

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 10, 2004

Manufactured Home Communities, Inc.

(Exact name of registrant as specified in its charter)

Maryland

1-11718

36-3857664

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

Two North Riverside Plaza, Suite 800, Chicago, IL

60606

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (312) 279-1400

Not applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act
(17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR
240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange
Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange
Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On November 10, 2004, we completed the acquisition of an entity that owns 57 properties and approximately 3,000 acres of vacant land, for consideration of \$160 million. In connection with this transaction we entered into a Lease Agreement with Thousand Trails Operations Holding Company, L.P. ("Lessee").

In addition, on November 10, 2004, in connection with the closing of this transaction, we entered into a Term Loan Agreement by and among MHC Operating Limited Partnership, as borrower, Manufactured Home Communities, Inc. and two of our other affiliates as guarantors, Wells Fargo Bank, N.A., Bank of America, N.A., Banc of America Securities L.L.C., and LaSalle Bank National Association, as lenders and various agents.

Further information on this transaction is provided in Item 2.01 and Item 2.03 and is incorporated by reference into this Item.

On November 10, 2004, we also entered into amendments of two existing credit agreements in order to conform certain financial and other covenants to those of the term loan and add in one of our affiliates as an additional guarantor, as follows:

- o a Fifth Amended and Restated Credit Agreement (Revolving Facility) by and among MHC Operating Limited Partnership, as borrower, Manufactured Home Communities, Inc. and two of our other affiliates as guarantors, and Wells Fargo Bank, N.A., Bank of America, N.A., and LaSalle Bank National Association, as lenders and various agents; and
- o a First Amended and Restated Loan Agreement by and among MHC Operating Limited Partnership, as borrower, Manufactured Home Communities, Inc. and two of our other affiliates as guarantors, and Wells Fargo Bank, N.A., as lender.

ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS.

On August 3, 2004, we issued a press release (filed on a Current Report on Form 8-K on August 5, 2004) announcing that we had entered into an Agreement and Plan of Merger with KTTI Holding Company, Inc. ("KTTI"). On November 10, 2004, we completed the transaction by acquiring the stock of KTTI and entering into a leaseback transaction with Lessee. On that date, we issued a press release announcing the closing of the transaction. The press release is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated by reference into this report.

At the time of the acquisition, the only assets owned by KTTI were 57 properties and approximately 3,000 acres of vacant land located in 16 states, primarily in the western and southern United States, and British Columbia, Canada. The consideration for the acquisition was \$160 million. The merger agreement includes customary representations and warranties and covenants.

Prior to closing the acquisition, KTTI spun-off its operating business to Lessee, a newly-formed entity owned by Kohlberg & Company, L.L.C. ("Kohlberg"), a private merchant banking firm. Pursuant to the Lease Agreement referenced in Item 1.01 above we leased the 57 properties (excluding the vacant land) to Lessee. Lessee is in the business of operating and managing (i) membership campgrounds, (ii) reciprocal use and affiliation programs for use of campgrounds and (iii) campgrounds for third parties. The lease provides for annual rental payments of \$16 million, subject to annual increases of 3.25% and payable in regular monthly installments. In addition to rent, Lessee is responsible for taxes, insurance and maintenance costs associated with the leased properties (i.e., "a triple net lease"). The lease contains other customary provisions for a triple net lease. The initial term of the lease is 15 years, with an option for Lessee to extend the lease for two consecutive extension terms of 5 years each. At the end of the lease term, Lessee has the right to

repurchase the 57 properties (excluding the vacant land) from us for the greater of (x) \$160 million or (y) fair market value determined at the time of repurchase. If Lessee does not exercise its option, we have the option to purchase the operating business of Lessee for fair market value determined at the time of purchase. We also have a right of first offer if Lessee desires to sell its operating business during the lease term. In addition, upon an event of default and the expiration of any applicable notice and cure periods under the lease, we have the right at our election to (i) require Lessee to repurchase the 57 properties (excluding the vacant land) for \$224 million plus accrued unpaid rent or (ii) purchase Lessee's operating business for 60% of fair market value (determined at the time of purchase) less accrued unpaid rent.

The terms of the transaction and consideration paid were the results of arm's-length negotiations with KTTI. There is no material relationship between us and KTTI or Kohlberg other than in respect of the transactions described herein.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT.

On November 10, 2004, our affiliate MHC Operating Limited Partnership entered into the Term Loan Agreement referenced in Item 1.01 above, pursuant to which it borrowed \$120 million, on an unsecured basis, at (i) a floating interest rate equal to the higher of the prime rate of interest established by the lender and the Federal Funds Rate announced by the Federal Reserve Bank of New York plus one-half percent or (ii) LIBOR plus (x) in the case of loans priced by reference to LIBOR, a margin ranging from 1.10% to 1.75%, and (y) in the case of loans priced by reference to the base rate, a margin ranging from 0.10% to 0.75%, in each case depending on the ratio of total liabilities to gross asset values of MHC Operating Limited Partnership and its subsidiaries. The loan will be due and payable on November 10, 2007, unless this initial maturity date is extended by the borrower for an additional two years upon satisfaction of certain conditions. The term loan agreement contains customary financial covenants, negative covenants and default provisions. If we do not comply with the various financial and other covenants and requirements under the term loan agreement, the lenders may, subject to various customary cure rights, require the immediate repayment of all outstanding amounts under the term loan agreement. Manufactured Home Communities, Inc. and two of our other affiliates have provided a guaranty under this term loan.

We applied the \$120 million of proceeds from the term loan along with approximately \$40 million drawn from the First Amended and Restated Loan Agreement referenced in Item 1.01 above to pay the consideration for the acquisition of the stock of KTTI.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial statements of the business acquired.

At the time of our acquisition, the only assets owned by KTTI were the 57 properties that are being leased back to Lessee and approximately 3,000 acres of vacant land. The historical financial statements of KTTI will not be filed because they relate to the spun-off business which we did not acquire.

(b) Pro forma financial information.

We intend to file any required pro-forma financial information within 71 calendar days after the date that this Current Report on Form 8-K must be filed with the Securities and Exchange Commission.

(c) Exhibits

The following exhibits are being filed with this Current Report on Form 8-K.

Exhibit No.	Description
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1.1	Agreement and Plan of Merger by and among MHC T1000 Trust (f/k/a MHC Thousand Trails Trust), Thousand Trails Acquisition, Inc., KTTI Holding Company, Inc. and Thousand Trails Operations Holding Company, L.P., dated as of August 2, 2004.
1.2	Amendment No. 1 to Agreement and Plan of Merger by and among MHC T1000 Trust, Thousand Trails Acquisition, Inc., KTTI Holding Company, Inc. and Thousand Trails Operations Holding Company, L.P., dated as of September 30, 2004.
1.3	Amendment No. 2 to Agreement and Plan of Merger by and among MHC T1000 Trust, Thousand Trails Acquisition, Inc., KTTI Holding Company, Inc. and Thousand Trails Operations Holding Company, L.P., dated as of November 9, 2004.
1.4	Lease Agreement, dated as of November 10, 2004, by and between MHC TT Leasing Company, Inc. and Thousand Trails Operations Holding Company, L.P.
1.5	Term Loan Agreement, dated as of November 10, 2004, by and among MHC Operating Limited Partnership, as borrower, Manufactured Home Communities, Inc., as a guarantor, MHC Trust, as a guarantor, MHC T1000 Trust, as a guarantor, and the financial institutions party thereto, as lenders, Wells Fargo Bank, N.A., as administrative agent and a joint lead arranger, Bank of America, N.A., as syndication agent, Banc of America Securities L.L.C., as a joint lead arranger, and LaSalle Bank National Association, as documentation agent.
1.6	Fifth Amended and Restated Credit Agreement, dated as of November 10, 2004, by and among MHC Operating Limited Partnership, as borrower, Manufactured Home Communities, Inc., as a guarantor, MHC Trust, as a guarantor, MHC T1000 Trust, as a guarantor, and the financial institutions party thereto, as lenders, Wells Fargo Bank, N.A., as administrative agent, sole lead arranger, swingline lender and issuing lender, Bank of America, N.A., as syndication agent, and LaSalle Bank National Association, as documentation agent.
1.7	First Amended and Restated Loan Agreement, dated as of November 10, 2004, by and among MHC Operating Limited Partnership, as borrower, Manufactured Home Communities, Inc., as a guarantor, MHC Trust, as a guarantor, MHC T1000 Trust, as a guarantor, and Wells Fargo Bank, N.A., as lender.
99.1	Press Release dated November 10, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MANUFACTURED HOME COMMUNITIES, INC.

Date: November 16, 2004

By: /s/ Michael B. Berman

Michael B. Berman
Vice President, Treasurer and
Chief Financial Officer

EXHIBIT INDEX

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AGREEMENT AND PLAN OF MERGER

BY AND AMONG

MHC THOUSAND TRAILS TRUST

THOUSAND TRAILS ACQUISITION, INC.

KTTI HOLDING COMPANY, INC.

AND

THOUSAND TRAILS OPERATIONS HOLDING COMPANY, L.P.

DATED AS OF

AUGUST 2, 2004

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "AGREEMENT"), dated as August 2, 2004, is by and among MHC THOUSAND TRAILS TRUST, a Maryland real estate investment trust ("MHC"), THOUSAND TRAILS ACQUISITION, INC., a Delaware corporation which is wholly-owned by MHC ("ACQUISITION"), KTTI HOLDING COMPANY, INC., a Delaware corporation (the "COMPANY") and THOUSAND TRAILS OPERATIONS HOLDING COMPANY, L.P., a Delaware limited partnership and subsidiary of the Company ("OPERATIONS"). MHC, Acquisition, Company and Operations are referred to herein collectively as the "PARTIES" and individually as a "PARTY". Article XI hereof contains references to sections of this Agreement where various capitalized terms are defined.

RECITALS

A. The Parties hereto desire to enter into this Agreement and, subject to the terms and conditions hereof, consummate the transactions contemplated hereby pursuant to which MHC will acquire all of the capital stock of the Company through a merger of Acquisition with and into the Company (as more fully described in Section 1.1 hereof, the "MERGER"), with the Company being the Surviving Corporation.

B. Prior to the Effective Time, the Company and its subsidiary companies shall have effected a reorganization (the "TRAILS REORGANIZATION") in accordance with agreements to be mutually agreed upon by the Parties (the "REORGANIZATION DOCUMENTS"), pursuant to which, inter alia, (a) the subsidiaries of the Company listed on Exhibit A attached hereto (each, an "ACQUIRED SUBSIDIARY" and collectively, the "ACQUIRED SUBSIDIARIES") shall remain as direct or indirect subsidiaries of the Company (the Company, together with the Acquired Subsidiaries, each, an "ACQUIRED COMPANY" and collectively, the "ACQUIRED COMPANIES"), (b) the Company shall transfer to Operations ownership of all of the capital stock and equity of each of the subsidiaries of the Company listed on Exhibit B attached hereto (each, a "DISTRIBUTED COMPANY" and collectively, the "DISTRIBUTED COMPANIES"), (c) the Company shall transfer to Operations the other specified assets and all liabilities of operating and managing (i) membership campgrounds, (ii) reciprocal use and affiliation programs for use of campgrounds, and (iii) campgrounds for third parties, including the United States Forest Service (the "OPERATING BUSINESS"), and (d) the Company shall distribute to its stockholders equity interests of Operations, cash and secured notes in a form and an amount to be mutually agreed upon by the Parties (the "NOTES") in redemption of a portion of the outstanding Company Common Stock.

C. Operations desires the other Parties to enter into this Agreement and to consummate the transactions contemplated hereby.

D. Each of MHC and Operations acknowledges and agrees that the Trails Reorganization will be completed in connection with and as a condition precedent to the transactions contemplated by this Agreement and that the Trails Reorganization would not be completed in the absence of this Agreement. Each of the Parties acknowledge and agree that Operations will receive adequate and valuable consideration in the Trails Reorganization for its obligations under this Agreement, including Operations' indemnification obligations pursuant to Article VIII hereof. Each of MHC and Acquisition acknowledge and agree that Operations will

be the sole source of any payments in respect of any indemnification obligations of Operations pursuant to Article VIII hereof.

E. Concurrently with the execution hereof, pursuant to the written consent of the holders of a majority of the voting capital stock of the Company made in accordance with Section 228 of the General Corporation Law of the State of Delaware (the "DGCL"), the requisite Stockholders of the Company have approved both the Merger and the Trails Reorganization.

F. At the Closing, pursuant to an agreement between MHC Operating Limited Partnership (or an Affiliate thereof other than MHC or any direct or indirect subsidiary of MHC (such entity, the "NOTE PURCHASER")) and the Stockholders (the "NOTE PURCHASE AGREEMENT"), the Note Purchaser will purchase the Notes from the Stockholders for an aggregate amount to be mutually agreed upon by the Parties prior to the Closing (the "NOTE PURCHASE PRICE").

G. Operations and the Company, on the one hand, and MHC and Acquisition, on the other hand, desire to make certain representations, warranties, covenants and other agreements in connection with the transactions contemplated hereby.

AGREEMENT

In consideration of the representations, warranties, covenants and other agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

THE MERGER

1.1 The Merger. Upon the terms and subject to the satisfaction of the conditions set forth in this Agreement, at the Effective Time, (a) Acquisition shall be merged with and into the Company, (b) the separate corporate existence of Acquisition shall cease, and (c) the Company shall continue as the surviving corporation (the "SURVIVING CORPORATION") in the Merger under the laws of the State of Delaware.

1.2 Closing and Closing Date. Subject to the terms and conditions of this Agreement, the closing of the Merger (the "CLOSING") shall take place at the offices of Katten Muchin Zavis Rosenman, 525 West Monroe Street, Suite 1600, Chicago, Illinois 60661, at 10:00 a.m. local time, on (a) the next business day after the last to be fulfilled or waived of the conditions set forth in Article VII hereof or (b) at such other time, date or place as the Company and MHC may agree in writing. The date on which the Closing occurs is referred to herein as the "CLOSING DATE." Subject to the satisfaction of the closing conditions specified herein, the Parties anticipate that the Closing shall occur on or about October 1, 2004. The Parties hereby acknowledge and agree that the Closing shall be a standard "New York style" real estate transaction without imposing additional substantive obligations on the Parties.

1.3 Effective Time of the Merger. On the Closing Date, the Parties shall cause a certificate of merger, or other appropriate documentation (the "CERTIFICATE OF MERGER"),

satisfying the requirements of the DGCL to be filed with the office of the Secretary of State of the State of Delaware in accordance with the provisions of the DGCL. When used herein, the term "EFFECTIVE TIME" shall mean the date and time when the Certificate of Merger has been accepted for filing by the Secretary of State of the State of Delaware or such date and time as otherwise specified in the Certificate of Merger.

1.4 Effects of the Merger. The Merger shall, from and after the Effective Time, have the effects provided in this Agreement and the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the properties, rights, privileges, powers, immunities and franchises of Acquisition and the Company shall vest in the Surviving Corporation, and all debts, liabilities and duties of Acquisition and the Company shall become the debts, liabilities and duties of the Surviving Corporation. If at any time after the Effective Time any further action is deemed necessary or desirable to carry out the purposes of this Agreement, the Parties agree that the Surviving Corporation and its proper officers and directors shall be authorized to take, and shall take, any and all such action. Operations covenants that, as a result of the Merger and the Trails Reorganization, as of the Effective Time neither the Company nor any of the Acquired Subsidiaries shall have (i) any liabilities except as set forth on Schedule 1.4 (the "ASSUMED LIABILITIES") or (ii) any employees. MHC shall not assume any liabilities of the Acquired Companies other than the Assumed Liabilities. Each of the Company and Operations covenants that as of the Effective Time the Acquired Companies shall own the Real Property (including the Excess Land) free and clear of Liens except as set forth on Schedule 1.4. For purposes hereof the definition of "EXCESS LAND" shall have the meaning set forth in the Ground Lease which meaning shall be mutually agreed upon by the Parties prior to the Closing.

ARTICLE II

THE SURVIVING CORPORATION

2.1 Certificate of Incorporation. The Certificate of Merger shall include such amendments, schedules or supplements as may be required under the DGCL to provide that the Certificate of Incorporation of the Surviving Corporation from and after the Effective Time shall be, or be the same as, the Certificate of Incorporation of Acquisition as in effect immediately prior to the Effective Time, until thereafter changed or amended as provided therein or by applicable law; provided, however, that the name of the Surviving Corporation shall be the name specified in Section 2.4 hereof.

2.2 By-Laws. The By-Laws of Acquisition as in effect immediately prior to the Effective Time shall be the By-Laws of the Surviving Corporation from and after the Effective Time, until thereafter changed or amended as provided therein or by applicable law.

2.3 Board of Directors and Officers. The board of directors and officers of Acquisition immediately prior to the Effective Time shall be appointed as the board of directors and officers, respectively, of the Surviving Corporation, effective as of the Effective Time, and until the earlier of their respective resignations or the time that their respective successors are duly elected or appointed and qualified.

2.4 Name of Surviving Corporation. The name of the Surviving Corporation shall be MHC TT Holding Company, Inc.

ARTICLE III

CONVERSION AND CANCELLATION OF SECURITIES; CONVERSION PRICE

3.1 Certain Definitions. Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings ascribed thereto:

"AFFILIATE" shall mean, as to any Person, any other Person, which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. For the purposes of this definition, "control" means the possession of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"COMPANY COMMON STOCK" shall mean the Company's common stock, par value \$0.01 per share, of which 4,000,000 shares are authorized and 3,600,000 shares are issued and outstanding as of the date hereof.

"STOCKHOLDERS" shall mean the holders of the Company Common Stock and Options immediately prior to the Effective Time.

3.2 Conversion of Shares. As of the Effective Time, by virtue of the Merger and without any action on the part of the Parties:

(a) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time shall be cancelled and extinguished and converted into the right to receive the Conversion Price per Share, as determined in accordance with the provisions of Section 3.4 hereof, and payable in accordance with the provisions of Section 3.5 hereof.

(b) Each share of Company Common Stock held in the Company's treasury or in the treasury of any subsidiary of the Company immediately prior to the Effective Time, if any, shall be cancelled and extinguished without the payment of any consideration therefor.

(c) Each share of capital stock of Acquisition issued and outstanding immediately prior to the Effective Time shall be converted into and become one fully paid and non-assessable share of the common stock of the Surviving Corporation.

3.3 Stockholders; Conversion Price per Share. Two business days prior to the Closing Date, the Company shall deliver to MHC a certificate in the form of Exhibit C attached hereto (the "CONVERSION CERTIFICATE"), which will be attached to, and become a part of, this Agreement and will set forth the name of each Stockholder, the aggregate Company Common Stock and Options owned thereby, the exercise price for such Options, and the portion of the Aggregate Conversion Amount allocable to such Stockholder. Each of the Company and Operations represents, warrants and covenants that the information provided in the Conversion Certificate shall be true, accurate and complete and shall be in accordance with all applicable

organizational documents, instruments, agreements and certificates that create or relate to the Company Common Stock and Options.

3.4 Determination of Conversion Price. The Aggregate Conversion Amount and the Conversion Price per Share shall be determined as follows:

(a) The "AGGREGATE CONVERSION AMOUNT" shall be an amount equal to ONE HUNDRED SIXTY MILLION DOLLARS (\$160,000,000) minus the Indebtedness of the Company and the Acquired Subsidiaries shown on the Indebtedness Certificate, and minus the Note Purchase Price shown on the Indebtedness Certificate.

(b) The "CONVERSION PRICE PER SHARE" means the amount set forth on the Conversion Certificate as the Conversion Price Per Share.

3.5 Payment for the Shares.

(a) From and after the Effective Time, in accordance with the last sentence of this Section 3.5(a), U.S. Bank, N.A. shall act as paying agent (the "PAYING AGENT") in effecting the payment of the Aggregate Conversion Amount in respect of certificates (the "CERTIFICATES") that, prior to the Effective Time, represented Company Common Stock or Options entitled to payment of the Aggregate Conversion Amount pursuant to the Conversion Certificate. At the Effective Time, MHC or Acquisition shall deposit, or cause to be deposited, with the Paying Agent the Aggregate Conversion Amount to which the Stockholders shall be entitled pursuant to this Article III. The expenses of and any indemnification obligations to the Paying Agent shall be the sole responsibility of Operations.

(b) At or prior to the Effective Time, the Company shall provide to each record holder of Certificates that immediately prior to the Effective Time represented Company Common Stock or Options a form of letter of transmittal in a customary form mutually agreed upon by the Parties (the "LETTER OF TRANSMITTAL") which shall, among other things, specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Paying Agent, and instructions for use in surrendering such Certificates and receiving the Aggregate Conversion Amount in respect thereof. MHC shall cause the Paying Agent to mail the Letter of Transmittal to each Stockholder as promptly as practicable. Upon the surrender of each such Certificate, the Paying Agent shall pay the holder of such Certificate an aggregate amount equal to (i) the Conversion Price per Share multiplied by (ii) the number of shares of Company Common Stock formerly represented by such Certificate, in consideration therefor, and such Certificate shall forthwith be cancelled. Until so surrendered, each such Certificate (other than Certificates representing Company Common Stock held by the Company or held in the treasury of the Company) shall represent solely the right to receive the Conversion Price per Share multiplied by the number of shares of Company Common Stock represented thereby. No interest or dividends shall be paid or accrued on the Conversion Price per Share. If the Conversion Price per Share (or any portion thereof) is to be delivered to any Person other than the Person in whose name the Certificate formerly representing Company Common Stock surrendered thereof is registered, it shall be a condition to such right to receive payment of such Conversion Price per Share that the Certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the Person requesting such payment

shall pay to the Paying Agent the transfer or other similar taxes required by reason of payment of the Conversion Price per Share to a Person other than the registered holder of the Certificate so surrendered, or shall establish to the satisfaction of the Paying Agent that such tax has been paid or is not applicable.

(c) After the Effective Time, there shall be no transfers on the stock transfer books of the Surviving Corporation of any shares of Company Common Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates formerly representing shares of Company Common Stock are presented to the Surviving Corporation or the Paying Agent, they shall be surrendered and cancelled in return for the payment of the Conversion Price per Share relating to each such share, as provided in this Article III.

(d) In the event that any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond in such reasonable amount, and otherwise in such substance and form as the Surviving Corporation may reasonably direct as indemnity for the Surviving Corporation, MHC and the Paying Agent with respect to such Certificate, the Paying Agent will issue in exchange for such lost, stolen or destroyed Certificate the portion of the Aggregate Conversion Amount with respect to such Certificate to which such Person is entitled pursuant to this Article III.

3.6 Stock Options. Prior to the Effective Time, the Company's Board of Directors (or, if appropriate, any committee thereof) shall adopt appropriate resolutions and take all other actions necessary to (i) provide for the cancellation or exercise, effective at the Effective Time, of all the outstanding stock options or similar rights (the "OPTIONS") theretofore granted under the Equity Incentive Plan of the Company (the "STOCK OPTION PLAN"), without any payment therefor except as otherwise provided in this Section 3.6, and (ii) terminate the Stock Option Plan as of the Effective Time. Each Option, to the extent unexercised as of the Effective Time, shall thereafter no longer be exercisable but shall entitle each holder thereof, in cancellation and settlement therefor, to a payment in cash by the Company (subject to any applicable withholding taxes), at the Effective Time, equal to the amount set forth on the Conversion Certificate in respect of such Option (such amounts payable hereunder being referred to as the "OPTION PAYMENTS"). At the Effective Time, MHC or Acquisition shall deposit, or cause to be deposited, with the Paying Agent, in accordance with Section 3.5(a) hereof, the aggregate Option Payments due pursuant to this Section 3.6. Upon surrender of the certificate for an Option by the holder of such Option to the Paying Agent, the Paying Agent shall pay to such Option holder, on behalf of the Company and subject to any applicable withholding taxes, the Option Payments due under this Section 3.6 with respect to such Option.

