (i) wire transfer of immediately available funds to Wells Fargo Bank, N.A. (ABA number 121000248) for credit to account number 2934507203 reference MHC Operating Limited Partnership, loan number 1561ZMC with telephonic notice to Patrick Hickey at (310) 335-9409, or (ii) check payable to Wells Fargo Bank, N.A. and delivered to Agent at 2120 E. Park Place, Suite 100, El Segundo, California, 90245, Attn: Patrick Hickey, or to such other bank, account or address as Agent may specify in a written notice to Borrower.

(c) Payments on Non-Business Days. Whenever any payment to be made by Borrower hereunder shall be stated to be due on a day which is not a Business Day, payments shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest hereunder and of any of the fees specified in Section 2.04, as the case may be.

2.06 Increased Capital. If either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) compliance by Agent or any Lender with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) made or issued after the Closing Date affects/or would affect the amount of capital required or expected to be maintained by Agent or such Lender or any corporation controlling Agent or such Lender, and Agent or such Lender determines that the amount of such capital is increased by or based upon the existence of Agent's obiligations hereunder or such Lender's obligation to maintain, continue or convert to LIBOR Loans hereunder, then, upon demand by Agent or such Lender, Borrower shall immediately pay to Agent or such Lender, from time to time as specified by Agent or such Lender, additional amounts sufficient to compensate Agent or such Lender in the light of such circumstances, to the extent that Agent or such Lender reasonably determines such increase in capital to be allocable to the existence of Agent's obligations hereunder or such Lender's commitment and to the extent Agent or such Lender generally imposes such amounts on other borrowers of Agent or Lender in similar circumstances. A certificate as to such amounts in reasonable detail submitted to Borrower by Agent or such Lender shall, in the absence of manifest error, be conclusive and binding for all purposes.

2.07 Notice of Increased Costs. Each Lender agrees that, as promptly as reasonably practicable after it becomes aware of the occurrence of an event or the existence of a condition which would cause it to be affected by any of the events or conditions described in Section 2.03(g) or (h), or Section 2.06, it will notify Borrower and provide in such notice a reasonably detailed calculation of the amount due from Borrower, and provide a copy of such notice to Agent, of such event and the possible effects thereof. If Agent or the affected Lender shall fail to notify Borrower of the occurrence of any such event or the existence of any such

condition within ninety (90) days following the end of the month during which such event occurred or such condition arose then Borrower's liability for any amounts described in said Sections 2.03(g) and (h) and 2.06 incurred by Agent or such affected Lender as a result of such event or condition shall be limited to those attributable to the period occurring subsequent to the ninetieth (90th) day prior to the date upon which Agent or such affected Lender actually notified Borrower of such event or condition.

2.08 Option to Replace Lenders.

(a) Lenders. If any Lender shall make any demand for payment or reimbursement pursuant to Section 2.03(g), Section 2.03(h) or Section 2.06, then, provided that (a) there does not then exist any Unmatured Event of Default or Event of Default and (b) the circumstance resulting in such demand for payment or reimbursement are not applicable to all Lenders, Borrower may terminate the Commitment of such Lender, in whole but not in part, by (i) giving such Lender and Agent not less than three (3) Business Days prior written notice thereof, which notice shall be irrevocable and effective only upon receipt thereof such Lender and Agent and shall specify the effective date of such termination, (ii) paying to such Lender (and there shall become due and payable) on such date the outstanding principal amount of the portion of the Loan made by such Lender, all interest thereon, and all other Obligations owed to such Lender, including, without limitation, amounts owing under Sections 2.03(g), 2.03(h)(iii), 2.04 and 2.06, if any, and (iii) pursuant to the provisions of Section 10.11, proposing the introduction of a replacement Lender reasonably satisfactory to Agent, or obtaining the agreement of one or more existing Lenders, to assume the entire amount of the Commitment of the Lender whose Commitment is being terminated, on the effective date of such termination. Upon the satisfaction of all of the foregoing conditions, such Lender which is being terminated pursuant to this Section 2.08 shall cease to be a "Lender" for purposes of this Agreement provided that Borrower shall continue to be obligated to such Lender under Sections 11.01 and 11.02 (and any other indemnifications contained herein or in any other Loan Document) with respect to or on account of unpaid, unliquidated, unknown or similar claims or liabilities accruing prior to such Lender ceasing to be a "Lender" for purposes of this Agreement.

(b) Agent. If Agent shall make any demand for payment or reimbursement pursuant to Section 2.03(g), Section 2.03(h) or Section 2.06, then, provided that (i) there does not then exist any Unmatured Event of Default or Event of Default and (ii) the circumstances resulting in such demand for payment or reimbursement are not applicable to all Lenders. Borrower may remove Agent by (x) giving the Lenders and Agent not less than thirty (30) Business Days prior written notice thereof, and (y) paying to Agent (and there shall become due and payable) on such date all other Obligations owed to Agent, including, without limitation, amounts owing under Sections 2.03(g), 2.03(h), 2.04 and 2.06, if any. Agent shall be replaced in accordance with the provisions of Section 10.09 hereof.

ARTICLE III

CONDITIONS TO LOAN INCREASE

3.01 Conditions to Disbursement of Loan Increase. The obligation of Lenders to make the Loan Increase shall be subject to satisfaction of each of the following conditions precedent on or before the Closing Date:

(a) Borrower Loan Documents. Borrower shall have executed and delivered to Agent each of the following, in form and substance acceptable to Agent and Agent's counsel:

(i) This Agreement;

(ii) The Loan Notes;

(iii) A solvency certificate;

(iv) Agent's form of Funds Transfer Agreement and signature authorization form; and

(v) All other documents to be executed by or on behalf of Borrower as listed on the Closing Checklist.

(b) REIT Documents. The REIT shall have executed and delivered to Agent each of the following, in form and substance acceptable to Agent and Agent's counsel:

(i) The REIT Guaranty;

(ii) A solvency certificate;

(iii) A Compliance Certificate confirming the matters described in Section 3.01(i); and

(iv) All other documents to be executed by or on behalf of the REIT as listed on the Closing Checklist.

(c) Corporate and Partnership Documents. Agent shall have received the following corporate and partnership documents:

(i) With respect to Borrower: a certified copy of Borrower's limited partnership agreement; a certified copy of Borrower's Certificate of Limited Partnership; a certificate of existence for Borrower from the State of Illinois; and a certificate of Borrower's Secretary or an officer comparable thereto (a "Secretary's Certificate") with respect to Borrower pertaining to authorization, incumbency and by-laws, if any; and

(ii) With respect to the REIT: certified copies of the REIT's certificate of incorporation and by-laws; a good standing certificate of the REIT from the State of Maryland; and a Secretary's Certificate with respect to the REIT pertaining to authorization, incumbency and by-laws.

(d) Notice of Borrowing. Borrower shall have delivered to Agent a Notice of Borrowing in compliance with Section 2.01(b).

(e) Performance. Borrower, the REIT and each Agreement Party shall have performed in all material respects all agreements and covenants required by Agent to be performed by them as a condition to funding the Loan Increase.

(f) Solvency. Each of the REIT, Borrower and each Agreement Party shall be Solvent.

(g) Material Adverse Changes. No change, as reasonably determined by Agent, shall have occurred during the period commencing on December 31, 1997 and ending on the Closing Date (the "Interim Period"), which has a Material Adverse Effect.

(h) Litigation Proceedings. There shall not have been instituted or, to the knowledge of Borrower or the REIT, threatened, during the Interim Period, any litigation or proceeding in any court or by a Governmental Authority affecting or threatening to affect Borrower, the REIT, any Subsidiary, or any Agreement Party, in which there is a reasonable possibility of an adverse decision that could, individually or in the aggregate, have a Material Adverse Effect.

(i) No Event of Default; Satisfaction of Financial Covenants. On the Closing Date and after giving effect to the disbursement of the Loan, no Event of Default or Unmatured Event of Default shall exist and all of the financial covenants contained in Articles VII and VIII shall be satisfied.

(j) Opinion of Counsel. Agent shall have received on behalf of Agent and Lenders a favorable opinion of counsel for Borrower, each Agreement Party and the REIT dated as of the Closing Date, in form and substance reasonably satisfactory to Agent and its counsel.

(k) Due Diligence. Agent shall have completed its review of all other information delivered by Borrower pursuant to this Section 3.01 and shall have completed such additional due diligence investigations as Agent deems reasonably necessary, and such review and investigations shall provide Agent with results and information which, in Agent's determination, are satisfactory to permit Agent to enter into this Agreement.

(l) Representations and Warranties. All representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects.

(m) Fees. Agent shall have received for the benefit of Agent and Lenders all fees (or Borrower shall have made arrangements reasonably acceptable to Agent therefor) then due, and Borrower shall have performed all of its other obligations as set forth in the Loan Documents to make payments to Agent on or before the Closing Date and all expenses of Agent incurred prior to such Closing Date (including without limitation all reasonable attorneys' fees), shall have been paid by Borrower.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

4.01 Representations and Warranties as to Borrower. In order to induce Lenders to make the Loan Increase, Borrower hereby represents and warrants to Lenders as follows:

(a) Organization; Partnership Powers. Borrower (i) is a limited partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, (ii) is duly qualified to do business as a foreign limited partnership and in good standing under the laws of each jurisdiction in which the nature of its business requires it to be so qualified, except for those jurisdictions where failure to so qualify and be in good standing would not have a Material Adverse Effect and (iii) has all requisite partnership power and authority to own, operate and encumber its property and assets and to conduct its business as presently conducted and as proposed to be conducted in connection with and following the consummation of the Loan contemplated by the Loan Documents.

(b) Authority. Borrower has the requisite partnership power and authority to execute, deliver and perform each of the Loan Documents to which it is or will be a party. The execution, delivery and performance thereof, and the consummation of the transactions contemplated thereby, have been duly approved by the general partner of Borrower, and no other partnership proceedings or authorizations on the part of Borrower or its general or limited partners are necessary to consummate such transactions. Each of the Loan Documents to which Borrower is a party has been duly executed and delivered by Borrower and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and general equitable principles.

(c) Ownership of Borrower. Schedule 4.01(c) sets forth the general partners of Borrower and their respective ownership percentages as of the date hereof. Except as set forth in the partnership agreement of Borrower, no partnership interests (or any securities, instruments, warrants, option or purchase rights, conversion or exchange rights, calls, commitments or claims of any character convertible into or exercisable for partnership interests) of Borrower are subject to issuance under any security, instrument, warrant, option or purchase rights, conversion or exchange rights, call, commitment or claim of any right, title or interest therein or thereto. To Borrower's knowledge, all of the partnership interests in Borrower have been issued in compliance with all applicable Requirements of Law.

(d) No Conflict. The execution, delivery and performance by Borrower of the Loan Documents to which it is or will be a party, and each of the transactions contemplated thereby, do not and will not (i) conflict with or violate Borrower's limited partnership agreement or Certificate of Limited Partnership or other organizational documents, as the case may be, or the organizational documents of any Subsidiary of Borrower or (ii) conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any Requirement of Law, Contractual Obligation or Court Order of or binding upon Borrower or any of its Subsidiaries, or require termination of any such Contractual Obligation, the consequences of which conflict or breach or default or termination would have a Material Adverse Effect, or result in or require the creation or imposition of any Lien whatsoever upon any Property (except as contemplated herein).

(e) Consents and Authorizations. Borrower has obtained all consents and authorizations required pursuant to its Contractual Obligations with any other Person, the failure of which to obtain would have a Material Adverse Effect, and has obtained all consents and authorizations of, and effected all notices to and filings with, any Governmental Authority necessary to allow Borrower to lawfully execute, deliver and perform its obligations under the Loan Documents to which Borrower is a party.

(f) Governmental Regulation. Borrower is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, the Investment Company Act of 1940 or any other federal or state statute or regulation such that its ability to incur indebtedness is limited or its ability to consummate the transactions contemplated by the Loan Documents is materially impaired.

(g) Prior Financials. The Consolidated and Combined Balance Sheet as of December 31, 1997, the Consolidated and Combined Statement of Operations for the Year Ended December 31, 1997, and the Consolidated and Combined Statement of Cash Flows for the Year Ended December 31, 1997, of the REIT contained in the Form 10-K Annual Report of the REIT as of December 31, 1997 (the "Pre-Closing Financials") delivered to Agent prior to the date hereof were prepared in accordance with GAAP in effect on the date such Pre-Closing Financials were prepared and fairly present the assets, liabilities and financial condition of the REIT, on a consolidated basis, at such date and the results of its operations and its cash flows, on a consolidated basis, for the period then ended.

(h) Financial Statements; Projections and Forecasts. Each of the Financial Statements to be delivered to Agent pursuant to Sections 5.01(a) and (b), (i) has been, or will be, as applicable, prepared in accordance with the books and records of the REIT, on a consolidated basis, and (ii) either fairly present, or will fairly present, as applicable, the financial condition of the REIT, on a consolidated basis, at the dates thereof (and, if applicable, subject to normal year-end adjustments) and the results of its operations and cash flows, on a consolidated basis, for the period then ended. Each of the projections delivered to Agent (A) has been or will be, as applicable, prepared by the REIT and the REIT's financial personnel in light of the past business

and performance of the REIT, on a consolidated basis and (B) represent, or will represent, as of the date thereof, the reasonable good faith estimates of such personnel.

(i) Litigation; Adverse Effects.

(i) There is no action, suit, proceeding, governmental investigation or arbitration, at law or in equity, or before or by any Governmental Authority, pending, or to the best of Borrower's knowledge, threatened against Borrower or any of its Subsidiaries or any of their respective Properties, in which there is a reasonable possibility of an adverse decision that could have a Material Adverse Effect;

(ii) Neither Borrower nor any of its Subsidiaries is (A) in violation of any Requirement of Law, which violation has a Material Adverse Effect, or (B) subject to or in default with respect to any Court Order which has a Material Adverse Effect.

(j) No Material Adverse Change. Since December 1, 1997, there has occurred no event which has a Material Adverse Effect.

(k) Payment of Taxes. All tax returns and reports to be filed by Borrower or any of its Subsidiaries have been timely filed, and all taxes, assessments, fees and other governmental charges shown on such returns have been paid when due and payable, except such taxes, if any, as are reserved against in accordance with GAAP, such taxes as are being contested in good faith by appropriate proceedings or such taxes, the failure to make payment of which when due and payable will not have, in the aggregate, a Material Adverse Effect. Borrower has no knowledge of any proposed tax assessment against Borrower or any of its Subsidiaries that will have a Material Adverse Effect, which is not being actively contested in good faith by such Person.

(l) Material Adverse Agreements. Neither Borrower nor any of its Subsidiaries is a party to or subject to any Contractual Obligation or other restriction contained in its partnership agreement, certificate of partnership, by-laws, or similar governing documents which has a Material Adverse Effect.

(m) Performance. Neither Borrower nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation applicable to it, and no condition exists which, with the giving of notice or the lapse of time or both, would constitute a default under such Contractual Obligation in each case, except where the consequences, direct or indirect, of such default or defaults, if any, will not have a Material Adverse Effect.

(n) Federal Reserve Regulations. No part of the proceeds of the Loan hereunder will be used to purchase or carry any "margin security", as defined in Regulation G or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of said Regulation G. Borrower is not engaged primarily in

the business of extending credit for the purpose of purchasing or carrying any "margin stock" as defined in Regulation U. No part of the proceeds of the Loan hereunder will be used for any purpose that violates, or which is inconsistent with, the provisions of Regulation X or any other regulation of the Federal Reserve Board.

(o) Disclosure. Borrower has not intentionally or knowingly withheld any material fact from Agent in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of Borrower's future performance such representations and warranties are made in good faith and to the best judgment of Borrower at the time such projections were made.

(p) Requirements of Law. To Borrower's knowledge, Borrower and each of its Subsidiaries are in compliance with all Requirements of Law (including without limitation the Securities Act and the Securities Exchange Act, and the applicable rules and regulations thereunder, state securities law and "Blue Sky" laws) applicable to them and their respective businesses, in each case, where the failure to so comply will have a Material Adverse Effect.

(q) Patents, Trademarks, Permits, Etc. Borrower and each of its Subsidiaries owns, is licensed or otherwise has the lawful right to use, or have all permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes used in or necessary for the conduct of Borrower's or such Subsidiary's business as currently conducted, the absence of which would have a Material Adverse Effect. To Borrower's knowledge, the use of such permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes by Borrower or such Subsidiary does not infringe on the rights of any Person, subject to such claims and infringements as do not, in the aggregate, have a Material Adverse Effect.

(r) Environmental Matters. To the knowledge of Borrower, except as would not have a Material Adverse Effect and except as set forth on Schedule 4.01(r), (i) the Property and operations of Borrower and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws; (ii) none of the Property or operations of Borrower or any of its Subsidiaries are subject to any Remedial Action or other Liabilities and Costs arising from the Release or threatened Release of a Contaminant into the environment or from the violation of any Environmental Laws, which Remedial Action or other Liabilities and Costs would have a Material Adverse Effect; (iii) neither Borrower nor any of its Subsidiaries has filed any notice under applicable Environmental Laws reporting a Release of a Contaminant into the environment in violation of any Environmental Laws, except as the same may have been heretofore remedied; (iv) there is not now, nor to Borrower's knowledge has there ever been, on or in the Property of Borrower or any of its Subsidiaries (except in compliance in all material respects with all applicable Environmental Laws): (A) any underground storage tanks, (B) any asbestos-containing material, (C) any polychlorinated biphenyls (PCB's) used in hydraulic oils, electrical transformers or other equipment, (D) any petroleum hydrocarbons or (E) any chlorinated or halogenated solvents; and (v) neither Borrower nor any of its Subsidiaries has

received any notice or claim to the effect that it is or may be liable to any Person as a result of the Release or threatened Release of a Contaminant into the environment.

(s) ERISA. None of the REIT, Borrower or any Agreement Party, is an "employee pension benefit plan" as defined in Section 3(2) of ERISA, an "employee welfare benefit plan" as defined in Section 3(1) of ERISA, a "multiemployer plan" as defined in Sections 4001(a)(33) or 3(37) of ERISA or a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code. Except for a prohibited transaction arising solely because of a Lender's breach of the covenant set forth in Section 11.23, none of the Obligations, any of the Loan Documents or the exercise of any of the Agent's or Lenders' rights in connection therewith constitutes a prohibited transaction under ERISA or the Internal Revenue Code (which is not exempt from the restrictions of Section 406 of ERISA and the taxes and penalties imposed by Section 4975 of the Internal Revenue Code and Section 502(i) of ERISA) or otherwise results in a Lender, the Agent or the Lenders being deemed in violation of Sections 404 or 406 of ERISA or Section 4975 of the Internal Revenue Code or will by itself result in a Lender, the Agent or the Lenders being a fiduciary or party in interest under ERISA or a "disqualified person" as defined in Section 4975(e)(2) of the Internal Revenue Code with respect to an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code. No assets of the REIT, Borrower or any Agreement Party constitute "assets" (within the meaning of 29 C.F.R. ss. 2510.3-101 or any successor regulation thereto) of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code.

Each Borrower Plan is in compliance with ERISA and the applicable provisions of the Internal Revenue Code in all respects except where the failure to comply would not have a Material Adverse Effect. There are no claims (other than claims for benefits in the normal course), actions or lawsuits asserted or instituted against, and none of Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates has knowledge of any threatened litigation or claims against the assets of any Borrower Plan or against any fiduciary of such Borrower Plan with respect to the operation of such Borrower Plan which could have a Material Adverse Effect. No liability to the PBGC has been, or is likely to be, incurred by Borrower, the REIT, any of the Material Subsidiaries or their ERISA Affiliates other than such liabilities which, in the aggregate, would not have a Material Adverse Effect. None of Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates is now contributing to or has ever contributed to or been obligated to contribute to any Multiemployer Plan, no employees or former employees of Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates have been covered by any Multiemployer Plan in respect of their employment by Borrower or such Material Subsidiary or such ERISA Affiliate. None of Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates has engaged in a "prohibited transaction" as such term is defined in Section 4975 of the Internal Revenue Code or in a transaction subject to the prohibitions of Section 406 of ERISA, in connection with any Benefit Plan or Welfare Plan which would subject Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates (after giving effect to any exemption) to the tax penalty on

prohibited transactions imposed by Section 4975 of the Internal Revenue Code, Section 502 of ERISA or any other liability under ERISA which tax, penalty or other liability would have a Material Adverse Effect. None of the Benefit Plans subject to Title IV of ERISA has any material Unfunded Pension Liability as to which Borrower, the REIT, any of the Material Subsidiaries or any of their ERISA Affiliates is or may be liable, which liability would have a Material Adverse Effect.

(t) Solvency. Borrower is and will be Solvent after giving effect to the disbursements of the Loan and the payment and accrual of all fees then payable.

(u) Use of Proceeds. Borrower's use of the proceeds of the Loan are, and will continue to be, legal and proper uses (and to the extent necessary, duly authorized by Borrower's partners) and such uses are consistent with all applicable laws and statutes.

(v) Subsidiaries and Investment Affiliates. Each Subsidiary and Investment Affiliate as of the date hereof is set forth on Schedule 4.01(v). Schedule 4.01(v) sets forth the ownership of each such Subsidiary and Investment Affiliate and the material Property owned by such Person as of the date hereof.

(w) Year 2000. Based on a recent assessment, Borrower determined that a majority of its applications will function properly with respect to dates in the Year 2000 and thereafter. Borrower has initiated formal communications with all of its significant suppliers to determine the extent to which Borrower's interface systems are vulnerable to those third parties' failure to remediate their own Year 2000 issues. Borrower's total Year 2000 project cost and estimate to complete do not include the estimated costs and time associated with the impact of third party Year 2000 issues. There can be no guarantee that the systems of other companies on which Borrower's systems rely will be timely converted and would not have an adverse effect on Borrower's systems. Borrower anticipates completing its Year 2000 project no later than December 31, 1998, which is prior to any impact on its operating systems. The total cost of the Year 2000 project is estimated to be immaterial assuming third parties remediate their own Year 2000 issues. This assumption is based on management's best estimates, which were derived utilizing numerous assumption of future events, and there can be no guarantee that these estimates will be achieved and actual results could differ materially from those anticipated.

4.02 Representations and Warranties as to the REIT. In order to induce Lenders to make the Loan, REIT hereby represents and warrants to Lenders as follows:

(a) Organization; Corporate Powers. The REIT (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland, (ii) is duly qualified to do business as a foreign corporation and in good standing under the laws of each jurisdiction in which the nature of its business requires it to be so qualified, except for those jurisdictions where failure to so qualify and be in good standing will not have a Material Adverse Effect, and (iii) has all requisite corporate power and authority to own, operate and encumber its property and assets and to conduct its business as presently conducted and as proposed to be

conducted in connection with and following the consummation of the transactions contemplated by the Loan Documents.

(b) Authority. The REIT has the requisite corporate power and authority to execute, deliver and perform each of the Loan Documents to which it is or will be a party. The execution, delivery and performance thereof, and the consummation of the transactions contemplated thereby, have been duly approved by the Board of Directors of the REIT, and no other corporate proceedings on the part of the REIT are necessary to consummate such transactions. Each of the Loan Documents to which the REIT is a party has been duly executed and delivered by the REIT and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and general equitable principles.

(c) No Conflict. The execution, delivery and performance by the REIT of the Loan Documents to which it is a party, and each of the transactions contemplated thereby, do not and will not (i) conflict with or violate its Articles or Certificate of Incorporation or by-laws, or other organizational documents, as the case may be, or the organizational documents of Borrower or any Subsidiary, (ii) conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any Requirement of Law, Contractual Obligation or Court Order of the REIT, Borrower or any Subsidiary, or require termination of any such Contractual Obligation, the consequences of which conflict or breach or default or termination will have a Material Adverse Effect, or result in or require the creation or imposition of any Lien whatsoever upon any of its Property, or (iii) require any approval of the stockholders of the REIT.

(d) Consents and Authorizations. The REIT has obtained all consents and authorizations required pursuant to its Contractual Obligations with any other Person, the failure of which to obtain would have a Material Adverse Effect, and has obtained all consents and authorizations of, and effected all notices to and filings with, any Governmental Authority necessary to allow the REIT to lawfully execute, deliver and perform its obligations under the Loan Documents to which the REIT is a party.