3.7 Repayment of Company Indebtedness. At the Effective Time, MHC will, or will cause the Surviving Corporation or any of its subsidiaries to, repay in full all amounts owing pursuant to, and discharge all of the Company's and its subsidiaries' (including both Acquired Companies and Distributed Companies) obligations under, the agreements governing the indebtedness identified on the Indebtedness Certificate. Each of the Company and Operations covenants that following payment by MHC of all Indebtedness listed on the Indebtedness Certificate, none of the Acquired Companies shall have any obligation for outstanding

Indebtedness. For purposes hereof, "INDEBTEDNESS" shall mean, with respect to the Acquired Companies, as of the Closing Date, without duplication, (i) all indebtedness for borrowed money, including, but not limited to, all obligations evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (ii) all purchase money indebtedness, including, but not limited to, the principal portion of all obligations under capital leases, (iii) all guaranty obligations of any of the Acquired Companies with respect to the indebtedness of any other Person for borrowed money, including, but not limited to, the indebtedness for borrowed money of any of the Distributed Companies, (iv) all obligations issued or assumed as the deferred purchase price of property or services purchased by any Acquired Company that should appear as liabilities on a balance sheet in accordance with generally accepted accounting principles as in effect as of the Closing Date consistently applied ("GAAP"), (v) the principal balance outstanding under any synthetic lease, tax retention operating lease or similar off-balance sheet financing where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP, (vi) all obligations in respect of interest rate protection agreements, foreign currency exchange agreements, commodity purchase agreements or other similar exchange, swap or hedging agreements, and (vii) the maximum amount of any standby letters of credit or acceptances issued or created for the account of any Acquired Company, including, in each case, the current maturities thereof and any and all interest accrued but unpaid as of the Closing Date; provided, however, that Indebtedness shall not include (i) the Notes, (ii) any obligation under any ground lease that remains an obligation of, or is transferred to, any of the Acquired Companies in connection with the transactions contemplated by this Agreement or (iii) any liability transferred pursuant to the Trails Reorganization Documents to Operations (or any of its subsidiaries after giving effect to the Trails Reorganization).

3.8 Further Assurances. At and after the Effective Time, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of the Company or Acquisition, as applicable, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or Acquisition, as applicable, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

3.9 Transactions and Documents at Closing.

(a) At the Closing: (i) the Parties shall cause to be delivered to the Secretary of State of the State of Delaware duly executed and verified copies of the Certificate of Merger as required by the DGCL to effect the Merger, and take such further actions as may be required by the DGCL to make the Merger effective upon the terms and subject to the conditions set forth in this Agreement; and (ii) the Parties shall use reasonable efforts to deliver to each other the respective agreements, legal opinions and other documents and instruments specified herein, including, but not limited to, the documents and instruments specified in Article VII hereof to be delivered as a condition precedent to Closing.

3.10 Escheatment of Funds. None of the Parties nor any other Person shall be liable to any former Stockholder for any amount properly delivered to a public official pursuant to

applicable abandoned property, escheat or similar laws. Any such amounts remaining unclaimed by any Stockholder immediately prior to such time when such amounts would otherwise escheat to or become the property of any Governmental Entity, shall, to the extent permitted by applicable laws, become the property of MHC, free and clear of all claims or interest of any Person previously entitled thereto.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF OPERATIONS AND THE COMPANY

After giving effect to the Trails Reorganization, each of the Company and Operations represents and warrants to MHC and Acquisition as follows:

4.1 Organization and Authority.

(a) Each of the Acquired Companies is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation (each of which jurisdictions is listed on Schedule 4.1(a) attached hereto). Each of the Acquired Companies has the corporate or other entity power to own its properties and to carry on its business as now being conducted.

(b) Each Acquired Company is duly qualified to do business and is in good standing as a foreign corporation or organization in each jurisdiction (each of which jurisdictions is listed on Schedule 4.1(b)) in which the failure to be so qualified would have or would reasonably be expected to have a Material Adverse Effect.

(c) As used herein, the term "MATERIAL ADVERSE EFFECT" means, with respect to the Acquired Companies, an act, omission, circumstance, event, occurrence, change or effect that, individually or in the aggregate, is materially adverse to the assets, business or financial condition or results of operations of the Acquired Companies taken as a whole (other than circumstances, events, occurrences, changes or effects affecting the campground industry or the value of real property generally, unless the Acquired Companies are disproportionately affected by such circumstance, event, occurrence, change or effect).

(d) Operations has delivered to MHC true, correct and complete copies of (i) the Certificate or Articles of Incorporation and By-Laws of each Acquired Company as in effect on the date hereof and (ii) the stockholder records and minute books or other corporate records of such Acquired Company as of the date hereof.

4.2 Acquired Companies' Capital Structure.

(a) Schedule 4.2(a) sets forth, as of the date hereof: (i) the authorized number of shares of each class of capital stock of the Company and (ii) for each Stockholder, the number of shares of each class of capital stock of the Company issued to such Stockholder and outstanding as of the date of this Agreement. All such capital stock is held of record by the Stockholders as set forth on Schedule 4.2(a) and no other individual, corporation, partnership, association, trust, any other organization or entity or government or agency or political subdivision thereof ("PERSON") is the record or beneficial owner of any shares of the capital

stock of the Company as of the date hereof. All outstanding shares of the capital stock of the Company are duly authorized, validly issued, fully paid and non-assessable and are not subject to preemptive rights created by statute, the Certificate of Incorporation or the By-Laws of the Company or any agreement to which the Company is a party or by which the Company is bound. All outstanding shares of capital stock of the Company have been issued in compliance with applicable federal and state securities laws. As of the date hereof, there are no dividends declared or accrued, but not paid, in respect of any of the shares of the Company Common Stock.

(b) Schedule 4.2(b) sets forth, as of the date hereof: (i) the authorized number of shares of each class of capital stock of each Acquired Subsidiary and (ii) the number of shares of such capital stock of each Acquired Subsidiary issued to each stockholder of such Acquired Subsidiary and outstanding as of the date of this Agreement. All such capital stock is held of record by the stockholders as set forth on Schedule 4.2(b) and no other Person is the record or beneficial owner of any shares of the capital stock of any Acquired Subsidiary as of the date hereof. All outstanding shares of the capital stock of each Acquired Subsidiary are duly authorized, validly issued, fully paid and non-assessable and are not subject to preemptive rights created by statute, the Articles or Certificate of Incorporation, the By-Laws or other organizational document of any Acquired Subsidiary or any agreement to which any Acquired Subsidiary is a party or by which any Acquired Subsidiary is bound. Except as set forth on Schedule 4.2(b) and other than restrictions on transfer under applicable federal and state securities laws, each outstanding share of capital stock of each Acquired Subsidiary is free and clear of any lien, charge, security interest, pledge, option, right of first refusal, voting proxy or other voting agreement, or encumbrance of any kind or nature restricting the transfer or other exercise of any attributes of ownership. All outstanding shares of the capital stock of each Acquired Subsidiary have been issued in compliance with applicable federal and state securities laws. As of the date hereof, except as set forth on Schedule 4.2(b), there are no dividends declared or accrued, but not paid, in respect of any of the shares of the capital stock of any Acquired Subsidiary.

(c) Except as set forth on Schedule 4.2(c), there are no options, warrants, calls, rights, commitments or agreements of any character, written or oral, to which any Acquired Company is a party or by which any Acquired Company is bound obligating any Acquired Company to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any shares of any Acquired Company, or obligating any Acquired Company to grant, extend, accelerate the vesting of, change the price of, otherwise amend or enter into any such option, warrant, call, right, commitment or agreement. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or other similar equity-related rights with respect to any Acquired Company. There are no voting trusts, proxies or other agreements or understandings to which any Acquired Company is a party with respect to the voting stock of any Acquired Company.

(d) Except for other Acquired Companies, no Acquired Company owns or controls any shares of capital stock or any equity interest in any other Person.

(e) As of the Effective Time, all of the outstanding capital stock of each Acquired Subsidiary will be owned directly or indirectly by the Company and there will be no

securities or agreements of the type described in subparagraph (c) above with respect to any capital stock of any Acquired Subsidiary.

4.3 Authority. Each of the Company and Operations (each, a "TRAILS PARTY"; and collectively, the "TRAILS PARTIES") has all requisite corporate power and authority to enter into this Agreement and has taken all corporate and stockholder action necessary to (i) approve the Trails Reorganization and consummate the transactions contemplated by the Reorganization Documents and (ii) approve the Merger and consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by each of the Trails Parties and constitutes the valid and binding obligation of each Trails Party, enforceable in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies. The execution and delivery of this Agreement by either Trails Party does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any obligation or loss of any material benefit under (any such event, a "CONFLICT") (i) any provision of the Certificate of Incorporation or By-Laws of Operations or any of the Acquired Companies, or (ii) except for the consents and approvals set forth on Schedule 4.3 (the "REQUIRED CONSENTS"), any Contract, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to any of the Acquired Companies or any of their properties or assets except, in the case of clause (ii) above, as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. No consent, waiver, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other federal, state, county, local or foreign governmental authority, instrumentality, agency or commission ("GOVERNMENTAL ENTITY") is required by Operations or any of the Acquired Companies either in connection with its execution and delivery of this Agreement or its consummation of the transactions contemplated hereby, except (x) for compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR ACT"), if applicable, and (y) for the filing of the Certificate of Merger with the Secretary of State of the State of Delaware.

4.4 Company Financial Statements. Schedule 4.4 contains the unaudited balance sheet as of June 30, 2004 and the unaudited statement of income for the twelve months ended June 30, 2004 of Thousand Trails, Inc. ("THOUSAND TRAILS") and its subsidiaries (the "UNAUDITED JUNE 30, 2004 FINANCIAL STATEMENTS"), as well as the audited balance sheets of Thousand Trails on a consolidated basis as of June 30, 2003, and the audited statements of income, cash flow and stockholders' equity of Thousand Trails on a consolidated basis for the 12 months ended June 30, 2003, respectively, together with the consolidating schedules thereto (collectively, the "AUDITED FINANCIAL STATEMENTS"; and, together with the Unaudited June 30, 2004 Financial Statements, the "FINANCIALS"). The balance sheet included in the Audited Financial Statements is referred to herein as the "CURRENT BALANCE SHEET." Except as set forth on Schedule 4.4, the Audited Financial Statements (including the notes thereto) have been prepared from the books and records of Thousand Trails and its subsidiaries in accordance with GAAP as in effect as of the date of the applicable statement as applied by Thousand Trails on a basis consistent throughout the periods indicated; and the Financials present fairly, in all material respects, the financial condition and operating results of Thousand Trails on a consolidated basis

as of the dates thereof and during the periods indicated therein. The Company is a holding company and has no assets other than the capital stock of Thousand Trails and has no liabilities other than those incurred as a result of, and relating to, the ownership of the Thousand Trails capital stock including in respect of (i) any Indebtedness identified on the Indebtedness Certificate and (ii) the Notes.

4.5 No Undisclosed Liabilities. Except (a) for liabilities in the amounts set forth on the face of the Current Balance Sheet (or in the notes thereto) or (b) as set forth in Schedule 4.5, no Acquired Company has outstanding any liability, except for (i) liabilities which have been incurred in the ordinary course of business, consistent with past practices, (ii) liabilities incurred under any contract, lease, license, indenture, note, bond, mortgage, agreement or other instrument or obligation resulting from the performance by an Acquired Company of such contract, lease, license, indenture, note, bond, mortgage, agreement or other instrument or obligation (but excluding any liability resulting from any breach, default or violation thereof) and (iii) other liabilities (including those resulting from a breach, default or violation of any such contract), in each case which, individually and in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any other Acquired Company is liable for any obligation or liability assumed by the Distributed Companies pursuant to the Reorganization Documents in connection with the Trails Reorganization.

4.6 No Changes. Except as set forth on Schedule 4.6 or as necessary to effect the Trails Reorganization, since September 30, 2003, there has not been, occurred or arisen any:

(a) amendment or change to the Certificate of Incorporation or By-Laws of any of the Acquired Companies;

(b) capital expenditure or commitment by any of the Acquired Companies, either individually or in the aggregate, exceeding \$750,000;

(c) destruction or damage to or loss of any material assets of any of the Acquired Companies (whether or not covered by insurance);

(d) change in accounting methods or practices (including any change in depreciation or amortization policies or rates) by any of the Acquired Companies, other than as required by GAAP;

(e) material revaluation by any of the Acquired Companies of any of its material assets in excess of amounts reserved therefor on the Current Balance Sheet;

(f) increase (other than increases resulting from the calculation of reserves in the ordinary course of business consistent with past practice) or change in any assumptions underlying, or methods of calculating, any reserves for bad debt, any accruals, any contingency or other reserves;

(g) payment, discharge or satisfaction of any claims, encumbrances, liabilities or obligations (whether absolute, accrued, contingent or otherwise and whether due or to become

due), other than the payment, discharge or satisfaction of claims, encumbrances, liabilities or obligations in the ordinary course of business consistent with past practices;

(h) declaration, setting aside or payment of a dividend or other distribution with respect to the capital stock of any of the Acquired Companies or any direct or indirect redemption, purchase or other acquisition by the Company of any capital stock of any of the Acquired Companies or any split, combination or reclassification in respect of any shares of capital stock of any of the Acquired Companies;

(i) sale, lease, license or other disposition of any material assets or properties of any of the Acquired Companies, or the creation of any security interest in such assets or properties, except in each case, in the ordinary course of business consistent with past practices;

(j) amendment or termination of any Contract, except in each case, in the ordinary course of business consistent with past practices;

(k) loan by any of the Acquired Companies to any Person, guarantee by any of the Acquired Companies of any indebtedness of any Distributed Company or other Person in each case in excess of \$750,000, issuance or sale of any debt securities of any of the Acquired Companies, or creation of any security interest in any of the Acquired Companies' material assets or material properties, except for (i) security interests arising in the ordinary course of business, including security interests in favor of landlords, carriers, warehousemen, processors, mechanics, materialmen or suppliers, (ii) advances to employees, directors or consultants for travel and business expenses and (iii) intercompany loans as between Acquired Companies and Distributed Companies, in each case in the ordinary course of business, consistent with past practices;

(l) waiver or release of any right or claim of any of the Acquired Companies, including any write-off or other compromise of any account receivable of any of the Acquired Companies exceeding \$100,000 individually or \$1,500,000 in the aggregate;

(m) commencement or receipt of written notice or, to the Knowledge of the Company, threat of any lawsuit, arbitration or proceeding against or investigation of any of the Acquired Companies or any of their affairs;

(n) event, condition, occurrence, change or effect that has had or would reasonably be expected to have a Material Adverse Effect; or

(o) agreement by any of the Acquired Companies or, to the Knowledge of the Company, by any officer or employee thereof to do any of the things described in the preceding clauses (a) through (n).

4.7 Tax and Other Returns and Reports.

(a) Definition of Taxes. For purposes of this Agreement, "TAX" or, collectively, "TAXES," means any and all federal, state, local and foreign taxes, assessments and other governmental charges, duties, impositions and liabilities, including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and goods and services,

value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes, together with all interest, penalties and additions imposed with respect to such amounts. As used herein, Taxes shall include, with respect to any of the Acquired Companies, Taxes payable by reason of the Company and its subsidiaries (including both the Acquired Subsidiaries and the Distributed Companies) filing Tax Returns on a consolidated, combined or unitary basis.

(b) Definition of Tax Sharing Agreement. For purposes of this Agreement, "TAX SHARING AGREEMENT" shall mean any written or unwritten agreement or arrangement for (i) the allocation or payment of Tax liabilities or (ii) payment for Tax benefits, in each case by reason of the Company and its subsidiaries (including both the Acquired Subsidiaries and the Distributed Companies) filing Tax Returns on a consolidated, combined or unitary basis with any Acquired Company.

(c) Tax Returns and Audits. Except as set forth on Schedule 4.7:

(i) Each Acquired Company has prepared and timely filed all federal, state, local and foreign returns, estimates, information statements and reports relating to Taxes (the "TAX RETURNS") relating to such Acquired Company, or any of its assets, required to be filed by such Acquired Company, on or prior to the date hereof; and all Tax Returns required to be filed on or before the Effective Time by or with respect to any Acquired Company, or any of its assets, have been or will be timely filed on or before the Effective Time, and all such Tax Returns are, or in the case of Tax Returns to be filed will be, true, correct and complete in all material respects;

(ii) Each Acquired Company has duly and timely paid all Taxes required to be paid by such Acquired Company to any taxing authority;

(iii) Each Acquired Company has fully and properly withheld all payroll and similar Taxes that it is required to withhold with respect to its employees;

(iv) There is no Tax deficiency proposed in writing or assessed in writing against any Acquired Company that is outstanding, nor has any Acquired Company executed any waiver of any statute of limitations on or extending the period for the assessment or collection of any Tax, which waiver is currently in effect;

(v) As of the date of each of the Financials, any and all Taxes not yet due and payable as of such date have been adequately recorded as reserves or current liabilities on the balance sheets comprising such Financials;

(vi) No Acquired Company has liability for any Taxes to any authority in any jurisdiction where such Acquired Company does not file a Tax Return, whether domestic or foreign, including, but not limited to, income taxes, value added taxes and sales and use taxes, and no Acquired Company has received any written claim or notice of examination or audit from any authority in a jurisdiction

where such Acquired Company does not file a Tax Return that it is or may be subject to taxation in that jurisdiction and, to the Knowledge of the Company, no basis for such a claim exists;

(vii) No Acquired Company has received written notice that an audit or other examination of any Tax Return of any Acquired Company is currently in progress, nor has any Acquired Company been notified in writing of any request for such an audit or other examination; and no Acquired Company has received written notice of any Tax-related litigation or proceeding against any Acquired Company that currently exists or is pending;

(viii) MHC has been provided correct and complete copies of all federal and state income, franchise, value-added and sales and use Tax Returns filed by any Acquired Company since June 30, 1998;

(ix) No Acquired Company is a party to a Tax Sharing Agreement or owes any amount under any such agreement;

(x) No Acquired Company is a party to or is bound by any closing agreement or offer in compromise with any federal, state, local or foreign tax authority;

(xi) No Acquired Company is a party to any joint venture or partnership or other arrangement that the parties thereto treat as a partnership for federal income tax purposes other than an ownership interest in another Acquired Company;

(xii) No Acquired Company has agreed to make, nor is it required to make, any adjustment under Sections 481(a) or 263A of the Code or any comparable provision of state, local or foreign Tax laws by reason of a change in accounting method or otherwise. No Acquired Company has taken any action that could defer a liability for Taxes of any Acquired Company from any taxable period ending on or before the Closing Date to any taxable period ending after the Closing Date;

(xiii) No Acquired Company (A) has been a member of an affiliated group of corporations, within the meaning of Section 1504 of the Code, filing a consolidated federal income Tax Return (other than one of which the Company was the common parent), or a member of a consolidated, combined or unitary group other than a combined, consolidated or unitary group of which the Company was the common parent for state, local or foreign Tax purposes; (B) has any liability for Taxes of any person (other than the Company and its subsidiaries) under Treasury Regulation 1.1502-6 (or any corresponding provision of state, local or foreign income Tax law), as transferee or successor, by contract or otherwise; (C) has filed a consent pursuant to the collapsible corporation provisions of Section 341(f) of the Code (or any corresponding provision of state, local or foreign Tax law) or agreed to have Section 341(f)(2) of the Code (or any

corresponding provision of state, local or foreign Tax law) apply to any disposition of any asset owned by it; or (D) has made a consent dividend election under Section 565 of the Code;

(xiv) There are no requests for rulings or determinations in respect of any Tax pending between, or in respect of, any Tax authority and any Acquired Company or Distributed Company.

4.8 Restrictions on Business Activities. Except as set forth on Schedule 4.8, there is no agreement (non-compete or otherwise), judgment, injunction, order or decree to which any Acquired Company is a party or otherwise binding upon any Acquired Company which prohibits (i) any acquisition or disposition of property (tangible or intangible) by any Acquired Company, or (ii) any Acquired Company from engaging in any line of business or competing with any specified Person.

4.9 Title to Properties; Absence of Liens and Encumbrances.

(a) None of the Acquired Companies leases (as tenant or subtenant) any real property except pursuant to the leases set forth on Schedule 4.9(a). The Company has provided MHC with true, correct and complete copies of all such leases, including all amendments thereto. All such current leases are in full force and effect, are valid and, to the knowledge of the Company, effective in accordance with their respective terms, and there is not, under any of such leases, any existing default by any of the Acquired Companies (or event which with notice or lapse of time, or both, would constitute a default) which individually or in the aggregate would constitute a Material Adverse Effect. Except as identified on Schedule 4.9(a), none of the real property leased (as tenant or subtenant) by any Acquired Company is shared with or jointly used with, jointly leased by, or guaranteed by, any Distributed Company. None of the leases set forth on Schedule 4.9(a) are subject to termination, modification or acceleration as a result of the consummation of the transactions contemplated hereby.

(b) The Acquired Companies have good, valid and marketable title to, or, in the case of leased properties and assets, valid leasehold interests in, all of their material properties and assets, tangible and intangible, real, personal and mixed, movable and immovable, used or held for use in their businesses, free and clear of any liens, mortgages, pledges, charges, security interests, restrictions, claims or other similar encumbrances (including any agreement to give any of the foregoing) (collectively, "LIENS"), except (i) as set forth on Schedule 4.9(b) and (ii) Liens for Taxes not yet delinquent.

(c) Schedule 4.9(c) sets forth a list of all real property currently owned by the Acquired Companies (the "LAND;" together with all improvements thereon, the "REAL PROPERTY") other than approximately 1,390 miscellaneous undeveloped lots that are reflected as having zero value on the Current Balance Sheet (the "SURPLUS LAND"). Except as set forth on Schedule 4.9(c) and except for the Membership Contracts, the Company's extended vacation or stay programs, the Company's storage programs and other ordinary course arrangements with members or other campground users, in each case entered into in the ordinary course of business, there are no leases, subleases or other occupancy agreements, either written or oral, granting any Person the right of use or occupancy of any Real Property (or portion thereof). Except for such

usual and customary easements, licenses, rights-of-way and other customary encumbrances and minor title irregularities that do not materially interfere with the use and operation of the Real Property in the conduct of the Company's business, the Company or an Acquired Subsidiary, as the case may be, has good and insurable title to the Real Property and has furnished to MHC true and complete copies of title insurance reports and title insurance policies with respect to the Real Property. No Real Property is subject to any Lien that can be discharged through the payment of a liquidated sum of money other than (i) Liens imposed by law for Taxes that are not yet delinquent, (ii) Liens in favor of materialmen, workmen, carriers, warehousepersons or laborers not in excess of \$100,000 in the aggregate, and (iii) as set forth in Schedule 4.9(c). Title to all of the Real Property is insurable by a nationally recognized title insurance company selected by MHC and reasonably acceptable to the Company, pursuant to title insurance policies that are substantially in the same form (including endorsements) as the title insurance policies issued to iStar ("EXISTING TITLE POLICIES"), except for (i) non-monetary Liens set forth in the Existing Title Policies, (ii) Liens specified in clauses (i), (ii) and (iii) of the preceding sentence, and (iii) non-monetary Liens incurred in the ordinary course of business since the date of the applicable Existing Title Policy that do not, individually or in the aggregate, materially affect the value of one or more campgrounds included in the Real Property or the operation of the business of the Acquired Companies.

(d) The Real Property and all present uses of and operations at the Real Property comply with all laws, covenants, conditions, restrictions, easements, disposition agreements and similar matters affecting the Real Property, except for such failures to comply as have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Acquired Companies have obtained all material approvals of Governmental Entities (including certificates of use and occupancy, licenses and permits) required in connection with the construction, ownership, use, occupation and operation of the Real Property as membership campgrounds. Except as set forth on Schedule 4.9(d), none of the Acquired Companies has received any notice of, nor to the Knowledge of the Company is there, any pending or proposed condemnation proceeding, taking, lawsuit or administrative matter that would reasonably be expected to materially affect any part of the Real Property or the Company's operation thereof.

(e) All structures, facilities and improvements on the Real Property and all structural, mechanical and other physical systems that constitute a part thereof are in sufficient condition to permit the business and operations of the Acquired Companies to continue to operate in substantially the same manner as such business and operations have been historically conducted, assuming the continuance of capital expenditures consistent with past practices. No maintenance of or repair to the Real Property or such structures, facilities and improvements (including any structural, mechanical or other physical system thereof) has been unreasonably deferred such that Operations, as of the Effective Time, is unable to conduct the Operating Business and continue its operations in substantially the same manner as such Operating Business and operations have been historically conducted, assuming the continuance of such capital expenditures consistent with past practices.

4.10 Intellectual Property.

(a) For purposes of this Agreement, the following terms have the following definitions:

(i) "INTELLECTUAL PROPERTY" means any or all of the following and all rights in, arising out of or associated therewith: (A) all United States, international and foreign patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof; (B) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know-how, technology, technical data, supplier lists and customer lists and all documentation relating to any of the foregoing; (C) all copyrights, copyright registrations and applications therefor and all other rights corresponding thereto throughout the world; (D) all trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications therefor and all goodwill associated therewith throughout the world ("TRADEMARKS"); (E) all databases, data collections and content and all rights therein, throughout the world; (F) all computer software, including all source code, object code, firmware, development tools, files, records, data and documentation (including design documents, flowcharts and specifications therefor), and all media on which any of the foregoing is recorded; and (G) all domain names, uniform resource locators and other Internet or similar addresses or identifiers ("DOMAIN NAMES").

(ii) "COMPANY INTELLECTUAL PROPERTY" shall mean any Intellectual Property that is owned by any Acquired Company, including all Company Registered Intellectual Property.

(iii) "REGISTERED INTELLECTUAL PROPERTY" shall mean all United States, international and foreign: (a) patents; (b) registered trademarks and registered service marks (including both federal and state registrations); (c) registered copyrights; and (d) registered Domain Names.

(b) Schedule 4.10(b) sets forth, as of the date hereof, a true, correct and complete list of all (i) Registered Intellectual Property owned by any Acquired Company (the "COMPANY REGISTERED INTELLECTUAL PROPERTY"); (ii) applications to register any Company Intellectual Property; and (iii) proceedings or actions before any court, tribunal (including the United States Patent and Trademark Office and any equivalent authority anywhere in the world) related to any of the Registered Intellectual Property owned by the Company.

(c) Schedule 4.10(c) sets forth, as of the date hereof, all material licenses and other agreements pursuant to which any Acquired Company licenses or otherwise is granted the right to use any Intellectual Property of any third party used in the conduct of the business of such Acquired Company, other than "shrink-wrap," "click-through" and similar widely available end-user licenses.

(d) Except as set forth on Schedule 4.10(d), to the Knowledge of the Company, no Company Intellectual Property infringes or misappropriates the Intellectual Property of any Person, and no Acquired Company has received written notice from any Person (i) claiming that the conduct of any Acquired Company's business infringes or misappropriates the Intellectual Property of any Person or (ii) challenging the ownership of any of the Company Intellectual Property except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(e) To the Knowledge of the Company, no Person is infringing or misappropriating any Company Intellectual Property, except for such infringements or misappropriations as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(f) To the Knowledge of the Company, no Company Intellectual Property is subject to any proceeding or outstanding decree, order, judgment or stipulation that restricts in any manner the use, transfer or licensing thereof by any Acquired Company or may be reasonably expected to affect the validity, use or enforceability of such Company Intellectual Property.

(g) Except as set forth on Schedule 4.10(g), to the Knowledge of the Company, the execution or performance of this Agreement and the consummation of the transactions contemplated by this Agreement will not alter or impair any Acquired Company's rights to any Intellectual Property identified on Schedule 4.10(b) or Schedule 4.10(c), except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.11 Agreements, Contracts and Commitments.

(a) Schedule 4.11(a) sets forth, as of the date hereof, a true, correct and complete list of each and every contract or agreement (whether written or oral) of a type described below to which any Acquired Company is a party or by which it or any of its assets is bound (each such contract or agreement, a "CONTRACT;" and such contracts and agreements, collectively, the "CONTRACTS"),

(i) each contract and agreement or group of related agreements which (A) is likely to involve consideration of more than \$250,000 in the aggregate, during the fiscal years ending June 30, 2004 or June 30, 2005, (B) is likely to involve consideration of more than \$250,000 in the aggregate over the remaining term of such contract, or (C) is likely to involve consideration of more than \$75,000 and cannot be canceled by any Acquired Company without penalty or further payment and on less than 60 days' notice;

(ii) (A) all employment, consulting, severance or termination agreements between any Acquired Company and any director, officer or employee of any Acquired Company providing for annual compensation in excess of \$25,000 (other than any such employment agreement with a member of the Company's salesforce that is one of the Company's standard form agreements for

its salesforce), and (B) all indemnification agreements between any Acquired Company and any director, officer or employee of any Acquired Company;

(iii) all (A) management contracts (excluding contracts for employment) and (B) contracts with consultants which involve consideration of more than \$100,000;

(iv) all contracts, credit agreements, indentures and other agreements evidencing indebtedness for borrowed money (including capitalized leases);

(v) all agreements under which any Acquired Company has advanced or loaned any funds, other than travel advances and advances to sales personnel in the ordinary course of business consistent with past practices or transfers of cash among Acquired Companies pursuant to their existing cash management policies;

(vi) all guarantees of any obligations in excess of \$100,000;

(vii) all joint venture or other similar agreements, other than joint marketing programs not involving payments by any Acquired Company in excess of \$25,000 per program;

(viii) all lease agreements with annual lease payments in excess of \$50,000;

(ix) agreements under which any Acquired Company has granted any Person registration rights (including demand and piggy-back registration rights) or any other similar agreements with respect to the capital stock of such Acquired Company;

(x) all contracts and agreements that limit the ability of any Acquired Company to compete in any line of business or with any Person or entity or in any geographic area or during any period of time with respect to any business currently conducted by any Acquired Company;

(xi) all contracts and other agreements with Affiliates of the Company; and

(xii) any other contracts or agreements that are material to the business, assets, condition (financial or otherwise) or results of operations of Acquired Companies taken as a whole.

(b) Except as set forth on Schedule 4.11(b): (i) each Contract is a valid and binding agreement and is in full force and effect; (ii) no Acquired Company is in breach, violation or default under, or has received written notice that it is in breach, violation or default under, any of the terms, provisions or conditions of any Contract; and (iii) to the Knowledge of the Company, there are no breaches, violations or defaults by any other Person who is a party to any Contract. Except as set forth on Schedule 4.11(b), no Contract is subject to termination,

modification or acceleration as a result of the consummation of the transactions contemplated hereby.

(c) The Company has provided to MHC a true, correct and complete copy, including all amendments thereto, of each written Contract and a true, correct and complete written summary of each oral Contract.

4.12 Membership Contracts. Except as set forth on Schedule 4.12, no Membership Contract provides any Person with any ownership interest in or to any campground or other Real Property or facility (or portion thereof) owned or used by any of the Acquired Companies. Each Membership Contract contains all of the terms and provisions required to be included therein by applicable Law except where the failure to include any such term or provision would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each of the Acquired Companies is in compliance with all of the provisions of each Membership Contract applicable to it and has satisfied all of its material obligations thereunder required to be satisfied except, in each case, where the failure to so comply or satisfy obligations would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The reports attached to Schedule 4.12 accurately present, in all material respects when considered as a whole, the information purported to be covered thereby. Any Membership Contract transferred in connection with the Trails Reorganization was transferred in accordance with applicable Law, except where such failure to comply with applicable Law would not reasonably be expected to result in a Material Adverse Effect. As of the Effective Time, the Acquired Companies shall have validly assigned all of their interest in any Membership Contract to the Distributed Companies. "MEMBERSHIP CONTRACT" means any membership or similar agreement entered into between any of the Acquired Companies, the Distributed Companies or any of their predecessors and any Person entitling such Person to use, or providing an ownership interest in, any of the Real Property.

4.13 Compliance with Laws. Except as set forth on Schedule 4.13 or except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (a) each Acquired Company and each Distributed Company is in compliance with each federal, state, local, municipal, foreign or other constitution, ordinance, regulation, statute, treaty or other law adopted, enacted, implemented or promulgated by or under the authority of any Governmental Entity that is applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets or properties (each, a "LAW"); and (b) no Acquired Company or Distributed Company has received any notice or other written or oral communication from any Governmental Entity regarding, and no actual or alleged violation of, or failure to comply with, any Law, or any obligation on the part of any Acquired Company or Distributed Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature exists.

4.14 Litigation. Except for the lawsuits, arbitration proceedings, cases and matters set forth on Schedule 4.14 or as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, there is no action, suit, arbitration, mediation or other proceeding or investigation of any nature pending or, to the Knowledge of the Company, threatened against any Acquired Company or its properties before any court, arbitrator or Governmental Entity having jurisdiction over any Acquired Company.

4.15 Insurance. Schedule 4.15 sets forth a complete and accurate list of all insurance policies and fidelity bonds covering the assets, business, equipment, properties, operations, employees, officers and directors of the Acquired Companies. The Company has provided or made available to MHC true, correct and complete copies of the insurance policies and fidelity bonds listed on Schedule 4.15. All premiums due and payable under all such policies and bonds have been paid and each Acquired Company is otherwise in compliance with the material terms of such policies and bonds, except where the failure to comply would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. To the Knowledge of the Company, there has been no threatened termination of, or premium increase with respect to, any of such policies. From and after the consummation of the Trails Reorganization, the Distributed Companies are not insured under the policies and bonds set forth on Schedule 4.15.

4.16 Environmental Matters. Except as disclosed on Schedule 4.16 or as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect:

(a) Compliance. Each Acquired Company has complied with all Laws pertaining to the environment or environmental health and safety. The Acquired Companies have made available to MHC true and correct copies of all environmental reports in the possession of any of the Acquired Companies which relate in whole or in part to any portion of the Real Property or other real property owned at any time by any of the Acquired Companies which have been prepared since June 30, 1995.

(b) Hazardous Materials. No Acquired Company has operated any underground storage tank, nor to the Knowledge of the Company has there been, at any time, any underground storage tank (or related piping or pumps), at any real property that any Acquired Company has at any time owned, operated, occupied or leased ("BUSINESS FACILITIES"). No Hazardous Materials are present as a result of the actions or omissions of any Acquired Company or any Distributed Company or, to the Knowledge of the Company, as a result of any actions of any third party or otherwise, in, on or under any Business Facilities, including the land and the improvements, ground water and surface water thereof, that could reasonably be expected to subject any Acquired Company to any liability.

(c) Hazardous Material Activities. No Acquired Company has transported, stored, used, manufactured, disposed of or released Hazardous Materials in violation of any Law, nor has any Acquired Company disposed of, transported, sold or manufactured any product containing a Hazardous Material (any or all of the foregoing being collectively referred to as "HAZARDOUS MATERIAL ACTIVITIES") in violation of any rule, regulation, treaty or statute promulgated by any Governmental Entity in effect prior to or as of the date hereof to prohibit, regulate or control Hazardous Materials or any Hazardous Material Activity.

(d) Permits. Each Acquired Company currently holds all environmental approvals, permits, licenses, clearances and consents (the "ENVIRONMENTAL PERMITS") necessary for the conduct of its business, including any Hazardous Material Activities required in the conduct of such business. All such Environmental Permits are valid and in full force and effect and are listed on Schedule 4.16. Each Acquired Company has complied with all covenants and conditions of all such Environmental Permits. To the Knowledge of the Company, no

circumstances exist which could cause any Environmental Permit to be revoked, modified or rendered non-renewable.

(e) Offsite Hazardous Material Disposal. No action, proceeding, liability or claim exists against any Acquired Company or, to the Knowledge of the Company, against any disposal site with respect to any transfer or release of Hazardous Materials generated by any Acquired Company to or at a disposal site.

(f) Environmental Liabilities. No action, proceeding, revocation proceeding, amendment procedure, writ, injunction or claim is pending against any Acquired Company or, to the Knowledge of the Company, threatened against any Acquired Company concerning any Environmental Permit, Hazardous Material or any Hazardous Materials Activity of any Acquired Company.

(g) Definition of "Hazardous Materials". As used herein, "HAZARDOUS MATERIALS" shall mean any substance that has been designated by applicable foreign, federal, state or local Law to be radioactive, toxic, hazardous or otherwise a danger to health, reproduction or the environment, including, but not limited to, PCBs, asbestos, petroleum products or any fraction thereof; urea formaldehyde and any substance listed as a "hazardous substance," "hazardous waste," "hazardous material" or "toxic substance" or words of similar import, under any Law, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended; the Resource Conservation and Recovery Act of 1976, as amended; the Federal Water Pollution Control Act, as amended; the Clean Air Act, as amended; the Superfund Amendment and Reauthorization Act Title III; and the regulations promulgated pursuant to such laws.

4.17 Brokers' and Finders' Fees. None of the Acquired Companies has incurred, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby.

4.18 Employee Matters and Benefit Plans.

(a) Certain Definitions. Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings ascribed thereto:

(i) "COBRA" shall mean Title I, Subtitle B, Part 6 of ERISA and Section 4980B of the Code, as amended;

(ii) "CODE" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder;

(iii) "COMPANY EMPLOYEE PLAN" shall refer to each "employee benefit plan" within the meaning of Section 3(3) of ERISA and any other material plan, program, policy, practice, contract, agreement or other arrangement providing for compensation, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other employee benefits or remuneration of any kind, whether formal or informal, funded or unfunded, which is or has been maintained, contributed to, or required to be contributed to, by the Company or

any ERISA Affiliate for the benefit of any "EMPLOYEE" or beneficiary or dependent of any Employee, or pursuant to which any Acquired Company or any ERISA Affiliate has or may have any liability, contingent or otherwise;

(iv) "DOL" shall mean the Department of Labor;

(v) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended and the rules and regulations promulgated thereunder;

(vi) "EMPLOYEE" shall mean any current, former or retired employee or director of any Acquired Company;

(vii) "EMPLOYEE AGREEMENT" shall refer to each management, employment, stock purchase, severance, separation, collective bargaining, relocation, loan, repatriation, expatriation, visa, work permit or similar agreement, contract or arrangement, between the Company or any other Acquired Company, or any ERISA Affiliate thereof, and any Employee of any Acquired Company, or group of such Employees;

(viii) "ERISA AFFILIATE" shall mean any Person under common control with the Company within the meaning of Section 414(b), (c), (m) or (o) of the Code and the regulations thereunder or Section 4001(b) of ERISA and the regulations thereunder;

(ix) "IRS" shall mean the Internal Revenue Service;

(x) "MULTIEMPLOYER PLAN" shall mean any Company Employee Plan which is a "multiemployer plan" as defined in Section 3(37) of ERISA; and

(xi) "PENSION PLAN" shall refer to each Company Employee Plan which is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA.

(b) Company Employee Plans; Employee Agreements. Schedule 4.18(b)

lists, as of the date hereof, (i) each Company Employee Plan and (ii) each Employee Agreement with any Employee if such Employee Agreement may require an Acquired Company to pay total consideration to any Employee greater than \$250,000. Except as set forth on Schedule 4.18(b), neither the Acquired Companies nor the Distributed Companies have any plan, commitment or intention to establish any new Company Employee Plan or Employee Agreement, to modify or terminate any Company Employee Plan or Employee Agreement (except to the extent required by Law or to conform any such Company Employee Plan or Employee Agreement to the requirements of any applicable Law, in each case as previously disclosed to MHC in writing, or as required by this Agreement), or to enter into any Company Employee Plan or Employee Agreement, in each case, that would result in any liability for any Acquired Company or MHC.

(c) Employee Plan Compliance. Except as set forth on Schedule

4.18(c) or as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) each Acquired Company and each Distributed Company has performed all obligations

required to be performed by it under each Company Employee Plan, and each Company Employee Plan has been established and maintained in accordance with its terms and in compliance with all applicable Laws, statutes, orders, rules and regulations, including, but not limited to, ERISA and the Code; (ii) no "prohibited transaction," within the meaning of Section 4975 of the Code or Sections 406 or 407 of ERISA has occurred with respect to any Company Employee Plan that would result in any liability for any Acquired Company or MHC; (iii) there are no actions, suits or claims pending, or, to the Knowledge of the Company, threatened or reasonably anticipated (other than routine claims for benefits) against any Company Employee Plan or against the assets of any Company Employee Plan that could result in any liability for any Acquired Company or MHC; (iv) each Company Employee Plan can be amended, terminated or otherwise discontinued after the Effective Time in accordance with its terms, without liability to the Acquired Companies or MHC (other than ordinary benefits and administration expenses incurred prior to, or typically incurred in, a termination event); (v) there are no inquiries or proceedings pending or, to the Knowledge of the Company, threatened by any Governmental Entity, including, but not limited to, the IRS or DOL with respect to any Company Employee Plan; (vi) neither any Acquired Company nor any Distributed Company, nor any ERISA Affiliate thereof, is subject to any penalty or tax with respect to any Company Employee Plan under Section 502(l) of ERISA or Sections 4975 through and including 4980G of the Code that would result in any liability for the Acquired Companies, the Distributed Companies, MHC or any of their ERISA Affiliates; and (vii) each Company Employee Plan intended to qualify under Section 401(a) of the Code and each trust intended to qualify under Section 501(a) of the Code has either received a favorable determination letter with respect to each such Company Employee Plan from the IRS (and to the Knowledge of the Company, there exists no fact which would cause such determination letter to be unreliable) or has remaining a period of time under applicable Treasury regulations or IRS pronouncements in which to apply for such a determination letter and make any amendments necessary to obtain a favorable determination letter.

(d) Pension Plans. Except as disclosed on Schedule 4.18(d), none of the Acquired Companies or the Distributed Companies, nor any ERISA Affiliate thereof, has ever maintained, established, sponsored, participated in, contributed to, or had any liability (contingent or otherwise) with respect to any Pension Plan which is subject to Part 3 of Subtitle E of Title I of ERISA, Title IV of ERISA or Section 412 of the Code (including without limitation any Multiemployer Plan).

(e) No Post-Employment Obligations. Except as set forth on Schedule 4.18(e), no Company Employee Plan provides, or has any liability to provide, life insurance, medical or other welfare benefits to any Employee of any Acquired Company, any Distributed Company or any ERISA Affiliate thereof upon his or her retirement or termination of employment for any reason that would result in any liability for any Acquired Company or MHC, except as may be required by COBRA or similar state statute, and no Acquired Company or Distributed Company has ever represented, promised or contracted (whether in oral or written form) to or with any Person or Persons that any such Employee(s) would be provided with life insurance, medical or other welfare benefits upon their retirement or termination of employment that would result in any liability for any Acquired Company or MHC, except to the extent required by COBRA or similar state statute.

(f) Effect of Transaction.

(i) Except as expressly contemplated herein or as set forth on Schedule 4.18(f)(i) or as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any Company Employee Plan, Employee Agreement, or related trust or loan that will result in any liability to any Acquired Company or MHC.

(ii) Except as set forth on Schedule 4.18(f)(ii), no payment or benefit which will or may be made by any Acquired Company or its Affiliates with respect to any Employee as a result of the transactions contemplated by this Agreement or otherwise may be characterized as "parachute payments" within the meaning of Section 280G(b)(2) of the Code. For each payment or benefit set forth on Schedule 4.18(f)(ii), Schedule 4.18(f)(ii) specifies the date the payment is to be paid or the date the benefit is to be provided, the amount of the payment or the value of the benefit, and whether or not the recipient of the payment or benefit is entitled to any additional compensation if the payment or benefit set forth on Schedule 4.18(f)(ii) is an "excess parachute payment" within the meaning of Section 280G(b)(1) of the Code. Unless otherwise noted, the value of each payment or benefit set forth on Schedule 4.18(f)(ii) is fully deductible by the payor and not subject to the deduction penalties set forth in Section 280G of the Code.

(g) Employment Matters. As of the date hereof, the Acquired Companies are in compliance with all applicable Laws (including, but not limited to, the Fair Labor Standards Act, the Workers Adjustment and Retraining Notification Act, and Section 274A of the Immigration and Naturalization Act) respecting employment, employment practices, terms and conditions of employment and wages and hours, in each case, with respect to Employees except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(h) Labor. No work stoppage or labor strike against any Acquired Company is pending or, to the Knowledge of the Company, threatened. Except as set forth on Schedule 4.18(h), no Acquired Company is involved in or, to the Knowledge of the Company, threatened with any labor dispute, grievance or litigation relating to labor, safety or discrimination matters involving any Employee, including, but not limited to, charges of unfair labor practices or discrimination complaints, which, if adversely determined, would, individually or in the aggregate, result in a Material Adverse Effect. To the Knowledge of the Company, no Acquired Company has engaged in any unfair labor practices within the meaning of the National Labor Relations Act which would, individually or in the aggregate, directly or indirectly reasonably be expected to result in a Material Adverse Effect. Except as set forth on Schedule 4.18(h), no Acquired Company is a party to, or bound by, any collective bargaining agreement or union contract with respect to Employees and no collective bargaining agreement is being negotiated by or for any Acquired Company.

(i) Transferred Benefits. As of the Effective Time, the Acquired Companies have no liability with respect to any Transferred Benefits.

4.19 Employees. As of the Effective Time, none of the Acquired Companies shall have any employees or any obligations for compensation or other employee benefits whatsoever to any former employees of any Person, including any of the Acquired Companies, the Distributed Companies or any of their predecessors.

4.20 Governmental Authorizations and Licenses. As of the Effective Time, Operations or its subsidiaries will possess all consents, licenses, permits, grants or other authorizations required for (a) the operation of the Operating Business as conducted by the Acquired Companies as of the date hereof or (b) the holding of an ownership interest in the Operating Business (collectively, the "OPERATIONS AUTHORIZATIONS"), other than those Operations Authorizations, that the failure to possess would not have or reasonably be expected to have a Material Adverse Effect. The Operations Authorizations set forth on Schedule 4.20(a) constitute all the material authorizations, consents, licenses, permits and grants required to permit Operations to operate or conduct the Operating Business as conducted by the Acquired Companies as of the date hereof or hold any interest in its properties or assets. The Operations Authorizations set forth on Schedule 4.20(a) are in full force and effect and are not subject to termination by reason of the Merger. As of the Effective Time and except as would not have or reasonably be expected to have a Material Adverse Effect, (x) all conditional use permits required for the operation of the Real Property and for the existence and operation of membership campgrounds on the Real Property ("CONDITIONAL USE PERMITS") shall be in full force and effect and shall be held by the applicable Acquired Company, (y) all appropriate disclosure statements ("DISCLOSURE STATEMENTS") relating to the Membership Contracts required for Operations to conduct the Operating Business after the Effective Time shall have been recorded, registered or filed by Operations with the appropriate Governmental Entities, and (z) Operations shall have caused the Ground Lease to have been registered with and approved by the appropriate Governmental Entities.

4.21 Related Party Transactions. Other than (i) transactions, licenses and agreements contemplated by this Agreement and (ii) the Contracts set forth on Schedule 4.21, there are no transactions or agreements (whether written or oral) between any of the Acquired Companies, on the one hand, and any of the Distributed Companies, on the other hand, that require the fulfillment of any obligations, liabilities or payments by any of the Acquired Companies on or after the Closing Date.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF MHC AND ACQUISITION

As of the date hereof, MHC and Acquisition jointly and severally represent and warrant to the Company and Operations as follows:

5.1 Organization, Standing and Power. MHC is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland, and Acquisition is a corporation duly organized, validly existing and in good standing under the laws

of the State of Delaware. Each of MHC and Acquisition has the corporate power to own its properties and to carry on its business as now being conducted. Each of MHC and Acquisition is duly qualified to do business and is in good standing as a foreign corporation or organization in each jurisdiction in which the failure to be so qualified would have or would reasonably be expected to have a material adverse effect.

5.2 Authority. Each of MHC and Acquisition has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of MHC and Acquisition. This Agreement has been duly executed and delivered by MHC and Acquisition and constitutes the valid and binding obligation of MHC and Acquisition, enforceable in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies. The execution and delivery of this Agreement by MHC and Acquisition do not, and the consummation of the transactions contemplated hereby will not, constitute a Conflict with (i) any provision of the Certificate of Incorporation or By-Laws of MHC or Acquisition, (ii) any contract to which MHC or Acquisition is a party or by which any of its respective properties or assets is bound, or (iii) any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to MHC or Acquisition or their properties or assets. No consent, waiver, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity or any third party (so as not to trigger any Conflict) is required by or with respect to MHC or Acquisition in connection with MHC's or Acquisition's execution and delivery of this Agreement, or its consummation of the transactions contemplated hereby, except (i) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, and (ii) compliance with the HSR Act.

5.3 Ownership of MHC and Acquisition; No Prior Activities. Each of MHC and Acquisition was formed solely for the purpose of engaging in the transactions contemplated by this Agreement. Neither MHC nor Acquisition (i) has conducted or will, prior to the Effective Time, conduct any business and (ii) has any or will, prior to the Effective Time, have any assets or liabilities, except, in either case, in connection with the transactions contemplated by this Agreement. As of the date hereof, the authorized capital stock of Acquisition consists of 100 shares of common stock, par value \$0.01 per share, all of which have been validly issued, are fully paid and nonassessable and are owned by MHC free and clear of any Liens.

5.4 Brokers' and Finders' Fees. Neither MHC nor Acquisition has incurred, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby.

5.5 Litigation. There is no legal proceeding pending or, to the knowledge of MHC or Acquisition, threatened against MHC or Acquisition, other than those which would not reasonably be expected to have a material adverse effect on any of the Stockholders.