(e) Governmental Regulation. The REIT is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, the Investment Company Act of 1940 or any other federal or state statute or regulation such that its ability to incur indebtedness is limited or its ability to consummate the transactions contemplated by the Loan Documents is materially impaired.

(f) Capitalization. To the REIT's knowledge, all of the capital stock of the REIT has been issued in compliance with all applicable Requirements of Law.

(g) Litigation, Adverse Effects.

(i) There is no action, suit, proceeding, governmental investigation or arbitration, at law or in equity, or before or by any Governmental Authority, pending, or

to best of the REIT's knowledge, threatened against the REIT, any of its Subsidiaries or any of their respective Properties in which there is a reasonable possibility of an adverse decision that could have a Material Adverse Effect.

(ii) Neither the REIT nor any of its Subsidiaries is (A) in violation of any applicable Requirement of Law, which violation has a Material Adverse Effect, or (B) subject to or in default with respect to any Court Order which has a Material Adverse Effect.

(h) Payment of Taxes. All tax returns and reports to be filed by the REIT or any of its Subsidiaries have been timely filed, and all taxes, assessments, fees and other governmental charges shown on such returns have been paid when due and payable, except such taxes, if any, as are reserved against in accordance with GAAP, such taxes as are being contested in good faith by appropriate proceedings or such taxes, the failure to make payment of which when due and payable would not have, in the aggregate, a Material Adverse Effect. The REIT has no knowledge of any proposed tax assessment against the REIT or any of its Subsidiaries that would have a Material Adverse Effect, which is not being actively contested in good faith by the REIT or such Subsidiary.

(i) Material Adverse Agreements. The REIT is not a party to or subject to any Contractual Obligation or other restriction contained in its charter, by-laws, or similar governing documents which has a Material Adverse Effect.

(j) Performance. Neither the REIT nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation applicable to it, and no condition exists which, with the giving of notice or the lapse of time or both, would constitute a default under such Contractual Obligation in each case, except where the consequences, direct or indirect, of such default or defaults, if any, would not have a Material Adverse Effect.

(k) Securities Activities. The REIT is not engaged principally in the business of extending credit for the purpose of purchasing or carrying any "margin stock" (as defined in Regulation U).

(l) Disclosure. The REIT has not intentionally or knowingly withheld any material fact from Agent in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of the REIT's future performance such representations and warranties are made in good faith and to the best judgment of the management of the REIT at the time such projections were made.

(m) Requirements of Law. To the REIT's knowledge, the REIT and each of its Subsidiaries are in compliance with all Requirements of Law (including without limitation the Securities Act and the Securities Exchange Act, and the applicable rules and regulations thereunder, state securities law and "Blue Sky" laws) applicable to them and their respective

businesses, in each case, where the failure to so comply would have a Material Adverse Effect. After giving effect to all filings made simultaneously with the Closing Date, the REIT has made all filings with and obtained all consents of the Commission required under the Securities Act and the Securities Exchange Act in connection with the execution, delivery and performance by the REIT of the Loan Documents to which it is a party.

(n) Patents, Trademarks, Permits, Etc. The REIT and each of its Subsidiaries own, are licensed or otherwise have the lawful right to use, or have all permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes used in or necessary for the conduct of the REIT's or such Subsidiary's business as currently conducted, the absence of which would have a Material Adverse Effect. To the REIT's knowledge, the use of such permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes by the REIT or such subsidiary does not infringe on the rights of any Person, subject to such claims and infringements as do not, in the aggregate, have a Material Adverse Effect.

(o) Environmental Matters. To the knowledge of the REIT, except as would not have a Material Adverse Effect and except as set forth on Schedule 4.01(r), (i) the Property and operations of the REIT and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws; (ii) none of the Property or operations of the REIT or any of its Subsidiaries are subject to any Remedial Action or other Liabilities and Costs arising from the Release or threatened Release of a Contaminant into the environment or from the violation of any Environmental laws, which Remedial Action or other Liabilities and Costs would have a Material Adverse Effect; (iii) neither the REIT nor any of its Subsidiaries has filed any notice under applicable Environmental Laws reporting a Release of a Contaminant into the environment in violation of any Environmental Laws, except as the same may have been heretofore remedied; (iv) there is not now, nor to the REIT's knowledge has there ever been, on or in the Property of the REIT or any of its Subsidiaries (except in compliance in all material respects with all applicable Environmental Laws): (A) any underground storage tanks, (B) any asbestos-containing material, (C) any polychlorinated biphenyls (PCB's) used in hydraulic oils, electrical transformers or other equipment, (D) any petroleum hydrocarbons or (E) any chlorinated or halogenated solvents; and (v) neither the REIT nor any of its Subsidiaries has received any notice or claim to the effect that it is or may be liable to any Person as a result of the Release or threatened Release of Contaminant into the environment.

(p) Solvency. The REIT is and will be Solvent after giving effect to the disbursement of the Loan and the payment of all fees then payable.

(q) Status as a REIT. The REIT (i) is a real estate investment trust as defined in Section 856 of the Internal Revenue Code (or any successor provision thereto), (ii) has not revoked its election to be a real estate investment trust, (iii) has not engaged in any "prohibited transactions" as defined in Section 856(b)(6)(iii) of the Internal Revenue Code (or any successor provision thereto), except for the transfer of manufactured home inventory from Borrower to

Realty Systems, Inc., a Delaware corporation (provided that such transfer does not adversely affect the REIT's status as a real estate investment trust under the Internal Revenue Code), and (iv) for its current "tax year" (as defined in the Internal Revenue Code) is and for all prior tax years subsequent to its election to be a real estate investment trust has been entitled to a dividends paid deduction which meets the requirements of Section 857 of the Internal Revenue Code.

(r) Ownership. The REIT does not own any Property or have any interest in any Person other than as set forth on Schedule 4.01(v).

(s) Listing. The common stock of the REIT is and will continue to be listed for trading and traded on either the New York Stock Exchange or American Stock Exchange.

(t) Year 2000. Based on a recent assessment, the REIT determined that a majority of its applications will function properly with respect to dates in the Year 2000 and thereafter. The REIT has initiated formal communications with all of its significant suppliers to determine the extent to which the REIT's interface systems are vulnerable to those third parties' failure to remediate their own Year 2000 issues. The REIT's total Year 2000 project cost and estimate to complete do not include the estimated costs and time associated with the impact of third party Year 2000 issues. There can be no guarantee that the systems of other companies on which the REIT's systems rely will be timely converted and would not have an adverse effect on the REIT's systems. The REIT anticipates completing its Year 2000 project no later than December 31, 1998, which is prior to any impact on its operating systems. The total cost of the Year 2000 project is estimated to be immaterial assuming third parties remediate their own Year 2000 issues. This assumption is based on management's best estimates, which were derived utilizing numerous assumption of future events, and there can be no guarantee that these estimates will be achieved and actual results could differ materially from those anticipated.

ARTICLE V

REPORTING COVENANTS

Borrower covenants and agrees that, on and after the date hereof, until payment in full of all of the Obligations and termination of this Agreement:

5.01 Financial Statements and Other Financial and Operating Information. Borrower shall maintain or cause to be maintained a system of accounting established and administered in accordance with sound business practices and consistent with past practice to permit preparation of quarterly and annual financial statements in conformity with GAAP. Borrower shall deliver or cause to be delivered to Agent with copies for each Lender:

(a) Quarterly Financial Statements Certified by CFO. As soon as practicable, and in any event within fifty (50) days after the end of each Fiscal Quarter, except the last fiscal Quarter of a Fiscal Year, consolidated balance sheets, statements of income and expenses and

statements of cash flow (collectively, "Financial Statements") for the REIT, on a consolidated basis, in the form provided to the Commission on the REIT's Form 10-Q and certified by the REIT's chief financial officer.

(b) Annual Financial Statements. Within one hundred and twenty (120) days after the close of each Fiscal Year, annual Financial Statements of the REIT, on a consolidated basis (in the form provided to the Commission on the REIT's Form 10K), audited and certified without qualification by the Accountants.

(c) Officer's Certificate of Borrower. (i) Together with each delivery of any Financial Statement pursuant to Sections 5.01(a) and (b), an Officer's Certificate of the REIT stating that (A) the executive officer who is the signatory thereto, which officer shall be the chief executive officer or the chief financial officer of the REIT, has reviewed, or caused under his supervision to be reviewed, the terms of this Agreement and the other Loan Documents, and has made, or caused to be made under his supervision, a review in reasonable detail of the transactions and condition of Borrower, the REIT, the Subsidiaries, and the Agreement Parties, during the accounting period covered by such Financial Statements, and that such review has not disclosed the existence during or at the end of such accounting period, and that the signers do not have knowledge of the existence as of the date of the Officer's Certificate, of any condition or event which constitutes an Event of Default or Unmatured Event of Default, or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action has been taken, is being taken and is proposed to be taken with respect thereto and (B) such Financial Statements have been prepared in accordance with the books and records of the REIT, on a consolidated basis, and fairly present the financial condition of the REIT, on a consolidated basis at the date thereof (and, if applicable subject to normal year-end adjustments) and the results of operations and cash flows, on a consolidated basis, for the period then ended; and (ii) together with each delivery pursuant to clauses (a) and (b) above, a Compliance Certificate demonstrating, in reasonable detail (which detail shall include actual calculations), compliance during and at the end of such accounting periods with the financial covenants contained in 7.01(d) and 7.01(k) and Article VIII.

(d) Knowledge of Event of Default. Promptly upon Borrower obtaining knowledge (i) of any condition or event which constitutes an Event of Default or Unmatured Event of Default, or (ii) of any condition or event which has a Material Adverse Effect, an Officer's Certificate specifying the nature and period of existence of any such condition or event and the nature of such claimed Event of Default, Unmatured Event of Default, event or condition, and what action Borrower, the REIT or the Agreement Party, as the case may be, has taken, is taking and proposes to take with respect thereto.

(e) Litigation, Arbitration or Government Investigation. Promptly upon Borrower obtaining knowledge of (i) the institution of, or threat of, any material action, suit, proceeding, governmental investigation or arbitration against or affecting Borrower, any Agreement Party, the REIT, any Subsidiary or any of their Property not previously disclosed in

writing by Borrower to Agent pursuant to this Section 5.01(e), or (ii) any material development in any action, suit, proceeding, governmental investigation or arbitration already disclosed, in which, in either case, there is a reasonable possibility of an adverse decision that could have a Material Adverse Effect, a notice thereof to Agent and such other information as may be reasonably available to it to enable Agent and its counsel to evaluate such matters.

(f) Failure of the REIT to Qualify as Real Estate Investment Trust. Promptly upon, and in any event within forty-eight (48) hours after Borrower first has knowledge of (i) the REIT failing to continue to qualify as a real estate investment trust as defined in Section 856 of the Internal Revenue Code (or any successor provision thereof), (ii) any act by the REIT causing its election to be taxed as a real estate investment trust to be terminated, (iii) any act causing the REIT to be subject to the taxes imposed by Section 857(b)(6) of the Internal Revenue Code (or any successor provision thereto), (iv) the REIT failing to be entitled to a dividends paid deduction which meets the requirements of Section 857 of the Internal Revenue Code or (v) any challenge by the IRS to the REIT's status as a real estate investment trust, a notice of any such occurrence or circumstance.

(g) Management Reports. Upon and after the occurrence of an Event of Default, copies of any management reports prepared by the Accountants as soon as available.

(h) Property Changes. Notice of any material acquisition, disposition, merger, or purchase by the REIT, Borrower, any Subsidiary or any Agreement Party no later than ten (10) days after the consummation thereof, specifying the nature of the transaction in reasonable detail.

(i) Other Information. Such other information, reports, contracts, schedules, lists, documents, agreements and instruments in the possession of the REIT, Borrower, any Subsidiary, or any Agreement Party with respect to the business, financial condition, operations, performance, or properties of Borrower, the REIT, any Subsidiary, or any Agreement Party, as Agent may, from time to time, reasonably request, including without limitation, annual information with respect to cash flow projections, budgets, operating statements (current year and immediately preceding year), rent rolls, lease expiration reports, leasing status reports, note payable summaries, bullet note summaries, equity funding requirements, contingent liability summaries, line of credit summaries, line of credit collateral summaries, wrap note or note receivable summaries, schedules of outstanding letters of credit, summaries of cash and Cash Equivalents, projections of management and leasing fees and overhead budgets, each in the form customarily prepared by the REIT or Borrower. If Borrower fails to provide Agent with information requested from Borrower within the time periods provided for herein, or if no time periods are provided for, within ten (10) Business Days after Agent requests such information, and provided that Agent gives Borrower reasonable prior notice and an opportunity to participate, Borrower hereby authorizes Agent to communicate with the Accountants and authorizes the Accountants to disclose to Agent any and all financial statements and other information of any kind, including copies of any management letter or the substance of any oral information that such Accountants may have with respect to financial condition, operations,

properties, performance and prospects of Borrower, the REIT, any Subsidiary, or any Agreement Party. Concurrently therewith, Agent will notify Borrower of any such communication. At Agent's request, Borrower shall deliver a letter addressed to the Accountants instructing them to disclose such information in compliance with this Section 5.01(i).

5.02 Press Releases: SEC Filings and Financial Statements. The REIT and Borrower will deliver to the Agent as soon as practicable after public release all press releases concerning the REIT or Borrower. The REIT and Borrower will deliver to Agent as soon as practicable after filing with the Commission, all reports and notices, proxy statements, registration statements and prospectuses. All materials sent or made available generally by the REIT to the holders of its publicly-held Securities or to a trustee under any indenture or filed with the Commission, including all periodic reports required to be filed with the Commission, will be delivered to Agent as soon as available.

5.03 Environmental Notices. Except for events or occurrences that will not result in a Material Adverse Effect, Borrower shall notify Agent, in writing, as soon as practicable, and in any event within ten (10) days after Borrower's learning thereof, of any: (a) written notice or claim to the effect that Borrower, any Agreement Party, the REIT, or any Subsidiary is or may be liable to any Person as a result of the Release or threatened Release of any Contaminant into the environment; (b) written notice that Borrower, any Agreement Party, the REIT, or any Subsidiary is subject to investigation by any Governmental Authority evaluating whether any Remedial Action is needed to respond to the Release or threatened Release of any Contaminant into the environment; (c) written notice that any Property of Borrower, any Agreement Party, the REIT, or any Subsidiary is subject to an Environmental Lien; (d) written notice of violation to Borrower, any Agreement Party, the REIT, or any subsidiary or awareness of a condition which might reasonably result in a notice of violation of any Environmental Laws by Borrower, the REIT, any subsidiary or any Agreement Party; (e) commencement or written threat of any judicial or administrative proceeding alleging a violation by Borrower, the REIT, any Subsidiary or any Agreement Party of any Environmental Laws; or (f) written notice received directly from a Governmental Authority of any changes to any existing Environmental Laws.

5.04 Qualifying Unencumbered Properties. Borrower may from time to time but no more frequently than quarterly deliver notice to the Agent stating that Borrower intends to designate a Property to become a Qualifying Unencumbered Property. Such notice shall (i) set forth the name of such Property (or, if such Property has no name, such notice shall otherwise identify such Property), and (ii) be accompanied by a statement of income, certified by the chief financial officer of Borrower, for each such Property for the then most recently completed Fiscal Quarter (or, if such statement of income is unavailable, a pro forma financial statement setting forth the Net Operating Income with respect to such Property for the then current Fiscal Quarter). If any such Property meets the requirements set forth in the definition of "Qualifying Unencumbered Properties" and the Agent fails to deliver written notice to Borrower stating that the Requisite Lenders have disapproved the designation of such Property as a Qualifying Unencumbered Property (it being understood that such notice shall provide Borrower with

information regarding why such designation was disapproved by the Requisite Lenders and that the Requisite Lenders will not unreasonably disapprove such designation) within twenty (20) days after receipt of such information by Agent, such Property shall become a Qualifying Unencumbered Property.

ARTICLE VI

AFFIRMATIVE COVENANTS

Borrower and the REIT covenant and agree that, on and after the date hereof, until payment in full of all of the Obligations and termination of this Agreement:

6.01 With respect to Borrower:

(a) Existence. Borrower shall, and shall cause each of its Subsidiaries to, at all times maintain its and their respective partnership, limited liability company, trust or corporate existence, as applicable, and preserve and keep in full force and effect its and their respective rights and franchises unless the failure to maintain such rights and franchises does not have a Material Adverse Effect. Borrower shall maintain its status as a limited partnership.

(b) Qualification. Borrower shall, and shall cause each of its Subsidiaries to, qualify and remain qualified to do business in each jurisdiction in which the nature of its and their businesses require them to be so qualified except for those jurisdictions where failure to so qualify does not have a Material Adverse Effect.

(c) Compliance with Laws, Etc. Borrower shall, and shall cause each of its Subsidiaries to, (i) comply with all Requirements of Law and Contractual Obligations, and all restrictive covenants affecting Borrower and its Subsidiaries or their respective properties, performance, assets or operations, and (ii) obtain as needed all Permits necessary for its and their respective operations and maintain such in good standing, except in each of the foregoing cases where the failure to do so will not have a Material Adverse Effect or expose Agent or Lenders to any material liability therefor.

(d) Payment of Taxes and Claims. (a) Borrower shall, and shall cause each of its Subsidiaries to, pay (i) all taxes, assessments and other governmental charges imposed upon it or them or on any of its or their respective properties or assets or in respect of any of its or their respective franchises, business, income or property before any penalty or interest accrues thereon, the failure to make payment of which in such time periods will have a Material Adverse Effect, and (ii) all claims (including, without limitation, claims for labor, services, materials and supplies) which have become due and payable and which by law have or may become a Lien (other than a Permitted Lien) upon any of its or their respective properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto, the failure to make payment of which will have a Material Adverse Effect; provided, however, that no such taxes, assessments, and governmental charges referred to in clause (i) above or claims referred to in

clause (ii) above need be paid if being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and if adequate reserves shall have been set aside therefor in accordance with GAAP.

(e) Maintenance of Properties; Insurance. Borrower shall, and shall cause each of its Subsidiaries to, maintain in good repair, working order and condition, excepting ordinary wear and tear, all of its and their respective Property (personal and real) and will make or cause to be made all appropriate repairs, renewals and replacements thereof, in each case where the failure to so maintain, repair, renew or replace will have a Material Adverse Effect. Borrower shall, and shall cause each of its Subsidiaries to, maintain with insurance companies that have a Best Rating of "A- VII" or higher or other insurance companies reasonably acceptable to Agent that have similar financial resources and stability, which companies shall be qualified to do business in the states where such Property is located, the insurance policies and programs reasonably acceptable to Agent insuring all property and assets material to the operations of Borrower and each of its Subsidiaries against loss or damage by fire, theft, burglary, pilferage and loss in transit and business interruption, together with such other hazards as is reasonably consistent with prudent industry practice, and maintain liability insurance consistent with prudent industry practice with financially sound insurance companies qualified to do business in the states where such property is located. The insurance policies shall provide that they cannot be terminated or materially modified unless Agent receives thirty (30) days prior written notice of said termination or modification. At Agent's reasonable request, Borrower shall furnish evidence of replacement costs, without cost to Agent, such as are regularly and ordinarily made by insurance companies to determine the then replacement cost of the improvements on any Property of Borrower or any of its Subsidiaries. In the event Borrower fails to cause insurance to be carried as aforesaid, Agent shall have the right (but not the obligation), with the consent of Requisite Lenders, to place and maintain insurance required to be maintained hereunder and treat the amounts expended therefor as additional Obligations, payable on demand; provided however, that Agent shall give Borrower five (5) days' prior notice of Agent's intent to place or maintain such insurance during which time Borrower shall have the opportunity to obtain such insurance. All of the insurance policies required hereunder shall be in form and substance reasonably satisfactory to Agent. Agent hereby agrees that Borrower may use blanket policies to satisfy the requirements of this Section 6.01(e), approves the issuer, form and content of all insurance policies currently carried by Borrower and agrees that such insurance satisfies the requirements of this Section 6.01(e). Furthermore, Agent agrees that it will not be unreasonable in exercising any right hereunder to require Borrower to modify, alter or supplement its insurance policies or coverage or in exercising any right it may have hereunder to approve any changes Borrower may hereafter make with respect to its insurance.

(f) Inspection of Property; Books and Records. Borrower shall permit and shall cause each of the REIT, each Subsidiary, and each Agreement Party to, upon reasonable prior notice by Agent to Borrower, permit any authorized representative(s) designated by Agent to visit and inspect any of its properties including inspection of financial and accounting records and leases, and to make copies and take extracts therefrom, all at such times during normal

business hours and as often as Agent may reasonably request. In connection therewith, Borrower shall pay all reasonable expenses of the types described in Section 11.01. Borrower shall keep, and shall cause each of the REIT, each Subsidiary and each Agreement Party to keep proper books of record and account in conformity with GAAP, as modified and as otherwise required by this Agreement and applicable Requirements of Law.

(g) Maintenance of Licenses, Permits, Etc. Borrower shall, and shall cause each of its Subsidiaries to, maintain in full force and effect all licenses, permits, governmental approvals, franchises, patents, trademarks, trade names, copyrights, authorizations or other rights necessary for the operation of their respective businesses, except where the failure to obtain any of the foregoing would not have a Material Adverse Effect; and notify Agent in writing, promptly after learning thereof, of the suspension, cancellation, revocation or discontinuance of or of any pending or threatened action or proceeding seeking to suspend, cancel, revoke or discontinue any such material license, permit, patent, trademark, trade name, copyright, governmental approval, franchise authorization or right, except where the suspension, cancellation, revocation or discontinuance would not have a Material Adverse Effect.

(h) Conduct of Business. Except for Permitted Holdings and other Investments permitted under Section 7.01(c), Borrower shall engage only in the business of owning, operating and developing manufactured home communities, whether directly or through its Subsidiaries.

(i) Use of Proceeds. Borrower shall use the proceeds of the Loan Increase only for the purpose of refinancing indebtedness outstanding under the Revolving Credit Agreement.

(j) Further Assurance. Borrower shall take and shall cause its Subsidiaries and each Agreement Party to take all such further actions and execute all such further documents and instruments as Agent may at any time reasonably determine to be necessary or advisable to (i) correct any technical defect or technical error that may be discovered in any Loan Document or in the execution, acknowledgment or recordation thereof and (ii) cause the execution, delivery and performance of the Loan Documents to be duly authorized.

6.02 With respect to the REIT:

(a) Corporate Existence. The REIT shall, and shall cause each of its Subsidiaries to, at all times maintain its and their respective partnership or corporate existence, as applicable, and preserve and keep in full force and effect its and their respective rights and franchises unless the failure to maintain such rights and franchises will not have a Material Adverse Effect.

(b) Qualification, Name. The REIT shall, and shall cause each of its Subsidiaries to, qualify and remain qualified to do business in each jurisdiction in which the nature of its and their businesses requires them to be so qualified except for those jurisdictions where failure to so qualify does not have a Material Adverse Effect. The REIT will transact business solely in its own name.

(c) Securities Law Compliance. The REIT shall comply in all material respects with all rules and regulations of the Commission and file all reports required by the Commission relating to the REIT's publicly-held Securities.

(d) Continued Status as a REIT Prohibited Transactions. The REIT (i) will continue to be a real estate investment trust as defined in Section 856 of the Internal Revenue Code (or any successor provision thereto), (ii) will not revoke its election to be a real estate investment trust, (iii) will not engage in any "prohibited transactions" as defined in Section 856(b)(6)(iii) of the Internal Revenue Code (or any successor provision thereto), and (iv) will do all acts necessary to continue to be entitled to a dividend paid deduction meeting the requirements of Section 857 of the Internal Revenue Code.

(e) NYSE Listed Company. The REIT shall cause its common stock at all times to be listed for trading and be traded on the New York Stock Exchange or American Stock Exchange.