5.6 Financing. As of the Effective Time, MHC will have cash in an aggregate amount sufficient to pay the amounts required to be paid by it, the Surviving Corporation or

Acquisition pursuant to this Agreement and all contemplated fees and expenses related to the transactions contemplated by this Agreement to be paid by MHC, Acquisition or the Surviving Corporation; and MHC will use or make such cash available to Acquisition and the Surviving Corporation to allow them to fulfill all such obligations.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1 **Indebtedness Certificate.** Two business days prior to the Closing Date, the Company shall deliver to MHC a certificate (the "INDEBTEDNESS CERTIFICATE") which will be attached to, and become a part of, this Agreement setting forth (i) all outstanding Indebtedness of the Acquired Companies as of the Closing Date and, with respect to any Indebtedness owed to a financial institution, a pay-off letter confirming the pay-off amount of such Indebtedness as of the Closing Date, and (ii) the Note Purchase Price. Each of the Company and Operations represents, warrants and covenants that the information provided in the Indebtedness Certificate shall be true, accurate and complete.

6.2 **Expenses.** Whether or not the Merger is consummated, all fees and expenses incurred in connection with the Merger, including, but not limited to, all legal, accounting, financial advisory, consulting and all other fees and expenses of third parties incurred by a Party in connection with the negotiation and effectuation of the terms and conditions of this Agreement and the transactions contemplated hereby shall be the obligation of the respective Party incurring such fees and expenses; provided, however that the Company and Operations, on the one hand, and MHC and Acquisition, on the other hand, shall share equally the costs related to preparation of surveys of the campground properties containing the Excess Land.

6.3 **Public Disclosures.** MHC, on the one hand, and the Trails Parties, on the other hand, shall mutually agree to the text of both of the press releases announcing the signing of this Agreement to be issued, respectively, by MHC and the Company (the "INITIAL PRESS RELEASES"), and shall mutually agree upon the time and manner in which the Initial Press Releases shall be issued. Prior to the issuance of the Initial Press Releases, except as otherwise may be required by applicable Law, no Party shall (i) make any public statement or announcement relating to such Party's activities in connection with this Agreement, or (ii) communicate any information relating to such Party's activities in connection with this Agreement to any member of the news media if that Party knows or has reason to know that all or any portion of that information is likely to be made publicly available before the issuance of the Initial Press Releases. After the issuance of the Initial Press Releases and prior to the Closing, MHC and the Company shall consult with each other before issuing any other press release or otherwise making any public statement with respect to this Agreement or the Merger or the transactions contemplated hereby or thereby (other than information previously disclosed or announced to the public in accordance with the terms hereof) and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law.

6.4 **HSR and Other Regulatory Filings.** As soon as reasonably practicable, MHC and the Company each shall file with the United States Federal Trade Commission (the "FTC") and the Antitrust Division of the United States Department of Justice (the "DOJ") Notification and

Report Forms relating to the transactions contemplated herein if required by the HSR Act, as well as comparable pre-merger notification forms required by the merger notification or control laws and regulations of any other applicable jurisdiction, as agreed to by the Parties. MHC and the Company each shall promptly (a) supply the other with any information which may be required in order to effectuate such filings and (b) supply any additional information which reasonably may be required by the FTC, the DOJ or the competition or merger control authorities of any other jurisdiction and which the Parties may reasonably deem appropriate.

6.5 Certain Tax Matters.

(a) MHC Actions. MHC agrees that the Notes will not be repaid other than with cash from assets or continuing, separate operations of the Company, from loans against the Company's assets or in connection with a refinancing of the Notes. The Company agrees that to the extent MHC satisfies the covenant contained in this Section 6.5(a), as of the Effective Time, the aggregate "earnings and profits" (within the meaning of, and calculated in accordance with, the Code) of the Acquired Companies shall not be in excess of the Residual Amount. For purposes of this Agreement, "RESIDUAL AMOUNT" shall mean: (i) \$10,000,000 if, on or prior to August 18, 2004, the Company shall have received (A) evidence reasonably satisfactory to the Company from an institutional lender providing for aggregate net indebtedness for borrowed money by the Surviving Corporation and its subsidiaries (after giving effect to the Trails Reorganization) from such institutional lender in an aggregate amount of at least \$120,000,000 and which does not assume that any contributions will be made, or credit support given, by MHC or any of its Affiliates to the Surviving Corporation or its subsidiaries; and (B) an appraisal reasonably satisfactory to the Company evidencing an appraised value of Operations and its subsidiaries (after giving effect to the Trails Reorganization) of at least \$25,000,000; or (ii) such amount as is mutually agreed upon by the Parties.

(b) Pre-Closing Cooperation. Until the Closing Date, if any Acquired Company receives any written notice from any taxing authority relating to an audit (whether pending or threatened) of any Tax Return filed by an Acquired Company or proposing an adjustment to any Tax payable by an Acquired Company, the Company shall give prompt written notice thereof to MHC, which notice shall describe in detail the audit or proposed adjustment.

(c) Tax Cooperation. The Parties shall each: (i) reasonably cooperate in the preparation of any Tax Returns which the other is responsible for preparing and filing; (ii) reasonably cooperate in preparing for any audits of, or disputes with taxing authorities regarding, any Taxes relating to any of the Acquired Companies or Distributed Companies; (iii) make available to the other and any taxing authority, as reasonably requested, all information, records and documents with respect to Taxes relating to any of the Acquired Companies or Distributed Companies for taxable periods (and portions thereof) that end on or before the Closing Date ("PRE-CLOSING TAXABLE PERIODS"); (iv) provide prompt notice to the other in writing of any pending or threatened audits or assessments with respect to Taxes relating to any of the Acquired Companies for Pre-Closing Taxable Periods; and (v) promptly furnish the other with copies of all correspondence received from any taxing authority in connection with any audit or information request with respect to Taxes relating to any of the Acquired Companies for Pre-Closing Taxable Periods.

(d) Tax Returns.

(i) Except as otherwise provided in Section 6.5(d)(ii) hereof, MHC shall prepare and file, or shall cause the applicable Acquired Company to prepare and file, all Tax Returns required to be filed after the Closing Date by or with respect to any Acquired Company.

(ii) Operations shall prepare or cause to be prepared (i) all federal, state, local and foreign Tax Returns required to be filed by the Acquired Companies after the Closing Date (including any consolidated, combined or unitary Tax Returns which include both Acquired Companies and Distributed Companies) with respect to any taxable period ending on or before the Closing Date (the "PRE-CLOSING RETURNS") and (ii) all federal, state, local and foreign income Tax Returns required to be filed by the Acquired Companies with respect to a taxable period (a "STRADDLE PERIOD") commencing prior to the Closing Date and ending after the Closing Date (an "INCOME TAX STRADDLE PERIOD RETURN", and together with the "PRE-CLOSING RETURNS", the "OPERATIONS RETURNS"). To the extent permitted by applicable Law, Operations and MHC shall elect to treat the Closing Date as the last day of any taxable period applicable to the Acquired Companies. The Operations Returns shall be prepared substantially in accordance with applicable Law and the custom and past practices of the Acquired Companies in preparing their Tax Returns. MHC shall provide Operations with access to the Acquired Companies' books and records and personnel and accountants for the purpose of preparing the Operations Returns and otherwise cooperate with Operations in the preparation thereof. Operations shall submit each Operations Return to MHC at least 20 days prior to the due date thereof (taking into account all extensions properly obtained, which extensions shall be obtained by MHC at the request of Operations) for its review and approval, which approval shall not be unreasonably withheld. MHC shall timely file each Operations Return received from Operations and pay the Tax shown thereon. Operations covenants to provide funds to MHC on a timely basis as provided in Section 6.5(i) hereof.

(iii) MHC shall prepare or cause to be prepared all federal, state, local and foreign Tax Returns, other than income Tax Returns, required to be filed by the Acquired Companies with respect to the Straddle Period (a "NON-INCOME TAX STRADDLE PERIOD RETURN") and, together with the Operations Returns and all other Straddle Period Returns, the "POST-CLOSING RETURNS"). The Non-Income Tax Straddle Period Returns shall be prepared substantially in accordance with applicable Law and the custom and past practices of the Acquired Companies in preparing their Tax Returns. MHC shall deliver to Operations at least 20 days prior to the due date thereof (taking into account all extensions properly obtained) each Non-Income Tax Straddle Period Return for its review and approval, which approval shall not be unreasonably withheld. MHC shall timely file each Straddle Period Return and pay the Tax shown thereon. Operations covenants to provide funds to MHC on a timely basis as provided in Section 6.5(i) hereof.

(iv) If the taxable income, or the liability for Taxes, of an Acquired Company for any Straddle Period needs to be allocated for any reason under this Agreement to the portion of the Straddle Period ending on the Closing Date, such allocation shall be made by closing the books of the Acquired Company as of the close of business on the Closing Date. Notwithstanding the foregoing sentence, in the case of (x) franchise taxes based on capitalization, debt or shares of stock authorized, issued or outstanding, or (y) ad valorem Taxes, the portion of such Taxes attributable to the portion of the Straddle Period that ends on the Closing Date shall be the amount of such Taxes for the entire Straddle Period, multiplied by a fraction, the numerator of which is the number of days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the entire number of days in the Straddle Period.

(e) Amended Tax Returns. Neither MHC nor any Acquired Company will amend any Tax Returns of any Acquired Company for any period ending on or prior to the Closing Date without the prior written consent of Operations, which consent shall not be unreasonably withheld.

(f) Tax Sharing Agreement. Any Tax Sharing Agreement that may exist between any of the Acquired Companies, on the one hand, and any of the Distributed Companies, on the other hand, and all obligations and rights thereunder, shall terminate as of the Closing and have no further effect for any taxable year (whether the current year, a future year or a past year), and the Acquired Companies and the Distributed Companies, as the case may be, shall cease to have any liability to make or rights to receive any payments thereunder for any amounts due in respect of periods ending prior to or on or after the Closing Date.

(g) Purchase Price Allocation. For all Tax purposes, the Parties shall allocate all of the consideration to be paid pursuant to Article III hereof to the Company Common Stock and not to any other agreements or obligations. Any payments made under Article VIII hereof shall be treated for all Tax purposes as an adjustment to the purchase price for the Company Common Stock.

(h) Audits. The Parties shall endeavor to agree which Party (the "CONTROLLING PARTY") would bear the principal liability under this Agreement for any Taxes that could arise in connection with any Tax audit or administrative or judicial proceeding (a "TAX CONTROVERSY"). The Controlling Party shall have the right, at its sole cost and expense to represent the interests of the Acquired Companies and Distributed Companies in such Tax Controversy, provided that the Controlling Party shall not settle any claim for Taxes which could have an adverse impact on the other Party (the "NON-CONTROLLING PARTY") without the prior written consent of the Non-Controlling Party, which consent shall not be unreasonably withheld, and further provided that, if Operations is the Controlling Party, no Acquired Company shall be required to pay any Taxes that must be paid as a precondition to the initiation of any such Tax Controversy unless Operations advances the necessary funds for the payment of such Taxes to MHC. Notwithstanding the fact that the Parties have agreed that Operations should be the Controlling Party with respect to a Tax Controversy, Operations may elect not to represent the interests of the Acquired Companies in such Tax Controversy in which case MHC shall then become the Controlling Party for such Tax Controversy. The Controlling Party shall not settle any claim for

Taxes for which the Non-Controlling Party would be liable without the prior written consent of the Non-Controlling Party, which consent shall not be unreasonably withheld, and the Non-Controlling Party shall reimburse the Controlling Party for any reasonable costs, fees or expenses incurred in connection with the portion of such Tax Controversy related to Taxes that would be borne by the Non-Controlling Party. In any Tax Controversy that may result in a liability for Taxes of the Non-Controlling Party, the Controlling Party shall keep the Non-Controlling Party informed of all activities in connection with the Tax Controversy and shall promptly deliver to the Non-Controlling Party copies of all correspondence sent and received in connection with the Tax Controversy and shall respond reasonably to all suggestions from the Non-Controlling Party with respect to the Tax Controversy. This Section 6.5(h), and not Section 8.4 hereof, shall be controlling in cases where (but for this sentence) both sections would apply but the remaining provisions of Article VIII shall continue to apply to any such claim for indemnification.

(i) Tax Indemnity.

(i) Subject to the limitations set forth in Section 8.2 hereof, Operations hereby indemnifies MHC and each of its Affiliates (including, effective upon the Closing, each of the Acquired Companies) against and agrees to hold each of them harmless from any (u) Tax of an Acquired Company related to a Pre-Closing Taxable Period or to the portion of a Straddle Period ending on the Closing Date, (v) liability for gain on the sale of Windsor campground and waterslide, (w) liability for the payment of any amount as a result of any Acquired Company having been prior to the Closing a party to or obligated under any Tax sharing, Tax allocation or Tax indemnity agreement or arrangement, (x) liability for Taxes of an Acquired Company resulting from the Trails Reorganization, (y) liability for Taxes of MHC or any Tax Affiliate resulting from a breach of the representation or covenant made by the Company in Section 6.5(a) hereof (including, for the avoidance of doubt, any Taxes, interest or penalties that may be imposed on MHC or Manufactured Home Communities, Inc. ("MHC INC.") as a result of any actual or deemed dividend required to be paid by reason of such breach), (z) liabilities, costs, expenses (including, but not limited to, reasonable expenses of investigation and attorneys' fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any Tax described in the foregoing clauses (u), (v), (w), (x) or (y) (the sum of the amounts described in clauses (u), (v), (w), (x), (y), and (z) being referred to herein as a "TAX LOSS"). "TAX AFFILIATE" means each of MHC, MHC Inc., MHC Trust, MHC Operating Limited Partnership, and any successor in interest of any of the foregoing.

(ii) For purposes of this Section 6.5(i), in the case of any Taxes that are payable for a Straddle Period, the portion of such Tax related to the portion of such Straddle Period ending on the Closing Date shall be determined in accordance with Section 6.5(d)(iv) hereof.

(iii) Operations shall make payment under this Section 6.5(i) to MHC or any other Person designated by MHC within 30 days after MHC provides written notice to Operations stating that a Tax Loss has been incurred and the

amount thereof. To the extent Operations is liable under Treasury Regulation 1.1504-6 (or any corresponding provision of state, local or foreign income Tax law) for any Tax giving rise to a payment obligation under this Section 6.5(i) and to the extent Operations makes a payment under this Section 6.5(i) with respect to such Tax, MHC covenants that it will pay the amount of such Tax to the relevant governmental authority and agrees to indemnify and hold harmless Operations for any liability it may have with respect of such Tax.

(iv) Tax Refunds. Operations shall be entitled to all refunds of Taxes of any Acquired Company, and any amounts credited against Taxes to which any Acquired Company becomes entitled, to the extent such refunds or credits relate to any Pre-Closing Taxable Period.

(v) Limitations on Tax Indemnity. The amount of any Tax Loss shall be reduced (i) to take into account any net Tax refund, Tax credit or reduction in Taxes actually and currently realized as a result of the recognition of the Tax Loss, and (ii) to take into account any payment actually received by MHC with respect to a Tax Loss.

(vi) MHC agrees that, in the event of a breach of the representation made by the Company in Section 6.5(a) hereof, (i) MHC will use its best efforts to make a distribution of any non-REIT earnings and profits in accordance with Treasury Regulations 1.857-11(c) and Section 852(e) of the Code, to the extent such provisions are available and would reduce the Taxes or other Losses that MHC or any Affiliate of MHC otherwise would owe or incur as a result of such breach, and (ii) each Affiliate of MHC will use its best efforts to make a distribution of its share of income attributable to any distribution described in clause (i) of this subsection that it receives (directly or indirectly) from MHC, to the extent such a distribution would reduce the Taxes or other Losses that such Affiliate otherwise would owe or incur as a result of such breach.

6.6 Transfer of Certain Employee Benefits.

(a) Prior to the Merger, the Company shall transfer and assign to Operations, and Operations shall assume from the Company, all rights and obligations under any Company Employee Plan and Employee Agreement that is sponsored, maintained or otherwise provided by any of the Acquired Companies or to which any of the Acquired Companies may have any liability, including, without limitation, any retiree health obligations and all other health, dental, long term disability, short term disability, life, supplemental life, accidental death and dismemberment, and business travel accident insurance plans or arrangements (with all such rights and obligations previously described in this Section 6.6(a) collectively referred to as the "TRANSFERRED BENEFITS"). With respect to each Transferred Benefit, the Acquired Companies shall transfer and assign to Operations and Operations shall assume prior to the Effective Time any insurance policies and service agreements that are held for or entered into in connection with the Transferred Benefits and any assets of any Company Employee Plan constituting a part of any of the Transferred Benefits. The Company shall obtain all consents required from, and provide any required notices to, any third parties (e.g., insurers, the Pension Benefit Guaranty

Corporation or third party administrators), participants or beneficiaries in connection with the transfer and assignment of the Transferred Benefits and the associated insurance policies and services agreements.

(b) The Company's transfer and assignment, and Operations' assumption, of all Transferred Benefits and any insurance policies and service agreements related thereto shall comply with the Health Insurance Portability and Accountability Act of 1996, as amended, and all other applicable Laws and regulations.

6.7 Conduct of the Business. The Company covenants and agrees that during the period from the date of this Agreement to the Effective Time (unless the Parties shall otherwise agree in writing and except as otherwise contemplated by this Agreement), other than as necessary to effect the Trails Reorganization or the sale of Windsor campground and waterslide, it will, and will cause each of its subsidiaries to, in all material respects (i) conduct its operations in the ordinary course of business, with no less diligence and effort than would be applied in the absence of this Agreement, (ii) use commercially reasonable efforts to keep available the service of its current officers and employees and preserve its relationships with customers, suppliers and others having business dealings with it, and (iii) timely file all Tax returns in accordance with past practices and proceedings; provided, however, that none of the following shall in themselves (either alone or in combination) constitute a failure to comply with the foregoing provisions of this Section 6.7, and none of the following shall be taken into account in determining whether the Company has failed to comply with the foregoing provisions of this Section 6.7: (A) any change, effect or circumstance that arises by reason of a deterioration in the financial markets, the economy or the industries in which the Company and its subsidiaries operate (whether in the United States, Canada or any foreign country in which they operate), (B) any change, effect or circumstance that is attributable to the disclosure of the fact that MHC is the prospective acquiror of the Company or the announcement or pendency of the transactions contemplated hereby; (C) any change, effect or circumstance that directly arises out of any action taken by MHC or any of its Affiliates; (D) any mandatory change, effect or circumstance arising from any change in accounting requirements or principles or any change in applicable Laws; (E) any change, effect or circumstance arising from compliance with the terms of, or the taking of any action required by, this Agreement; or (F) any change, effect or circumstance attributable to any acts of war involving the United States or, hostilities or terrorist activity involving the United States, including without limitation any continuation or material worsening of hostilities involving the combat of terrorism or other national security issues involving the United States.

6.8 Supplements to Schedules. From time to time prior to the Closing Date, the Company shall amend or supplement any of the Schedules to this Agreement with respect to any matter that comes to its attention that arises after the date of this Agreement (but not with respect to any matter coming into existence or occurring at or prior to the date hereof) that, if existing or occurring at or prior to the date of this Agreement, would have been required to be set forth or described in such a schedule or that is necessary to supplement, update, complete or correct any information in any representation or warranty contained in Article IV hereof. In determining whether the condition set forth in Section 7.2(a) hereof is satisfied, no such supplemental disclosures shall be given effect; for purposes of Articles IV and VIII hereof, any such supplemental disclosure shall be given effect.

6.9 Trails Reorganization. Prior to the Effective Time, the Company shall consummate the Trails Reorganization in accordance with the provisions of the Reorganization Documents.

6.10 Additional Obligations. At the Closing, the Note Purchaser shall purchase the Notes from the Stockholders for the aggregate Note Purchase Price in accordance with the provisions of the Note Purchase Agreement. The Parties hereby agree that after the Closing, the Note Purchaser may secure the Notes with the stock or assets of MHC or any of its subsidiaries or with any other appropriate collateral. Each of MHC and the Company covenant and agree to utilize the provisions of the iStar Amendment to pay off the iStar Debt and to obtain releases of any liens securing such iStar Debt in order to consummate the Merger and the transactions contemplated thereby.

6.11 Schedules to this Agreement. The Parties acknowledge that the schedules (the "SCHEDULES") and exhibits A and B and a form of exhibit C (the "EXHIBITS") to this Agreement have not been attached to this Agreement as of the date hereof. The Parties covenant and agree to use good faith, commercially reasonable efforts to prepare and attach to this Agreement within fourteen (14) days of the date hereof such Schedules and Exhibits in form and substance mutually agreeable to the Parties.

6.12 E&P Transactions. The Company covenants to undertake commercially reasonable transactions prior to the Effective Time to cause earnings and profits of the Acquired Companies as of the Effective Time to be an amount that does not exceed the Residual Amount (the "E&P TRANSACTIONS") and such E&P Transactions shall be subject to the reasonable approval of MHC and Acquisition acting in good faith.

6.13 Release of Leisure Time Escrow. The Company covenants that it shall pay off the entire balance (including accrued interest thereon) of the promissory note held by Steven Albertsen pursuant to that certain Settlement Agreement, dated April 23, 1997, between Leisure Time Resorts of America, Inc. ("LEISURE TIME"), as successor by merger to Albertsen Investment Corporation, and Steven Albertsen and take all other actions necessary to release the shares of Leisure Time purchased by Leisure Time pursuant to the Settlement Agreement from escrow so that as of the Effective Time Thousand Trails will own all of the outstanding capital stock of Leisure Time.

6.14 Working Capital Facility. Each of the Company and Operations covenant and agree to use commercially reasonable good faith efforts to cause Operations, prior to the Closing, to (a) enter into a working capital loan facility (the "REPLACEMENT FACILITY") with terms substantially similar to the current working capital credit facility between Union Bank of California and Thousand Trails (the "EXISTING CREDIT FACILITY") and (b) terminate the Existing Credit Facility and obtain all necessary releases thereunder. In the event that the Company and Operations are unable to obtain a Replacement Facility, MHC shall use commercially reasonable good faith efforts to obtain a Replacement Facility for Operations from a third party lender or MHC (or one of its Affiliates) shall provide a Replacement Facility on terms mutually agreed to by the Company, Operations and MHC (or the MHC Affiliate providing such Replacement Facility).

6.15 Joint Venture Agreement. The Parties acknowledge that MHC shall have the right to use the Excess Land to offer non-membership products; provided, however, that if MHC uses the Excess Land for park model or recreational vehicle resort purposes Operations shall have the right to participate with MHC as a joint venturer and/or receive industry-standard management fees in connection with such use pursuant to the agreement described in the next sentence. The Parties covenant and agree to use commercially reasonable efforts to prepare a form of joint venture/management fee agreement with terms mutually agreeable to the Parties to be attached to this Agreement as Exhibit D within twenty-one (21) days of the date hereof (the "JOINT VENTURE AGREEMENT"), which Joint Venture Agreement shall be executed by the Parties in the event that MHC intends to use the Excess Land for park model or recreational vehicle resort purposes.

6.16 Exclusivity. From the date hereof through the earlier of (i) the Closing or (ii) the termination of this Agreement in accordance with the terms hereof, the Company and Operations shall not and shall cause all of their employees, agents, subsidiaries and affiliates (the "KTTI PARTIES") not to, directly or indirectly, through any representative or otherwise, solicit or entertain offers from, negotiate with or in any manner encourage, discuss, accept, or consider any proposal of any other Person relating to the acquisition of the stock of or interests in the Company, the Company's assets or business (including, the Properties (as defined in the Ground Lease)), in whole or in part, whether directly or indirectly, through purchase, merger, consolidation, or otherwise, and the Company and Operations shall immediately notify MHC regarding any contact between the Company or Operations or their respective representatives and any other Person regarding any such offer or proposal or any related inquiry. The Company and Operations covenant that if either of the KTTI Parties breach this exclusivity covenant, or within six months of the termination of this Agreement, in accordance with the terms hereof, either of the KTTI Parties signs a letter of intent or other agreement relating to a transaction substantially similar to the transactions contemplated by this Agreement, then the Company and Operations shall notify MHC immediately of such event.

ARTICLE VII

CONDITIONS TO THE MERGER

7.1 Conditions to Obligations of Each Party. The respective obligations of each Party to consummate and effect this Agreement and the transactions contemplated hereby shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) No Injunctions or Restraints; Illegality. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect, nor shall any proceeding brought by an administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, seeking any of the foregoing be pending; nor shall there be any action taken, or any statute, rule, regulation, injunction, order or decree enacted, entered, enforced, promulgated, issued or deemed applicable to the Merger which makes or which could reasonably be expected to make the consummation of the Merger illegal.