(f) Compliance with Laws, Etc. The REIT shall, and shall cause each of its Subsidiaries to, (i) comply with all Requirements of Law and Contractual Obligations, and all restrictive covenants affecting the REIT and its Subsidiaries or their respective properties, performance, prospects, assets or operations, and (ii) obtain as needed all Permits necessary for its and their respective operations and maintain such in good standing, except in each of the foregoing cases where the failure to do so will not have a Material Adverse Effect.

(g) Payment of Taxes and Claims. Subject to Section 6.02(d), the REIT shall, and shall cause each of its Subsidiaries to, pay (i) all taxes, assessments and other governmental charges imposed upon it or them or on any of its or their respective properties or assets or in respect of any of its or their respective franchises, business, income or property before any penalty or interest accrues thereon, the failure to make payment of which will have a Material Adverse Effect, and (ii) all claims (including, without limitation, claims for labor, services, materials and supplies) which have become due and payable and which by law have or may become a Lien (other than a Permitted Lien) upon any of its or their respective properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto, the failure to make payment of which will have a Material Adverse Effect; provided, however, that no such taxes, assessments, and governmental charges referred to in clause (i) above or claims referred to in clause (ii) above need be paid if being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and if adequate reserves shall have been set aside therefor in accordance with GAAP.

ARTICLE VII

NEGATIVE COVENANTS

Borrower and the REIT covenant and agree that, on and after the date hereof, until payment in full of all of the Obligations and termination of this Agreement:

7.01 With respect to Borrower:

(a) Indebtedness. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(i) the Obligations;

(ii) trade debt incurred in the normal course of business; and

(iii) Indebtedness which, after giving effect thereto, may be incurred or may remain outstanding without giving rise to an Event of Default or Unmatured Event of Default under any provision of Articles VII and VIII.

(b) Liens. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any of its Property, except:

(i) Permitted Liens; and

(ii) Liens securing Indebtedness permitted to be incurred and remain outstanding pursuant to Section 7.01(a)(iii), which, after giving effect thereto, may be incurred or may remain outstanding without giving rise to an Event of Default or Unmatured Event of Default under any provision of Articles VII and VIII.

(c) Investments. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly make or own any Investment except:

(i) Investments in cash and Cash Equivalents;

(ii) Permitted Holdings;

(iii) Investments in Subsidiaries and Investment Affiliates owned as of the Closing Date;

(iv) Investments permitted pursuant to Section 7.01(e)(v);

(v) Controlled Partnership Interests which do not constitute Non-Manufactured Home Community Property; and

(vi) mortgage loans which do not constitute Non-Manufactured Home Community Property and which are either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or are accounted for as investments in real estate under GAAP.

(d) Distributions and Dividends. Neither Borrower nor the REIT shall declare or make any dividend or other distribution on account of partnership interests in excess of ninety-five percent (95%) of Funds From Operations in any Fiscal Year; provided, however, that if an Event of Default under Section 9.01 (a) shall have occurred, neither Borrower nor the REIT shall declare or make any dividend or other distribution on account of partnership interests in excess of what is required for the REIT to maintain its status as a real estate investment trust as defined in Section 856 of the Internal Revenue Code.

(e) Restrictions on Fundamental Changes.

(i) Borrower shall not, and shall not permit any of its Subsidiaries to, enter into any merger, consolidation, reorganization or recapitalization or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), or discontinue its business.

(ii) Borrower shall remain a limited partnership with the REIT as its sole general partner.

(iii) Borrower shall not change its Fiscal Year.

(iv) Except for Permitted Holdings and other Investments permitted under Section 7.01(c), Borrower shall not engage in any line of business other than ownership, operation and development of manufactured home communities and the provision of services incidental thereto and the brokerage, purchase, and sale of manufactured home units, whether directly or through its Subsidiaries and Investment Affiliates.

(v) Borrower shall not acquire by purchase or otherwise all or substantially all of the business, property or assets of, or stock or other evidence of beneficial ownership of, any Person, unless after giving effect thereto, Borrower is in pro forma compliance with this Agreement.

(f) ERISA. Neither Borrower nor the REIT shall, and neither shall permit any Material Subsidiary or any of their ERISA Affiliates to, do any of the following to the extent that such act or failure to act would result in the aggregate, after taking into account any other such acts or failure to act, in a Material Adverse Effect:

(i) Engage, or knowingly permit a Subsidiary or an ERISA Affiliate to engage, in any prohibited transaction described in Section 406 of ERISA or Section 4975 of the Internal Revenue Code which is not exempt under Section 407 or 408 of ERISA or Section 4975(d) of the Internal Revenue Code for which a class exemption is not available or a private exemption has not been previously obtained from the DOL;

(ii) Permit to exist any accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Internal Revenue Code), whether or not

(iii) Fail, or permit a Material Subsidiary or an ERISA Affiliate of the REIT. Borrower or any Material Subsidiary to fail, to pay timely required contributions or annual installments due with respect to any waived funding deficiency to any Plan if such failure could result in the imposition of a Lien or otherwise would have a Material Adverse Effect;

(iv) Terminate, or permit an ERISA Affiliate of the REIT, Borrower or any Material Subsidiary to terminate, any Benefit Plan which would result in any liability of Borrower or a Material Subsidiary or an ERISA Affiliate of the REIT, Borrower or any, Material Subsidiary under Title IV of ERISA; or

(v) Fail, or permit any Subsidiary or ERISA Affiliate to fail to pay any required installment under section (m) of Section 412 of the Internal Revenue Code or any other payment required under Section 412 of the Internal Revenue Code on or before the due date for such installment or other payment, if such failure could result in the imposition of a Lien or otherwise would have a Material Adverse Effect; or

(vi) Permit to exist any Termination Event;

(vii) Make, or permit a Material Subsidiary or an ERISA Affiliate of the REIT, Borrower or any Material Subsidiary to make, a complete or partial withdrawal (within the meaning of ERISA Section 4201) from any Multiemployer Plan so as to result in liability to Borrower, a Material Subsidiary or any ERISA Affiliate of the REIT, Borrower or any Material Subsidiary which would have a Material Adverse Effect; or

(viii) Permit the total Unfunded Pension Liabilities (using the actuarial assumptions utilized by the PBGC) for all Benefit Plans (other than Benefit Plans which have no Unfunded Pension Liabilities) to have a Material Adverse Effect.

None of the REIT, Borrower nor any Agreement Party shall use any "assets" (within the meaning of ERISA or Section 4975 of the Internal Revenue Code, including but not limited to 29 C.F.R. ss. 2510.3-101 or any successor regulation thereto) of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code to repay or secure the Obligations if the use of such assets may result in a prohibited transaction under ERISA or the Internal Revenue Code (which is not exempt from the restrictions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code and the taxes and penalties imposed by Section 4975 of the Internal Revenue Code and Section 502(i) of ERISA) or in a Lender, Agent or the Lenders being deemed in violation of Section 404 or 406 of ERISA or Section 4975 of the Internal Revenue Code or otherwise by itself results in or will result in a Lender, Agent or the Lenders being a fiduciary or party in interest under ERISA or a "disqualified person" as defined in Section 4975 (e)(2) of the Internal Revenue Code with respect to an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code. Without limitation of any other provision of this Agreement, none of the REIT. Borrower

or any Agreement Party shall assign, sell, pledge, encumber, transfer, hypothecate or otherwise dispose of their respective interests or rights (direct or indirect) in any Loan Document, or attempt to do any of the foregoing or suffer any of the foregoing, or permit any party with a direct or indirect interest or right in any Loan Document to do any of the foregoing, nor shall REIT or Borrower assign, sell, pledge, encumber, transfer, hypothecate or otherwise dispose of any of their respective rights or interests (direct or indirect) in any Agreement Party. Borrower or REIT, as applicable, or attempt to do any of the foregoing or suffer any of the foregoing, if such action would cause the Obligations, or the exercise of any of the Agent's or Lenders' rights in connection therewith, to constitute a prohibited transaction under ERISA or the Internal Revenue Code (unless Borrower furnishes to Agent a legal opinion reasonably satisfactory to Agent that the transaction is exempt from the prohibited transaction provisions of ERISA and the Internal Revenue Code (for this purpose, the Agent and Lenders agree to supply Borrower all relevant non-confidential factual information reasonably necessary to such legal opinion and reasonably requested by Borrower)) or otherwise results in a Lender, the Agent or the Lenders being deemed in violation of Sections 404 or 406 of ERISA or Section 4975 of the Internal Revenue Code or otherwise by itself would result in a Lender, the Agent or the Lenders being a fiduciary or party in interest under ERISA or a "disqualified person" as defined in Section 4975(e)(2) of the Internal Revenue Code with respect to an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code.

(g) Environmental Liabilities. Borrower shall not, and shall not permit any of its Subsidiaries to, become subject to any Liabilities and Costs which will have a Material Adverse Effect arising out of or related to (i) the Release or threatened Release of any Contaminant into the environment, or any Remedial Action in response thereto, or (ii) any violation of any Environmental Laws. Notwithstanding the foregoing provision, Borrower and its Subsidiaries shall have the right to contest in good faith any claim of violation of an Environmental Law by appropriate legal proceedings and shall be entitled to postpone compliance with the obligation being contested as long as (i) no Event of Default shall have occurred and be continuing, (ii) Borrower shall have given Agent prior written notice of the commencement of such contest, (iii) noncompliance with such Environmental Law shall not subject Borrower or such Subsidiary to any criminal penalty or subject Agent to pay any civil penalty or to prosecution for a crime, and (iv) no portion of any Property material to Borrower or its condition or prospects shall be in imminent danger of being sold, forfeited or lost, by reason of such contest or the continued existence of the matter being contested.

(h) Amendment of Constituent Documents. Borrower shall not permit any amendment of its limited partnership agreements, certificate of limited partnership or by-laws, if any, which would materially and adversely affect Agent or Lenders or their respective rights and remedies under the Loan Documents.

(i) Disposal of Interests. Borrower will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any material portion of its

partnership interests, stock or other ownership interests in any Subsidiary or other Person in which it has an interest unless Borrower has delivered to Agent a Compliance Certificate showing on a pro forma basis (calculated in a manner reasonably acceptable to Agent) that there would be no breach of any of the financial covenants contained in Articles VII and VIII after giving effect to such conveyance, sale, transfer, assignment, pledge, or other encumbrance or disposition.

(j) Margin Regulations. No portion of the proceeds of any credit extended under this Agreement shall be used in any manner which might cause the extension of credit or the application of such proceeds to violate Regulation G, Regulation U or Regulation X or any other regulation of the Federal Reserve Board or to violate the Securities Exchange Act or the Securities Act, in each case as in effect on the Closing Date and the date of such use of proceeds.

(k) Transactions with Affiliates. Borrower shall not, and shall not permit any of its Subsidiaries to, enter into, any transaction or series of related transactions with any Affiliate of Borrower, other than transactions in the ordinary course of business which are on terms and conditions substantially as favorable to Borrower or such Subsidiary as would be obtainable by Borrower or such Subsidiary in an arms-length transaction with a Person other than an Affiliate.

7.02 With respect to the REIT:

(a) Indebtedness. The REIT shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(i) the Obligations; and

(ii) Indebtedness which, after giving effect thereto, may be incurred or may remain outstanding without giving rise to an Event of Default or Unmatured Event of Default under any provision of Articles VII and VIII.

(b) Liens. The REIT shall not, and shall not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any of its Property, except:

(i) Permitted Liens, and

(ii) Liens securing Indebtedness permitted to be incurred and remain outstanding pursuant to Section 7.02(a)(ii).

(c) Restriction on Fundamental Changes.

(i) The REIT shall not enter into any merger, consolidation, reorganization or recapitalization or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution) or discontinue its business.

(ii) The REIT shall not change its Fiscal Year.

(iii) The REIT shall not engage in any line of business other than owning partnership interests in Borrower and the interests identified on Schedule 4.01(v) as being owned by the REIT and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(iv) The REIT shall not have an Investment in any Person other than Borrower and the interests identified on Schedule 4.01(v) as being owned by the REIT and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(v) The REIT shall not acquire an interest in any Property other than Securities issued by Borrower and the interests identified on Schedule 4.01 (v) and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(d) Environmental Liabilities. The REIT shall not, and shall not permit any of its Subsidiaries to, become subject to any Liabilities and Costs which will have a Material Adverse Effect arising out of or related to (i) the Release or threatened Release of any Contaminant into the environment, or any Remedial Action in response thereto, or (ii) any violation of any Environmental Laws. Notwithstanding the foregoing provision, the REIT and its Subsidiaries shall have the right to contest in good faith any claim of violation of an Environmental Law by appropriate legal proceedings and shall be entitled to postpone compliance with the obligation being contested as long as (i) no Event of Default shall have occurred and be continuing, (ii) the REIT shall have given Agent prior written notice of the commencement of such contest, (iii) noncompliance with such Environmental Law shall not subject the REIT or such Subsidiary to any criminal penalty or subject Agent to pay any civil penalty or to prosecution for a crime, and (iv) no portion of any Property material to Borrower or its condition or prospects shall be in imminent danger of being sold, forfeited or lost, by reason of such contest or the continued existence of the matter being contested.

(e) Amendment of Charter or By-Laws. The REIT shall not permit any amendment of its charter documents or by-laws, which would materially and adversely affect Agent or Lenders or their respective rights and remedies under the Loan Documents.

(f) Disposal of Partnership Interests. The REIT will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any of its partnership interests in Borrower.

(g) Maximum Ownership Interests. No Person or group of Persons (within the meaning of Section 13 or 14 of the Securities Exchange Act) (other than Samuel Zell) shall beneficially acquire ownership (within the meaning of Rule l3d-3 promulgated by the Commission under such Act), directly or indirectly, of more than fifteen percent (15%) of the Securities which have the right to elect the board of directors of the REIT under ordinary circumstances on a combined basis, after giving effect to the conversion of any Convertible Securities in the REIT and Borrower.

ARTICLE VIII

FINANCIAL COVENANTS

Borrower covenants and agrees that, on and after the date of this Agreement and until payment in full of all the Obligations, the expiration of all Commitments and the termination of this Agreement:

8.01 Total Liabilities to Gross Asset Value. Borrower shall not permit the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries to exceed 0.6:1.

8.02 Secured Debt to Gross Asset Value. Borrower shall not permit the ratio of Secured Debt to the sum of Gross Asset Values for Borrower and each of its Subsidiaries to exceed 0.4:1.

8.03 EBITDA to Interest Expense Ratio. Borrower shall not permit the ratio of EBITDA for any Fiscal Quarter to Interest Expense for such Fiscal Quarter to be less than 2.0:1.

8.04 EBITDA to Fixed Charges Ratio. Borrower shall not permit the ratio of EBITDA for any Fiscal Quarter to Fixed Charges for such Fiscal Quarter to be less than 1.75:1.

8.05 Unencumbered Net Operating Income to Unsecured Interest Expense. Borrower shall not permit the ratio of Unencumbered Net Operating Income for any Fiscal Quarter to Unsecured Interest Expense for such Fiscal Quarter to be less than 1.80:1.

8.06 Unencumbered Pool. Borrower shall not permit the ratio of (a) the sum of (i) the Unencumbered Asset Value and (ii) the fair market value of cash and Cash Equivalents owned by Borrower and subject to no Lien in excess of $10,000,000 to (b) outstanding Unsecured Debt to be less than 1.80:1.

8.07 Minimum Net Worth. Borrower will maintain a Net Worth of not less than Two Hundred Fifty-Eight Million Three Hundred Seventeen Thousand One Hundred Dollars ($258,317,100) plus ninety percent (90%) of all Net Offering Proceeds received by the REIT or Borrower after September 30, 1996.

8.08 Permitted Holdings. Borrower's primary business will be the ownership, operation and development of manufactured home communities and any other business activities of Borrower and its Subsidiaries will remain incidental thereto. Notwithstanding the foregoing, Borrower and its Subsidiaries may acquire, maintain or engage in the following "Permitted Holdings" if and so long as (i) the aggregate value of such Permitted Holdings, whether held directly or indirectly by Borrower and its Subsidiaries, does not exceed, at any time, twenty percent (20%) of Gross Asset Value for Borrower as a whole and (ii) the value of each such Permitted Holding, whether held directly or indirectly by Borrower and its Subsidiaries, does not exceed, at any time, the following percentages of Borrower's Gross Asset Value:

Permitted Holdings	Maximum Percentage of Gross Asset Value
Non-Manufactured Home Community Property (other than cash or Cash Equivalents)	10%
Land	5%
Securities issued by real estate investment trusts primarily engaged in the development, ownership and management of manufactured home communities	5%
Manufactured Home Community Mortgages other than mortgage indebtedness which is either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or accounted for as investments in real estate under GAAP	10%
Manufacturing Home Community Partnership Interests other than Controlled Partnership Interests	10%
Development Activity	10%

For purposes of calculating the foregoing percentages the value of each category shall be calculated in the manner that Gross Asset Value is determined; provided, however, that the Gross Asset Value for Land and Securities shall be equal to the lesser of (a) acquisition cost thereof

or (b) the current market value thereof (such market value to be determined in a manner reasonably acceptable to Agent); provided, further, that the Gross Asset Value of Development Activity shall be determined in accordance with GAAP.

8.09 Calculation. Each of the foregoing ratios and financial requirements shall be calculated as of the last day of each Fiscal Quarter, but shall be satisfied at all times.

ARTICLE IX

EVENTS OF DEFAULT; RIGHTS AND REMEDIES

9.01 Events of Default. Each of the following occurrences shall constitute an Event of Default under this Agreement:

(a) Failure to Make Payments When Due. (i) The failure to pay in full any amount due on the Termination Date; (ii) the failure to pay in full any principal when due; (iii) the failure to pay in full any interest owing hereunder or under any of the other Loan Documents within ten (10) days after the due date thereof and, unless Agent has previously delivered two (2) or more notices of payment default to Borrower during the term of this Agreement (in which event the following notice shall not be required), Agent shall have given Borrower written notice that Agent has not received such payment on or before the date such payment was required to be made and Borrower shall have failed to make such payment within five (5) days after receipt of such notice; or (iv) the failure to pay in full any other payment required hereunder or under any of the other Loan Documents, whether such payment is required to be made to Agent or to some other Person, within ten (10) days after Agent gives Borrower written notice that such payment is due and unpaid.

(b) Dividends. Borrower or the REIT shall breach the covenant set forth in Section 7.01 (d).

(c) Breach of Financial Covenants. Borrower shall fail to satisfy any covenant set forth in Article VIII and such failure shall continue for forty (40) days after Borrower's knowledge thereof.

(d) Other Defaults. Borrower, the REIT or any Agreement Party shall fail duly and punctually to perform or observe any agreement, covenant or obligation binding on Borrower, the REIT or any Agreement Party under this Agreement or under any of the other Loan Documents (other than as described in Section 6.01(e) or Sections 9.01(a), (b), (c), (e), or (p)), and such failure shall continue for thirty (30) days after written notice from Agent to Borrower, the REIT or any Agreement Party (or (i) such lesser period of time as is mandated by applicable Requirements of Law or (ii) such longer period of time (but in no case more than ninety (90) days) as is reasonably required to cure such failure if Borrower, the REIT, or such Agreement Party commences such cure within such thirty (30) days and diligently pursues the completion thereof).

(e) Breach of Representation or Warranty. Any representation or warranty made or deemed made by Borrower, the REIT or any Agreement Party to Agent or any Lender herein or in any of the other Loan Documents or in any statement, certificate or financial statements at any time given by Borrower pursuant to any of the Loan Documents shall be false or misleading in any material respect on the date as of which made and, with respect to such representations or warranties not known by Borrower at the time made or deemed made to be false or misleading, the defect causing such representation or warranty to be false or misleading is not removed within thirty (30) days after the written notice thereof from Agent to Borrower.

(f) Default as to Other Indebtedness. Borrower, the REIT, any Subsidiary or any Investment Affiliate shall have defaulted under any Other Indebtedness of such party (other than Non-Recourse Indebtedness) and as a result thereof the holders of such Other Indebtedness shall have accelerated such Other Indebtedness (other than Non-Recourse Indebtedness), if the aggregate amount of such accelerated Other Indebtedness (to the extent of any recourse to Borrower, the REIT or any Material Subsidiary), together with the aggregate amount of any Other Indebtedness (other than Non-Recourse Indebtedness) of Borrower, the REIT, any Subsidiary or any Investment Affiliate which has theretofore been accelerated (to the extent of any recourse to Borrower, the REIT or any Material Subsidiary) is $10,000,000 or more.

(g) Involuntary Bankruptcy; Appointment of Receiver, etc.

(i) An involuntary case or other proceeding shall be commenced against the REIT, Borrower, any Subsidiary, or any Agreement Party and the petition shall not be dismissed within sixty (60) days after commencement of the case, or a court having jurisdiction shall enter a decree or order for relief in respect of the REIT, Borrower, any Subsidiary, or any Agreement Party, as the case may be, in an involuntary case or other proceeding, under any applicable bankruptcy, insolvency or other similar law now or hereinafter in effect; or any other similar relief shall be granted under any applicable federal, state or foreign law; or

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Borrower, the REIT, any Subsidiary, or any Agreement Party, or over all or a substantial part of the property of the REIT, Borrower, any Subsidiary, or any Agreement Party shall be entered, or an interim receiver, trustee or other custodian of the REIT, Borrower, any Subsidiary, or any Agreement Party, or of all or a substantial part of the property of the REIT, Borrower, any Subsidiary, or any Agreement Party shall be appointed or a warrant of attachment, execution or similar process against any substantial part of the property of the REIT, Borrower, any Subsidiary, or any Agreement Party shall be issued and any such event shall not be stayed, vacated, dismissed, bonded or discharged within sixty (60) days of entry, appointment or issuance.

(h) Voluntary Bankruptcy, Appointment of Receiver, Etc. The REIT, Borrower, any Subsidiary, or any Agreement Party shall have an order for relief entered with respect to it or commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking of possession by a receiver, trustee or other custodian for all or a substantial part of its property; the REIT, Borrower, any Subsidiary, or any Agreement Party shall make any assignment for the benefit of creditors or shall be unable or fail, or admit in writing its inability, to pay its debts as such debts become due; or the general partner(s) or Board of Directors (or any committee thereof), as applicable, of the REIT, Borrower, any Subsidiary, or any Agreement Party adopts any resolution or otherwise authorizes any action to approve any of the foregoing.

(i) Judgments and Attachments. (i) Any money judgments (other than a money judgment covered by insurance but only if the insurer has admitted liability with respect to such money judgment), writs or warrants of attachment, or similar processes involving an aggregate amount in excess of $5,000,000 shall be entered or filed against the REIT, Borrower, any Subsidiary, or any Agreement Party or their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days, or (ii) any judgment or order of any court or administrative agency awarding material damages shall be entered against the REIT, Borrower, any Subsidiary, or any Agreement Party in any action under the Federal securities laws seeking rescission of the purchase or sale of, or for damages arising from the purchase or sale of, any Securities, such judgment or order shall have become final after exhaustion of all available appellate remedies and such judgment or order would have a Material Adverse Effect.

(j) Dissolution. Any order, judgment or decree shall be entered against the REIT, Borrower, or any Agreement Party decreeing its involuntary dissolution or split up and such order shall remain undischarged and unstayed for a period in excess of thirty (30) days; or the REIT, Borrower, or any Agreement Party shall otherwise dissolve or cease to exist.

(k) Loan Documents. Any Loan Document shall cease to be in full force and effect for any reason or any guarantor under any guaranty of all or any portion of the Obligations shall at any time disavow or deny liability under such guaranty in writing.

(l) ERISA Plan Assets. Any assets of Borrower, the REIT or any Agreement Party shall constitute "assets" (within the meaning of 29 C.F.R. ss. 2510.3-101 or any successor regulation thereto) of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code or Borrower, the REIT or any Agreement Party shall be an "employee benefit plan" as defined in Section 3(3) of ERISA, a "multiemployer plan" as defined in Sections 4001(a)(3) or 3(37) of ERISA, or a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code.

(m) ERISA Prohibited Transaction. The Obligations, any of the Loan Documents or the exercise of any of the Agent's or Lenders' rights in connection therewith shall constitute a prohibited transaction under ERISA and/or the Internal Revenue Code (which is not exempt from the restrictions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code and the taxes and penalties imposed by Section 4975 of the Internal Revenue Code and Section 502(i) of ERISA).

(n) ERISA Liabilities. (i) Any Termination Event occurs which will or is reasonably likely to subject Borrower, the REIT, any Material Subsidiary, any Agreement Party, any ERISA Affiliate thereof or any of them to a liability which Agent reasonably determines will have a Material Adverse Effect, (ii) the plan administrator of any Benefit Plan applies for approval under Section 412(d) of the Internal Revenue Code for a waiver of the minimum funding standards of Section 412(a) of the Internal Revenue Code and Agent reasonably determines that the business hardship upon which the Section 412(d) waiver request was based will or would reasonably be anticipated to subject Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them to a liability which Agent reasonably determines will have a Material Adverse Effect; (iii) any Benefit Plan shall incur an "accumulated funding deficiency" (as defined in Section 412 of the Internal Revenue Code or Section 302 of ERISA) for which a waiver shall not have been obtained in accordance with the applicable provisions of the Internal Revenue Code or ERISA which "accumulated funding deficiency" will or would reasonably be anticipated to subject Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them to a liability which the Agent reasonably determines will have a Material Adverse Effect; (iv) Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them shall have engaged in a transaction which is prohibited under Section 4975 of the Internal Revenue Code or Section 406 of ERISA which will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect; (v) Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them shall fail to pay when due an amount which it shall have become liable to pay to the PBGC, a Plan or a trust established under Title IV of ERISA which failure will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect; (vi) a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that a Benefit Plan must be terminated or have a trustee appointed to administer such Plan which condition will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect; (vii) a Lien shall be imposed on any assets of Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them in favor of the PBGC or a Plan which the Agent reasonably determines will have a Material Adverse Effect; (viii) Borrower, the REIT, any Material Subsidiary, any

Agreement Party, or any ERISA Affiliate thereof or any of them shall suffer a partial or complete withdrawal from a Multiemployer Plan or shall be in "default" (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan resulting from a complete or partial withdrawal (as described in Section 4203 or 4205 of ERISA) from such Multiemployer Plan which will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect; or (ix) a proceeding shall be instituted by a fiduciary of any Multiemployer Plan against Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them to enforce Section 515 of ERISA which will or would reasonably be anticipated to result in the imposition of a liability on Borrower, the REIT, any Material Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Agent reasonably determines will have a Material Adverse Effect.

(o) Solvency. Borrower, any Agreement Party or the REIT shall cease to be Solvent.

(p) Board of Directors. During any 12-month period, individuals who were directors of the REIT on the first day of such period shall not constitute a majority of the board of directors of the REIT.

(q) Revolving Credit Agreement. An "Event of Default" shall have occurred under the Revolving Credit Agreement.

An Event of Default shall be deemed "continuing" until cured or waived in writing in accordance with Section 11.05.

9.02 Rights and Remedies.

(a) Acceleration. Upon the occurrence of any Event of Default with respect to Borrower described in the foregoing Section 9.01(g) or 9.01(h), the unpaid principal amount of and any and all accrued interest on the Loan and all of the other Obligations shall automatically become immediately due and payable, with all additional interest from time to time accrued thereon and without presentment, demand or protest or other requirements of any kind (including without limitation diligence, presentment, notice of intent to demand or accelerate or notice of acceleration), all of which are hereby expressly waived by Borrower, and the obligations of Lenders to make, continue or convert any Loan hereunder shall thereupon terminate; and upon the occurrence and during the continuance of any other Event of Default, Agent shall, at the request of, or may, with the consent of, Requisite Lenders, by written notice to Borrower, declare the unpaid principal amount of and any and all accrued and unpaid interest on the Loan and all of the other Obligations to be, and the same shall thereupon be, immediately due and payable with all additional interest from time to time accrued thereon and without presentment, demand, or protest or other requirements of any kind (including without limitation diligence, presentment, notice of intent to demand or accelerate and of acceleration), all of which are hereby expressly

waived by Borrower. Upon the occurrence of and during the continuance of an Event of Default, no Agreement Party shall be permitted to make any distributions or dividends without the prior written consent of Agent. Upon the occurrence of an Event of Default or an acceleration of the Obligations, Agent and Lenders may exercise all or any portion of the rights and remedies set forth in the Loan Documents.

(b) Access to Information. Notwithstanding anything to the contrary contained in the Loan Documents, upon the occurrence of and during the continuance of an Event of Default, Agent shall be entitled to request and receive, by or through Borrower or appropriate legal process, any and all information concerning the REIT, Borrower, any Subsidiary of Borrower, any Investment Affiliate, any Agreement Party, or any property of any of them, which is reasonably available to or obtainable by Borrower.

(c) Waiver of Demand. Demand, presentment, protest and notice of nonpayment are hereby waived by Borrower.

(d) Waivers, Amendments and Remedies. No delay or omission of Agent or Lenders to exercise any right under any Loan Document shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein, and any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in a writing signed by Agent after obtaining written approval thereof or the signature thereon of those Lenders required to approve such waiver, amendment or other variation, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to Agent and Lenders until the Obligations have been paid in full, the Commitments have expired or terminated and this Agreement has been terminated.

9.03 Rescission. If at any time after acceleration of the maturity of the Loan, Borrower shall pay all arrears of interest and all payments on account of principal of the Loan which shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified in this Agreement) and all Events of Default and Unmatured Events of Default (other than nonpayment of principal of and accrued interest on the Loan due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Section 11.05, then by written notice to Borrower, Requisite Lenders may elect, in the sole discretion of Requisite Lenders to rescind and annul the acceleration and its consequences; but such action shall not affect any subsequent Event of Default or Unmatured Event of Default or impair any right or remedy in connection therewith. The provisions of the preceding sentence are intended merely to bind Lenders to a decision which may be made at the election of Requisite Lenders; they are not intended to benefit Borrower and do not give Borrower the right to require Lenders to rescind or annul any acceleration hereunder, even if the conditions set forth herein are met.

ARTICLE X

AGENCY PROVISIONS

10.01 Appointment.

(a) Each Lender hereby designates and appoints Wells Fargo as Agent of such Lender under this Agreement and the Loan Documents, and each Lender hereby irrevocably authorizes Agent to take such action on its behalf under the provisions of this Agreement and the Loan Documents and to exercise such powers as are set forth herein or therein, together with such other powers as are reasonably incidental thereto. Agent agrees to act as such on the express conditions contained in this Article X.

(b) The provisions of this Article X are solely for the benefit of Agent and Lenders, and Borrower shall not have any rights to rely on or enforce any of the provisions hereof. In performing its functions and duties under this Agreement, Agent shall act solely as Agent of Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for Borrower.

10.02 Nature of Duties. Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement or in the Loan Documents. The duties of Agent shall be administrative in nature. Subject to the provisions of Sections 10.05 and 10.07, Agent shall administer the Loan in the same manner as it administers its own loan. Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any of the Loan Documents, expressed or implied, is intended or shall be construed to impose upon Agent any obligation in respect of this Agreement or any of the Loan Documents except as expressly set forth herein or therein. Each Lender shall make its own independent investigation of the financial condition and affairs of the REIT, Borrower, the Subsidiaries, the Investment Affiliates, and each Agreement Party in connection with the making and the continuance of the Loan hereunder and shall make its own assessment of the creditworthiness of the REIT, Borrower, the Subsidiaries, the Investment Affiliates, and each Agreement Party, and except as specifically provided herein, Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the Closing Date or at any time or times thereafter.

10.03 Loan Continuation/Conversion.

(a) Promptly after receipt of a Notice of Continuation/Conversion, but in no event later than two (2) Business Days prior to the proposed Continuation/Conversion Date for the continuation of a LIBOR Loan or the conversion of a Base Rate Loan into a LIBOR Loan, Agent shall notify by telecopy, each Lender of the proposed continuation or conversion and the Continuation/Conversion Date set forth therein. Each Lender shall make available to Agent (or the funding bank or entity designated by Agent), the amount of such Lender's Pro Rata Share of

the Loan Increase in immediately available funds not later the time designated in Section 10.03(b). Unless Agent shall have been notified by any Lender prior to such time for funding in respect of the Loan Increase that such Lender does not intend to make available to Agent such Lender's Pro Rata Share of the Loan Increase, Agent may assume that such Lender had made such amount available to Agent and Agent, in its sole discretion, may, but shall not be obligated to, make available to Borrower a corresponding amount. If such corresponding amount is not in fact made available to Agent by such Lender on or prior to the Closing Date, such lender agrees to pay to Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to Borrower until the date such amount is paid or repaid to Agent, at the Federal Funds Rate. If such Lender shall pay to Agent such corresponding amount, such amount so paid shall constitute such Lender's Pro Rata Share of the Loan Increase. If such Lender shall not pay to Agent such corresponding amount after reasonable attempts are made by Agent to collect such amounts from such Lender, Borrower agrees to repay to Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to Borrower until the date such amount is repaid to Agent, at the interest rate applicable thereto.

(b) Each Lender shall make the amount of its Pro Rata Share of the Loan Increase available to Agent in Dollars and in immediately available funds, to such bank and account, in El Segundo, California as Agent may designate, not later than 9:00 A.M. (California time) on the Closing Date. Nothing in this Section 10.03(b) shall be deemed to relieve any Lender of its obligation hereunder to deliver its Pro Rata Share of the Loan Increase on the Closing Date, nor shall any Lender be responsible for the failure of any other Lender to perform its obligations to deliver its Pro Rata Share of the Loan Increase hereunder, and the Commitment of any Lender shall not be increased or decreased as a result of the failure by any other Lender to perform its obligation to deliver Pro Rata Share of the Loan Increase are required by this Section 10.03.

10.04 Distribution and Apportionment of Payments. Payments actually received by Agent for the account of Lenders shall be paid to them promptly after receipt thereof by Agent, but in any event prior to 3:00 P.M. (California time) on the day of receipt (if received by 11:00 A.M. (California time) on such day), or within one (1) Business Day thereafter (if received after 11:00 A.M. (California time) on the day of receipt), provided that Agent shall pay to such Lenders interest thereon at the Federal Funds Rate from the Business Day on which such funds are required to be paid to Lenders by Agent until such funds are actually paid in immediately available funds to such Lenders. All payments of principal and interest in respect of the outstanding Loan, all payments of the fees described in this Agreement (other than agency and arrangement fees described in Section 2.04(b)), and all payments in respect of any other Obligations shall be allocated among such of Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein. Agent shall promptly, but in any event within two (2) Business Days (with interest thereon, if required pursuant to this Section 11.04(a)), distribute to each Lender at its primary address set forth on the appropriate counterpart signature page hereof or on the Assignment and Assumption, or at such other address as a Lender may request in writing, such funds as it may be entitled to receive, provided that

Agent shall in any event not be bound to inquire into or determine the validity, scope or priority of any interest or entitlement of any Lender and may suspend all payments and seek appropriate relief (including without limitation instructions from Requisite Lenders, or all Lenders, as applicable, or an action in the nature of interpleader) in the event of any doubt or dispute as to any apportionment or distribution contemplated hereby. The order of priority herein is set forth solely to determine the rights and priorities of Lenders as among themselves and may at any time or from time to time be changed by Lenders as they may elect, in writing in accordance with Section 11.05, without necessity of notice to or consent of or approval by Borrower or any other Person.

10.05 Rights, Exculpation, Etc. Neither agent, any Affiliate of Agent, nor any of their respective officers, directors, employees, agents, attorneys or consultants, shall be liable to any Lender for any action taken or omitted by them hereunder or under any of the Loan Documents, or in connection herewith or therewith, except that Agent shall be liable for its gross negligence or willful misconduct in the performance of its express obligations hereunder. In the absence of gross negligence or willful misconduct, Agent shall not be liable for any apportionment or distribution of payments made by it in good faith pursuant to Section 10.04, and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Person to whom payment was due, but not made, shall be to recover from the recipients of such payments any payment in excess of the amount to which they are determined to have been entitled. Agent shall not be responsible to any Lender for any recitals, statements, representations or warranties herein or for the execution, effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement, or any of the other Loan Documents, or any of the transactions contemplated hereby and thereby; or for the financial condition of the REIT, Borrower, any Subsidiary, any Investment Affiliate, or any Agreement Party. Agent shall not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any of the Loan Documents or the financial condition of the REIT, Borrower, any Subsidiary, any Investment Affiliate, or any Agreement Party, or the existence or possible existence of any Unmatured Event of Default or Event of Default. Agent may at any time request instructions from Lenders with respect to any actions or approvals which, by the terms of this Agreement or of any of the Loan Documents, Agent is permitted or required to take or to grant without instructions from any Lenders, and if such instructions are promptly requested, Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from taking any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from Requisite Lenders or Supermajority Lenders, as the case may be. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of Requisite Lenders, Supermajority Lenders or, where applicable, all Lenders. Agent shall promptly notify each Lender at any time that the Requisite Lenders or Supermajority Lenders, as the case may be, have instructed Agent to act or refrain from acting pursuant hereto.

10.06 Reliance. Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents, telecopies or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person and with respect to all matters pertaining to this Agreement or any of the Loan Documents and its duties hereunder or thereunder, upon advice of legal counsel (including counsel for Borrower), independent public accountant and other experts selected by it.

10.07 Indemnification. To the extent that Agent is not reimbursed and indemnified by Borrower, Lenders will reimburse, within ten (10) days after notice from Agent, and indemnify Agent for and against any and all Liabilities and Costs which may be imposed on, incurred by, or asserted against Agent (in its capacity as Agent) in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by Agent(in its capacity as Agent) under this Agreement or any of the other Loan Documents, in proportion to each Lender's Pro Rata Share, provided that no Lender shall be liable for any portion of such Liabilities and Costs resulting from Agent's gross negligence or willful misconduct, bad faith or fraud. The obligations of Lenders under this Section 10.07 shall survive the payment in full of all Obligations and the termination of this Agreement. In the event that after payment and distribution of any amount by Agent to Lenders, any Lender or third party, including Borrower, any creditor of Borrower or a trustee in bankruptcy, recovers from Agent any amount found to have been wrongfully paid to Agent or disbursed by Agent to Lenders, then Lenders, in proportion to their respective Pro Rata Shares, shall reimburse Agent for all such amounts. Notwithstanding the foregoing, Agent shall not be obligated to advance Liabilities and Costs and may require the deposit by each Lender of its Pro Rata Share of any material Liabilities and Costs anticipated by Agent before they are incurred or made payable.

10.08 Agent Individually. With respect to its Pro Rata Share of the Commitments hereunder and its Pro Rata share of the Loan, Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender. The terms "Lenders", "Requisite Lenders", "Supermajority Lenders", or any similar terms may include Agent in its individual capacity as a Lender, one of the Requisite Lenders or one of the Supermajority Lenders, but Requisite Lenders and Supermajority Lenders shall not include Agent solely in its capacity as Agent and need not necessarily include Agent in its capacity as a Lender. Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with Borrower or any of its Subsidiaries or Affiliates as if it were not acting as Agent pursuant hereto.

10.09 Successor Agent; Resignation of Agent; Removal of Agent.

(a) Agent may resign from the performance of all its functions and duties hereunder at any time by giving at least thirty (30) Business Days prior written notice to Lenders and Borrower. For good cause, by a determination of all the Lenders (excluding for such determination the Agent in its capacity as a Lender), the Agent may be removed at any time by

giving at least thirty (30) Business Days prior written notice to Agent and Borrower. Such resignation or removal shall take effect upon the acceptance by a successor Agent of appointment pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation by or removal of Agent. Requisite Lenders shall appoint a successor Agent with the consent of Borrower, which shall not be unreasonably withheld or delayed (and which approval from Borrower shall not be required upon the occurrence and during the continuance of an Event of Default). Any successor Agent must be a bank (i) the senior debt obligations of which (or such Bank's parent's senior debt obligations) are rated not less than Baa-1 by Moody's or a comparable rating by a rating agency acceptable to Requisite Lenders, (ii) which has total assets in excess of Ten Billion Dollars ($10,000,000,000) and (iii) which is a Lender as of the date of such succession holding a Commitment without participants equal to at least ten percent (10%) of the Facility. Agent hereby agrees to remit to any successor Agent, a pro rata portion of any annual agent's fee received by Agent, in advance, for the one-year period covered by such agent's fee based upon the portion of such year then remaining.

(c) If a successor Agent shall not have been so appointed within said thirty (30) Business Day period, the retiring or removed Agent, with the consent of Borrower, which may not be unreasonably withheld or delayed (and which approval from Borrower shall not be required upon the occurrence and during the continuance of an Event of Default), shall then appoint a successor Agent who shall meet the requirements described in subsection (b) above and who shall serve as Agent until such time, if any, as Requisite Lenders, with the consent of Borrower, which may not be unreasonably withheld or delayed (and which approval from Borrower shall not be required upon the occurrence and during the continuance of an Event of Default), appoint a successor Agent as provided above.

10.10 Consents and Approvals.

(a) Each Lender authorizes and directs Agent to enter into the Loan Documents other than this Agreement for the benefit of Lenders. Each Lender agrees that any action taken by Agent at the direction or with the consent of Requisite Lenders or the Supermajority Lenders and any action taken by Agent not requiring consent by Requisite Lenders, Supermajority Lenders, or all Lenders in accordance with the provisions of this Agreement or any Loan Document, and the exercise by Agent at the direction or with the consent of Requisite Lenders or the Supermajority Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all Lenders, except for actions specifically requiring the approval of all Lenders. All communications from Agent to Lenders requesting Lenders determination, consent, approval or disapproval (i) shall be given in the form of a written notice to each Lender, (ii) shall be accompanied by a description of the matter or item as to which such determination, approval, consent or disapproval is requested. or shall advise each Lender where such matter or item may be inspected, or shall otherwise describe the matter or issue to be resolved. (iii) shall include, if reasonably requested by a Lender

and to the extent not previously provided to such Lender, written materials and a summary of all oral information provided to Agent by Borrower in respect of the matter or issue to be resolved, and (iv) shall include Agent's recommended course of action or determination in respect thereof. Each Lender shall reply promptly, but in any event within fifteen (15) Business Days after receipt of the request therefor from Agent (the "Lender Reply Period"). Unless a Lender shall give written notice to Agent that it objects to the recommendation or determination of Agent (together with a written explanation of the reasons behind such objection) within the Lender Reply Period, such Lender shall be deemed to have approved of or consented to such recommendation or determination. With respect to decisions requiring the approval of Requisite Lenders, Supermajority Lenders or all Lenders, Agent shall submit its recommendation or determination for approval of or consent to such recommendation or determination to all Lenders and upon receiving the required approval or consent shall follow the course of action or determination recommended to Lenders by Agent or such other course of action recommended by Requisite Lenders or Supermajority Lenders, as the case may be, and each non-responding Lender shall be deemed to have concurred with such recommended course of action. The following amendments, modifications or waivers shall require the consent of the Requisite Lenders:

(i) Waiver of Sections 7.01(h) or 7.02(e),

(ii) Acceleration following an Event of Default pursuant to Section 9.02(a) (except for any Event of Default pursuant to Sections 9.01(g) or 9.01(h) or rescission of such acceleration pursuant to Section 9.03;

(iii) Approval of the exercise of remedies requiring the consent of the Requisite Lenders under Section 9.02(a);

(iv) Appointment of a successor Agent in accordance with Sections 10.09(b) and (c); or

(v) Disapproval of any Property as a Qualifying Unencumbered Property.

(b) The consent of the Supermajority Lenders shall be required to amend or modify Sections 8.01, 8.02, 8.03, 8.04, 8.05, 8.06, 8.07 or 9.01(a) or to waive any requirement thereof or to amend or modify this Section 10.10(b).

(c) In addition to the required consents or approvals referred to in Section 11.05, Agent may at any time request instructions from Requisite Lenders with respect to any actions or approvals which, by the terms of this Agreement or of any of the Loan Documents, Agent is permitted or required to take or to grant without instructions from any Lenders, and if such instructions are promptly requested, Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from taking any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from Requisite Lenders. Without

limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement, any of the other Loan Documents in accordance with the instructions of Requisite Lenders or, where applicable, Supermajority Lenders or all Lenders. Agent shall promptly notify each Lender at any time that the Requisite Lenders or Supermajority Lenders have instructed Agent to act or refrain from acting pursuant hereto.

10.11 Assignments and Participations.

(a) Subject to the provisions of Section 10.11(j) after first obtaining the approval of Agent and Borrower, which approval will not be unreasonably withheld (and which approval from Borrower shall not be required upon the occurrence and during the continuance of an Event of Default), each Lender may assign to one or more banks, finance companies, insurance or other financial institutions all or a portion of its rights and obligations under this Agreement in accordance with the provisions of this Section (including without limitation all or a portion of its Commitment and the portion of the Loan owing to it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of the assigning Lender's rights and obligations under this Agreement and the assignment shall cover the same percentage of such Lender's Commitment and the portion of the Loan owing to it, (ii) unless Agent and Borrower otherwise consent (which consent of Borrower shall not be required upon the occurrence and during the continuance of an Event of Default), the aggregate amount of the Commitment of the assigning Lender being assigned to a Person that is not already a Lender hereunder pursuant to each such assignment (determined as of the date of the Assignment and Assumption with respect to such assignment) shall in no event be less than Ten Million Dollars ($10,000,000) and shall be an integral multiple of One Million Dollars ($1,000,000), (iii) the parties to each such assignment shall execute and deliver to Agent, for its approval and acceptance, an Assignment and Assumption and (iv) Agent shall receive from the assignor or assignors for its sole account a processing fee of Three Thousand Dollars ($3,000). Without restricting the right of agent or Borrower to reasonably object to any bank, finance company, insurance or other financial institution becoming an assignee of an interest of a Lender hereunder, each proposed assignee must be an existing Lender or a bank, finance company, insurance or other financial institution which (i) has (or, in the case of a bank which is a subsidiary, such bank's parent has) a rating of its senior debt obligations of not less than Baa-1 by Moody's or a comparable rating by a rating agency acceptable to Agent and (ii) has total assets in excess of Ten Billion Dollars ($10,000,000,000). Upon such execution, delivery, approval and acceptance, and upon the effective date specified in the applicable Assignment and Assumption. (A) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been validly and effectively assigned to it pursuant to such Assignment and Assumption, have the rights and obligations of a Lender hereunder and (B) the Lender-assignor thereunder shall, to the extent that rights and obligations hereunder have been validly and effectively assigned by it pursuant to such Assignment and Assumption, relinquish its rights and be released from its obligations under this Agreement.

(b) By executing and delivering an Assignment and Assumption, the Lender-assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Assumption, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the REIT, Borrower, any Subsidiary, any Investment Affiliate, or any Agreement Party or the performance or observance by the REIT, Borrower, any Subsidiary, any Investment Affiliate, or any Agreement Party of any of their respective obligations under any Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Article V or delivered pursuant to Article V to the date of such assignment and such other Loan Documents and other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (iv) such assignee will, independently and without reliance upon Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes Agent to take such action as Agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) Agent shall maintain at its address referred to on the counterpart signature pages hereof a copy of each Assignment and Assumption delivered to and accepted by it and shall record the names and addresses of each lender and the Commitment of, and principal amount of the Loan owing to, such Lender from time to time. Borrower, Agent and Lenders may treat each Person whose name is so recorded as a Lender hereunder for all purposes of this Agreement.

(d) Upon its receipt of an Assignment and Assumption executed by an assigning Lender and an assignee, Agent shall, if such Assignment and Assumption has been properly completed and is in substantially the form of Exhibit A, (i) accept such Assignment and Assumption, (ii) record the information contained therein and (iii) give prompt notice thereof to Borrower. Upon request, Borrower will execute and deliver to Agent an appropriate replacement promissory note or replacement promissory notes in favor of each assignee (and assignor, if such assignor is retaining a portion of its Commitment and the Loan) reflecting such assignee's (and assignor is retaining a portion of its Commitment and the Loan) reflecting such assignee's (and assignor's) Pro Rata Share(s) of the Facility. Upon execution and delivery of such replacement

promissory notes, the original promissory note or notes evidencing all or a portion of the Commitment and the Loan being assigned shall be canceled and returned to Borrower.