(b) HSR Act. All waiting periods under the HSR Act relating to the transactions contemplated hereby shall have expired or terminated early without any conditions or restrictions related thereto.

(c) iStar Debt. The iStar Debt shall have been paid off in accordance with the provisions of the iStar Amendment.

7.2 Conditions to Obligations of MHC and Acquisition. The obligations of MHC and Acquisition to consummate and effect this Agreement and the transactions contemplated hereby shall be subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any of which may be waived, in writing, exclusively by MHC:

(a) Representations and Warranties. The representations and warranties of the Company in this Agreement (a) that are not qualified by materiality or Material Adverse Effect will be true and correct in all material respects on and as of the Effective Time as though such representations and warranties were made on and as of such time and (b) that are qualified by materiality or Material Adverse Effect will be true and correct in all respects on and as of the Effective Time as though such representations and warranties were made on and as of such time, in each case, other than representations and warranties that expressly speak only as of a specific date or time, which will be true and correct as of such specified date or time.

(b) Covenants. The Company and Operations each shall have performed and complied with all covenants and obligations of this Agreement required to be performed and complied with by each of them as of the Effective Time.

(c) Certificate of the Company. MHC shall have been provided with a certificate executed on behalf of the Company by the Company's President or its Chief Executive Officer, its Chief Operating Officer or its Chief Financial Officer to the effect that, as of the Effective Time, the conditions set forth in Sections 7.2(a) and 7.2(b) hereof have been met.

(d) Indebtedness Certificate. MHC shall have received the Indebtedness Certificate, at least two (2) business days prior to the Closing.

(e) Legal Opinion. MHC shall have received the opinion of Ropes & Gray LLP, counsel to the Company and Operations, in form and substance reasonably acceptable to MHC and Acquisition.

(f) Settlement of Intercompany Accounts. All intercompany accounts between any of the Acquired Companies, on the one hand, and any of the Distributed Companies, on the other hand, shall have been paid or contributed to the capital of the borrower, and no Acquired Company shall have any intercompany payable to any Distributed Company. No intercompany debt obligations of the Acquired Companies shall remain outstanding upon the completion of the Trails Reorganization. To the extent possible, intercompany payables and intercompany receivables will be netted between the Acquired Companies and the Distributed Companies in order to minimize the amount required to be contributed to capital by either party.

(g) Ground Lease. Operations shall have entered into and delivered to MHC a Ground Lease, substantially in the form attached hereto as Exhibit E (the "GROUND LEASE"), and shall have executed and delivered all documents and made all filings required in order to give MHC a perfected security interest in and to the collateral described in the Ground Lease and the documents entered into in connection therewith.

(h) Consents and Lien Releases. As long as MHC fulfills its obligations under Section 3.7 hereof, the Company shall have obtained the consents, approvals and lien releases set forth on Schedule 7.2(h); provided, however, that if such consents, approvals and lien releases have not been obtained and this condition to Closing is the only condition that has not been satisfied, the Parties shall negotiate in good faith to attempt to mutually agree upon an alternative arrangement which will, at no additional cost or detriment to MHC and with no material cost or material detriment to the Company, provide MHC with the same rights and benefits MHC would have received had such consents, approvals and lien releases been obtained.

(i) Reciprocal Rights/Cross Marketing Agreement. Operations shall have entered into and delivered to MHC a Reciprocal Rights/Cross Marketing Agreement in a form mutually agreed upon by the Parties (the "RECIPROCAL RIGHTS/CROSS MARKETING AGREEMENT").

(j) REIT Election. MHC shall not have received an opinion of its counsel stating that MHC's ownership of the Acquired Companies would prevent MHC from making a valid election to be treated as a real estate investment trust ("REIT") under Section 856 of the Code as a result of any change in Law or the interpretation of Law by a Governmental Entity after the date hereof.

(k) Earnings and Profits.

(i) The Company shall have delivered to MHC a report from a nationally recognized accounting firm in form and substance reasonably satisfactory to MHC regarding the "earnings and profits" (within the meaning of, and calculated in accordance with, the Code) of the Acquired Companies and the

Distributed Companies as of June 30, 2004, together with documents supporting the statements contained in such report.

(ii) As of the Effective Time, the "earnings and profits" (within the meaning of, and calculated in accordance with, the Code) of the Acquired Companies shall not exceed the Residual Amount.

(l) FIRPTA Certificate. The Company shall have delivered to MHC a certificate in accordance with Section 1445 of the Code in a customary form mutually agreed upon by the Parties certifying that none of the Persons receiving merger consideration in the transactions contemplated by this Agreement is a "foreign person" as defined in Section 1445 of the Code and that each of the Acquired Companies is therefore exempt from the withholding requirements of said section.

(m) Permits and Licenses. The Company shall have delivered to MHC documents in form and substance reasonably satisfactory to MHC evidencing the fact that (i) the material Conditional Use Permits are validly held by the applicable Acquired Companies and such Conditional Use Permits shall be valid and in full force and effect immediately after the Effective Time, and (ii) Operations holds all material Operations Authorizations and such Operations Authorizations shall be valid and in full force and effect immediately after the Effective Time.

(n) Trails Reorganization. The Company shall have consummated the Trails Reorganization in accordance with the provisions of the Reorganization Documents.

7.3 Conditions to the Obligations of the Company and Operations. The obligations of the Company and Operations to consummate and effect this Agreement and the transactions contemplated hereby shall be subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any of which may be waived, in writing, exclusively by the Company:

(a) Representations and Warranties. The representations and warranties of the MHC and Acquisition in this Agreement (a) that are not qualified by materiality or Material Adverse Effect will be true and correct in all material respects on and as of the Effective Time as though such representations and warranties were made on and as of such time and (b) that are qualified by materiality or Material Adverse Effect will be true and correct in all respects on and as of the Effective Time as though such representations and warranties were made on and as of such time, in each case, other than representations and warranties that expressly speak only as of a specific date or time, which will be true and correct as of such specified date or time.

(b) Covenants. MHC and Acquisition shall each have performed and complied with all covenants and obligations of this Agreement required to be performed and complied with by each of them as of the Effective Time.

(c) Certificate of MHC. The Company shall have been provided with a certificate executed on behalf of MHC to the effect that, as of the Effective Time, the conditions set forth in Sections 7.3(a) and 7.3(b) hereof have been met.

(d) Ground Lease. MHC shall have entered into the Ground Lease.

(e) Reciprocal Rights/Cross Marketing Agreement. MHC shall have entered into and delivered to Operations the Reciprocal Rights/Cross Marketing Agreement.

(f) Legal Opinion. The Company and Operations shall have received the opinion of Katten Muchin Zavis Rosenman, counsel to MHC and Acquisition, in form and substance reasonably acceptable to the Company and Operations.

(g) Permits and Licenses. The Company shall have caused (i) the material Conditional Use Permits to be validly held by the applicable Acquired Companies and such Conditional Use Permits shall be valid and in full force and effect immediately after the Effective Time, and (ii) Operations to hold all material Operations Authorizations and such Operations Authorizations shall be valid and in full force and effect immediately after the Effective Time.

(h) Note Purchase Agreement. The Note Purchase Agreement shall have been executed and delivered by the Note Purchaser and the Notes purchased thereunder for the Note Purchase Price.

ARTICLE VIII

SURVIVAL; INDEMNIFICATION

8.1 Survival of Representations and Warranties.

(a) All of the representations and warranties of the Company and Operations contained in this Agreement (other than the representations and warranties in Section 4.7 hereof) shall survive the Closing and terminate on the date which is eighteen (18) months after the Closing Date and (ii) the representations and warranties in Section 4.7 hereof shall survive the Closing and terminate on the date which is three (3) years after the Closing Date.

(b) It is agreed that in the event notice of any claim for indemnification under this Agreement with respect to any breach of any representation or warranty or with respect to any other matter for which indemnification is provided hereunder shall have been given within the applicable survival period, the claims and rights to indemnification relating to any such breach of a representation or warranty or other matters for which indemnification is provided hereunder that are the subject of such indemnification claim shall survive until such time as such claim is finally resolved.

8.2 Indemnification By Operations. Operations hereby agrees that, from and after the Closing Date, it shall indemnify and hold harmless MHC, the Acquired Companies and their affiliates and, if applicable, MHC's and the Acquired Companies' successors and assigns (collectively the "MHC INDEMNIFIED PARTIES") from and against any damages, losses, charges, deficiencies, interest, penalties and reasonable costs and expenses (including, but not limited to, reasonable attorneys' fees) (collectively, "LOSSES") asserted against and imposed on or sustained, incurred or suffered by any of the MHC Indemnified Parties in any such case to the extent arising out of: (i) a breach of any representation or warranty made by the Company or

Operations in this Agreement; (ii) the breach of any covenant or agreement of the Company or Operations contained in this Agreement; or (iii) any liability or obligation of any kind or nature whatsoever (other than an Assumed Liability) of an Acquired Company that relates to the period prior to the Effective Time (other than (i) any liability or obligation that results from a breach of this Agreement or the Ground Lease by MHC, Acquisition or any of their Affiliates party thereto or (ii) with respect to any liability or obligation in respect of Taxes, any such liability that results from actions taken by MHC or its Affiliates on the Closing Date that are not expressly contemplated by this Agreement or the Ground Lease); provided, however, that (A) Operations shall not be required to indemnify the MHC Indemnified Parties pursuant to this Section 8.2 or Section 6.5(i) hereof in an aggregate amount in excess of \$16 million (it being understood, however, that amounts payable by Operations with respect to Taxes shown to be due on Pre-Closing Returns and Straddle Period Returns or with respect to gain on the sale of Windsor campground and waterslide shall not be included as an amount indemnified for this purpose), (B) no claim for indemnification may be made after the date that is eighteen (18) months after the Closing Date (except with respect to claims arising under Section 6.5(i) hereof which claims for indemnification may be made until the date that is three (3) years after the Closing Date) and (C) Operations' obligation to indemnify the MHC Indemnified Parties for a breach by the Company or Operations of any representation or warranty made by the Company or Operations in Sections 4.7 or 6.5(a) hereof is limited to the amount for which Operations is liable under Section 6.5(i) hereof.

8.3 Indemnification By MHC and Surviving Corporation. MHC and the Surviving Corporation hereby agree that, from and after the Closing Date, they shall, jointly and severally, indemnify, defend and hold harmless Operations, the Distributed Companies and their respective controlling stockholders, officers, directors, employees, agents and affiliates, and each of their respective heirs, executors, successors and assigns (collectively the "OPERATIONS INDEMNIFIED PARTIES") from, against and in respect of any Losses asserted against and imposed on or sustained, incurred or suffered by any of the Operations Indemnified Parties in any such case to the extent arising out of: (i) a breach by MHC or Acquisition of any representation or warranty made by MHC or Acquisition in this Agreement; (ii) the breach of any covenant or agreement of MHC, Acquisition or the Surviving Corporation contained in this Agreement; or (iii) any liability or obligation of any kind or nature whatsoever, whether known or unknown, contingent or otherwise, which first arises out of the conduct of business of any Acquired Company after the Effective Time which is not attributable to a matter which constitutes a breach of representation or warranty made by Operations; provided, however, that (A) MHC and the Surviving Corporation shall not be required to indemnify the Operations Indemnified Parties in an aggregate amount in excess of \$16 million, and (B) no claim for indemnification may be made after the date that is eighteen (18) months after the Closing Date (except with respect to claims arising with respect to Taxes, which claims for indemnification may be made until the date that is three (3) years after the Closing Date).

8.4 Third Party Claim Indemnification Procedures. With respect to third party claims, all claims for indemnification by any MHC Indemnified Party or Operations Indemnified Party (each an "INDEMNIFIED PARTY") shall be asserted and resolved as set forth in this Section 8.4 In the event that any written claim or demand for which a Party (an "INDEMNIFYING PARTY") may be required to pay an indemnity hereunder pursuant to Sections 8.2 or 8.3 hereof is asserted against or sought to be collected from any Indemnified Party by a third party, such

Indemnified Party shall promptly (and in any event within 10 days of receipt by such Indemnified Party of notice of such claim) notify the Indemnifying Party of such claim or demand and the amount or the estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim and demand) (the "CLAIM NOTICE"). The Indemnifying Party shall have 30 days from its receipt of the Claim Notice (the "NOTICE PERIOD") to notify the Indemnified Party whether it will undertake the defense of such claim or demand. Notwithstanding anything herein to the contrary, if the Indemnifying Party undertakes the defense of such claim or demand, the undertaking of such defense shall constitute acceptance of responsibility for such claim or demand and the Indemnifying Party shall be fully responsible for such claim or demand. All costs and expenses incurred by the Indemnifying Party in defending such claim or demand shall be a liability of, and shall be paid by, the Indemnifying Party. Except as hereinafter provided, in the event that the Indemnifying Party notifies the Indemnified Party that it will defend the Indemnified Party against such claim or demand, the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defense. If any Indemnified Party desires to participate in any such defense it may do so at its sole cost and expense; provided that it shall comply with reasonable instructions from the Indemnifying Party and shall not take any formal actions inconsistent with or adverse to the defense of such claim or demand by the Indemnifying Party. Notwithstanding the foregoing, the Indemnified Party shall have the right to employ one counsel to represent it if the Indemnified Party believes, based upon the advice of counsel, that it may have available to it one or more defenses or counterclaims which are inconsistent with one or more defenses or counterclaims which may be alleged by the Indemnifying Party, and in any such event the reasonable fees and expenses of such separate counsel shall be paid by the Indemnifying Party. The Indemnifying Party shall not settle a claim or demand without the consent of the Indemnified Party to the extent a settlement (A) imposes (i) any monetary obligation on the Indemnified Party (other than any such amount as is subject to indemnification under this Article VIII) or (ii) a future non-monetary obligation on the Indemnified Party, (B) does not include as an unconditional term thereof the giving by the Person or Persons asserting such claim to the Indemnified Party of an unconditional release from all liability with respect thereto, or (C) requires any undertaking or admission by such Indemnified Party. If the Indemnifying Party elects not to defend the Indemnified Party against such claim or demand, whether by not giving the Indemnified Party timely notice as provided above or otherwise, then the Indemnified Party shall diligently conduct the defense and the reasonable costs and expenses pertaining to such defense shall be the liability of the Indemnifying Party hereunder; provided that in any case the Indemnified Party shall not settle a claim or demand without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. To the extent the Indemnifying Party shall direct, control or participate in the defense or settlement of any third party claim or demand, the Indemnified Party shall give the Indemnifying Party and its counsel access to, during normal business hours, the relevant business records and other documents, and shall permit them to consult with the employees and counsel of the Indemnified Party. Regardless of which Person assumes control of the defense of any claim, each Party shall cooperate and provide the other Party reasonable assistance in the defense thereof.

8.5 Further Indemnity Limitations. The amount of any Losses shall be reduced (i) to the extent any Indemnified Party receives any insurance proceeds with respect to such Losses (which shall not include payments pursuant to self insurance programs), net of the present value

of any increase in insurance premiums to be paid by the Indemnified Party as a result of such Losses and all costs and expenses incurred by the Indemnified Party in recovering such proceeds from its insurers, (ii) to take into account any Tax refund, Tax credit or reduction in Taxes actually and currently realized as a result of the recognition of the Losses, and (iii) to take into account any payment actually received by an Indemnified Party with respect to such Losses.

8.6 Adjustment to Merger Consideration. Any indemnification payments received under Sections 8.2 or 8.3 hereof shall be treated as adjustments to the Aggregate Conversion Amount.

8.7 Limitation on Remedies. Prior to the Closing the rights set forth in Article IX hereof, and at and after the Closing the rights of the Parties set forth in Sections 6.5(i) and 8.2 hereof and in Section 8.3 hereof, shall in each case be the sole and exclusive remedies of the Parties with respect to claims (whether based in contract, tort or otherwise) resulting from or relating to this Agreement (or the breach thereof) or any of the transactions contemplated hereby, including, but not limited to, any claim resulting from or relating to any breach of any representation or warranty or failure to perform any covenant or agreement contained in this Agreement. Notwithstanding anything in this Agreement to the contrary, no Party shall be deemed to have waived any claim, including any claim for fraud, which cannot be waived under applicable Law (common or otherwise). In addition, MHC and the other MHC Indemnified Parties expressly acknowledge and agree that Operations and its assets represent the sole source of any amount that may become payable to any of them hereunder and no partner of Operations (whether general or limited) shall have any liability or obligation to any MHC Indemnified Party hereunder. No remedy or limitation thereof provided in this Agreement shall affect or otherwise limit any of the remedies granted to any Party under the Ground Lease.

ARTICLE IX

TERMINATION

9.1 Termination by Mutual Consent. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by the mutual written consent of the Company and MHC.

9.2 Termination by the Company or MHC. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time upon written notice by the Company or MHC if:

(a) the Merger shall not have been consummated by October 1, 2004, or if the only condition to Closing not satisfied is the procurement of the consents, approvals and lien releases specified in Section 7.2(h) hereof, December 31, 2004; or

(b) if any judgment, order, decree, statute, law, ordinance, rule or regulation, entered, enacted, promulgated, enforced or issued by any court or other Governmental Entity of competent jurisdiction which (A) has the effect of making the consummation of the Merger or the other transactions contemplated hereby illegal, or (B) materially restricts, prevents or

prohibits consummation of the Merger or any of the other transactions contemplated hereby, shall be in effect and shall have become final and nonappealable.

9.3 Additional Termination by the Company or MHC. This Agreement may be terminated and the Merger may be abandoned at any time on or after August 4, 2004 and prior to the Effective Time upon written notice by the Company or MHC to the other Party if either the Board of Directors of MHC Inc. or the Board of Directors of the Company shall not have approved, by the end of the day on August 3, 2004, this Agreement, the Ground Lease, the other agreements to be executed and delivered pursuant hereto and thereto, and the transactions contemplated hereby and thereby.

9.4 iStar Amendment. This Agreement may be terminated and the Merger may be abandoned at any time after the date that is fourteen (14) days after the date of this Agreement prior to the date that is twenty-one (21) days after the date of this Agreement upon written notice by MHC if the Company fails to obtain and deliver to MHC within fourteen (14) days of the date hereof a true and correct copy of a written agreement (the "iSTAR AMENDMENT") to the iStar loan documents (the "iSTAR DEBT") which permits the pre-payment of the entire outstanding balance (including principal and interest) of the iStar Debt with a pre-payment premium in the approximate amount of \$13 million, as previously disclosed to MHC.

9.5 Effect of Termination; Remedies. In the event of termination of this Agreement by either MHC or the Company as provided in this Article IX, this Agreement shall forthwith become void and each of the Parties or their respective Affiliates, officers, directors or stockholders shall be liable for payment of expenses pursuant to Section 6.2 hereof. In the event of a willful breach of this Agreement by a Party prior to the Effective Time, the other Parties shall be entitled to the remedy of specific performance, without the posting of bond or other security. In addition, in the event of a termination of this Agreement by MHC or Acquisition prior to the Effective Time, the Company and Operations shall be entitled to the remedy described in the side letter from MHC Inc. to the Company and Operations of even date herewith, to the extent provided for therein. Except as set forth in this Section 9.5, there shall be no liability or obligation on the part of any Party or any of their respective Affiliates, officers, directors, or stockholders as a result of a termination of this Agreement pursuant to this Article IX.

ARTICLE X

GENERAL PROVISIONS

10.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by registered or certified (return receipt requested) or overnight mail to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice); provided, however, that notices sent by mail shall not be deemed given until received:

(a) if to Operations or the Company:

KTTI Holding Company, Inc.
258 High Street, Suite 100
Palo Alto, California 94301-1040
Attn: John S. Eastburn Jr.

with a copy to:

Ropes & Gray LLP
One International Place
Boston, MA 02110
Attn: Craig E. Marcus

(b) if to MHC or Acquisition:

Manufactured Home Communities, Inc.
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Attn: Thomas P. Heneghan
President and Chief Executive Officer

with a copy to:

Manufactured Home Communities, Inc.
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Attn: Ellen Kelleher
Executive Vice President and General Counsel

with a copy to:

Katten Muchin Zavis Rosenman
525 West Monroe Street, Suite 1600
Chicago, Illinois 60661-3693
Attn: Daniel J. Perlman

10.2 Interpretation. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "but not limited to." The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.3 Amendment and Waiver. The Boards of Directors of MHC, Acquisition, the Company and Operations may amend this Agreement at any time prior to the Effective Time by execution of an instrument in writing signed by any person duly authorized by, as applicable, the Board of Directors of each of MHC, Acquisition, the Company and Operations. Any provision

of this Agreement may be waived; provided that any such waiver shall be binding on MHC and Acquisition only if such waiver is set forth in a writing executed by MHC and Acquisition; provided, further, that any such waiver shall be binding upon the Company and Operations only if such waiver is set forth in a writing executed by the Company and Operations. The waiver by any Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other breach.

10.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart.

10.5 Signature Delivery. This Agreement and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects and for all purposes as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any Party hereto, each other Party hereto shall re-execute original forms hereof and deliver them to all other Parties. No Party hereto shall raise the use of a facsimile machine or other means of electronic transmission to deliver a signature or the fact that any signature was transmitted or communicated through the use of a facsimile machine or other means of electronic transmission as a defense to the formation or enforceability of a contract, and each Party forever waives any such defense.

10.6 Entire Agreement. The exhibits and schedules hereto are incorporated herein by reference. This Agreement and the documents, schedules and instruments referred to herein and to be delivered pursuant hereto constitute the entire agreement between the Parties pertaining to the subject matter hereof, and supersede all other prior agreements and understandings, both written and oral, among the Parties, or any of them, with respect to the subject matter hereof. There are no other representations or warranties, whether written or oral, between the Parties in connection with the subject matter hereof, except as expressly set forth herein.

10.7 Assignments. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the Parties hereto (whether by operation of law or otherwise) without the prior written consent of the other Parties.

10.8 Severability. In the event that any provision of this Agreement or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the Parties hereto. The Parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

10.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

10.10 Knowledge. "TO THE KNOWLEDGE OF THE COMPANY" shall mean the actual knowledge, after reasonable and diligent inquiry, of John Malone, Bryan Reed, Walter Jaccard and Brad Nelson.

10.11 Parties in Interest. Nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement; provided, however, that the following rights and provisions shall inure to the benefit of and shall be enforceable by the Persons specified therein: (i) the right to receive the consideration payable in accordance with the terms hereof including, without limitation, the Conversion Price per Share and the Option Payments pursuant to Article III hereof and the Note Purchase Price pursuant to Section 6.10 hereof, (ii) the indemnification rights under Article VIII hereof, and (iii) the provisions of this Section 10.11.

ARTICLE XI

DEFINITIONS

The definitions for the following defined terms used in this Agreement can be found as follows:

Defined Term -----	Section -----
Acquired Companies.....	Recitals
Acquired Company.....	Recitals
Acquired Subsidiaries.....	Recitals
Acquired Subsidiary.....	Recitals
Acquisition.....	Introduction
Affiliate.....	Section 3.1
Aggregate Conversion Amount.....	Section 3.4(a)
Agreement.....	Introduction
Assumed Liabilities.....	Section 1.4
Audited Financial Statements.....	Section 4.4
Business Facilities.....	Section 4.16(b)
Certificate of Merger.....	Section 1.3
Certificates.....	Section 3.5(a)
Claim Notice.....	Section 8.4
Closing.....	Section 1.2
Closing Date.....	Section 1.2
COBRA.....	Section 4.18(a)(ii)
Code.....	Section 4.18(a)(iii)
Company.....	Introduction
Company Common Stock.....	Section 3.1
Company Employee Plan.....	Section 4.18(iv)
Company Intellectual Property.....	Section 4.10(a)(ii)
Company Registered Intellectual Property.....	Section 4.10(b)
Conditional Use Permits.....	Section 4.20
Conflict.....	Section 4.3
Contract.....	Section 4.11(a)
Contracts.....	Section 4.11(a)
Controlling Party.....	Section 6.5(h)
Conversion Certificate.....	Section 3.3
Conversion Price per Share.....	Section 3.4(b)
Current Balance Sheet.....	Section 4.4
DGCL.....	Recitals
Disclosure Statements.....	Section 4.20
Distributed Companies.....	Recitals
Distributed Company.....	Recitals
DOJ.....	Section 6.3
DOL.....	Section 4.18(a)(v)
Domain Names.....	Section 4.10(a)(i)

E&P Transactions.....	Section 6.12
Effective Time.....	Section 1.3
Employee.....	Section 4.18(a)(vii)
Employee Agreement.....	Section 4.18(a)(viii)
Environmental Permits.....	Section 4.16(d)
ERISA.....	Section 4.18(a)(vi)
ERISA Affiliate.....	Section 4.18(a)(i)
Excess Land.....	Section 1.4
Exhibits.....	Section 6.11
Existing Credit Facility.....	Section 6.14
Existing Title Policies.....	Section 4.9(c)
Financials.....	Section 4.4
FTC.....	Section 6.3
GAAP.....	Section 3.7
Governmental Entity.....	Section 4.3
Ground Lease.....	Section 7.2(g)
Hazardous Material Activities.....	Section 4.16(b)
Hazardous Materials.....	Section 4.16(g)
HSR Act.....	Section 4.3
Income Tax Straddle Period Return.....	Section 6.5(d)(ii)
Indebtedness.....	Section 3.7
Indebtedness Certificate.....	Section 6.1
Indemnified Party.....	Section 8.4
Indemnifying Party.....	Section 8.4
Initial Press Release.....	Section 6.3
Intellectual Property.....	Section 4.10(a)(i)
IRS.....	Section 4.18(a)(ix)
iStar Amendment.....	Section 9.4
iStar Debt.....	Section 9.4
Joint Venture Agreement.....	Section 6.15
KTTI Parties.....	Section 6.16
Land.....	Section 4.9(c)
Law.....	Section 4.13
Leisure Time.....	Section 6.13
Letter of Transmittal.....	Section 3.5(b)
Liens.....	Section 4.9(b)
Losses.....	Section 8.2
Material Adverse Effect.....	Section 4.1(c)
Membership Contract.....	Section 4.12
Merger.....	Recitals
MHC.....	Introduction
MHC Inc.....	Section 6.5(i)(i)
MHC Indemnified Parties.....	Section 8.2
Multiemployer Plan.....	Section 4.18(a)(x)
Non-Controlling Party.....	Section 6.5(h)
Non-Income Tax Straddle Period Return.....	Section 6.5(d)(iii)

Note Purchase Agreement.....	Recitals
Note Purchase Price.....	Recitals
Note Purchaser.....	Recitals
Notes.....	Recitals
Notice Period.....	Section 8.4
Operating Business.....	Recitals
Operations.....	Introduction
Operations Authorizations.....	Section 4.20
Operations Indemnified Parties.....	Section 8.3
Operations Returns.....	Section 6.5(d)(ii)
Option Payments.....	Section 3.6
Options.....	Section 3.6
Parties.....	Introduction
Party.....	Introduction
Paying Agent.....	Section 3.5(a)
Pension Plan.....	Section 4.18(a)(xi)
Person.....	Section 4.2
Post-Closing Returns.....	Section 6.5(d)(iii)
Pre-Closing Returns.....	Section 6.5(d)(ii)
Pre-Closing Taxable Periods.....	Section 6.5(c)
Real Property.....	Section 4.9(c)
Reciprocal Rights/Cross Marketing Agreement.....	Section 7.2(i)
Registered Intellectual Property.....	Section 4.10(a)(iii)
REIT.....	Section 7.2(j)
Reorganization Documents.....	Recitals
Replacement Facility.....	Section 6.14
Required Consents.....	Section 4.3
Residual Amount.....	Section 6.5(a)
Schedules.....	Section 6.11
Stock Option Plan.....	Section 3.6
Stockholders.....	Section 3.1
Straddle Period.....	Section 6.5(d)(ii)
Surplus Land.....	Section 4.9(c)
Surviving Corporation.....	Section 1.1
Tax.....	Section 4.7(a)
Tax Affiliate.....	Section 6.5(i)(i)
Tax Controversy.....	Section 6.5(h)
Tax Loss.....	Section 6.5(i)(i)
Tax Returns.....	Section 4.7(c)(i)
Tax Sharing Agreement.....	Section 4.7(b)
Taxes.....	Section 4.7(a)
Thousand Trails.....	Section 4.4
To the Knowledge of the Company.....	Section 10.11
Trademarks.....	Section 4.10(a)(i)
Trails Parties.....	Section 4.3
Trails Party.....	Section 4.3

Trails Reorganization.....
Transferred Benefits.....
Unaudited June 30, 2004 Financial Statements.....

Recitals
Section 6.6(a)
Section 4.4

IN WITNESS WHEREOF, MHC, Acquisition, the Company and Operations have caused this Agreement to be signed and delivered by their respective duly authorized officers, all as of the date first written above.

MHC:

MHC THOUSAND TRAILS TRUST

By: _____
Name: _____
Title: _____

ACQUISITION:

THOUSAND TRAILS ACQUISITION, INC.

By: _____
Name: _____
Title: _____

THE COMPANY:

KTTI HOLDING COMPANY, INC.

By: _____
Name: _____
Title: _____

OPERATIONS:

THOUSAND TRAILS OPERATIONS HOLDING
COMPANY, L.P.

By: KTTI GP, LLC, its general partner

By: KTTI HOLDING COMPANY, INC., its
sole member

By: _____
Name: John Eastburn
Title: President

AMENDMENT NO. 1

TO THE

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

MHC T1000 TRUST
(f/k/a MHC THOUSAND TRAILS TRUST)

THOUSAND TRAILS ACQUISITION, INC.

KTTI HOLDING COMPANY, INC.

AND

THOUSAND TRAILS OPERATIONS HOLDING COMPANY, L.P.

This Amendment, dated as of September __, 2004 (this "AMENDMENT"), is among MHC T1000 Trust (f/k/a MHC Thousand Trails Trust), Thousand Trails Acquisition, Inc., KTTI Holding Company, Inc. and Thousand Trails Operations Holding Company, L.P. The parties agree as follows:

1. Merger Agreement; Definitions. This Amendment amends the Agreement and Plan of Merger dated as of August 2, 2004 among the parties hereto (as in effect prior to giving effect to this Amendment, the "MERGER AGREEMENT"). Terms defined in the Merger Agreement and not otherwise defined herein are used herein with the meaning so defined.

2. Amendment of Merger Agreement. Effective as of the date hereof, the Merger Agreement is hereby amended as follows:

2.1. Amendment of Section 1.2. Section 1.2 of the Merger Agreement is amended and restated to read in its entirety as follows:

"1.2 Closing and Closing Date. Subject to the terms and conditions of this Agreement, the closing of the Merger (the "CLOSING") shall take place at the offices of Katten Muchin Zavis Rosenman, 525 West Monroe Street, Suite 1600, Chicago, Illinois 60661, at 10:00 a.m. local time, on the later of (a) the next business day after the last to be fulfilled or waived of the conditions set forth in Article VII hereof, (b) the next business day after the last of the permits and licenses set forth on Schedule 1.2 ("EXTENSION PERMITS") have been obtained, but in no event shall the Closing be extended beyond November 30, 2004 as a result of this clause (b), or (c) at such other time, date or place as the Company and MHC may agree in writing. The date on which the Closing occurs is referred to herein as the "CLOSING DATE." The Parties hereby acknowledge and agree that the

Closing shall be a standard "New York style" real estate transaction without imposing additional substantive obligations on the Parties. Notwithstanding anything contained herein to the contrary, if the Company and Operations have received (in their sole and absolute discretion as evidenced by a written notice provided by the Company and Operations to MHC) verbal confirmation from the state regulators for (I) the states of Arizona, Indiana, Nevada, North Carolina, Oregon, Pennsylvania, Texas, Virginia and Washington that there is no deficiency in the application submitted by Operations or any of its subsidiaries seeking permits to market under the statutes regulating membership campgrounds in such states that would preclude the issuance of the permits to market sought by Operations or any of its subsidiaries and (II) each state where Operations or any of its subsidiaries is seeking a broker of record or similar license (or a transfer of any such license previously issued to the Company or any of its subsidiaries) that there is no deficiency in the application submitted by Operations or any of its subsidiaries seeking such broker of record license under the statutes regulating membership campgrounds in such states that would preclude the issuance or transfer of the license sought by Operations or any of its subsidiaries, and the only unsatisfied condition precedent contained in Sections 7.1 and 7.3 hereof is the failure to obtain any of the Operations Authorizations set forth as item 1 or 2 on Schedule 4.20(a), then MHC and Acquisition shall have the right, at their option, exercised no later than November 21, 2004 by written notice from MHC and Acquisition to the Company and Operations, to consummate the Closing on December 1, 2004 (the "ACCELERATED CLOSING") and the Company and Operations shall waive the satisfaction of such conditions precedent contained in Section 7.3 hereof relating to items 1 and 2 of Schedule 4.20(a).

2.2 Additional Payment in Respect of an Accelerated Closing.

Forty-five (45) days following the Accelerated Closing, MHC shall pay to Operations by wire transfer of immediately available funds to an account designated by Operations an amount equal to the per diem amount set forth on Exhibit A hereto for the applicable state for each day following the Accelerated Closing that an item set forth as item 1 or 2 on Schedule 4.20(a) has not been obtained, up to a maximum of thirty (30) days for each state. "

2.3 Addition of Section 6.17. A new Section 6.17 is added to the

Merger Agreement as follows:

"6.17 Consents. If the Closing extends beyond December 1, 2004 as a result of the failure to obtain any of (a) the consents, approvals and lien releases set forth on Schedule 7.2(h), (b) the Conditional Use Permits specified in Section 7.2(m) and Section 7.3(g) or (c) the Operations Authorizations listed on Schedule 4.20(a) and the Accelerated Closing has not occurred, the Parties shall, no later than December 30, 2004, attempt to mutually agree upon an alternative arrangement which will, at no additional material cost or detriment to MHC, Acquisition, the Company or Operations, provide the Parties with the same rights and benefits the Parties would have received had such consents, approvals, lien releases, permits and authorizations been obtained. The conditions precedent contained in

Sections 7.2(h), 7.2(m) and 7.3(g) hereof shall be deemed satisfied and fulfilled upon the Parties' mutual agreement to such alternative arrangement."

2.4 Addition of Section 6.18. A new Section 6.18 is added to the Merger Agreement as follows:

"6.18 Reciprocal Rights/Cross Marketing Agreement. MHC and Operations hereby agree that, after the Closing, they will enter into a Reciprocal Rights/Cross Marketing Agreement in a form mutually agreeable to both MHC and Operations."

2.5 Amendment of Section 7.2(h). Section 7.2(h) of the Merger Agreement is amended and restated to read in its entirety as follows:

"(h) Consents and Lien Releases. The Company shall have obtained the consents, approvals and lien releases set forth on Schedule 7.2(h)."

2.6 Amendment of Section 9.2(a). Section 9.2(a) of the Merger Agreement is amended and restated to read in its entirety as follows:

"(a) the Merger shall not have been consummated by December 31, 2004; or"

2.7 Deletion of Section 7.2(i). Section 7.2(i) of the Merger Agreement is amended and restated to read in its entirety as follows:

"(i) INTENTIONALLY OMITTED."

2.8 Deletion of Section 7.3(e). Section 7.3(e) of the Merger Agreement is amended and restated to read in its entirety as follows:

"(e) INTENTIONALLY OMITTED."

3. Ground Lease. The Ground Lease attached hereto as Exhibit B shall replace the Ground Lease attached to the Merger Agreement as Exhibit E and, as of and following the date of this Amendment, the definition of Ground Lease referred to in Section 7.2(g) of the Merger Agreement shall refer to the Ground Lease attached hereto as Exhibit B.

4. Board Approval. The Board of Directors of MHC Inc. and the Board of Directors of the Company have approved on or before the end of the day on August 3, 2004 the Merger Agreement, the Ground Lease, the other agreements to be executed and delivered pursuant thereto, and the transactions contemplated thereby. As a result, no Party shall have any termination rights under Section 9.3 of the Merger Agreement.

5. iStar Amendment Delivery. The Company has obtained and delivered to MHC the iStar Amendment. As a result, no Party shall have any termination rights under Section 9.4 of the Merger Agreement.

6. Schedules to the Agreement. The Parties acknowledge that, in accordance with Section 6.11 of the Merger Agreement, they have mutually agreed to the Schedules and Exhibits to the Merger Agreement (except Exhibit D to the Merger Agreement) and that such Schedules and Exhibits shall be in the form attached hereto as Exhibit C; provided, however that the Parties acknowledge that the foregoing is not intended to modify, amend or restrict the provisions of Section 6.8 of the Merger Agreement.

7. General. The Merger Agreement as amended hereby (as so amended, the "AMENDED MERGER AGREEMENT") is confirmed as being in full force and effect. The Amended Merger Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior understandings and agreements, whether written or oral. This Amendment may be executed in any number of counterparts, which together shall constitute one instrument, and shall bind and inure to the benefit of the parties and their respective successors and assigns. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

[Signature Page Follows]

IN WITNESS WHEREOF, MHC, Acquisition, the Company and Operations have caused this Amendment to be signed and delivered by their respective duly authorized officers, all as of the date first written above.

MHC:

MHC T1000 TRUST (f/k/a MHC THOUSAND TRAILS TRUST)

By: _____
Name: _____
Title: _____

ACQUISITION:

THOUSAND TRAILS ACQUISITION, INC.

By: _____
Name: _____
Title: _____

THE COMPANY:

KTTI HOLDING COMPANY, INC.

By: _____
Name: John Eastburn
Title: Vice President

OPERATIONS:

THOUSAND TRAILS OPERATIONS HOLDING COMPANY, L.P.

By: KTTI GP, LLC, its general partner

By: KTTI HOLDING COMPANY, INC., its sole member

By: _____
Name: John Eastburn
Title: Vice President

AMENDMENT NO. 2

TO THE

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

MHC T1000 TRUST
(f/k/a MHC THOUSAND TRAILS TRUST)

THOUSAND TRAILS ACQUISITION, INC.

KTTI HOLDING COMPANY, INC.

AND

THOUSAND TRAILS OPERATIONS HOLDING COMPANY, L.P.

This Amendment, dated as of November 9, 2004 (this "AMENDMENT"), is among MHC T1000 Trust (f/k/a MHC Thousand Trails Trust), Thousand Trails Acquisition, Inc., KTTI Holding Company, Inc. and Thousand Trails Operations Holding Company, L.P. The Parties hereby agree as follows:

1. Merger Agreement; Definitions. This Amendment amends the Agreement and Plan of Merger by and among the Parties, dated as of August 2, 2004, as amended by Amendment No. 1 ("Amendment No. 1") thereto by and among the Parties, dated September 30, 2004 (as in effect prior to giving effect to this Amendment, the "MERGER AGREEMENT"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Merger Agreement.

2. Amendment of Merger Agreement. Effective as of the date hereof, the Merger Agreement is hereby amended as follows:

2.1. Amendment of Recital B.

(a) Recital B of the Merger Agreement is amended and restated to read in its entirety as follows:

"B. Prior to the Effective Time, the Company and its subsidiary companies shall have effected a reorganization (the "TRAILS REORGANIZATION") in accordance with the agreements substantially in the form attached hereto as Exhibit A-1 (together with the Notes, the "REORGANIZATION DOCUMENTS"), pursuant to which,

inter alia, (a) the subsidiaries of the Company listed on Exhibit A attached hereto (each, an "ACQUIRED SUBSIDIARY" and collectively, the "ACQUIRED SUBSIDIARIES") shall remain as direct or indirect subsidiaries of the Company (the Company, together with the Acquired Subsidiaries, each, an "ACQUIRED COMPANY" and collectively, the "ACQUIRED COMPANIES"), (b) the Company shall transfer to Operations ownership of all of the capital stock and equity interests of each of the subsidiaries of the Company listed on Exhibit B attached hereto (each, a "DISTRIBUTED COMPANY" and collectively, the "DISTRIBUTED COMPANIES"), (c) the Company shall transfer to Operations the other specified assets and all liabilities of operating and managing (i) membership campgrounds, (ii) reciprocal use and affiliation programs for use of campgrounds, and (iii) campgrounds for third parties, including the United States Forest Service (the "OPERATING BUSINESS"), and (d) the Company shall distribute to its stockholders equity interests of Operations, cash and notes in the form attached hereto as Exhibit A-2 (the "NOTES") in redemption of a portion of the outstanding Company Common Stock."

(b) The Reorganization Documents attached hereto as Exhibit A shall be the Reorganization Documents attached to the Amended Merger Agreement as Exhibit A-1.

(c) The form of Note attached hereto as Exhibit B shall be the form of Note attached to the Amended Merger Agreement as Exhibit A-2.

2.2. Amendment of Recital F. Recital F of the Merger Agreement is amended and restated to read in its entirety as follows:

"F. At the Closing, pursuant to an agreement between MHC Operating Limited Partnership (or an Affiliate thereof other than MHC or any direct or indirect subsidiary of MHC (such entity, the "NOTE PURCHASER")) and the stockholders of the Company (the "NOTE PURCHASE AGREEMENT"), the Note Purchaser will purchase the Notes from the stockholders for an aggregate amount equal to \$49,200,000 (the "NOTE PURCHASE PRICE")."

2.3. Amendment of Section 1.2. Section 1.2 of the Merger Agreement is amended and restated to read in its entirety as follows:

"1.2 Closing and Closing Date. (a) Subject to the terms and conditions of this Agreement, the closing of the Merger (the "Closing") shall take place at the offices of Katten Muchin Zavis Rosenman, 525 West Monroe Street, Suite 1600, Chicago, Illinois 60661, at 10:00 a.m. local time, on the later of (a) the next business day after the last to be fulfilled or waived of the conditions set forth in Article VII hereof, (b) the next business day after the last of the permits and licenses set forth on Schedule 1.2 ("Extension Permits") have been obtained, but in no event shall the Closing be extended beyond November 30, 2004 as a result of this clause (b), or (c) at such other time, date or place as the Company and MHC may agree in writing. The date on which the Closing occurs is referred to

herein as the "Closing Date." The Parties hereby acknowledge and agree that the Closing shall be a standard "New York style" real estate transaction without imposing additional substantive obligations on the Parties. Notwithstanding anything contained herein to the contrary, (i) if the Company and Operations have received (in their sole and absolute discretion as evidenced by a written notice provided by the Company and Operations to MHC) verbal confirmation from the state regulators for (I) the states of Arizona, Indiana, Nevada, North Carolina, Oregon, Pennsylvania, Texas, Virginia and Washington that there is no deficiency in the application submitted by Operations or any of its subsidiaries seeking permits to market under the statutes regulating membership campgrounds in such states that would preclude the issuance of the permits to market sought by Operations or any of its subsidiaries and (II) each state where Operations or any of its subsidiaries is seeking a broker of record or similar license (or a transfer of any such license previously issued to the Company or any of its subsidiaries) that there is no deficiency in the application submitted by Operations or any of its subsidiaries seeking such broker of record license under the statutes regulating membership campgrounds in such states that would preclude the issuance or transfer of the license sought by Operations or any of its subsidiaries, and the only unsatisfied condition precedent contained in Sections 7.1 and 7.3 hereof is the failure to obtain any of the Operations Authorizations set forth as item 1 or 2 on Schedule 4.20(a), then MHC and Acquisition shall have the right, at their option, exercised no later than November 21, 2004 by written notice from MHC and Acquisition to the Company and Operations, to consummate the Closing on December 1, 2004 (the "ACCELERATED CLOSING") and the Company and Operations shall waive the satisfaction of such conditions precedent contained in Section 7.3 hereof relating to items 1 and 2 of Schedule 4.20(a) and (ii) MHC and Operations may elect to consummate the Closing on such date as is agreed to by MHC and Operations and prior to the receipt of the Operations Authorizations set forth in items 1 and 2 of Schedule 4.20(a) or the satisfaction of any other condition precedent contained in Section 7.2 or Section 7.3 (any such closing, a "JOINT ACCELERATED CLOSING"). Upon consummation of any Joint Accelerated Closing the Company, Operations, MHC and Acquisition shall each be deemed to have waived the satisfaction of any conditions precedent contained in Sections 7.1, 7.2 and 7.3 not previously satisfied.

(b) On the date of any Joint Accelerated Closing, (i) MHC shall pay to Operations \$20,000.00 by wire transfer of immediately available funds to an account designated by Operations as consideration for the waiver of any conditions precedent contained in Sections 7.1 or 7.3 not satisfied prior to the Joint Accelerated Closing and (ii) Operations shall provide to MHC (or its designee), at no charge, 10 national camping memberships as consideration for the waiver of any conditions precedent contained in Sections 7.1 or 7.2 not satisfied prior to the Joint Accelerated Closing.

2.4 Amendment of Sections 3.3 and 6.1. Each of Section 3.3 and Section 6.1 of the Merger Agreement is hereby amended to delete "Two business days" from the first sentence of each such section.

2.5 Amendment of Section 6.2. Section 6.2 is hereby amended to include the following phrase at the end of the sentence:

" , provided further, however, that any such fees and expenses incurred or payable by the Company or Operations may be paid by the Stockholders with a portion of the Aggregate Conversion Amount."

2.6 Amendment of Section 6.5(a). Section 6.5(a) of the Merger Agreement is amended and restated to read in its entirety as follows:

"MHC Actions. MHC agrees that the Notes will not be repaid other than with cash from assets or continuing, separate operations of the Company, from loans against the Company's assets or in connection with a refinancing of the Notes. The Company agrees that, to the extent MHC satisfies the covenants contained in this Section 6.5(a), as of the Effective Time, the aggregate "earnings and profits" (within the meaning of, and calculated in accordance with, the Code) of the Acquired Companies shall not be in excess of \$12,000,000 (such amount, the "RESIDUAL AMOUNT"). "

2.7. Amendment of Section 6.17. Section 6.17 of the Merger Agreement is amended and restated to read in its entirety as follows:

"6.17 Consents. If the Closing extends beyond December 1, 2004 as a result of the failure to obtain any of (a) the consents, approvals and lien releases set forth on Schedule 7.2(h), (b) the Conditional Use Permits specified in Section 7.2(m) and Section 7.3(g) or (c) the Operations Authorizations listed on Schedule 4.20(a) and the Accelerated Closing has not occurred, the Parties shall, no later than December 30, 2004, attempt to mutually agree upon an alternative arrangement which alternative arrangement will, at no additional material cost or detriment to MHC, Acquisition, the Company or Operations, provide the Parties with the same rights and benefits the Parties would have received had such consents, approvals, lien releases, permits and authorizations been obtained. Notwithstanding the foregoing, with respect to the consents of the applicable third party lessors to the ground leases listed as item 3 on Schedule 4.20(a), the Parties agree to attempt, simultaneously with the efforts to obtain such consents and until the Closing Date, to mutually agree upon an alternative arrangement in the event such consents are not obtained, which alternative arrangement will, at no additional material cost or detriment to MHC, Acquisition, the Company or Operations, provide the Parties with the same rights and benefits the Parties would receive if such consents are obtained. The conditions precedent contained in Sections 7.2(h), 7.2(m) and 7.3(g) hereof shall be deemed satisfied and fulfilled upon the Parties' mutual agreement to such alternative arrangement. "

2.8 Addition of Section 6.19. A new Section 6.19 is added to the Merger Agreement as follows:

"6.19 Financial Information. Following the Closing, Operations covenants and agrees, upon the request of MHC Inc. and subject to the provisions of this Section 6.19, to use its commercially reasonable efforts to assist MHC Inc., the Surviving Corporation and their auditors in (i) obtaining access at all reasonable times to all financial and other financial information in the possession of Operations and its subsidiaries relating to the Acquired Companies that is necessary for MHC Inc., the Surviving Corporation and their auditors to prepare audited financial statements or other financial information covering periods or portions of periods ending on or prior to the Closing Date in conformity with Regulation S-X of the Securities and Exchange Commission ("SEC"), in each case to the extent such financial statements or other financial information is required to be included in a registration statement, report or other disclosure that is required to be filed by MHC Inc. with the SEC or necessary for MHC Inc. to comply with any SEC rule, regulation or request applicable to it, (ii) requesting not more than one executed representations letter of management personnel covering periods or portions of periods ending on or prior to the Closing Date, to the extent that such representations letter is required to enable an independent public accountant to render an opinion on any financial statements or other financial information referred to in clause (i) above that are required to be included in a registration statement, report or other disclosure to be filed by MHC Inc. with the SEC; provided, however, that the provisions of this clause (ii) are conditioned upon such representations letter containing no representations or other agreements that were not contained in the representations letter that was provided by Thousand Trails management personnel to its independent public accountant in connection with the most recent audit of the financial statements of Thousand Trails prior to the Closing Date, and (iii) requesting the consent of Deloitte and Touche LLP or Grant Thornton LLP, as applicable, to file the audit report of such firm with the SEC in respect of any financial statements referred to in clause (i) above that have been audited by such accounting firm and that are required to be included in a report or other disclosure to be filed by MHC Inc. with the SEC pursuant to any law, rule, regulation or request of the SEC. For the avoidance of doubt, the failure to obtain any representations letter or consent referred to in clauses (ii) or (iii) above, after Operations has used commercially reasonable efforts in accordance with the terms of this Section 6.19, shall not give rise to any claim for a breach of this Section 6.19. MHC and the Surviving Corporation shall be responsible for, and shall pay to Operations promptly upon request therefor (and in any event no later than five (5) days following a request therefor), all actual costs and expenses incurred by or on behalf of Operations in performing its obligations under this Section 6.19. In addition, MHC and the Surviving Corporation shall indemnify and hold harmless Operations, each person, if any, who controls Operations and each officer or partner of Operations from and against any Losses incurred by any of them as a result of any action taken in good

faith in accordance with this Section 6.19. The obligations of the Parties under this Section 6.19 shall survive the Closing."