(e) Subject to the provisions of Section 10.11(j), each Lender may sell participations to one or more banks, finance companies, insurance or other financial institutions in or to all or a portion of its rights and obligations under this Agreement (including without limitation all or a portion of its Commitment and the portion of the Loan owing to it); provided, however, that (i) such Lender's obligations under this Agreement (including without limitation its Commitment to Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrower, Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and with regard to any and all payments to be made under this Agreement and (iv) the holder of any such participation shall not be entitled to voting rights under this Agreement except that such Participant may have the contractual right in the applicable participation agreement to prevent (A) increases in the Facility, (B) extensions of the Termination Date and (C) decreases in the interest rates described in this Agreement.

(f) Borrower will use reasonable efforts to cooperate with Agent and Lenders in connection with the assignment of interests under this Agreement or the sale of participations herein.

(g) Anything in this Agreement to the contrary notwithstanding, and without the need to comply with any of the formal or procedural requirements of this Agreement, including Section 10.11, any Lender may at any time and from time to time pledge and assign all or any portion of its rights under all or any of the Loan Documents to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from its obligations thereunder. To facilitate any such pledge or assignment, Agent shall, at the request of such Lender, enter into a letter agreement with the Federal Reserve Bank in, or substantially in, the form of the exhibit to Appendix C to the Federal Reserve Bank of New York Operating Circular No 12.

(h) Anything in this Agreement to the contrary notwithstanding, any Lender may assign all or any portion of its rights and obligations under this Agreement to a Lender Affiliate of such Lender without first obtaining the approval of Agent and Borrower, provided that (i) such assigning Lender is not released from any obligations hereunder unless the assignee has total assets in excess of Ten Billion Dollars ($10,000,000,000), (ii) such Lender gives Agent and Borrower at least fifteen (15) days prior written notice of any such assignment; (iii) the parties to each such assignment execute and deliver to Agent an Assignment and Assumption, and (iv) Agent receives from assignor for its sole account a processing fee of Three Thousand Dollars ($3,000).

(i) No Lender shall be permitted to assign or sell all or any of its rights and obligations under this Agreement to Borrower or any portion Affiliate of Borrower.

(j) Anything in this Agreement to the contrary notwithstanding, so long as no Event of Default shall have occurred and be continuing, no Lender shall be permitted to enter into an assignment of, or sell a participation interest in, its rights and obligations hereunder which would result in such Lender holding a Commitment without participants of less than Ten Million Dollars ($10,000,000). In the event Agent ceases to hold a Commitment without participants of less than ten percent (10%) of the Facility, Agent shall resign from the performance of all of its functions and duties hereunder; provided, however, that no such resignation shall be required during the continuance of an Event of Default.

(k) By its execution of this Agreement, each of the Lenders hereby assigns and sells to the other Lenders accepting the same as set forth below, without recourse, representation or warranty (except as expressly provided herein), that portion of its Existing Pro Rata Share of the Existing Loan which is in excess of its Pro Rata Share of the Existing Loan (collectively, the "Excess Loan Amount"). By execution of this Agreement, each Lender whose Pro Rata Share of the Existing Loan exceeds its Existing Pro Rata Share of the Existing Loan hereby accepts the portion of the Excess Loan Amount which is equal to the amount of such excess. Each assigning Lender hereby represents and warrants that it is the legal and beneficial owner of the interests being assigned by it in accordance with this Section 10.11 (k) and that such interests are free and clear of any adverse claim.

10.12 Ratable Sharing. Subject to Sections 10.03 and 10.04, Lenders agree among themselves that (i) with respect to all amounts received by them which are applicable to the payment of the Obligations, equitable adjustment will be made so that, in effect, all such amounts will be shared among them ratably in accordance with their Pro Rata Shares, whether received by voluntary payment, by the exercise of the right of set-off or banker's lien, by counterclaim or cross action or by the enforcement of any or all of the Obligations, (ii) if any of them shall by voluntary payment or by the exercise of any right of counterclaim, set-off, banker's lien or otherwise, receive payment of a proportion of the aggregate amount of the Obligations held by it which is greater than its Pro Rata Share of the payments on account of the Obligations, the one receiving such excess payment shall purchase, without recourse or warranty, an undivided interest and participation (which it shall be deemed to have done simultaneously upon the receipt of such payment) in such Obligations owed to the others so that all such recoveries with respect to such Obligations shall be applied ratably in accordance with their Pro Rata Shares; provided, that if all or part of such excess payment received by the purchasing party is thereafter recovered from it, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to that party to the extent necessary to adjust for such recovery, but without interest except to the extent the purchasing party is required to pay interest in connection with such recovery. Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 10.12 may, to the fullest extent permitted by law, exercise all its rights of payment (including, subject to Section 11.04, the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of Borrower in the amount of such participation.

10.13 Delivery of Documents. Agent shall as soon as reasonably practicable distribute to each Lender at its primary address set forth on the appropriate counterpart signature page hereof or at such other address as a Lender may request in writing, (i) all documents to which such Lender is a party or of which such Lender is a beneficiary set forth on the Closing Checklist attached hereto as Exhibit B and (ii) all documents of which Agent receives copies from Borrower for distribution to Lenders pursuant to Sections 5.01 and 11.07. In addition, within ten (10) Business Days after receipt of a request in writing from a Lender for written information or documents provided by or prepared by Borrower, the REIT or any Agreement Party, Agent shall deliver such written information or documents to such requesting Lender if Agent has possession of such written information or documents in its capacity as Agent or as a Lender.

10.14 Notice of Events of Default. Except as expressly provided in this Section 10.14, Agent shall not be deemed to have knowledge or notice of the occurrence of any Unmatured Event of Default or Event of Default (other than nonpayment of principal of or interest on the Loan) unless Agent has received notice in writing from a Lender or Borrower referring to this Agreement or the other Loan Documents, describing such event or condition and expressly stating that such notice is a notice of an Unmatured Event of Default or Event of Default. Should Agent receive such notice of the occurrence of an Unmatured Event of Default or Event of Default, or should Agent send Borrower a notice of Unmatured Event of Default or Event of Default, Agent shall promptly give notice thereof to each Lender.

ARTICLE XI

MISCELLANEOUS

11.01 Expenses.

(a) Generally. Borrower agrees, within thirty (30) days after receipt of a written notice from the Agent, to pay or reimburse Agent for all of Agent's reasonable costs and expenses incurred by Agent at any time (whether prior to, on or after the date of this Agreement) in connection with: (A) the negotiation, preparation and execution of this Agreement and the other Loan Documents and any amendments or waivers with respect hereto requested by Borrower, including, without limitation, the reasonable fees, expenses and disbursements of Agent's outside counsel incurred in connection therewith; (B) the making of the Loan Increase and (C) the collection or enforcement by Agent of any of the Obligations, including, without limitation, reasonable attorneys' fees and costs incurred in connection therewith.

(b) After Event of Default. Borrower further agrees to pay, or reimburse Agent and Lenders, for all reasonable costs and expenses, including without limitation reasonable attorneys' fees and disbursements incurred by Agent or Lenders after the occurrence of an Event of Default (i) in enforcing any Obligation or exercising or enforcing any other right or remedy available by reason of such Event of Default; (ii) in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a

"work-out" or in any insolvency or bankruptcy proceeding; (iii) in commencing, defending or intervening in any litigation or in filing a petition, complaint, answer, motion or other pleadings in any legal proceeding relating to Borrower, the REIT or any Agreement Party and related to or arising out of the transactions contemplated hereby; (iv) in taking any other action in or with respect to any suit or proceeding (whether in bankruptcy or otherwise); or (v) attempting to enforce or enforcing any rights under the Loan Documents; provided, however, that the attorneys' fees and disbursements for which Borrower is obligated under this subsection (b) shall be limited to the reasonable non-duplicative fees and disbursements of counsel for Agent and counsel for all Lenders as a group. For purposes of this Section 11.01(b), (i) counsel for Agent shall mean a single outside law firm representing Agent plus any additional law firms providing special local law representation in connection with the enforcement of the Loan Documents, and (ii) counsel for all Lenders as a group shall mean a single outside law firm representing such Lenders as a group.

11.02 Indemnity.

(a) Generally. Borrower shall indemnify and defend Agent and each Lender and their respective affiliates, participants, officers, directors, employees and agents (each an "Indemnitee") against, and shall hold each such Indemnitee harmless from, any and all losses, damages (whether general, punitive or otherwise), liabilities, claims, causes of action (whether legal, equitable or administrative), judgments, court costs and legal or other expenses (including reasonable attorneys' fees) which such Indemnitee may suffer or incur: (i) in connection with claims made by third parties against such Indemnitee for losses or damages suffered by such third party as a result of (A) such Indemnitee's performance of this Agreement or any of the other Loan Documents, including without limitation such Indemnitee's exercise or failure to exercise any rights, remedies or powers in connection with this Agreement or any of the other Loan Documents or (B) the failure by Borrower, the REIT or any Agreement Party to perform any of their respective obligations under this Agreement or any of the other Loan Documents as and when required hereby or thereby, including without limitation any failure of any representation or warranty of Borrower, the REIT or any Agreement Party to be true and correct; (ii) in connection with any claim or cause of action of any kind by any Person to the effect that such Indemnitee is in any way responsible or liable for any act or omission by Borrower, the REIT or any Agreement Party, whether on account of any theory of derivative liability or otherwise, (iii) in connection with the past, present or future environmental condition of any Property owned by Borrower, the REIT, Subsidiary or any Agreement Party, the presence of asbestos-containing materials at any such Property, the presence of Contaminants in groundwater at any such Property, or the Release or threatened Release of any Contaminant into the environment from any such Property; or (iv) in connection with any claim or cause of action of any kind by any Person which would have the effect of denying such Indemnitee the full benefit or protection of any provision of this Agreement or any of the other Loan Documents.

(b) ERISA. Without limitation of the provisions of subsection (a) above, Borrower shall indemnify and hold each Indemnitee free and harmless from and against all loss.

costs (including reasonable attorneys' fees and expenses), expenses, taxes, and damages (including consequential damages) such Indemnitee may suffer or incur by reason of the investigation, defense and settlement of claims and in obtaining any prohibited transaction exemption under ERISA or the Internal Revenue Code necessary in such Indemnitee's reasonable judgment by reason of the inaccuracy of the representations and warranties set forth in the first paragraph of Section 4.01(s) or a breach of the provisions set forth in the last paragraph of Section 7.01(f)

(c) Exceptions; Limitations. Notwithstanding anything to the contrary set forth in this Section 11.02, Borrower shall have no obligation to any Indemnitee hereunder with respect to (i) any intentional tort, fraud or act of gross negligence or bad faith which any Indemnitee is personally determined by the judgment of a court of competent jurisdiction (sustained on appeal, if any) to have committed, (ii) any liability of such Indemnitee to any third part based upon contractual obligations of such Indemnitee owing to such third party which are not expressly set forth in the Loan Documents or (iii) violations of Environmental Laws relating to a Property which are caused by the act or omission of such Indemnitee after such Indemnitee takes possession of such Property and which would not have occurred if such Indemnitee had exercised reasonable care under the circumstances. In addition, the indemnification set forth in this Section 11.02 in favor of any officer, director, partner, employee or agent of Agent or any Lender shall be solely in their respective capacities as such officer, director, partner, employee or agent. Such indemnification in favor of any affiliate of Agent or any Lender shall be solely in its capacity as the provider of services to Agent or such Lender in connection with this Agreement, and such indemnification in favor of any participant of Agent or any Lender shall be solely in its capacity as a participant in the Commitments and the Loan.

(d) Payment: Survival. Borrower shall pay any amount owing under this Section 11.02 within thirty (30) days after written demand therefor by the applicable Indemnitee together with reasonable supporting documentation therefor. The indemnity set forth in this Section 11.02 shall survive the payment of all amounts payable pursuant to, and secured by, this Agreement and the other Loan Documents. Payment by any Indemnitee shall not be a condition precedent to the obligations of Borrower under this Section 11.02. To the extent that any indemnification obligation set forth in this Section 11.02 may be unenforceable because it is violative of any law or public policy, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of the applicable indemnified matter.

11.03 Change in Accounting Principles. Except as otherwise provided herein, if any changes in accounting principles from those used in the preparation of the most recent financial statements delivered to Agent pursuant to the terms hereof are hereinafter required or permitted by the rules, regulations, pronouncements and opinions of the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions) and are adopted by the REIT. Borrower, any Subsidiary, any Investment Affiliate, or any Agreement Party with the agreement of its independent certified

public accountants and such changes result in a change in the method of calculation of any of the financial covenants, standards or terms found herein, the parties hereto agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating the financial condition of the REIT, on a consolidated basis, shall be the same after such changes as if such changes had not been made: provided however, that no change in GAAP that would affect the method of calculation of an), of the financial covenants, standards or terms shall be given effect in such calculations until such provisions are amended, in a manner satisfactory to Agent and all Lenders, to so reflect such change in accounting principles.

11.04 Setoff. In addition to any Liens granted to Agent and any rights now or hereafter granted under applicable law and not by way of limitation of any such Lien or rights, upon the occurrence and during the continuance of any Event of Default, Agent and each Lender are hereby authorized by Borrower at any time or from time to time, with concurrent notice to Borrower, or to any other Person (any such notice being hereby expressly waived) to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured but not including trust accounts) and any other indebtedness at any time held or owing by Agent or such Lender solely to or for the credit or the account of Borrower against and on account of the Obligations of Borrower to Agent or such Lender including but not limited to the Loan and all claims of any nature or description arising out of or connected with this Agreement or any of the other Loan Documents, irrespective of whether or not (a) Agent or such Lender shall have made any demand hereunder or (b) Agent shall have declared the principal of and interest on the Loan and other amounts due hereunder to be due and payable as permitted by Article X and although said obligations and liabilities, or any of them, may be contingent or unmatured.

11.05 Amendments and Waivers. No amendment or modification of any provision of this Agreement shall be effective without the written agreement of Requisite Lenders (after notice to all Lenders) as provided in Section 10.10(a) and Borrower (provided that the agreement of Requisite Lenders shall not be required for amendments or modifications that are purely of a clerical nature or that correct a manifest error), and no termination or waiver of any such provision of this Agreement (including without limitation any waiver of an Event of Default which does not specifically require the consent of all Lenders), or consent to any departure by Borrower therefrom, shall in any event be effective without the written concurrence of Requisite Lenders (after notice to all Lenders) as provided in Section 10.10(a), which Requisite Lenders shall have the right to grant or withhold at their sole discretion, except that the amendments, modifications or waivers specified in Section 10.10(b) shall require the consent of the Supermajority Lenders and the following amendments, modifications or waivers shall require the consent of all Lenders (other than Section 11.05(i) which shall require the consent of all Lenders other than Agent):

(a) Increasing the Facility:

(b) Changing the principal amount or final maturity of the Loan;

(c) Reducing or increasing the interest rates applicable to the Loan:

(d) Reducing the rates on which fees payable pursuant hereto are determined:

(e) Forgiving or delaying any amount payable under Article II (other than late fees);

(f) Changing the definition of "Requisite Lenders," "Supermajority Lenders," or "Pro Rata Shares";

(g) Changing any provision contained in Section 11.05;

(h) Releasing any obligor under any Loan Document, unless such release is otherwise required by the terms of this Agreement or any other Loan Document;

(i) Removal of Agent for good cause in accordance with Section 10.09(a); and

(j) Modifying or waiving any other provision herein which specifically requires the consent of all Lenders.

Notwithstanding anything to the contrary contained in this Agreement, Borrower shall have no right to consent to any amendment, modification, termination or waiver of any provision of Article X hereof; provided, however, that no amendment, modification, termination or waiver of Section 10.09(b), 10.09(c), 10.10(a), or 10.11 (except subsection (i) thereof) which has an adverse effect on Borrower or Borrower's rights hereunder shall be effective without the written concurrence of Borrower. Agent and Lenders further acknowledge and agree that the remaining provisions of Article X are intended to and shall continue to address only the rights and obligations of Agent and Lenders amongst each other and do not and shall not impose obligations or restrictions upon Borrower or result in any way in the loss of any rights, claims or defenses of borrower. No amendment, modification, termination or waiver of any provision of Article X hereof or any other provision referring to any Agent shall be effective without the written concurrence of the Agent. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on Borrower in any case shall entitle Borrower to any other further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section shall be binding on each assignee, transferee or recipient of Agent's powers, functions or duties or any Lender's Commitment under this Agreement or the Loan at the time outstanding.

11.06 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the

limitations of another covenant shall not avoid the occurrence of an Event of Default or Unmatured Event of Default if such action is taken or condition exists.

11.07 Notices and Delivery. Unless otherwise specifically provided herein, any consent, notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied or sent by courier service or United States mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or if deposited in the United States mail (registered or certified, with postage prepaid and properly addressed) upon receipt or refusal to accept delivery. Notices to Agent shall not be effective until received by Agent. For the purposes hereof, the addresses of the parties hereto (until notice of a change thereof is delivered as provided in this Section 11.07) shall be as set forth below each party's name on the signature pages hereof, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties. All deliveries to be made to Agent for distribution to the Lenders shall be made to Agent at the addresses specified for notice on the signature page hereto and, in addition. a sufficient number of copies of each such delivery shall be delivered to Agent for delivery to each Lender at the address specified for deliveries on the signature page hereto or such other address as may be designated by Agent or Lenders in a written notice.

11.08 Survival of Warranties, Indemnities and Agreements. All agreements, representations, warranties and indemnities made or given herein or pursuant hereto shall survive the execution and delivery of this Agreement and the other Loan Documents and the making and repayment of the Loan hereunder and such indemnities shall survive termination hereof.

11.09 Failure or Indulgence Not Waiver; Remedies Cumulative. Except as otherwise expressly provided in this Agreement or any other Loan Document, no failure or delay on the part of Agent or any Lender in the exercise of any power, right or privilege under any of the Loan Documents shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing under the Loan Documents are cumulative to and not exclusive of any rights or remedies otherwise available.

11.10 Marshaling; Recourse to Security; Payments Set Aside. Neither any Lender nor Agent shall be under any obligation to marshall any assets in favor of Borrower or any other party or against or in payment of any or all of the Obligations. Recourse to security shall not be required at any time. To the extent that Borrower makes a payment or payments to Agent or the Lenders or Agent or the Lenders exercise their rights of set off, and such payment or payments or the proceeds of such enforcement or set off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such recovery the Obligations or part thereof originally intended to be satisfied, and all rights and remedies therefor, shall be revived and continued in

full force and effect as if such payment had not been made or such enforcement or set off had not occurred.

11.11 Severability. In case any provision in or obligation under this Agreement or the other Loan Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

11.12 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

11.13 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.

11.14 Limitation of Liability. To the extent permitted by applicable law, no claim may be made by Borrower, the REIT, any Lender or any other Person against Agent or any Lender, or the affiliates, directors, officers, employees, attorneys or agents of any of them, for any punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and Borrower, the REIT and each Lender hereby waive, release and agree not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

11.15 Successors and Assigns. This Agreement and the other Loan Documents shall be binding upon the parties hereto and their respective successors and permitted assigns and shall inure to the benefit of the parties hereto and the successors and permitted assigns of Agent and Lenders. The terms and provisions of this Agreement shall inure to the benefit of any permitted assignee or transferee of the Loan and the Commitments of Lenders under this Agreement, and in the event of such transfer or assignment, the rights and privileges herein conferred upon Agent and Lenders shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. Borrower's rights or any interest therein hereunder, and Borrower's duties and obligations hereunder, shall not be assigned (whether directly, indirectly, by operation of law or otherwise) without the consent of all Lenders.

11.16 Usury Limitation. Each Loan Document is expressly limited so that in no contingency or event whatsoever, whether by reason of error of fact or law, payment, prepayment or advancement of the proceeds of Loan, acceleration of maturity of the unpaid principal balance of the Loan, or otherwise, shall the amount paid or agreed to be paid to Lenders for the use, forbearance, or retention of money, including any fees or charges collected or made in connection with the Loan which may be treated as interest under applicable law, if any, exceed

the maximum legal limit (if any such limit is applicable) under United States federal laws or state laws (to the extent not preempted by federal law, if any), now or hereafter governing the interest payable under such Loan Documents. If, from any circumstances whatsoever, fulfillment of any provision hereof or any of the other Loan Documents at the time performance of such provision shall be due, shall involve transcending the limit of validity (if any) prescribed by law which a court of competent jurisdiction may deem applicable hereto, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any circumstances Lenders shall ever receive as interest an amount which would exceed the maximum legal limit (if any, such limit is applicable), such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due under the Loan Documents and not to the payment of interest or, if necessary, to Borrower. Notwithstanding any other provision of this Agreement or any of the other Loan Documents, this provision shall control every other provision of all Loan Documents.

11.17 Confidentiality. Agent and Lenders shall use reasonable efforts to assure that any information about Borrower, the REIT, Subsidiaries and Investment Affiliates (and their respective Properties) not generally disclosed to the public which is furnished to Agent or Lenders pursuant to the provisions of this Agreement or any of the other Loan Documents is used only for the purposes of this Agreement and the other Loan Documents and shall not be divulged to any other Person other than Agent, Lenders and their respective affiliates, officers, directors, employees and agents who are actively and directly participating in the evaluation, administration or enforcement of the Obligations; provided, however, that nothing herein shall affect the disclosure of any such information (i) to the extent required by statute, rule, regulation or judicial process, (ii) to counsel for Agent or Lenders or to their accountants, (iii) to bank examiners and auditors, (iv) to any transferee or participant or prospective transferee or participant hereunder who agrees to be bound by this provision, (v) in connection with the enforcement of the rights of Agent and Lenders under this Agreement and the other Loan Documents, or (vi) in connection with any litigation to which Agent or any Lender is a party so long as Agent or such Lender provides Borrower with prior written notice of the need for such disclosure and exercises reasonable efforts to obtain a protective order with respect to such information from the court or other tribunal before which such litigation is pending.

11.18 CONSENT TO JURISDICTION AND SERVICE OF PROCESS, WAIVER OF JURY TRIAL, WAIVER OF PERMISSIVE COUNTERCLAIMS. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST BORROWER OR THE REIT WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE AND ALL JUDICIAL PROCEEDINGS BROUGHT BY BORROWER OR THE REIT WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION HAVING SITUS WITHIN THE BOUNDARIES OF THE FEDERAL COURT DISTRICT OF THE NORTHERN DISTRICT OF ILLINOIS, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, BORROWER AND THE REIT ACCEPT. FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE

JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREE TO BE BOUND BY ANY FINAL JUDGMENT RENDERED THEREBY FROM WHICH NO APPEAL HAS BEEN TAKEN OR IS AVAILABLE. BORROWER AND THE REIT HEREBY DESIGNATE AND APPOINT ELLEN KELLEHER, ESQ., MANUFACTURED HOME COMMUNITIES, INC., TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS 60606, TO RECEIVE ON THEIR BEHALF SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDINGS IN ANY SUCH COURT, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY SUCH PERSON TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. SUCH APPOINTMENT SHALL BE REVOCABLE ONLY WITH AGENT'S PRIOR WRITTEN APPROVAL. BORROWER AND THE REIT IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO ITS RESPECTIVE NOTICE ADDRESS SPECIFIED ON THE SIGNATURE PAGES HEREOF. SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT. BORROWER, THE REIT, AGENT AND LENDERS IRREVOCABLY WAIVE (A) TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, AND (B) ANY OBJECTION (INCLUDING WITHOUT LIMITATION ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY JURISDICTION SET FORTH ABOVE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. BORROWER AND THE REIT AGREE THAT THEY WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIM IN ANY PROCEEDING BROUGHT BY LENDER WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT.

11.19 Counterparts; Effectiveness; Inconsistencies. This Agreement and any amendments, waivers, consents or supplements may be executed in counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. This Agreement shall become effective when Borrower, the initial Lenders and Agent have duly executed and delivered counterpart execution pages of this Agreement to each other (delivery by Borrower and the REIT to Lenders and by any Lender to Borrower, the REIT and any other Lender being deemed to have been made by delivery to Agent). This Agreement and each of the other Loan Documents shall be construed to the extent reasonable to be consistent one with the other, but to the extent that the terms and conditions of this Agreement are actually and directly inconsistent with the terms and conditions of any other Loan Document, this Agreement shall govern.