2.9 Addition of Section 6.20. A new Section 6.20 is added to the Merger Agreement as follows:

"Section 6.20 Audit of June 30, 2004 Financial Statements. Following the Closing Date, Operations covenants and agrees to use commercially reasonable efforts to cause an audit report to be delivered by Deloitte and Touche LLP as soon as reasonably practicable with respect to the June 30, 2004 financial statements of Thousand Trails. Except for those three items described in the e-mail from John Eastburn to Thomas Heneghan and Michael Berman on November 8, 2004 which transmitted a draft audit report with respect to the June 30, 2004 financial statements of Thousand Trails, the Parties are not aware of any reason that the final audit report and financial statements will not be substantially similar to the draft audit report and financial statements delivered to MHC on November 8, 2004. Operations agrees to deliver a copy of the audit report and financial statements to MHC within five days of receipt of such audit report and financial statements by Operations."

2.10 Addition of Section 6.21. A new Section 6.21 is added to the Merger Agreement as follows:

"Section 6.21 Post-Closing Cooperation. After the Closing, Operations covenants and agrees to use commercially reasonable efforts to assist MHC and its affiliates in obtaining the information, data, financial statements, tax returns and any other documents in the possession of Operations or any of its subsidiaries, and to cause Operations and its subsidiaries, and the employees, representatives, consultants and accountants of Operations and its subsidiaries to provide reasonable cooperation to the extent requested by MHC and its affiliates, in order to enable MHC and its affiliates to complete, by July 1, 2005, the calculation of the final amount of earnings and profits of Thousand Trails and all of its subsidiaries as of the Effective Time. MHC and the Surviving Corporation, on the one hand, and Operations, on the other hand, shall share equally the costs and expenses of third party accountants and consultants incurred in connection with the calculation of the final amount of earnings and profits.

2.11. Amendment of Section 8.4. The reference to "10 days" in line seven of Section 8.4 of the Merger Agreement is amended to read "21 days."

3. Ground Lease. The Ground Lease attached hereto as Exhibit C shall replace the Ground Lease that was attached to Amendment No. 1 to the Merger Agreement as Exhibit B and, as of and following the date of this Amendment, the definition of Ground Lease referred to in Section 7.2(g) of the Merger Agreement shall refer to the Ground Lease attached hereto as Exhibit C.

4. Joint Venture Agreement. The Parties acknowledge that, in accordance with Section 6.15 of the Merger Agreement, they have mutually agreed to the form of Joint Venture Agreement and that such form of Joint Venture Agreement shall be in the form attached hereto as Exhibit D.

5. General. The Merger Agreement as amended hereby (as so amended, the "AMENDED MERGER AGREEMENT") is confirmed as being in full force and effect. The Amended Merger Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and thereof and supersedes all prior understandings and agreements, whether written or oral. This Amendment may be executed in any number of counterparts, which together shall constitute one instrument, and shall bind and inure to the benefit of the Parties and their respective successors and assigns. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

IN WITNESS WHEREOF, MHC, Acquisition, the Company and Operations have caused this Amendment to be signed and delivered by their respective duly authorized officers, all as of the date first written above.

MHC:

MHC T1000 TRUST (f/k/a MHC THOUSAND TRAILS TRUST)

By: _____
Name: _____
Title: _____

ACQUISITION:

THOUSAND TRAILS ACQUISITION, INC.

By: _____
Name: _____
Title: _____

THE COMPANY:

KTTI HOLDING COMPANY, INC.

By: _____
Name: John Eastburn
Title: Vice President

OPERATIONS:

THOUSAND TRAILS OPERATIONS HOLDING COMPANY, L.P.

By: KTTI GP, LLC, its general partner

By: KTTI HOLDING COMPANY, LLC., its sole member

By: _____
Name: John Eastburn
Title: Vice President

BASIC LEASE INFORMATION

LEASE AGREEMENT DATED AS OF NOVEMBER 10, 2004

Landlord: MHC TT Leasing Company, Inc., a Delaware corporation,
together with any successor or assign.

Tenant: Thousand Trails Operations Holding Company, L.P., a
Delaware limited partnership, together with any successor
or assign permitted by the Lease.

Commencement Date: November 10, 2004.

Lease Expiration Date: December 31, 2019, which is the last day of the
180th full calendar month following the Commencement Date, unless extended
pursuant to paragraph 4(b) of the Lease.

Primary Term and any Extension Term Fixed Rent: The annual "FIXED RENT"
during the Primary Term and any applicable Extension Term of the Lease shall be
defined as and equal to and shall be payable monthly in advance (unless
specifically set forth to be paid at a different time below) as follows:

- (a) From the Commencement Date through the 12th full calendar month after
the Commencement Date (which period is herein referred to as the "FIRST
LEASE YEAR"): at the annual rate of \$16,000,000.00, 1/12 of which shall
be payable in advance on the first day of each calendar month,
commencing (i) if the Commencement Date does not occur on the first day
of a calendar month, then on the first day of the calendar month
following the month in which the Commencement Date occurs, and (ii) if
the Commencement Date occurs on the first day of a calendar month, then
on the Commencement Date. Additionally, if the Commencement Date does
not occur on the first day of a calendar month, then on the
Commencement Date, Tenant shall make a payment of an amount equal to
the product of \$1,333,333.33 multiplied by a fraction, the numerator of
which is the number of days in the calendar month from and including
the Commencement Date through the end of the calendar month in which
the Commencement Date occurs, and the denominator of which is the total
number of days in the calendar month in which the Commencement Date
occurs.
- (b) Beginning with the 13th full calendar month after the Commencement Date
and every 12th full calendar month thereafter (each, an "ADJUSTMENT
MONTH") during the Primary Term and any Extension Term, the annual
Fixed Rent payable during the next twelve (12) full calendar month
period commencing with the Adjustment Month (each such 12 full calendar
month period commencing with an Adjustment Month and the First Lease
Year are singularly herein called a "LEASE YEAR") shall be the Fixed
Rent payable during the twelve (12) full calendar months immediately
preceding the Adjustment Month increased by 3.25%, 1/12th of which
shall be payable in advance on the first day of each

calendar month in such Lease Year, commencing with the Adjustment Month in such Lease Year.

Landlord Address for payment by wire transfer to:

Bank of America NT & SA
Chicago, IL
ABA# 071000039
MHC Operating L.P.
Account # 7366901095
Notify: Quantaze Watts @ 312-279-1408 upon receipt.

Tenant Address: 3801 Parkwood Boulevard
Suite 100
P.O. Box 2529
Frisco, TX 75034

LEASE AGREEMENT

BETWEEN

MHC TT LEASING COMPANY, INC.,

AS LANDLORD

AND

THOUSAND TRAILS OPERATIONS HOLDING COMPANY, L.P.,

AS TENANT

DATED AS OF NOVEMBER 10, 2004

THIS AGREEMENT CONTAINS A BINDING, IRREVOCABLE AGREEMENT TO ARBITRATE CERTAIN SPECIFIED MATTERS AND IS SUBJECT TO ARBITRATION WITH RESPECT TO THOSE SPECIFIED MATTERS.

THIS LEASE AGREEMENT is made and entered into as of the date set forth in the attached Basic Lease Information (this lease agreement, together with all amendments and supplements hereto, this "LEASE"), by and between MHC TT Leasing Company, Inc., a Delaware corporation, having an address at c/o Manufactured Home Communities, Inc., Two North Riverside Plaza, Suite 800, Chicago, IL 60606 (together with any successor or assign, hereinafter called "LANDLORD") and Thousand Trails Operations Holding Company, L.P., a Delaware limited partnership, having an address at 3801 Parkwood Boulevard, Suite 100, P.O. Box 2529, Frisco, TX 75034 (together with any successor or assign permitted by this Lease, hereinafter collectively called "TENANT").

1. DEFINITIONS

Capitalized terms used herein shall have the following meanings for all purposes of this Lease and shall be equally applicable to both the singular and plural forms of the terms herein defined.

"ACCOUNT COLLATERAL" is defined in paragraph 31(k) of this Lease.

"ACCOUNTS" means the Collection Account, the Concentration Account and the Reserve Accounts.

"ADDITIONAL RENT" means all amounts, liabilities and obligations other than Fixed Rent which Tenant assumes or agrees to pay under this Lease to Landlord or others.

"ADJUSTMENT MONTH" is defined and shall have the meaning specified in the Basic Lease Information.

"AFTER-TAX BASIS" means, with respect to any payment required to be made to any Person, the amount of such payment after giving effect to any additional amount or amounts which, after deduction of all Federal, state and local taxes required to be paid by such Person (determined utilizing an effective marginal tax rate of 40%), shall be equal to such payment.

"AFFILIATES" means Persons (other than individuals) Controlled by, Controlling or under Common Control with Tenant.

"ALTERNATIVE CREDIT RATING AGENCY" means if either or both of S & P and Moody's no longer exist or no longer assign Credit Ratings, such other nationally recognized statistical credit rating agency designated by Landlord, acting in its sole discretion.

"ANCILLARY INCOME" means any point of sale income generated by any direct or indirect Subsidiary of Tenant in connection with the rendering of services, the rental of trailers, equipment, boats or other items, the sale of food, supplies or products or the providing of other amenities incidental or complementary to the operation of the campgrounds, together with any other Gross Revenue, excluding Membership Dues or Membership Contract Receivables payments. All income received or revenue generated by any of Tenant's Subsidiaries in connection with the conduct of business shall be deemed, for purposes of this Agreement, to be Ancillary Income so long as Tenant or such Subsidiary does not engage in any other or different business during the Term of this Lease than as conducted by Tenant or such Subsidiary on the date hereof.

"APPROVED CAPITAL IMPROVEMENTS" is defined in paragraph 34(a) of this Lease.

"ASSET/EQUITY APPRAISAL START DATE" is defined in paragraph 22(f)(iii) of this Lease.

"ASSET/EQUITY PURCHASE AGREEMENT" is defined in paragraph 22(f)(iv) of this Lease.

"ASSET/EQUITY PURCHASE NOTICE" is defined in paragraph 22(f)(iv) of this Lease.

"ASSET PURCHASE AGREEMENT" is defined in Exhibit R attached hereto.

"ASSET PURCHASE PRICE" is defined in paragraph 16(a)(ii) of this Lease.

"BANK" means Union Bank of California, N.A., a national banking association, in its capacity as the bank or the securities intermediary (as defined in the UCC) with respect to any Account and any successor to Union Bank of California, N.A.

"BASIC LEASE INFORMATION" means the page(s) preceding this Lease which are hereby incorporated by reference.

"BUDGET" is defined in paragraph 30 of this Lease.

"BUSINESS DAYS" or "BUSINESS DAY" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of Illinois or is a day on which banking institutions located in such state are closed.

"CANADIAN ACCOUNTS" means all deposit accounts of Tenant located and maintained at the Bank of Montreal as more specifically identified on Exhibit I attached hereto, together with any replacements, substitutions or new accounts located thereat and which are disclosed to Landlord in writing.

"CAPITAL EXPENDITURE RESERVE" is defined in paragraph 34(a) of this Lease.

"CAPITAL EXPENDITURE RESERVE ACCOUNT" is defined in paragraph 31(b)(ii)(B) of this Lease.

"CAPITAL EXPENDITURE RESERVE STATEMENT" is defined in paragraph 34(a) of this Lease.

"CAPITAL IMPROVEMENTS" is defined in paragraph 34(a) of this Lease.

"CASH EBITDA" means (i) the consolidated net income (or loss) for the applicable period of Tenant and its Subsidiaries on a consolidated basis determined in accordance with GAAP, but excluding therefrom: (a) the income (or loss) of any Person (other than Subsidiaries of Tenant) in which Tenant or any of its Subsidiaries has an ownership interest unless received by Tenant or such Subsidiary in a cash distribution; and (b) the income (or loss) of any Person accrued prior to the date it became a Subsidiary of Tenant or is merged into or consolidated with Tenant, plus (ii) the sum of (a) any provision for (or less any benefit from) income and franchise taxes included in the determination of net income, including all Impositions paid in cash, (b) interest expense and Rent to the extent deducted in the determination of net income, (c) amortization and depreciation deducted in determining net income, (d) losses (or less gains) from

asset dispositions or sales or other non-cash items included in the determination of net income (excluding sales, expenses or losses related to current assets), (e) any net increase (or less net decreases) in deferred revenue from the sale of Membership Contracts, and (f) any non-cash extraordinary losses (or less gains), as defined under GAAP, net of related tax effects, minus (iii) any net increase (or plus any net decrease) in deferred marketing/selling expenses of Tenant and/or its Subsidiaries.

"CASH MANAGEMENT BANK" means Union Bank of California, N.A. or another financial institution selected by Tenant and approved by Landlord (such approval not to be unreasonably withheld or delayed).

"CASUALTY" means any damage or destruction caused to any Site by any reason, including fire.

"CASUALTY REPAIR" is defined in paragraph 10 of this Lease.

"CASUALTY THRESHOLD" is defined in paragraph 10 of this Lease.

"CLAIMS" or "CLAIMS" shall mean Liens (including lien removal and bonding costs), liabilities, obligations, damages, losses, demands, penalties, assessments, payments, fees of Mortgagee, fines, claims, actions, suits, judgments, settlements, costs, expenses and disbursements (including legal fees incurred and expenses and costs of investigation and environmental remedial action) of any kind and nature whatsoever.

"COLLECTION ACCOUNT" is defined in paragraph 31(b)(i) of this Lease.

"COMMENCEMENT DATE" is defined and shall have the meaning specified in the Basic Lease Information.

"CONCENTRATION ACCOUNT" is defined in paragraph 31(b)(ii) of this Lease.

"CONTINGENT OBLIGATION" means, as applied to any Person, any direct or indirect liability of that Person: (i) with respect to any indebtedness, lease, dividend or other obligation of another Person if the purpose or intent of the Person incurring such liability, or the effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto; (ii) with respect to any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (iii) under any foreign exchange contract, currency swap agreement, interest rate swap agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates; (iv) to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement; or (v) pursuant to any agreement to purchase, repurchase or otherwise acquire any obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to maintain the solvency, financial condition or any balance sheet item or level of income of another. The amount of any Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if not a fixed and determined amount, the maximum amount so guaranteed.

"CONTROL" (including with correlative meanings the terms "Controlling," "Controlled by" and "under Common Control with") means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"CORPORATE CONTROL EVENT" means any of the following: (i) a merger or consolidation of Tenant with another entity which results in a change in Control of Tenant, (ii) the sale of all or substantially all the assets of Tenant to another Person, or (iii) any one Person acquiring, directly or indirectly, either (a) forty-nine percent (49%) or more of the shares of the stock or voting securities of Tenant, or (b) forty-nine percent (49%) or more of any class of equity securities of Tenant or other interest entitling such Person to receive forty-nine percent (49%) or more of the economic benefits (including distributions) of Tenant.

"CREDIT RATING" means the senior unsecured debt rating issued by S&P and Moody's or if either or both no longer exist or no longer issue ratings then, for either or both as so applicable, an Alternative Credit Rating Agency. All references to specific levels of a Credit Rating mean such rating with a "stable" or "positive" outlook, but not a "negative" outlook or "on watch" associated with such rating.

"ELIGIBLE ACCOUNT" means a segregated account maintained at a financial institution reasonably acceptable to Landlord. An Eligible Account shall not be evidenced by a certificate of deposit, passbook or other instrument.

"ENVIRONMENTAL LAWS" is defined in paragraph 26(b) of this Lease.

"ENVIRONMENTAL REPORTS" is defined in paragraph 26(c) of this Lease.

"EQUIPMENT" means the equipment generally described on Exhibit B attached hereto.

"EVENT OF DEFAULT" is defined in paragraph 15 of this Lease.

"EXCESS LAND" means the undeveloped, vacant parcels of land located adjacent to each corresponding Excess Land Property, as such Excess Land shall be more particularly described on Exhibit P attached hereto. As of the Commencement Date, Landlord and Tenant have not agreed upon the final form of Exhibit P. Exhibit P shall be completed and attached hereto in connection with the procedures set forth in paragraph 33(b) of this Lease.

"EXCESS LAND AGREEMENT DATE" means June 30, 2005.

"EXCESS LAND OWNER" is defined in paragraph 33(a) of this Lease.

"EXCESS LAND PROPERTIES" means those Sites listed on Exhibit K attached hereto.

"EXCLUDED TAXES" means (i) any income or franchise taxes based upon, measured by, or calculated with respect to net income or profits (but not including any franchise tax or sales tax based upon gross receipts with respect to the Rent or amounts required to ensure that a payment is made on an After-Tax Basis), inheritance, estate, succession, transfer or any similar taxes and (ii) any property taxes attributable to the Excess Land.

"EXTENSION TERMS" is defined in paragraph 4(b) of this Lease.

"EXTENSION TERM COMMENCEMENT DATE" is defined in paragraph 4(b) of this Lease.

"FAIR MARKET VALUE" means, with respect to any assets or equity interests that are the subject of the determination of Fair Market Value, the amount that would be received by a seller in a cash sale of such assets or equity interests (free and clear of all Liens) with due regard for the then-existing facts and circumstances giving rise to the sale.

"FEE SITES" means those Sites listed on Exhibit L attached hereto, each of which is owned by affiliates of Landlord in fee simple and leased to Landlord pursuant to the Master Lease.

"FINAL FAIR MARKET VALUE OF TENANT'S ASSETS" is defined in paragraph 22(f)(vi) of this Lease.

"FINAL FAIR MARKET VALUE OF THE UNDERLYING PREMISES" is defined in paragraph 22(f)(vi) of this Lease.

"FINAL FULL MARKET VALUE" is defined in paragraph 22(f)(vi) of this Lease.

"FIRST LEASE YEAR" is defined and shall have the meaning specified in the Basic Lease Information.

"FIXED CHARGE COVERAGE RATIO" means, as of any date, for the immediately preceding four (4) fiscal quarters, the ratio of (a) Tenant's Cash EBITDA for the applicable period, to (b) the sum of Tenant's (i) Impositions, (ii) Rent, (iii) any and all payments due to Working Capital Lender in the following Lease Year and (iv) other net cash interest expense to the extent permitted under this Lease.

"FIXED RENT" is defined and shall have the meaning specified in the Basic Lease Information.

"FRISCO ACCOUNTS" means those certain deposit accounts maintained at Wells Fargo Bank, N.A. located in Frisco, Texas, as more particularly described on Exhibit I attached hereto.

"FRISCO LEASE" means that certain Office Lease Agreement dated as of 2002 between Sealy Parkwood, L.P., a Georgia limited partnership and Thousand Trails.

"GAAP" means generally accepted accounting principles recognized as such in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the Financial Accounting Standards Board.

"GAUTIER ACCOUNTS" means those certain deposit accounts maintained at Merchants & Marine Bank in Gautier, Mississippi, as more particularly described on Exhibit I attached hereto.

"GOVERNMENTAL AUTHORIZATION" means any approval, consent, license, permit, waiver or other authorization issued, granted, given or otherwise made available by or under the authority of any governmental body or pursuant to any Legal Requirement.

"GROSS REVENUES" means, for the applicable period, without duplication, all income (including all Ancillary Income), revenues, issues, profits, deposits, proceeds of insurance (including business interruption insurance), Membership Dues, Membership Contract Receivables payments, Membership Contract termination or similar payments and all other payments received by or for the benefit of Tenant and any direct or indirect Subsidiary of Tenant (including by Resort Parks International, Inc., a Georgia corporation ("RPI"), and by Thousand Trails Management Services, Inc., a Nevada corporation ("TTMS")), in cash or current funds, together with any other consideration from any source whatsoever in connection with such Person's ownership, operation and management of its assets and business, including all concession and rental income or income otherwise realized in connection with the provision of any other service or conduct of any other business by such Person. For avoidance of doubt, Gross Revenues shall include all income received in connection with the businesses of providing third party management services for campgrounds or like facilities and/or the cross-selling, time share management, brokerage or marketing services for campground facilities or like businesses by RPI or TTMS, as applicable.

"GUARANTORS" means, collectively, all Persons holding partnership interests in Tenant, together with any successor or assign permitted by this Lease, and each such person individually is herein called a "GUARANTOR".

"GUARANTOR PLEDGES" means that certain Pledge Agreement by all Guarantors in favor of Landlord, dated of even date herewith, pursuant to which Guarantors pledged one hundred percent (100%) of the ownership interests in Tenant to Landlord.

"GUARANTY" means that certain Secured Limited Guaranty dated as of the date of this Lease from all Guarantors to Landlord, pursuant to which, among other things, Guarantors unconditionally guarantee the payment and performance of Tenant's obligations under this Lease, jointly and severally, all upon the terms and subject to the conditions set forth therein, as such Guaranty is amended, modified or restated from time to time. The Guaranty is secured by the Guarantor Pledges and Landlord's sole recourse under such Guaranty shall be to foreclose upon the Guarantor Pledges as further set forth therein.

"HAZARDOUS MATERIALS" is defined in paragraph 26(b) of this Lease.

"IMMEDIATE REPAIRS" means those repairs listed on Exhibit O attached hereto, each of which must be completed no later than the date listed immediately opposite such repair on Exhibit O.

"IMPOSITION" means the various taxes and other charges referred to in paragraph 6 of this Lease and the present and future governmental laws and regulations more specifically described in paragraph 6(b) of this Lease.

"IMPROVEMENTS" means all of the buildings, structures, improvements, Equipment, heating, ventilation, air conditioning, plumbing, electrical, mechanical, utility and life safety systems, and all building fixtures therein (including parking areas and driveways) now or hereafter located on the Land and generally described on Exhibit A-2 attached hereto, other than and specifically excluding Tenant's Trade Fixtures.

The words "INCLUDE", "INCLUDES", "INCLUDING" and any other derivation of "include" means "including but not limited to" unless specifically set forth to the contrary.

"INDEMNIFIED PARTY" is defined in paragraph 26(c) of this Lease.

"INDEBTEDNESS" means, as applied to any Person, without duplication, (a) any indebtedness of such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of any property or asset of such Person to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such property from such Person), (b) any obligation under any lease (a "synthetic lease") treated as an operating lease under GAAP and as a loan or financing for United States income tax purposes or creditors rights purposes, (c) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money and any obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) any obligations of such Person for the deferred purchase price of property or services, (e) any obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (f) any obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases or that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with GAAP, (g) any obligations of such Person as a result of any final judgment rendered against such Person or any settlement agreement entered into by such Person with respect to any litigation unless such obligations are stayed upon appeal (for so long as such appeal shall be maintained) or are fully discharged or bonded within thirty (30) days after the entry of such judgment or execution of such settlement agreement, (h) any obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (i) any Contingent Obligations, (j) any Indebtedness of others referred to in clauses (a) through (i) above or clause (k) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (k) any Indebtedness referred to in clauses (a) through (j) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

"INITIAL APPRAISER" is defined in paragraph 16(a)(ii)(A) of this Lease.

"INITIAL VALUATION" is defined in paragraph 16(a)(ii)(B) of this Lease.

"JAMS" is defined in paragraph 22(f)(i)(B) of this Lease.

"KTTI" is defined in paragraph 33(b) of this Lease.

"LAND" means the title and interest of Landlord in and to the fifty-seven (57) locations of real estate described on Exhibit A-1 attached hereto, and any land lying in the bed of any existing dedicated street, road or alley adjoining thereto, all strips and gores adjoining thereto, and all rights, ways, easements, privileges and appurtenances thereunto belonging, including all of Landlord's right, title and interest in and to all other property rights, tangible or otherwise, arising out of or connected with Landlord's ownership thereof, but excluding the Improvements thereon.