11.20 Construction. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the-effect

that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

11.21 Entire Agreement. This Agreement, taken together with all of the other Loan Documents and all certificates and other documents delivered by Borrower to Agent in connection herewith, embodies the entire agreement and supersede all prior agreements, written and oral, relating to the subject matter hereof.

11.22 Agent's Action for Its Own Protection Only. The authority herein conferred upon Agent, and any action taken by Agent, to inspect any Property will be exercised and taken by Agent for its own protection only and may not be relied upon by Borrower for any purposes whatsoever, and Agent shall not be deemed to have assumed any responsibility to Borrower with respect to any such action herein authorized or taken by Agent. Any review, investigation or inspection conducted by Agent, any consultants retained by Agent or any agent or representative of Agent in order to verify independently Borrower's satisfaction of any conditions precedent to Loan, Borrower's performance of any of the covenants, agreements and obligations of Borrower under this Agreement, or the validity of any representations and warranties made by Borrower hereunder (regardless of whether or not the party conducting such review, investigation or inspection should have discovered that any of such conditions precedent were not satisfied or that any such covenants, agreements or obligations were not performed or that any such representations or warranties were not true), shall not affect (or constitute a waiver by Agent or Lenders of) (i) any of Borrower's representations and warranties under this Agreement or Agent's or Lenders' reliance thereon or (ii) Agent's or Lenders' reliance upon any certifications of Borrower required under this Agreement or any other facts, information or reports furnished to Agent and Lenders by Borrower hereunder.

11.23 Lenders' ERISA Covenant. Each Lender, by its signature hereto or on the applicable Assignment and Assumption, hereby agrees (a) that on the date any Loan is disbursed hereunder no portion of such Lender's Pro Rata Share of such Loan will constitute "assets" within the meaning of 29 C.F.R. ss. 2510.3-101 of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code, and (b) that following such date such Lender shall not allocate such Lender's Pro Rata Share of any Loan to an account of such Lender if such allocation (i) by itself would cause such Pro Rata Share of such Loan to then constitute "assets" (within the meaning of 29 C.F.R. ss. 2510.3-101 or any successor regulation thereto) of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code and (ii) by itself would cause such Loan to constitute a prohibited transaction under ERISA or the Internal Revenue Code (which is not exempt from the restrictions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code and the taxes and penalties imposed by Section 4975 of the Internal Revenue Code and Section 502(i) of ERISA) or any Agent or Lender being deemed in violation of Section 404 of ERISA.

11.24. Documentation Agent and Syndication Agent. Each of the parties to this Agreement acknowledges and agrees that the obligations of Documentation Agent and Syndication Agent hereunder shall be limited to those obligations that are expressly set forth herein, if any, and Documentation Agent and Syndication Agent shall not be required to take any action or assume any liability except as may be required in their respective capacities as a Lender hereunder. Each of the parties to this Agreement agrees that, for purposes of the indemnifications set forth herein, the term "Agent" shall be deemed to include Documentation Agent and Syndication Agent.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

"Borrower"

MHC OPERATING LIMITED PARTNERSHIP, an Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC., a Maryland corporation as General Partner

By: /s/ Ellen Kelleher

Name: Ellen Kelleher

Title: Executive VP/General Counsel

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/474-0205

"REIT"

MANUFACTURED HOME COMMUNITIES, INC., a Maryland corporation

By: /s/ Ellen Kelleher

Name: Ellen Kelleher

Title: Executive VP/General Counsel

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/474-0205

"Agent and "Lenders"

WELLS FARGO BANK, N.A., as Agent and as a Lender

By: /s/ Steven R Lowery

Name: Steven R. Lowery

Title: Vice President

Address:
225 West Wacker Drive,
Suite 2550
Chicago, Illinois 60606
Attn.: Senior Loan Officer
Telecopy: 312/782-0969

with a copy to:

Wells Fargo & Co.
Real Estate Group
420 Montgomery Street, Floor 6
San Francisco, Calif. 94163
Attn.: Chief Credit Officer
Telecopy: 415/391-2971

with a copy to (for Financial Statements and Reporting Information Only):

Wells Fargo Bank
2030 Main Street
Suite 800
Irvine, California 92714
Attn: Debra Autry
Telecopy: 714/851-9442

Loan Commitment: $40,000,000
40%

COMMERZBANK AKTIENGESELLSCHAFT,
Chicago Branch, as a Lender

By: James J. Henry E. Marcus Perry

Name: JAMES J. HENRY E. MARCUS PERRY

Title: SENIOR VICE PRESIDENT ASSISTANT TREASURER

By:

Name:

Title:

Address:
Two World Financial Center
New York, NY 10281-1050
Attn: Douglas P. Traynor
Telecopy: 212/266-7569

Loan Commitment: $20,000,000
20%

MORGAN GUARANTY TRUST COMPANY OF
NEW YORK, as a Lender

By: Timothy V. O'Donovan

Name: TIMOTHY V. O'DONOVAN

Title: VICE PRESIDENT

Address:
60 Wall Street, 22nd Floor
New York, NY 10260-0060
Attn.: Timothy O'Donovan
Telecopy: 212/648-8111

Loan Commitment: $20,000,000
20%

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as Syndication Agent
and as a Lender

By: Megan McBride

Name: Megan Mcbride

Title: Vice President

Address:
231 S. LaSalle Street, 15th Floor
Chicago, IL 60697
Attn.: Megan McBride
Telecopy: 312/974-4970

Loan Commitment: $20,000,000
20%

EXHIBIT A
ASSIGNMENT AND ASSUMPTION

THIS ASSIGNMENT AND ASSUMPTION (the "Agreement") is dated this_____ day of_____, _____, by and between _____ ("Assigning Lender") and _____ ("Assignee Lender").

WHEREAS, Assigning Lender is the holder of that certain promissory note (the "Note") in the principal amount of $_____, dated _____, ____, and executed by MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), for the benefit of Assigning Lender. The Note evidences Assigning Lender's "Pro Rata Share" of the "Loan" made or to be made under that certain Amended and Restated Credit Agreement, dated as of April _, 1998 (as amended, supplemented or restated from time to time, the "Credit Agreement"). Capitalized terms used herein without definition have the meanings provided in the Credit Agreement.

1. Assignment

(a) For value received, the Assigning Lender hereby sells, assigns, conveys and delivers to Assignee Lender, and Assignee Lender hereby purchases from Assigning Lender, a _____% interest in the Loan and the Facility (collectively, the "Assigned Rights and Obligations"). After giving effect hereto, the Assignee Lender will have a Commitment of $_____, a Pro Rata Share of_____%.

(b) Agent shall pay to Assignee Lender all interest and other amounts that are paid by or on behalf of Borrower pursuant to the Loan Documents and are attributable to the Assigned Rights and Obligations ("Borrower Amounts"), that accrue on and after the date hereof. If Assigning Lender receives or collects any such Borrower Amounts, Assigning Lender shall promptly pay them to Assignee Lender.

2. Representations and Warranties

(a) Each of Assigning Lender and Assignee Lender represents and warrants to the other and to Agent as follows:

(i) It has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement;

(ii) The making and performance of this Agreement and all documents required to be executed and delivered by it hereunder do not and will not violate any law or regulation applicable to it;

(iii) This Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation enforceable in accordance with its terms; and

(iv) All approvals, authorizations or other actions by, or filing with, any governmental authority necessary for the validity or enforceability of its obligations under this Agreement have been made or obtained.

(b) Assigning Lender represents and warrants to Assignee Lender that Assigning Lender owns the Assigned Rights and Obligations free and clear of any lien or other encumbrance and that the assignment contemplated hereby complies with the provisions of the first sentence of Section 10.11(a) of the Credit Agreement.

(c) Assignee Lender represents and warrants to Assigning Lender as follows:

(i) Assignee Lender has made and shall continue to make its own independent investigation of the financial condition, affairs and creditworthiness of Borrower and any other person or entity obligated under the Loan Documents (collectively, "Credit Parties," and the value of any collateral now or hereafter securing any of the obligations);

(ii) Assignee Lender has received copies of the Loan Documents and such other documents, financial statements and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; and

(iii) The assignment contemplated hereby complies with the provisions of the second sentence of Section 10.11(a) of the Credit Agreement.

3. No Assigning Lender Responsibility. Assigning Lender makes no representation or warranty regarding, and assumes no responsibility to Assignee Lender for:

(a) The execution (by any party other than Assigning Lender), effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of the Loan Documents or any representations, warranties, recitals or statements made in the Loan Documents or in any financial or other written or oral statement, instrument, report, certificate or any other document made or furnished or made available by Assigning Lender to Assignee Lender or by or on behalf of any Credit Party to Assigning Lender or Assignee Lender in connection with the Loan Documents and the transactions contemplated thereby;

(b) The performance or observance of any of the terms, covenants or agreements contained in any of the Loan Documents or as to the existence or possible existence of any Unmatured Event of Default or Event of Default under the Loan Documents;

(c) The accuracy or completeness of any information provided to Assignee Lender, whether by Assigning Lender or by or on behalf of any Credit Party; or

(d) Any investigation of the financial condition, affairs or creditworthiness of any of the Borrower or the REIT, or the value of any collateral, in connection with the assignment of the Assigned Rights and Obligations or to provide Assignee Lender with any credit or other information with respect thereto, whether coming into its possession before the date hereof or at any time or times thereafter.

4. Assignee Lender Bound By Credit Agreement. Effective on the date hereof, Assignee Lender (a) shall be deemed to be a party to the Credit Agreement, (b) agrees to be bound by the Credit Agreement to the same extent as it would have been if it had been an original Lender thereunder, and (c) agrees to perform in accordance with their respective terms all of the obligations which are required under the Loan Documents to be performed by it as a Lender. Assignee Lender appoints and authorizes Agent to take such actions as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto.

5. Assigning Lender Released From Credit Agreement. Effective on the date hereof, and to the extent of the Assigned Rights and Obligations, Assigning Lender shall relinquish its rights and be released from its obligations under the Credit Agreement and the other Loan Documents; provided, however, that Assigning Lender shall retain all of its rights to indemnification under the Credit Agreement and the other Loan Documents for any events, acts or omissions occurring before the date hereof.

6. General

(a) No term or provision of this Agreement may be amended, waived or terminated orally, but only by an instrument signed by the parties hereto.

(b) If Assigning Lender has not assigned its entire remaining Commitment and Loan to Assignee Lender, Assigning Lender may at any time and from time to time grant to others, subject to applicable provisions in the Credit Agreement, assignments of or participations in all of Assigning Lender's remaining Loan or Commitment.

(c) All payments to Assigning Lender or Assignee Lender hereunder shall, unless otherwise specified by the party entitled thereto, be made in Dollars, in immediately available funds, and to the address or account specified on the signature pages of this Agreement. The address of Assignee Lender for notice purposes under the Credit Agreement shall be as specified on the signature pages of this Agreement.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

(e) This Agreement is executed to be effective as of the date set forth above.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

,as

Assigning Lender

By:

Name:

Title:

Pro Rata Share (after giving effect to this Agreement): %

Commitment (after giving effect to this Agreement):$

Assigning Lender's Payment Instructions:

ABA No.:

Account No.:

Ref.:

ASSUMPTION:

The undersigned Assignee Lender hereby accepts the above sale and assignment and agrees to be bound by the obligations of the Credit Agreement and the Loan Documents and hereby assumes the obligations of a Lender thereunder.

,as Assignee

Lender

By:

Name:

Title:

Pro Rata Share (after giving effect to this Agreement): %

Commitment (after giving effect to this Agreement): $

Address for Notice and Delivery:

Attention:
Telephone: ( )   -
           --- ---- ----
Telecopy: ( )   -
          --- ---- ----

Assignee Lender's Payment Instructions:

ABA No.:

Account No.:

Ref.:

ACKNOWLEDGED AND AGREED:

WELLS FARGO BANK, N.A., as Agent

By: _____
Name: _____
Title: _____

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership, as Borrower

By: MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By: _____
Name: _____
Title: _____

ACKNOWLEDGED:

MANUFACTURED HOME COMMUNITIES, INC., a
Maryland corporation, as Guarantor

By: _____
Name: _____
Title: _____

EXHIBIT B

AMENDMENT AND RESTATEMENT
OF $100,000,000 TERM LOAN
CREDIT AGREEMENT FOR
MHC OPERATING LIMITED PARTNERSHIP

CLOSING CHECKLIST

1. Loan Documents

-------	1.01	Amended and Restated Revolving Credit Agreement
-------	1.02	Amended and Restated Notes for each Bank
		a. Wells Fargo Bank, National Association
		------ b. Bank of America National Trust and Savings Association
		------ C. Morgan Guaranty Trust Company of New York
		------ d. Commerzbank Aktiengesellschaft
-------	1.03	Agent's form of Funds Transfer Agreement and signature authorization form
-------	1.04	The REIT Guaranty
-------	1.05	Solvency Certificate of Borrower
-------	1.06	Solvency Certificate of the REIT
-------	1.07	Compliance Certificate (referencing Section 3.01 (i))
-------	1.08	Notice of Borrowing

11..Evidence of Existence and Authorization

-------	2.01	Opinion of Borrower's counsel
-------	2.02	Certified copy of Borrower's Limited Partnership Agreement and Certificate of Limited Partnership (and all amendments thereto)
-------	2.03	Certificate of Existence for Borrower from Secretary of State of Illinois
-------	2.04	Intentionally omitted
-------	2.05	Certified copy of the REIT's Certificate of Incorporation and Bylaws

(and all amendments thereto)

------- 2.06 Certificate of Good Standing for the REIT from the Secretary of State Maryland

------- 2.07 Certificate of the REIT's Secretary with respect to (i) authorization. (ii) incumbancy, (iii) bylaws and (iv) resolutions

III. Miscellaneous

------- 3.01 Exisiting Notes (marked canceled for return to Borrower)

---- a. Wells Fargo Bank, National Association
---- b. Bank of America Illinois
---- C. Morgan Guaranty Trust Company of New York
---- d. Commerzbank Aktiengesellschaft

------- 3.02 Forms 4224 from Banks (as appropriate)

------- 3.03 Agent's Fee Letter

------- 3.04 Authorizations from Banks and Borrower to release signature pages

------- 3.05 Payment of fees and expenses

EXHIBIT C TO TERM LOAN

COMPLIANCE CERTIFICATE

This Compliance Certificate is delivered pursuant to the Amended and Restated Credit Agreement dated as of April 28, 1998, (as amended, supplemented and restated from time to time, the "Credit Agreement"), among MHC Operating Limited Partnership, the Lenders (as defined therein or made party thereto), and Wells Fargo Bank, N.A., as Agent. All capitalized defined terms used herein shall have the meaning ascribed to such terms in the Credit Agreement.

1. The undersigned hereby certifies that the undersigned has reviewed the terms of the Credit Agreement and other Loan Documents and has made a review in reasonable detail of the transactions consummated by and financial condition of the REIT, the Borrower, the Subsidiaries and the Agreement Parties during the accounting period covered by the financial statements being delivered to Lender along with this Compliance Certificate and

(a) Such review has not disclosed the existence during or at the end of such accounting period, and the undersigned does not have knowledge of the existence as of the date hereof, of any condition or event which constitutes an Unmatured Event of Default or an Event of Default (except as set forth in paragraph (b) hereof).

(b) The financial statements being delivered to Agent along with this Compliance Certificate have been prepared in accordance with the books and records of the REIT, on a consolidated basis, and fairly present the financial condition of the REIT, on a consolidated basis, at the date thereof (if applicable, subject to normal year-end adjustments) and the results of operations and cash flows, on a consolidated basis, for the period then ended.

(c) The nature and period of existence of the condition(s) or event(s) which constitute an Unmatured Event(s) of Default or an Event(s) of Default is (are) as follows: None.

(d) Borrower (is taking) (is planning to take) the following action with respect to the condition(s) or event(s) set forth in paragraph (b) above: N/A

2. As of the end of the most recently ended accounting period:

(a) Total Liabilities to Gross Asset Value. Total Liabilities:

$_____ Gross Asset Value: $_____. Ratio:
(Ratio not to exceed 0.6:1).

(b) Secured Debt to Gross Asset Value. Secured Debt:

$_____ Gross Asset Value: $_____. Ratio:
_____(Ratio not to exceed 0.41).

(c) EBITDA to Interest Expense Ratio. EBITDA: $_____. Interest Expense: $_____. Ratio: ____ (Ratio not to be less than 2.0:1).

(d) EBITDA to Fixed Charges Ratio. EBITDA: $_____. Fixed Charges: $_____. Ratio: ____ (Ratio not to be less than 1.75:1).

(e) Unencumbered Net Operating Income to Unsecured Interest Expense. Unencumbered Net Operating Income: $_____ Unsecured Interest Expense: $_____. Ratio: _____ (Ratio not to be less than 1.80:1).

(f) Unencumbered Pool. Borrower shall not permit the ratio of (a) the sum of (i) Unencumbered Asset Value: $_____; (ii) Cash and Cash Equivalents owned by Borrower subject to no Lien in excess of $10MM: $_____ to (b) outstanding Unsecured Debt: $_____ Ratio: _____ (Ratio not to be less than 1.80:1).

(g) Minimum Net Worth. Borrower will maintain Net Worth of not less than $258,317,100 plus 90% of all Net Offering Proceeds received by the REIT or Borrower after September 30, 1996. Net Worth: $_____.

(h) Permitted Holdings. Borrower and its Subsidiaries may acquire or maintain the following Permitted Holdings so long as (i) the aggregate value whether held directly or indirectly by Borrower and its Subsidiaries does not exceed, at any time, 20% of Gross Asset Value for the Borrower as a whole and (ii) the value of each Permitted Holding does not exceed, at any time the following percentages of Borrower's Gross Asset Value:

PERMITTED HOLDINGS	MAXIMUM	% OF GROSS ASSET VALUE
- NON MANUFACTURED home community property (other than cash or Cash Equivalents)	10%	% -----
- Land	5%	% -----
- Securities (issued by REITs primarily engaged in the development, ownership and management of Manufactured Home communities)	5%	% -----
- Manufactured Home Community Mortgage other than mortgage indebtedness which is either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or accounted for as investments in real estate	10%	% -----

	UNDER GAAP		
-	manufactured home community partnership interest other than controlled partnership interests	10%	%
-	development activity	10%	%

3. All representations and warranties contained in the above-referenced Credit Agreement remain true and correct in all material respects. No Event of Default described in section 9.01 (g) or section 9.01 (h) has occurred and no other Event of Default or Unmatured Event of Default has occurred and is continuing. There has been no Material Adverse Effect to the Borrower or the REIT.

4. As of the end of the Fiscal Quarter covered by the financial statements being delivered to Agent along with this Compliance Certificate, the weighted average occupancy rate of the Properties listed On Exhibit F to the Credit Agreement together with those designated by Borrower is at least eight-five percent (85%)

DATE:
_____

_____
Mr. Thomas P. Heneghan
Chief Financial Officer of the REIT

EXHIBIT D

TERM LOAN NOTE

April _____ , 1998

$_____

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership (" Borrower"), HEREBY PROMISES TO PAY to the order of _____ ("Lender") at c/o Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100. El Segundo, California, 90245, the principal sum of _____ Dollars ($_____) together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in and governed by that certain Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the Lenders named therein and Wells Fargo Bank, as Agent for the said Lenders ("Agent"), which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loan, upon not less than three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Loan is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 9.01 (g) or Section 9.01 (h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are

hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party or primarily or secondarily liable hereon or agree to any substitution. subordination, exchange or release of any security without affecting or diminishing Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES, INC., a Maryland corporation, as General Partner

By: ----------

Name: ----------

Title: ----------

EXHIBIT E-1

NOTICE OF BORROWING

Re: Amended and Restated Credit Agreement dated as of April _____ , 1998, as amended, supplemented and restated from time to time among MHC Operating Limited Partnership, Manufactured Home Communities, Inc., the Lenders thereunder and Wells Fargo Bank N.A., as agent for said Lenders ("Agent") (the "Credit Agreement")

Wells Fargo Disbursement Center
2120 East Park Place
Suite 100
El Segundo, California 90245

This notice represents the Borrower's request for a Loan Increase pursuant to Section 2.01 of the Credit Agreement on April ____, 1998 (the "Closing Date") in the principal amount of $ _____ on the terms set forth on the attached schedule. All capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Credit Agreement.

Borrower hereby certifies that (a) all conditions set forth in Article III of the Credit Agreement to the disbursement of the Loan Increase hereby requested will be satisfied on the Closing Date, (b) the proposed Loan Increase complies with the terms of the Credit Agreement, and (c) no Event of Default or Unmatured Event of Default has occurred and is continuing either before or after giving effect to such Loan Increase.

Dated: April_____, 1998

MHC Operating Limited Partnership,
an Illinois limited partnership

By: Manufactured Home Communities, Inc., a Maryland corporation, as its General Partner

By: ----------

Name: ----------

Title: ----------

cc: Wells Fargo Bank, N.A.
225 W. Wacker Drive
Suite 2550
Chicago, Illinois 60606
Attn: Account Officer

Schedule I to
NOTICE OF BORROWING

PROPOSED LOAN FUNDING

1 Proposed Funding Date: _____

2. Amount of Proposed Loan: $_____

Yes No

3. Base Rate:

4. Libor Rate: ($ 100,000 or integral multiples of $100,000)
(INDICATE WITH AN "X")

5. Specify Interest Period for LIBOR Loan (if applicable), indicate with "x."

< 30 days	30 days	60 days	90 days	180 days	360 days

CONDITIONS

(i) An Interest Period having a duration of less than one (1) month is available with the reasonable approval of Agent (unless any Lender has previously advised Agent and Borrower that it is unable to enter into LIBOR contracts for an Interest Period of such duration).

Schedule 4.01 (r)

Environmental Compliance Issues

ASBESTOS. Limited quantities of asbestos containing materials ("ACMs") are present in various building materials such as floor coverings, acoustical tiles and decorative treatments located at certain Properties. The ACMs present at these Properties are generally in good condition, and possess low probabilities for disturbance. Borrower has implemented comprehensive operations and maintenance plans for Properties where ACMs are present or reasonably suspected. Property managers are being trained to deal effectively with the in-place maintenance of ACMs. ACMs will be properly removed by Borrower in the ordinary course of renovation and construction and all damaged ACMs will be replaced immediately; however, in certain circumstances, Borrower may determine to encapsulate rather than remove damaged ACMs.

STORAGE TANKS. A number of above ground fuel tanks ("ASTs") and underground storage tanks ("USTs") are located on the Properties. Four of the manufactured housing communities, Camelot Meadows. McNicol, Nassau and Mariner's Cove, have several active and/or inactive USTs (approximately 225 USTs between the four Properties) used for the storage of residential heating fuel. A June 1994 site assessment (conducted prior to the Borrower's ownership of the Properties) conducted by ATEC Environmental Consultants at Camelot Meadows and McNicol identified six potential leaking underground storage tanks ("LUSTs"). The LUSTs were removed by Ogden Environmental in March 1998. A Site Investigation Work Plan has been submitted to Delaware Department of Natural Resources. The Borrower does not believe that any future remediation that may be required of the LUST's will have a Material Adverse Effect.

WASTE WATER TREATMENT PLANTS ("WWTPS"). WWTPs are operated at several of the Properties. Two WWTPs, those at Oak Tree Village and Bums Harbor Estates, are currently under an Order Pursuant to the Clean Water Act to implement various corrective actions to conform to National Pollution Discharge Elimination System permit requirements and conditions. United States Environmental Protection Agency ("USEPA") and Indiana Department of Environmental Management ("IDEM") may assess certain penalties for past non-compliance. Borrower has implemented most of the corrective actions proposed to it by USEPA/IDEM and Borrower intends to complete the remaining corrective actions in due course.

EXHIBIT E-2
NOTICE OF CONTINUATION/CONVERSION

TODAY'S DATE: _____

TO: WELLS FARGO BANK, N.A.
DISBURSEMENT AND OPERATIONS CENTER
FAX #(310) 615-1014 OR (310) 615-1016
ATTENTION: RATE OPTION DESK

BORROWER INTEREST RATE OPTION REQUEST
Rate Quote Line (310) 335-9472

LOAN# _____ BORROWER NAME: _____

RATE SET DATE: _____ INTEREST PERIOD COMMENCEMENT DATE: _____ (1350)

INTEREST PERIOD (TERM): _____ (i.e. 1,2,3,6 months,etc.as allowed per the Credit Agreement)

INDEX: _____ RATE _____ % + _____ = _____ % (1350)
(i.e. Libor) Spread Applicable Rate

LIBOR LOAN EXPIRING ON _____ (Date): $ _____

1) AMOUNT ROLLING OVER $ _____ FROM OBLGN# _____

2) ADD: AMT TRANSFERRED FROM
BASE RATE LOAN $ _____ FROM OBLGN# _____ TO OBLGN: _____
(5522) (5022)

3) ADD: AMT TRANSFERRED FROM
OTHER LIBOR LOAN $ _____ FROM OBLGN# _____ TO OBLGN: _____
(5522) (5022)

ADD: AMT TRANSFERRED FROM
OTHER LIBOR LOAN $ _____ FROM OBLGN# _____ TO OBLGN: _____
(5522) (5022)

4) LESS: AMT TRANSFERRED TO
BASE RATE LOAN $ _____ FROM OBLGN# _____ TO OBLGN: _____
(5522) (5022)

TOTAL LIBOR LOAN: $ _____

Borrower confirms, represents and warrants to Lender(a) that this Notice of Continuation/Conversion is subject to the terms and conditions of that certain Amended and Restated Credit Agreement dated as of _____, 1998, by and among Borrower, Manufactured Home Communities, Inc. the "Lenders" thereunder and Wells Fargo Bank, N.A., as Agent for the said Lenders (the"Credit Agreement"). (b)that terms, words and phrases used but not defined in this Notice of Continuation/ Conversion have the meanings attributed thereto in the Credit Agreement, and (c) that no Event of Default or Unmatured Event of Default has occurred and is continuing.

REQUESTED BY (as allowed per documents): _____ TELEPHONE# ( ) _____

PRINT NAME: _____ FAX# ( ) _____

WELLS FARGO BANK ACKNOWLEDGEMENT OF RECEIPT AND CONFIRMATION

FIXED EXPIRATION DATE: _____ (2301) DATE: _____

REQUEST VERIFIED BY: _____ DATE: _____

REQUEST APPROVED BY: _____ DATE: _____

CONFIRMATION FAXED TO CUSTOMER BY: _____ DATE: _____ TIME: _____

WELLS FARGO BANK OPERATIONS USE ONLY

TRACKING# _____ LOAN AU: _____ LOAN SU: _____ OBLIGOR# _____

CHARGE CODE: 100 BASIS: _____ EARN TYPE: 0 BAL TYPE 000 (1350)

SPECIAL PRODUCT TYPE CODE: (If change required) _____ (2305)

TDR: NO YES (Fax to loan acctg) UPDATE BILLING: NO YES (1370)

--- --- --- ---

- ---

DATA ENTRY COMPLETED BY: ----------- DATE: ----------------- BATCH ID: ------------

DATA ENTRY AUDITED BY: ------------------------------------ DATE: ---------------

EXHIBIT F TO TERM LOAN

QUALIFYING UNENCUMBERED PROPERTIES
AS OF MARCH 31, 1998

Apollo Village
Aspen Meadow
Bear Creek
Bonner Springs
Brook Gardens
Burns Harbor Estate
Cabana
Camelot Meadows
Carefree Manor
Carriage Cove
Carriage Park
Colony Park
Country Meadows
Countryside North
Creekside
Del Rey
Desert Skies
Em Ja Ha
Fairview Manor
Five Seasons
Flamingo West
Fun N Sun
Golf Vista Estates Consolidated
Heritage Village
Hillcrest
Holiday Ranch
Lake Fairways
Lakewood Village
McNicol
Oak Bend
Sunrise Heights
Sweetbriar
The Heritage
The Mark
Waterford Estates
Woodland Hills
Independence Hill
Northstar
Dellwood
Briarwood
Pheasant Ridge
Quivira
Holiday Village-IA
Rockwood
Falconwood
All Seasons
Coralwood
Four Seasons
Quail Hollow
Royal Oaks
San Jose 1-4
Sea Oaks
Shadowbrook
Sunshadow
Westwood Village
Quail Meadows
Arrowhead Village
Mariners Cove
Landings
Meadows of Chantilly
Nassau Park
Pine Lakes

SCHEDULE 4.01(c) TO TERM LOAN

General Partners of Borrower

Manufactured Home Communities, Inc. owns approximately an 80% general partnership interest.

SCHEDULE 4.01 (v) TO TERM LOAN

Subsidiaries and Investment Affiliates

Manufactured Home Communities, Inc. ("MHC") owns 100% of the stock of:

- MHC-QRS Bay Indies, Inc.
- MHC Lending QRS, Inc.
- MHC-QRS, Inc.
- MHC-QRS DeAnza, Inc.
- MHC-QRS Western, Inc.
- MHC-QRS Two, Inc.
- MHC-QRS Blue Ribbon Communities, Inc.
- QRS Gold Medal Communities, Inc.

MHC owns an approximately an 80% general partner interest in MHC Operating Limited Partnership ("MHC OP").

MHC-QRS DeAnza, Inc. is the 1% general partner of

- MHC-DeAnza Financing Limited Partnership (owns the beneficial interest in six manufactured home communities purchased from affiliates of DeAnza Group, Inc.)

MHC-QRS Bay Indies, Inc. is the 1% general partner of

- MHC-Bay Indies Financing Limited Partnership (owns the beneficial interest in Bay Indies manufactured home community)

MHC Lending QRS, Inc. is the 1% general partner of

- MHC Lending Limited Partnership (owns certain loans)

MHC-QRS, Inc. is the 1% general partner of

- MHC Financing Limited Partnership (owns the beneficial interest in 29 manufactured home communities)

MHC-QRS Two, Inc. is the 1% general partner of MHC Financing Limited Partnership Two (owns some or all of the beneficial interest in 26 manufactured home communities or recreational vehicle parks)

MHC-QRS Blue Ribbon Communities, Inc. is the 1% general partner of Blue Ribbon Communities Limited Partnership (currently an inactive "shelf" entity)

QRS Gold Medal Communities, Inc. is the 1% general partner of Gold Medal Communities Limited Partnership (currently an inactive "shelf" entity)

MHC OP is the 99% limited partner of:

- MHC Financing Limited Partnership
- MHC Lending Limited Partnership
- MHC-Bay Indies Financing Limited Partnership
- MHC-DeAnza Financing Limited Partnership
- MHC Financing Limited Partnership Two

Blue Ribbon Communities Limited Partnership
Gold Medal Communities Limited Partnership

MHC OP owns the amount set forth below of the limited partnership interests in the following entities:

ELL-CAP XX-Mon Dak	4.88%
ELL-CAP/Diversified 75-Naples Estates	100%
ELL-CAP/Diversified 80-Rehobeth Beach	87.13%
ELL-CAP/Diversified 80 Associates	91.75%
ELL-CAP 97 Laguna Lake Associates	15.69%

MHC OP is a 49% member of Trails Associates LLC and a 49% member of Plantation Company LLC

MHC OP owns the beneficial interest in the manufactured home communities not beneficially owned by a financing partnership.

MHC OP is the 1% general partner of:

MHC Management Limited Partnership
MHC DAG Management Limited Partnership

MHC OP owns 100% of the non-voting preferred stock of:

LP Management Corporation
DeAnza Group, Inc.

LP Management Corp. is the 99% limited partner of MHC Management Limited Partnership.

DeAnza Group, Inc. is the 99% limited partner of MHC DAG Management Limited Partnership.

MHC OP owns 100% of the non-voting preferred stock of Realty Systems, Inc. ("RSI").

Equity Group Investments, Inc. owns 100% of the non-voting common stock of RSI.

Equity-RSI Limited Partnership owns 100% of the voting common stock of RSI.

MHC Management Limited Partnership owns 100% of the stock of MHC Systems, Inc.

RSI owns 100% of the stock of Realty Systems Nevada, Inc.

TERM LOAN NOTE

$40,000,000 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Wells Fargo Bank, N.A. ("Lender") at c/o Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of Forty Million Dollars ($40,000,000) together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in and governed by that certain Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the Lenders named therein and Wells Fargo Bank, as Agent for the said Lenders ("Agent"), which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loan, upon not less than three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Loan is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 9.01 (g) or Section 9.01(h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are

hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

TERM LOAN NOTE

$20,000,000 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Bank of America National Trust and Savings Association ("Lender") at c/o Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of Twenty Million Dollars ($20,000,000) together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in an governed by that certain Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the Lenders named therein and Wells Fargo Bank, as Agent for the said Lenders ("Agent"), which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loan, upon not less than three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Loan is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 9.01(g) or Section 9.01(h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are

hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By: Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

TERM LOAN NOTE

$20,000,000 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Commerzbank Aktiengesellschaft ("Lender"), at c/o Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of Twenty Million Dollars ($20,000,000) together with interest on the unpaid principal balance hereof at the rates provided below from the date such principal balance hereof at the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in and governed by that certain Amended and Restated at Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the Lenders named therein and Wells Fargo Bank, as Agent for the said Lenders ("Agent"), which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loan, upon not less three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 of the Credit Agreement.

Interest on the Loan is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 9.01(g) or Section 9.01(h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity and notice of dishonor are

hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extended the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party primarily of secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the reminder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By: /s/ Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

TERM LOAN NOTE

$20,000,000 April 28, 1998

FOR VALUE RECEIVED, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of Morgan Guaranty Trust Company ("Lender") at c/o Wells Fargo Bank, N.A., 2120 E. Park Place, Suite 100, El Segundo, California, 90245, the principal sum of Twenty Million Dollars ($20,000,000) together with interest on the unpaid principal balance hereof tat the rates provided below from the date such principal is advanced until payment in full thereof.

This Note is one of the Loan Notes referred to in and governed by that certain Amended and Restated Credit Agreement, dated as of the date hereof, as amended, supplemented or restated from time to time (the "Credit Agreement"), among Borrower, Manufactured Home Communities, Inc., the Lenders named therein and Wells Fargo Bank, as Agent for the said Lenders ("Agent"), which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Lender upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning ascribed to such term in the Credit Agreement.

The principal amount of this Note will be due and payable, if not sooner paid, on the Maturity Date, subject to extension as provided in the Credit Agreement. Borrower may make voluntary prepayments of all or a portion of the Loan, upon not less than three (3) Business Days prior written notice, pursuant to the provisions of Section 2.05 if the Credit Agreement.

Interest on the Loan is payable on the terms and at the rates set forth in the Credit Agreement. In addition to the interest charges described in the Credit Agreement, the Credit Agreement provides for the payment by Borrower of various other charges and fees as set forth more fully in the Credit Agreement.

Upon the occurrence of an Event of Default described in Section 9.01(g) or Section 9.01(h) of the Credit Agreement, this Note shall, without demand, notice or legal process of any kind, automatically become immediately due and payable. Upon and after the occurrence and continuance of any other Event of Default, this Note may, at the option or with the consent of Requisite Lenders, and without demand, notice or legal process of any kind (except as specifically set forth in the Credit Agreement), be declared, and immediately shall become, due and payable, unless such Event of Default is waived or such acceleration is rescinded as provided in the Credit Agreement.

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration maturity of and notice of dishonor are

hereby waived by Borrower, except to the extent specifically provided for in the Credit Agreement. Subject to the terms of the Credit Agreement, Agent on behalf of the Lenders may extend the time of payment of this Note, postpone the enforcement hereof, grant any indulgences, release any party primarily or secondarily liable hereon or agree to any substitution, subordination, exchange or release of any security without affecting or diminishing Lender's right of recourse against Borrower, which right is hereby expressly reserved.

This Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with, and governed by the laws of the State of Illinois.

Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By: Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

AMENDED AND RESTATED REIT GUARANTY
(MANUFACTURED HOME COMMUNITIES, INC.)

This REIT Guaranty (this "Guaranty") is made as of April 28, 1998 by Manufactured Home Communities, Inc., a Maryland corporation ("Guarantor"), in favor of the Lenders (as defined in the "Credit Agreement" described below) and Wells Fargo Bank, N.A. ("Agent"), in its capacity as agent for the Lenders and as a Lender.

Recitals

Concurrently with the execution and delivery of this Guaranty, MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), Guarantor, Agent and Lenders are entering into a certain Amended and Restated Credit Agreement of even date herewith (the "Credit Agreement") pursuant to which Lenders are agreeing to provide a term credit facility to Borrower. This Guaranty is executed and delivered in order to induce Agent and Lenders to enter into the Credit Agreement. Unless otherwise specified herein, the capitalized defined terms used herein shall have the meanings ascribed to such terms in the Credit Agreement.

Guaranty

1. For valuable consideration, receipt of which is hereby acknowledged, Guarantor hereby unconditionally guaranties the full and prompt payment when due and performance of all of the Obligations. The Guarantor agrees that this Guaranty is a guaranty of payment and performance and not of collection. Nothing herein shall be construed as requiring Agent or Lenders to exhaust its remedies against Borrower, or to foreclose any security interest that may in the future be granted to Agent in any collateral or to exercise any other remedies available to it, as a condition to proceeding against Guarantor hereunder.

Additional Agreements and Waivers

2. Guarantor hereby agrees that its obligations under this Guaranty shall be unconditional, irrespective of (i) the validity or enforceability of the Obligations or any part thereof, or of any other Loan Document, (ii) the absence of any attempt to collect the Obligations from Borrower or any other guarantor or other action to enforce the same, (iii) the waiver or consent by Agent or Lenders with respect to any provision of any Loan Document or any other agreement now or hereafter executed by Borrower and delivered to Agent and Lenders, (iv) the failure by Agent to take any steps to perfect and maintain any Liens that may in the future be granted to Agent against any collateral, (v) Agent's election, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended (the "Bankruptcy Code") of the application of Section 1111(b)(2) of the Bankruptcy Code, (vi) any borrowing or grant of a security interest by Borrower as debtor-in-possession, under Section 364 of the Bankruptcy Code, (vii) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of Agent's or Lenders' claim(s) for repayment of the Obligations, or (viii)

any other circumstance which might otherwise constitute a legal or equitable discharge or defense of Borrower or a guarantor.

3. Effective until the repayment in full of the Obligations, no payment made by or for the account or benefit of Guarantor (including, without limitation, (i) a payment made by Guarantor in respect of the Obligations, (ii) a payment made by any Person under any other guaranty of the Obligations or (iii) a payment made by means of set-off or other application of funds by Agent or any of the Lenders) pursuant to this Guaranty shall entitle Guarantor, by subrogation or otherwise, to any payment by Borrower or from or out of any property of Borrower, and Guarantor shall not exercise any right or remedy against Borrower or any property of Borrower including, without limitation, any right of contribution or reimbursement by reason of any performance by Guarantor under this Guaranty. Without limitation of any of the foregoing, any Indebtedness (including, without limitation, interest obligations) of Borrower to Guarantor now or hereafter existing shall be, and such Indebtedness hereby is, deferred, postponed and subordinated to the repayment in full of the Obligations. The provisions of this paragraph shall survive the termination of this Guaranty or the release or discharge of Guarantor from liability hereunder. Guarantor and Agent hereby agree that Borrower is and shall be a third party beneficiary of the provisions of this paragraph.

4. To the extent permitted by law, Guarantor further waives all notices to which Guarantor might otherwise be entitled, except as otherwise expressly provided for herein, in the Credit Agreement or in any other agreement or document executed in connection with the transactions contemplated by the Credit Agreement. Without limitation of the foregoing, Guarantor, to the extent permitted by applicable law, hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of receivership or bankruptcy of the Borrower, protest or notice with respect to the Obligations, all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Guaranty, the benefits of all statutes of limitation, and all other demands whatsoever (and shall not require that the same be made on the Borrower as a condition precedent to Guarantor's obligations hereunder). Guarantor further waives all notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to the Borrower or otherwise, and also waives, to the extent permitted by law, all notices that the principal amount, or any portion thereof, and/or any interest on any instrument or document evidencing all or any part of the Obligations is due, notices of any and all proceedings to collect from the maker, any endorser or any guarantor of all or any part of the Obligations or from any other party, and, to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security given to the Lenders and the Agent to secure payment of all or any part of the Obligations.

5. Guarantor covenants that this guaranty will not be discharged except by complete and irrevocable payment and performance of the obligations and liabilities guaranteed herein. No notice to Guarantor or any other party shall be required for Agent or Lenders to make

demand hereunder. Such demand shall constitute a mature and liquidated claim against Guarantor. Upon the occurrence of an Event of Default described in Section 9.01(g) or Section 9.01(h) or upon the occurrence and continuance of any other Event of Default, Agent may, at its sole election, proceed directly and at once, without notice, against Guarantor to collect and recover the full amount or any portion of the Obligations, without first proceeding against Borrower, any other Person or any other collateral. Agent and Lenders shall have the exclusive right to determine the application of payments and credits, if any, from Guarantor, Borrower or from any other person, firm or corporation, on account of the Obligations.

6. To the extent permitted by applicable law, Agent is hereby authorized, without notice or demand to Guarantor (but without limiting any requirements of notice and demand to Borrower) and without affecting the liability of Guarantor hereunder or under any of the other Loan Documents executed by Guarantor, from time to time, (i) to renew, extend, accelerate or otherwise change the time for payment of, or other terms relating to, all or any part of the Obligations, or to otherwise modify, amend or change the terms of any of the Loan Documents; (ii) to accept partial payments on all or any part of the Obligations; (iii) to take and hold security or collateral for the payment of all or any part of the Obligations, or any guaranties of all or any part of the Obligations or other liabilities of Borrower, (iv) to exchange, enforce, waive and release any such security or collateral; (v) to apply such security or collateral and direct the order or manner of sale thereof as in its discretion it may determine; (vi) to settle, release, exchange, enforce, waive, compromise or collect or otherwise liquidate all or any part of the Obligations, any guaranty of all or any part of the Obligations and any security or collateral for the Obligations or for any such guaranty. Guarantor agrees, to the extent permitted by applicable law, that any of the foregoing may be done in any manner, without affecting or impairing the obligations of Guarantor hereunder or under any of the other Loan Documents executed by Guarantor.

7. At any time after maturity of the Obligations, Agent may, in its sole discretion, with notice (solely as may be provided for in the Credit Agreement) to Guarantor and regardless of the acceptance of any collateral for the payment hereof, appropriate and apply toward payment of the Obligations (i) any Indebtedness due or to become due from Agent or any of Lenders to Guarantor and (ii) any moneys, credits or other property belonging to Guarantor at any time held by or coming into the possession of Agent or any of Lenders or any affiliates thereof, whether for deposit or otherwise. Agent and Lenders shall appropriate and apply towards payment of the Obligations only moneys, credits or other property of Guarantor and of Guarantor's direct and indirect wholly-owned subsidiaries.

8. Notwithstanding any provision of this Guaranty to the contrary, it is NOT INTENDED THAT THIS GUARANTY CONSTITUTE A "FRAUDULENT CONVEYANCE" (as defined below). CONSEQUENTLY, GUARANTOR AGREES THAT IF THE GUARANTY WOULD, BUT FOR THE APPLICATION of this sentence, constitute a Fraudulent Conveyance, this Guaranty shall be valid and enforceable only to the maximum extent that would not cause this Guaranty to constitute a Fraudulent

Conveyance, and this Guaranty shall automatically be deemed to have been amended accordingly at all relevant times. For purposes hereof, a "Fraudulent Conveyance" means a fraudulent conveyance under Section 548 of the Bankruptcy Code (or any successor section) or a fraudulent conveyance or fraudulent transfer under the provisions of any applicable fraudulent conveyance or fraudulent transfer law or similar law of any state, nation or other governmental unit, as in effect from time to time.

9. The obligations of Guarantor under this Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Borrower or by any defense which Borrower may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor acknowledges and agrees that any interest on the Obligations which accrues after the commencement of any such proceeding (or, if interest on any portion of the Obligations ceases to accrue by operation of law by reason of the commencement of said proceeding, such interest as would have accrued on any such portion of the Obligations if said proceedings had not been commenced) shall be included in the Obligations, since it is the intention of the parties that the amount of the Obligations which is guaranteed by Guarantor pursuant to this Guaranty should be determined without regard to any rule of law or order which may relieve Borrower of any portion of such Obligations. Guarantor will permit, to the extent permitted by law, any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay Agent for the benefit of the Lenders, or allow the claim of Agent in respect of, any such interest accruing after the date on which such proceeding is commenced.

10. Guarantor consents and agrees that neither Agent nor any Lender shall be under any obligation to marshal any assets in favor of Guarantor or against or in payment of any or all of the Obligations. Guarantor further agrees that, to the extent that Borrower makes a payment or payments to Agent or Lenders, or Agent receives any proceeds of any collateral, for its benefit and the ratable benefit of Lenders, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to Borrower, its estate, trustee, receiver or any other party, including without limitation Guarantor, under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the Obligations or the part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred, and this Guaranty shall continue to be in existence and in full force and effect, irrespective of whether any evidence of indebtedness has been surrendered or cancelled.

11. No delay on the part of agent or lenders in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Agent or Lenders of any right or remedy shall preclude any further exercise thereof, nor shall any modification or waiver of any of the provisions of this Guaranty be binding upon Agent or Lenders, except as

expressly set forth in a writing duly signed and delivered on Agent's behalf by an authorized officer or agent of Agent. Agent's or Lenders' failure at any time or times hereafter to require strict performance by Borrower or Guarantor of any of the provisions, warranties, terms and conditions contained in any Loan Document, agreement, guaranty instrument or document now or at any time or times executed by Borrower, Guarantor or any other Person obligated under the Loan Documents shall not constitute a waiver of or affect or diminish any right of Agent and Lenders at any time or times hereafter to demand strict performance thereof and such right shall not be deemed to have been waived by any act or knowledge of Agent or Lenders, or their respective agents, officers or employees, unless such waiver is contained in an instrument in writing signed by an officer or agent of Agent and directed to Borrower, Guarantor or such other Person, as applicable, specifying such waiver. No waiver by Agent or Lenders of any default shall operate as a waiver of any other default or the same default on a future occasion, and no action by Agent or Lenders permitted hereunder shall in any way affect or impair Agent's or Lenders' rights or the obligations of Guarantor under this Guaranty. Any determination by a court of competent jurisdiction of an amount owing by Borrower to Agent or Lenders, or both, shall be conclusive and binding on Guarantor irrespective of whether Guarantor was a party to the suit or action in which such determination was made.

12. Guarantor will file all claims against Borrower in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law upon any indebtedness of Borrower to Guarantor or claim against Borrower by Guarantor and will assign to Agent for the benefit of the Lenders all rights of Guarantor thereunder. If Guarantor does not file any such claim, Agent, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in Agent's discretion, to assign the claim and to cause proof of claim to be filed in the name of Agent's nominee. Agent or its nominee shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to take. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Agent the full amount payable on such claims, and, to the full extent necessary for that purpose, Guarantor hereby assigns to Agent for the benefit of the Lenders all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Agent receives cash by reason of any such payment or distribution. If Agent receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Agreement.

13. This Guaranty shall be binding upon Guarantor and upon the successor and permitted assigns of Guarantor and shall inure to the benefit of Agent's and Lenders' respective successors and assigns. All references herein to borrower shall be deemed to include its successors, transferees and permitted assigns and all references herein to Agent or Lenders shall be deemed to include their successors, transferees and assigns. Borrower's successors and permitted assigns shall include, without limitation, a receiver, trustee or debtor in possession of

or for Borrower. All references to the singular shall be deemed to include the plural, and vice versa, where the context so requires.

14. Guarantor is fully aware of the financial condition of Borrower and is executing and delivering this Guaranty based solely upon Guarantor's own independent investigation of all matters pertinent hereto and is not relying in any manner upon any representation or statement of Agent. Guarantor represents and warrants that Guarantor is in a position to obtain, and Guarantor hereby assumes full responsibility for obtaining, any additional information concerning Borrower's financial condition and any other matter pertinent hereto as Guarantor may desire, and Guarantor is not relying upon or expecting Agent to furnish to Guarantor any information now or hereafter in Agent's possession concerning the same or any other matter. By executing this Guaranty, Guarantor knowingly accepts the full range of risks encompassed within a contract of this type, which risks Guarantor acknowledges. Guarantor shall have no right to require Agent to obtain or disclose any information with respect to the Obligations, the financial condition or character of Borrower or Borrower's ability to perform the Obligations, the existence or nonexistence of any other guaranties of all or any part of the Obligations, any action or nonaction on the part of Agent, Borrower, or any other person, or any other matter, fact or occurrence whatsoever.

15. Guarantor understands and agrees that, in accordance with the terms of the Credit Agreement, any Lender may elect, at any time, to sell, assign, or participate all or any part of such Lender's interest in the Loan and the Facility, and that any such sale, assignment or participation may be to one or more Persons as provided in Section 10.11 of the Credit Agreement. Subject to Section 11.17 of the Credit Agreement, Guarantor further agrees that Agent or any Lender may disseminate to any such potential purchaser(s), assignee(s) or participant(s) all documents and information (including without limitation all financial information) which has been or is hereafter provided to or known to Agent or any Lender with respect to: (a) the Property owned or leased by Guarantor and its operation; (b) any party connected with the Loans (including, without limitation, Guarantor, Borrower, any partner of Borrower or Guarantor or any other guarantor); and/or (c) any lending relationship other than the Facility which Agent or any Lender may have with any party connected with the Facility.

16. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST GUARANTOR WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT MAY BE AND ALL JUDICIAL PROCEEDINGS BROUGHT BY GUARANTOR WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION HAVING SITUS WITHIN THE BOUNDARIES OF THE FEDERAL COURT DISTRICT OF THE NORTHERN DISTRICT OF ILLINOIS, AND BY EXECUTION AND DELIVERY OF THIS GUARANTY, GUARANTOR ACCEPTS, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY FINAL JUDGMENT

RENDERED THEREBY FROM WHICH NO APPEAL HAS BEEN TAKEN OR IS AVAILABLE. GUARANTOR HEREBY DESIGNATES AND APPOINTS ELLEN KELLEHER, ESQ., MANUFACTURED HOME COMMUNITIES, INC., TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS 60606, TO RECEIVE ON ITS BEHALF SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDINGS IN ANY SUCH COURT, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY SUCH PERSON TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. SUCH APPOINTMENT SHALL BE REVOCABLE ONLY WITH AGENT'S PRIOR WRITTEN APPROVAL. GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO ITS NOTICE ADDRESS SPECIFIED ON THE SIGNATURE PAGES HEREOF, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT. GUARANTOR, AGENT AND LENDERS IRREVOCABLY WAIVE (A) TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT, AND (B) ANY OBJECTION (INCLUDING WITHOUT LIMITATION ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT IN ANY JURISDICTION SET FORTH ABOVE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST GUARANTOR IN THE COURTS OF ANY OTHER JURISDICTION. GUARANTOR AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIM IN ANY PROCEEDING BROUGHT BY AGENT OR ANY LENDER WITH RESPECT TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT.

17. This Guaranty shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of Illinois without regard to conflict of law principles.

18. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

19. This Guaranty amends and restates in its entirety that certain REIT Guaranty dated as of April 3, 1997 executed by Guarantor in connection with the Existing Credit Agreement, as such REIT Guaranty has been heretofore amended, modified and confirmed.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Guaranty has been duly executed by Guarantor as of this 28th day of April 1998.

GUARANTOR:

MANUFACTURED HOME COMMUNITIES, INC.
a Maryland corporation

By: Ellen Kelleher

Name: Ellen Kelleher

Title: Executive VP/General Counsel

Address: Two North Riverside Plaza,
Suite 800
Chicago, Illinois 60606

SOLVENCY CERTIFICATE

(MHC OPERATING LIMITED PARTNERSHIP)

1, Thomas P. Heneghan, the Chief Financial Officer of Manufactured Home Communities, Inc., a Maryland corporation (the "REIT"), which is the general partner of MHC Operating Limited Partnership, an Illinois limited partnership (the "Borrower"), in my capacity as Chief Financial Officer of the REIT, hereby certify to Wells Fargo Bank, N.A. as agent for the lenders (the "Lenders") under the Amended and Restated Credit Agreement of even date herewith (as amended, supplemented or restated from time to time, the "Credit Agreement) by and among the Borrower, the REIT, Agent and the Lenders, and to the Lenders that:

1. I am the duly elected, qualified and acting Chief Financial Officer of the REIT, which is the general partner of the Borrower, and I am familiar with the business and financial matters hereinafter described.

2. This Certificate is made and delivered to Wells Fargo Bank, N.A., as Agent on behalf of the Lenders, for the purpose of inducing the Lenders to advance the Loan Increase (as defined in the Credit Agreement) to Borrower, pursuant to the Credit Agreement. Each capitalized term used herein without definition shall have the meaning ascribed to such term in the Credit Agreement.

3. Immediately following the execution of the Loan Documents to which it is a party, including without limitation, the Credit Agreement, the Borrower will be able to pay its debts as they mature, will have capital sufficient to carry on its business and all businesses in which it presently intends to engage and will have assets which will have a present fair salable value and a fair valuation greater than the amount of its liabilities, whether direct or contingent.

4. The Borrower does not intend to incur debts beyond its ability to pay them as they mature.

5. The Borrower does not contemplate filing a petition in bankruptcy or for an arrangement or reorganization under Federal bankruptcy law, nor to its knowledge are there any threatened bankruptcy or insolvency proceedings against the Borrower.

[SIGNATURE PAGE FOLLOWS]

Dated: April 28, 1998

MHC OPERATING LIMITED PARTNERSHIP, an
Illinois limited partnership

By: MANUFACTURED HOME
COMMUNITIES, INC., a Maryland
corporation as
General Partner

By: Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EUP & CFO

Signature page to Solvency Certificate of MHC Operating Limited Partnership (Term).

SOLVENCY CERTIFICATE
(MANUFACTURED HOME COMMUNITIES, INC.)

I, Thomas P. Heneghan, the Chief Financial Officer of Manufactured Home Communities, Inc., a Maryland corporation (the "REIT"), which is the general partner of MHC Operating Limited Partnership, an Illinois limited partnership (the "Borrower"), in my capacity as Chief Financial Officer of the REIT, hereby certify to Wells Fargo Bank, N.A. as agent for the lenders (the "Lenders") under the Amended and Restated Credit Agreement of even date herewith (as amended, supplemented or restated from time to time, the "Credit Agreement) by and among the Borrower, the REIT, Agent and the Lenders, and to the Lenders that:

1. I am the duly elected, qualified and acting Chief Financial Officer of the REIT, which is the general partner of the Borrower, and I am familiar with the business and financial matters hereinafter described.

2. This Certificate is made and delivered to Wells Fargo Bank, N.A., as Agent on behalf of the Lenders, for the purpose of inducing the Lenders to advance the Loan Increase (as defined in the Credit Agreement) to Borrower, pursuant to the Credit Agreement. Each capitalized term used herein without definition shall have the meaning ascribed to such term in the Credit Agreement.

3. Immediately following the execution of the Loan Documents to which it is a party, including without limitation, the REIT Guarantee, the REIT will be able to pay its debts as they mature, will have capital sufficient to carry on its business and all businesses in which it presently intends to engage and will have assets which will have a present fair salable value and a fair valuation greater than the amount of its liabilities, whether direct or contingent.

4. The REIT does not intend to incur debts beyond its ability to pay them as they mature.

5. The REIT does not contemplate filing a petition in bankruptcy or for an arrangement or reorganization under Federal bankruptcy law, nor to its knowledge are there any threatened bankruptcy or insolvency proceedings against the REIT.

[SIGNATURE PAGE FOLLOWS]

Dated: April 28, 1998

MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation, as General Partner

By: Thomas P. Heneghan

Name: Thomas P. Heneghan

Title: EVP & CFO

Signature page to Solvency Certificate of MHC Operating Limited Partnership (Term).

COMPLIANCE CERTIFICATE

This Compliance Certificate is delivered pursuant to the Amended and Restated Credit Agreement dated as of April 28, 1998 (as amended, supplemented and restated from time to time, the "Credit Agreement"), among MHC Operating Limited Partnership, the Lenders (as defined therein or made party thereto), and Wells Fargo Bank, N.A., as Agent. All capitalized defined terms used herein shall have the meaning ascribed to such terms in the Credit Agreement.

1. The undersigned hereby certifies that the undersigned has reviewed the terms of the Credit Agreement and other Loan Documents and has made a review in reasonable detail of the transactions consummated by and financial condition of the REIT, the Borrower, the Subsidiaries and the Agreement Parties during the accounting period covered by the financial statements being delivered to Lender along with this Compliance Certificate and

(a) Such review has not disclosed the existence during or at the end of such accounting period, and the undersigned does not have knowledge of the existence as of the date hereof, of any condition or event which constitutes an Unmatured Event of Default or an Event of Default (except as set forth in paragraph (b) hereof).

(b) The financial statements being delivered to Agent along with this Compliance Certificate have been prepared in accordance with the books and records of the REIT, on a consolidated basis, and fairly present the financial condition of the REIT, on a consolidated basis, at the date thereof (if applicable, subject to normal year-end adjustments) and the results of operations and cash flows, on a consolidated basis, for the period then ended.

(c) The nature and period of existence of the condition(s) or event(s) which constitute an Unmatured Event(s) of Default or an Event(s) of Default is (are) as follows: None.

(d) Borrower (is taking) (is planning to take) the following action with respect to the condition(s) or event(s) set forth in paragraph (b) above: N/A

2. As of the end of the most recently ended accounting period (March 31, 1998):

(a) Total Liabilities to Gross Asset Value. Total Liabilities: $589,989,000.00 Gross Asset Value: $1,183,980,000.00. Ratio: 0.49:1 (Ratio not to exceed 0.6: 1).

(b) Secured Debt to Gross Asset Value. Secured Debt: $409,500,000.00. GROSS ASSET Value: $1,183,980,000.00. Ratio: 0.35:1 (Ratio not to exceed 0.4:1).

(c) EBITDA to Interest Expense EBITDA: $25,824,000.00. Interest Expense: $10,019,000.00. Ratio: 2.61 (Ratio not to be less than 2.01)

(d) EBITDA to Fixed Charges Ratio. EBITDA: $25,824,000-00. Fixed Charges: $11,954,000.00. Ratio: 2.2:1 (Ratio not to be less than 1.75:1).

(e) Unencumbered Net Operating Income to Unsecured Interest Expense. Unencumbered Net Operating Income: $11,336,000.00. Unsecured Interest Expense: $2,360,000.00. Ratio: 4.8:1 (Ratio not to be less than 1.80:1).

(f) Unencumbered Pool. Borrower shall not permit the ratio of (a) the sum of (i) Unencumbered Asset value: $518,236,000.00; (ii) Cash and Cash Equivalents owned by Borrower subject to no Lien in excess of $10MM: $0 to (b) outstanding Unsecured Debt: $150,488,000.00. Ratio: 3.4:1 (Ratio not to be less than 1.80:1).

(g) Minimum Net Worth. Borrower will maintain Net Worth of not less than $258,317,100 plus 90% of all Net Offering Proceeds received by the REIT or Borrower after September 30, 1996. Net Worth: $386,878,000.00.

(h) Permitted Holdings. Borrower and its Subsidiaries may acquire or maintain the following Permitted Holdings so long as (i) the aggregate value whether held directly or indirectly by Borrower and its Subsidiaries does not exceed, at any time, 20% of Gross Asset Value for the Borrower as a whole and (ii) the value of each Permitted Holding does not exceed, at any time the following percentages of Borrower's Gross Asset Value:

PERMITTED HOLDINGS	MAXIMUM	% OF GROSS ASSET VALUE
- Non manufactured home community property (other than cash or Cash Equivalents	10%	0.6%
- Land	5%	0%
- Securities (issued by REITs primarily engaged in the development, ownership and management of Manufactured Home communities	5%	0%
- Manufactured Home community Mortgage other than mortgage indebtedness which is either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or accounted for as investments in real estate under GAAP	10%	1.1%
- Manufactured Home Community Partnership Interest other than Controlled Partnership Interest	10%	0.5%
- Development Activity	10%	0.5%

3. All representations and warranties contained in the above-referenced Credit Agreement remain true and correct in all material respects. No Event of Default described in Section 9.01(g) or Section 9.01(h) has occurred and no other Event of Default or Unmatured

Event of Default has occurred and is continuing. There has been no Material Adverse Effect to the Borrower or the REIT.

4. As of the end of the Fiscal Quarter covered by the financial statements being delivered to Agent along with this Compliance Certificate, the weighted average occupancy rate of the Properties listed on Exhibit F to the Credit Agreement together with those designated by Borrower is at least eight-five percent (85%)

Thomas P. Heneghan

Mr. Thomas P. Heneghan
Chief Financial Officer of the REIT

Date: April 28, 1998

MHC OPERATING LIMITED PARTNERSHIP
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
312/474-0205

Fee Letter

April 28, 11998

Wells Fargo Bank, N.A.
225 West Wacker, Suite 2550
Chicago, Illinois 60606

Attention: Steve Lowery

Re: Arrangement and Administrative Fees

Dear Steve:

Reference is made to that certain Amended and Restated Credit Agreement of even date herewith (the "Credit Agreement"), among MHC Operating Limited Partnership ("Borrower"), Manufactured Home Communities, Inc. (the "REIT"), the financial institutions named therein (the "Lenders") and Wells Fargo Bank, N.A., as Agent ("Agent"). In consideration for the execution and delivery of the Credit Agreement by Agent and Lenders, Borrower hereby agrees to pay the following fees not described in the Credit Agreement:

1. Arrangement Fee. Borrower shall pay Agent an arrangement fee of Fifty Thousand Dollars ($50,000) on the date hereof.

2. Administrative Fee. Borrower shall also pay Agent an administrative fee of Ten Thousand Dollars ($10,000) per year throughout the entire term of the Credit Agreement, payable for the first year in advance on the date hereof and for each year thereafter in advance on each anniversary of the date hereof.

Well Fargo Bank,N.A.
April 28, 1998
Page 2

All fees described herein shall be fully earned when paid and shall not be refundable for any reason, including early termination of the Credit Agreement.

The fees, indemnities and other amounts payable pursuant to the Credit Agreement shall be in addition to the fees provided herein.

Very truly yours,

MHC OPERATING LIMITED PARTNERSHIP,
an Illinois corporation,

By: MANUFACTURED HOME COMMUNITIES, INC.,
a Maryland corporation, its general
partner

By: Ellen Kelleher

Name: Ellen Kelleher

Title: Executive BP/General Counsel

Accepted and agreed as of
April 28, 1998

WELLS FARGO BANK, N.A.

By:

Name:

Title:

All fees described herein shall be fully earned when paid and shall not be refundable for any reason, including early termination of the Credit Agreement.

The fees, indemnities and other amounts payable pursuant to the Credit Agreement shall be in addition to the fees provided herein.

Very truly yours,

MHC OPERATING LIMITED PARTNERSHIP,
an Illinois corporation,

By: MANUFACTURED HOME COMMUNITIES, INC.,
a Maryland corporation, its general
partner

By: _____

Name: _____

Title: _____

Accepted and agreed as of
April 28, 1998

WELLS FARGO BANK, N.A.

By: Steven R. Lowery
_____

Name: Steven R. Lowery
_____

Title: Vice President
_____

EXHIBIT 10.5

[BANK OF AMERICA LOGO]

TO: Manufactured Home Communities, Inc. ("Counterparty")
Attn: Mr. Tom Heneghan
Rapidfax: (312) 474-0205

FROM: Bank of America National Trust and Savings Association ("BofA")
185 Berry Street
San Francisco, CA 94107
Derivative Products Operations
Phone No.: (415) 624-1111
Rapidfax No.: (415) 624-1101

DATE: July 11, 1995

RE: USD 100,000,000.00 Swap Transaction

Dear Sir/Madam:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Swap Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. The parties agree that the Swap Transaction described in this Confirmation constitutes their binding obligations. Except as set forth in this Confirmation, the Swap Transaction shall be subject to all the terms and conditions of the form of the master agreement entitled "Master Agreement" ("Multicurrency-Cross Border" version) as published in 1992 by the International Swaps and Derivatives Association, Inc., (and herein called the "ISDA Agreement"), excluding the "Schedule" thereto. Counterparty and BofA shall negotiate a Schedule and upon agreement shall sign the ISDA Agreement including the Schedule so negotiated and agreed upon (hereinafter called the "Agreement"), whereupon this Confirmation shall be deemed automatically, without further action of any party, to be a Confirmation under the Agreement; provided, however, that, unless and until Counterparty and BofA agree upon and sign the Agreement, the preceding sentence shall have full force and effect.

THIS FACSIMILE TRANSMISSION WILL BE THE ONLY WRITTEN COMMUNICATION REGARDING THIS SWAP TRANSACTION. Pursuant to ISDA

guidelines, this facsimile transmission will be sufficient for all purposes to evidence a binding supplement to the Agreement. However, should you have an internal requirement for confirmations with an original signature, we request that you sign and return this Confirmation by facsimile, whereupon, we will add an original signature to the fully executed Confirmation, and forward it to you by mail.

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	USD 100,000,000.00
Trade Date:	July 7, 1995
Effective Date:	March 10, 1998
Termination Date:	March 10, 2003, subject to adjustment in accordance with the Modified Following Business Day Convention

Fixed Amounts:

Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	The 10th of every month, beginning with April 14, 1998 and ending on and including the Termination Date
Fixed Amount:	Calculation Amount x Fixed Rate x Fixed Rate Day Count Fraction
Fixed Rate:	6.39500%
Fixed Rate Day Count Fraction:	Actual/360

Floating Amounts:

Floating Rate Payer:	BofA
Floating Rate Payer Payment Dates:	Same as Fixed Rate Payer Payment Dates
Floating Rate for Initial Calculation Period:	To be determined
Floating Rate Option:	USD-LIBOR-BBA
Designated Maturity:	One (1) Month

Spread:	None
Floating Rate Day Count Fraction:	Actual/360
Reset Dates:	First day of each Calculation Period
Compounding:	Inapplicable
Business Day:	New York and London
Business Day Convention:	Modified Following
Calculation Agent:	BofA

3. Account Details

Payments to BofA:	Debit Manufactured Home Communities, Inc. Acct. No. 7501943 with Bank of America, Illinois
Payments to Counterparty:	Credit Manufactured Home Communities, Inc. Acct. No. 7501943 with Bank of America, Illinois

4. Offices:

Office of BofA:	The San Francisco Head Office
Office of Counterparty:	Chicago

Other Provisions Applicable to BofA

Specified Entities of BofA:	None
Credit Support Document(s) Relating to BofA:	None
Credit Support Provider Relating to BofA:	None
Agreements of BofA:	As per Section 4 of the ISDA Agreement.

Representations of BofA:	As per Section 3 of the ISDA Agreement.

Other Provisions Applicable to Counterparty

Specified Entities of Counterparty:	As may be indicated in the Agreement, if at all.
Credit Support Document(s) Relating to Counterparty:	As may be indicated in the Agreement, if at all.
Credit Support Provider Relating to Counterparty:	As may be indicated in the Agreement, if at all.
Agreements of Counterparty:	As per Section 4 of the ISDA Agreement.
Representations of Counterparty:	As per Section 3 of the ISDA Agreement.

Other Provisions (General)

(A) Other Agreements:	Corporate Resolution, Specimen Signature Certificate and other documentation as indicated in the Agreement, if at all.
(B) Events of Default:	As per Section 5 of the ISDA Agreement and Cross Default as indicated in the Agreement, if at all.
(C) Termination Events:	All the Termination Events specified in Section 5(b) of the ISDA Agreement will apply (including Credit Event Upon Merger).
(D) Early Termination:	As per Section 6 of the ISDA Agreement, it being the parties' intent that Section 6 apply to all outstanding Swap Transactions before (as well as after) execution of the Agreement.

(E) Tax Representations:	Counterparty and BofA make the Payer Representations contained in Part 2 of the Schedule to the ISDA Agreement. Payee Representations may be indicated in Part 2 of the Schedule to the Agreement, if applicable
(F) Tax Agreements of BofA and Counterparty:	As may be indicated in the Agreement if at all.
(G) Variations to the ISDA Agreement:	BofA has made certain amendments to the ISDA Agreement which it believes are of a noncontentious nature. These amendments will be specified in the draft Agreement to be sent by BofA to Counterparty.
(H) Documentation:	This Confirmation will constitute a binding agreement with respect to the Swap Transaction described herein. Without prejudice to the preceding sentence, Counterparty and BofA will negotiate in good faith to enter into the Agreement as soon as practicable after the date of this Confirmation.

Please confirm your agreement to be bound by the terms stated herein by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a telex of letter within 24 hours of receipt of this Confirmation to Bank of America NT & SA San Francisco Telex No. 249839 Answer Back OPRST UR or Rapidfax No. 415-624-1101 Attention: Derivative Products Operations, substantially in the form below:

Quote

We acknowledge receipt of your rapidfax dated July 11, 1995 with respect to the Swap Transaction entered into on July 7, 1995 between Manufactured Home Communities, Inc. and Bank of America National Trust and Savings Association with a Notional Amount of USD 100,000,000.00 and a Termination Date of March 10, 2003, and confirm our agreement to be bound by the terms specified in such rapidfax.

Unquote

This Confirmation shall be conclusively deemed accurate and complete by Counterparty if not objected to within two (2) Business Days from the date of receipt.

Yours sincerely,

For and on behalf of:
BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION

By: /s/ Walter J. Ebner
Name: Walter J. Ebner
Title: Vice President

Confirmed as of the
date first above written:
MANUFACTURED HOME COMMUNITIES, INC.

By: /s/ Thomas P. Heneghan
Name: Thomas P. Heneghan
Title: VP & CFO

By: /s/ Ellen Kelleher
Name: Ellen Kelleher
Title: SVP and General Counsel

[LOGO} MANUFACTURED HOME COMMUNITIES, INC.
Two North Riverside Plaza
Chicago, IL 60606 Phone: 312/474-1122 Fax:312/474-0437

FACSIMILE
CONFIDENTIAL INFORMATION

PLEASE DELIVER AS SOON AS POSSIBLE. THANK YOU.

DATE: July 11, 1995

TO: Walter Ebner

FROM: Ellen Kelleher

FAX NUMBER: 828-2229

FIRM NUMBER:

NO. OF PAGES:
(including cover page) 2

COMMENTS:

PLEASE NOTIFY SENDER IMMEDIATELY IF PAGES DO NOT TRANSMIT PROPERLY.

BANK OF AMERICA [LOGO]

December 13, 1995

Manufactured Home Communities, Inc.
Two North Riverside Plaza
Chicago, IL 60606

Attention: David W. Fell, Associate General Counsel

Re: Master Agreement 11/22/95 ("Agreement")

Dear David:

Enclosed please find a fully executed copy of the above-referenced Agreement between MHC OPERATING LTD PARTNERSHIP and Bank of America National Trust and Savings Association ("Bank"). This Agreement will govern all future transactions between us.

I have also included the Bank's Corporate Resolution and Specimen Signature Certificate to complete your files.

It has been a pleasure working with you to complete this documentation. We look forward to future transactions.

Very truly yours,

Bank of America National Trust and Savings Association

/s/ Carolyn V. Evans
Carolyn V. Evans
Trading Documentation Negotiator
Telephone No.: 415-953-3628
Facsimile No.: 415-953-7997

Enclosures

cc: John Suhs, V.P., Unit #6943 (w/enclosure)

EXHIBIT 23.3

Consent of Independent Auditors

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3) and related Prospectus of Manufactured Home Communities, Inc. for the registration of 2,000,000 shares of its common stock and to the incorporation by reference therein of our report dated January 28, 1999, except for Note 17, as to which the date is February 18, 1999, with respect to the consolidated financial statements and schedules of Manufactured Home Communities, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1998, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Chicago, Illinois
November 10, 1999