"LANDLORD" is defined in the first paragraph of this Lease.

"LANDLORD EQUITY SHARES" is defined on Exhibit W attached hereto.

"LANDLORD PARTIES" is defined in paragraph 6(a) of this Lease.

"LANDLORD TRANSFERORS" is defined on Exhibit W attached hereto

"LANDLORD'S ELECTION NOTICE" is defined in paragraph 36(b) of this Lease.

"LANDLORD'S NOTICE DATE" is defined in paragraph 36(b) of this Lease.

"LANDLORD'S PURCHASE TERMINATION DATE" is defined in paragraph 22(f)(iv) of this Lease.

"LANDLORD'S REMEDY NOTICE" is defined in paragraph 16(a) of this Lease.

"LANDLORD'S TERMINATION NOTICE" is defined in paragraph 19(g)(i) of this Lease.

"LEASE" is defined in the first paragraph of this Lease.

"LEASE EXPIRATION DATE" is defined and shall have the meaning specified in the Basic Lease Information.

"LEASEHOLD MORTGAGE" means a leasehold mortgage, leasehold deed to secure debt, leasehold deed of trust or other security instrument of like nature on Tenant's interest under this Lease given by Tenant to a Leasehold Mortgagee.

"LEASEHOLD MORTGAGEE" means any holder of a Leasehold Mortgage with respect to Tenant's interest under this Lease, which Leasehold Mortgagee must also hold a lien on and security interest in all directly and indirectly owned assets of Tenant, including all Membership Contracts (subject to Landlord's interest in such assets).

"LEASE YEAR" is defined and shall have the meaning specified in the Basic Lease Information.

"LEGAL REQUIREMENTS" is defined in paragraph 12(a) of this Lease.

"LICENSES" is defined in paragraph 12(a) of this Lease.

"LIEN" means any lien, mortgage, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement that has the practical effect of creating a security interest, including any arising under any conditional sale agreement, capital lease or other title retention agreement.

"LOCAL ACCOUNTS" means (i) those deposit accounts maintained at banks in close proximity to a campground and into which Ancillary Income derived from such campground is deposited, as identified and more particularly described in Exhibit I attached hereto, together with any additions thereto, replacements or substitutions thereof, which are disclosed to Landlord in writing, (ii) the Frisco Accounts, (iii) the Gautier Accounts, and (iv) the RPI Accounts. Such term shall not include the Canadian Accounts.

"LOCKBOXES" is defined in paragraph 31(c)(ii) of this Lease.

"LT ASSETS/EQUITY INITIAL APPRAISER" is defined in paragraph 22(f)(iii)(A) of this Lease.

"LT ASSETS/EQUITY INITIAL VALUATION" is defined in paragraph 22(f)(iii)(B) of this Lease.

"LT ASSETS/EQUITY THIRD APPRAISER" is defined in paragraph 22(f)(iii)(B) of this Lease.

"LT ASSETS/EQUITY THIRD VALUATION" is defined in paragraph 22(f)(iii)(B) of this Lease.

"LT ASSETS/EQUITY VALUATION NOTICE" is defined in paragraph 22(f)(iii)(A) of this Lease.

"LT ASSETS/EQUITY VALUATION PERIOD" is defined in paragraph 22(f)(iii)(A) of this Lease.

"LT UNDERLYING PREMISES INITIAL APPRAISER" is defined in paragraph 22(f)(i)(A) of this Lease.

"LT UNDERLYING PREMISES INITIAL VALUATION" is defined in paragraph 22(f)(i)(B) of this Lease.

"LT UNDERLYING PREMISES THIRD APPRAISER" is defined in paragraph 22(f)(i)(B) of this Lease.

"LT UNDERLYING PREMISES THIRD VALUATION" is defined in paragraph 22(f)(i)(B) of this Lease.

"LT UNDERLYING PREMISES VALUATION NOTICE" is defined in paragraph 22(f)(i)(A) of this Lease.

"LT UNDERLYING PREMISES VALUATION PERIOD" is defined in paragraph 22(f)(i)(A) of this Lease.

"MASTER LEASE" means those certain lease agreements listed on Exhibit Q attached hereto of even date herewith, pursuant to which Landlord leases or subleases all the Sites from affiliates of Landlord.

"MEMBER" or "MEMBERS" means an owner or holder of a Membership as defined in and pursuant to a Membership Contract.

"MEMBERSHIP" means any "Membership" as such term is defined in any Membership Contract.

"MEMBERSHIP CONTRACT(S)" means any contract (including a retail installment contract), agreement or other arrangement of Tenant's Subsidiaries (whether entered into before, on or after the date of this Lease), as such may be amended, supplemented or modified from time to time in accordance with the provisions of this Lease, pursuant to which Tenant's Subsidiaries sell a Membership to individuals or other consumers, thereby entitling such individual or other consumer to access and use, or providing for an ownership interest in, one or more of the campgrounds and associated facilities and amenities included in the Premises.

"MEMBERSHIP CONTRACT RECEIVABLES" means all of Tenant's accounts and the proceeds thereof (as defined under the UCC) in which a Member is the account debtor or obligor and which represent the unpaid portion of the purchase price of Memberships, as provided in the applicable Membership Contracts, excluding, however, any Membership Dues or proceeds thereof.

"MEMBERSHIP DUES" means any annual or periodic dues or use fees due and payable by a Member in accordance with the terms of a Membership Contract, other than retail installment or lump sum payments made in connection with Membership Contract Receivables.

"MEMBER USES" means any existing use of Members, including (1) the use of trails for hiking, horseback riding, cross-country skiing, ATVs and snowmobiles and (2) the use of waters for fishing, swimming, boating, boat launching and related activities and (3) the use of open areas for picnicking and games.

"MERGER AGREEMENT" is defined in paragraph 33(b) of this Lease.

"MERGER PARTIES" is defined in paragraph 33(b) of this Lease.

"MERGER TRANSACTION" is defined in paragraph 33(b) of this Lease.

"MHC TRUST" is defined in paragraph 33(b) of this Lease.

"MOODY'S" means Moody's Investors Services, Inc. and its successors.

"MORTGAGE" means a mortgage, deed to secure debt, deed of trust or other security instrument of like nature or any ground or underlying lease or other document of like nature on all or any portion of the Premises or the Underlying Premises given by Landlord or an affiliate of Landlord to a Mortgagee.

"MORTGAGEE" means any holder of a Mortgage with respect to the Premises, Underlying Premises, or any part thereof and which has been identified as a Mortgagee pursuant to a written notice from Landlord to Tenant, which notice shall contain an executed copy of the Mortgage.

"NEGOTIATION END DATE" is defined in paragraph 22(f)(v) of this Lease.

"NET CASUALTY PROCEEDS" means the compensation and/or insurance payments net of the reasonable expenses of collecting such amounts incurred by Landlord, any Mortgagee (but only in its capacity as Proceeds Trustee) or Tenant, and received by any Mortgagee, Landlord or Tenant in respect of any portion of the Premises by reason of and on account of a fire or other Casualty.

"NET WORTH" means (i) the tangible net worth of a Person computed as the excess of such Person's tangible assets over its tangible liabilities, excluding deferred revenue, deferred selling expense deferred tax assets and liabilities and excluding any obligations associated with this Lease reflected on the balance sheet of Tenant as a liability, and which amount is (ii) set forth on the most recent balance sheet of such Person, together with reasonable back-up information utilized in arriving at such calculation of Net Worth, certified by the chief financial officer of such Person.

"NEW CONTROL ENTITY" is defined in paragraph 25(b) of this Lease.

"NEW LEASE" is defined in paragraph 19(g)(i) of this Lease.

"NEW TENANT" is defined in paragraph 19(g)(i) of this lease.

"NON-FEE OCCUPANCY AGREEMENTS" means those leases or other occupancy agreements for Non-Fee Sites described opposite each such Non-Fee Site listed on Exhibit M attached hereto.

"NON-FEE RENT" means all sums which are due and payable by Landlord, as subtenant pursuant to the Non-Fee Occupancy Agreements.

"NON-FEE SITES" means those Sites shown on Exhibit M attached hereto, which Sites are leased by affiliates of Landlord pursuant to the Non-Fee Occupancy Agreements and leased to Landlord pursuant to the Master Lease.

"NON-SELECTING ASSET/EQUITY PARTY" is defined in paragraph 22(f)(iii)(A) of this Lease.

"NON-SELECTING PARTY" is defined in paragraph 22(f)(i)(A) of this Lease.

"OAKZANITA SITE" is defined in paragraph 9(a) of this Lease.

"OTHER TAXES" is defined in paragraph 6(b) of this Lease.

"OVERDUE RATE" means the greater of: (i) twelve percent (12%) per annum or (ii) the sum of five percent (5%) plus the prime interest rate as reported from time to time in The Wall Street Journal, but in any event, if lower, the maximum annual interest rate allowed by law for business loans (not primarily for personal, family or household purposes); provided, however, if The Wall Street Journal is no longer in existence or ceases to publish such information, Landlord shall use the prime interest rate as reported in a comparable publicly available publication selected by Landlord in its sole discretion.

"PER DIEM LATE CHARGE" means an amount equal to 0.1042% of the aggregate annual Fixed Rent for the then current Lease Year. By way of example, the Per Diem Late Charge which would be payable during the First Lease Year would be \$16,672.00 per day.

"PERSON" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or government or governmental authority, agency or political subdivision thereof.

"PERMITTED ENCUMBRANCES" means for each Site:

(a) Any of the following, which are not yet due and payable at the time in question: (i) liens for water, sewer and other utility services and (ii) taxes, assessments and other governmental charges (whether federal, state, local or foreign) and Property Taxes;

(b) The easements, rights-of-way, encroachments, encumbrances, restrictive covenants and other matters affecting the title to the Premises or any part thereof (i) set forth on Exhibit C attached hereto and (ii) which Landlord may, from time to time, place against the Premises pursuant to paragraphs 2(b) and 33 of this Lease;

(c) Any Subordination, Non-Disturbance and Attornment Agreement(s), recorded or otherwise, which are provided to Tenant pursuant to paragraph 17 of this Lease or as otherwise entered into by and among Landlord, Tenant and any Mortgagee;

(d) Liens for taxes (whether federal, state, local or foreign) attributable to any taxable period whether before, on or after the Commencement Date which are being contested in good faith in accordance with the terms of this Lease by Tenant and for which Tenant has established adequate reserves;

(e) This Lease and the rights, privileges and entitlements of Tenant hereunder;

(f) The Master Lease; and

(g) any Leasehold Mortgage granted in accordance with paragraph 19 of this Lease.

"PERMITTED INVESTMENTS" means any one or more of the following obligations or securities: (a) having a predetermined fixed dollar amount of principal due at maturity that cannot vary or change; (b) bearing interest that may either be fixed or variable but which is tied to a single interest rate index plus a single fixed rate spread (if any) and moves proportionately with that index; and (c) having the required ratings, if any, provided for in this definition:

(i) direct obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States of America or any agency or instrumentality of the United States of America, the obligations of which are backed by the full faith and credit of the United States of America, that mature in thirty (30) calendar days or less after the date of issuance and that do not have a "r" highlighter affixed to its rating;

(ii) time deposits, unsecured certificates of deposit, or bankers' acceptances that mature in thirty (30) calendar days or less after the date of issuance and are issued or held by any depository institution or trust company incorporated or organized under the laws of the

United States of America or any State thereof and subject to supervision and examination by federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution or trust company are rated at least "A1" and "P1" by S&P and Moody's, respectively, or such other rating as would not result in the downgrading, withdrawal or qualification of the then-current Credit Rating to pass-through certificates, as evidenced in writing, and that do not have a "r" highlighter affixed to its rating;

(iii) repurchase agreements or obligations with respect to any security described in clause (i) above where such security has a remaining maturity of thirty (30) calendar days or less and where such agreement or repurchase obligation has been entered into with a depository institution or trust company (acting as principal) described in clause (ii) above;

(iv) money market funds that (i) are rated AAA by S&P and Aaa by Moody's and (ii) have portfolio assets of at least \$3,000,000,000;

(v) debt obligations bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States of America or any state thereof which mature in thirty (30) calendar days or less from the date of issuance, which debt obligations have ratings from Moody's and S&P in the highest category possible, or such other rating as would not result in the downgrading, withdrawal or qualification of the then-current Credit Rating to any pass-through certificate and that do not have a "r" highlighter affixed to its rating; provided, however, that securities issued by any particular corporation will not be Permitted Investments to the extent that investment therein will cause the then-outstanding principal amount of securities issued by such corporation and held in the accounts established hereunder to exceed 10% of the sum of the aggregate principal balance and the aggregate principal amount of all Permitted Investments in such accounts; and

(vi) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations) payable on demand or on a specified date maturing in thirty (30) days or less after the date of issuance thereof and which is rated in the highest category possible by Moody's and S&P and that does not have a "r" highlighter affixed to such rating.

"PERMITTED USE" is defined in paragraph 3 of this Lease.

"PREMISES" is defined in paragraphs 2(a) and 2(b) of this Lease.

"PREMISES CONDITION STANDARD" is defined in paragraph 9(a) of this Lease.

"PRIMARY TERM" is defined in paragraph 4(a) of this Lease.

"PROCEEDS TRUSTEE" means a federally insured bank or trust company designated by Landlord, subject to the prior approval of Tenant, such approval not to be unreasonably withheld, delayed or conditioned; provided, however, if a Mortgage encumbers the Premises or Underlying Premises, the Mortgagee thereunder may, at its option, be appointed Proceeds Trustee for so long as such Mortgage remains outstanding and such Mortgagee does not control Landlord and is not controlled by or under common control with Landlord.

"PROMOTIONS AND DISCOUNTS RESERVE" is defined in paragraph 39 of this Lease.

"PROMOTIONS AND DISCOUNTS RESERVE ACCOUNT" is defined in paragraph 31(b)(ii)(C) of this Lease.

"PROPERTY TAXES" is defined in paragraph 6(a) of this Lease.

"PROPOSED PURCHASER" is defined in paragraph 36(c) of this Lease.

"PURCHASE AGREEMENT" is defined in paragraph 22(f)(ii) of this Lease.

"PUT/CALL" is defined in paragraph 16(a)(ii) of this Lease.

"PUT/CALL DEFAULT" is defined in paragraph 16(a)(ii) of this Lease.

"RENT" is defined in paragraph 5(a)(iii) of this Lease.

"RESERVE ACCOUNTS" is defined in paragraph 31(b)(ii) of this Lease.

"RESTORATION FUND" is defined in paragraph 10 of this Lease.

"RESTRICTED JUNIOR PAYMENT" means: (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock or other equity security of, or ownership interest in, Tenant or any of its Subsidiaries now or hereafter outstanding, except a dividend payable solely in shares of that class of stock to the holders of that class; (ii) any redemption, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock or other equity security of, or ownership interest in, Tenant or any of its Subsidiaries now or hereafter outstanding; and (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock or other equity security of, or ownership interest in, Tenant or any of its Subsidiaries now or hereafter outstanding.

"REVISED ROFO PURCHASE AGREEMENT" is defined in paragraph 36(d) of this Lease.

"ROFO" is defined in paragraph 36(a) of this Lease.

"ROFO MATERIAL PROVISIONS" is defined in paragraph 36(a) of this Lease.

"ROFO NOTICE" is defined in paragraph 36(a) of this Lease.

"ROFO NOTICE DATE" is defined in paragraph 36(a) of this Lease.

"ROFO NOTICE PRICE" is defined in paragraph 36(a) of this Lease.

"ROFO PURCHASE AGREEMENT" is defined in paragraph 36(a) of this Lease.

"RPI ACCOUNTS" means those certain deposit accounts nos. 0042024190, 0042850552 and 153492600157, captioned the "RPI Accounts Payable Account" the "RPI Credit Card Receipts Account" and the "RPI Receipts Account", respectively, each maintained at the Bank and all as more particularly described on Exhibit I.

"S&P" means Standard & Poor's Rating Service and its successors or assigns.

"SHARES" is defined on Exhibit R attached hereto.

"SITE" is defined in paragraph 2(b) of this Lease.

"SITE ASSESSMENTS" is defined in paragraph 26(d) of this Lease.

"SITE REVIEWERS" is defined in paragraph 26(d) of this Lease.

"STOCK PURCHASE AGREEMENT" is defined on Exhibit R attached hereto.

"SUBLEASED SITES" means those Sites leased to Landlord pursuant to the Master Lease.

"SUBLEASING SUBSIDIARIES" means those Subsidiaries listed on Exhibit H attached hereto, which Subsidiaries sublease the Sites or portions thereof from Tenant pursuant to the Tenant Subleases.

"SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT" is defined in paragraph 17(a) of this Lease.

"SUBSIDIARIES" means those corporations, partnerships, limited liability companies, associations or other business entities which are wholly owned and controlled by Tenant. A true, accurate and complete list of the Subsidiaries on the date hereof is set forth on Exhibit E attached hereto. Exhibit E may be amended from time to time in accordance with the terms hereof. Each of the Subsidiaries is herein individually called a "SUBSIDIARY".

"SUBSIDIARY GUARANTY" means that certain Secured Guaranty dated as of the date of this Lease from each Subsidiary marked with an asterisk on Exhibit E hereto, including the Subleasing Subsidiaries, together with any additional Subsidiaries permitted in paragraph 38(a) of this Lease, to Landlord, pursuant to which, among other things, each such Subsidiary unconditionally guarantees the payment and performance of Tenant's obligations under the Lease, all upon the terms and subject to the conditions set forth therein, as such Subsidiary Guaranty is amended, modified or restated from time to time. The Subsidiary Guaranty is secured by a lien on the assets of each Subsidiary, including each Subsidiary's right, title and interest in and under the Membership Contracts.

"SUBSIDIARY PLEDGE" means all of those certain Pledge Agreements by all Subsidiaries marked with an asterisk on Exhibit E hereto, including the Subleasing Subsidiaries, together with any additional Subsidiaries permitted in paragraph 38(a) of this Lease, in favor of Landlord, dated of even date herewith, pursuant to which each such Subsidiary has pledged one hundred percent (100%) of its assets to Landlord, including each such Subsidiary's right, title and interest in and under the Membership Contracts but excluding any such Subsidiary's right, title and interest in and to the land, equipment and improvements relating solely to any membership campground owned by such Subsidiary but which is not the subject of this Lease.

"TAX RESERVE" is defined in paragraph 6(f) of this Lease.

"TAX RESERVE ACCOUNT" is defined in paragraph 31(b)(ii)(A) of this Lease.

"TENANT" is defined in the first paragraph of this Lease.

"TENANT PLEDGE" means that certain Pledge Agreement by Tenant in favor of Landlord, dated of even date herewith, pursuant to which Tenant pledged to Landlord one hundred percent (100%) of the ownership interests in each Subsidiary marked with an asterisk on Exhibit E hereto, including the Subleasing Subsidiaries, together with any additional Subsidiaries permitted in paragraph 38(a) of this Lease.

"TENANT SUBLEASES" means those sublease agreements of even date herewith between the Subleasing Subsidiaries and Tenant, the form of such sublease agreements is attached hereto as Exhibit H.

"TENANT SUCCESSOR" is defined in paragraph 25(b) of this Lease.

"TENANT ASSET PURCHASE AGREEMENT" is defined in Exhibit S attached hereto.

"TENANT'S ASSETS" is defined in paragraph 22(f)(iii) of this Lease.

"TENANT'S BUSINESS" is defined in paragraph 38(a) of this Lease.

"TENANT'S EQUITY INTEREST" is defined in paragraph 22(f)(iii) of this Lease.

"TENANT EQUITY PURCHASE AGREEMENT" is defined in Exhibit V attached hereto.

"TENANT EQUITY SHARES" is defined in Exhibit V attached hereto.

"TENANT SELLER" is defined in paragraph 38(e) of this Lease.

"TENANT'S MAINTENANCE, REPAIR AND REPLACEMENT ITEMS" is defined in paragraph 9(a) of this Lease.

"TENANT'S MANNER OF OPERATION" is defined in paragraph 39 of this Lease.

"TENANT'S PURCHASE ELECTION NOTICE" is defined in paragraph 22(f)(iii) of this Lease.

"TENANT'S PURCHASE TERMINATION DATE" is defined in paragraph 22(f)(ii) of this Lease.

"TENANT'S REOFFER NOTICE" is defined in paragraph 36(d) of this Lease.

"TENANT'S TRADE FIXTURES" means all personal property of Tenant in or on the Premises, affixed or not, which is not necessary for the operation of the Improvements, including tire racks and handling equipment, pallets, fork lift trucks, lift racks, tools, office computers, and other equipment or machines owned or leased from/by Tenant, and specifically excludes the Equipment.

"TERM" is defined in paragraph 4(b) of this Lease.

"THIRD APPRAISER" is defined in paragraph 16(a)(ii)(B) of this Lease.

"TRANSFERORS" is defined in Exhibit R attached hereto.

"TRANSFERRED ENTITY" is defined in Exhibit V attached hereto.

"TREASURY RATE" means the yield to maturity of a debt obligation of the United States Treasury having a maturity date closest to but not earlier than the then-existing remaining Term of this Lease (excluding any then-unexercised options for any Extension Terms) and, if more than one have been issued with such maturity date, then using the debt obligation first issued on or closest to the date of any termination by Landlord under this Lease.

"TRUST" is defined in paragraph 16(a)(i) of this Lease.

"TTA" is defined in paragraph 33(b) of this Lease.

"UCC" means the Uniform Commercial Code as in effect in the State of Illinois.

"UNDERLYING PREMISES" means, collectively, the interest in the Land, the Equipment and the Improvements, together with any easements, rights and appurtenances in connection therewith or belonging to said Land and Improvements which is leased by an affiliate of Landlord to Landlord under the Master Lease.

"UNDERLYING PREMISES PURCHASE NOTICE" is defined in paragraph 22(f)(ii) of this Lease.

"VALUATION NOTICE" is defined in paragraph 16(a)(ii)(A) of this Lease.

"VALUATION PERIOD" is defined in paragraph 16(a)(ii)(A) of this Lease.

"VARIANCE PROGRAM" is defined in paragraph 39 of this Lease.

"VARIANCE PROGRAM DEPOSIT" is defined in paragraph 39 of this Lease.

"WORKING CAPITAL LENDER" means the lender under the Working Capital Loan Documents, or any successor lender under the Working Capital Loan Documents.

"WORKING CAPITAL INDEBTEDNESS" means Indebtedness (including letters of credit) incurred by Tenant owing to Working Capital Lender pursuant to and in accordance with the Working Capital Loan Documents or pursuant to any extensions, amendments, replacements or refinancings of the Indebtedness evidenced by the Working Capital Loan Documents.

"WORKING CAPITAL LOAN DOCUMENTS" means that certain loan agreement between Tenant and the Working Capital Lender, and any notes issued in connection therewith by Tenant or any of its Subsidiaries payable to the Working Capital Lender relating to a working capital loan facility of Tenant substantially similar in terms and amount to the working capital loan facility governed by the Loan Agreement dated as of July 23, 2003 by and between Tenant and the Working Capital Lender, and all other instruments, documents and agreements executed and delivered by any Affiliate to, for or in favor of the Working Capital Lender in connection with the transactions contemplated under any of the foregoing documents and includes all documents that evidence or secure extensions, amendments, replacements and refinancings of the Working Capital Indebtedness.

"YOSEMITE EXCESS LAND AGREEMENT DATE" is defined in paragraph 33(e) of this Lease.

2. DEMISE OF PREMISES AND OTHER RIGHTS

(a) Landlord hereby demises and leases to Tenant and Tenant hereby leases and rents from Landlord the Premises, IN ITS "AS IS" CONDITION, SUBJECT TO THE EXISTING STATE OF TITLE (WITHOUT EXPRESS OR IMPLIED WARRANTY OF LANDLORD WITH RESPECT TO THE CONDITION, QUALITY, REPAIR OR FITNESS OF THE PREMISES FOR A PARTICULAR USE OR TITLE THERETO, ALL SUCH WARRANTIES BEING HEREBY DISCLAIMED BY LANDLORD AND WAIVED AND RENOUNCED BY TENANT). The "PREMISES" consists of, collectively, Landlord's interest in the Land, the Equipment and the Improvements, together with any easements, rights and appurtenances in connection therewith or belonging to said Land and Improvements. The foregoing disclaimer in this paragraph 2(a) has been negotiated by Landlord and Tenant, each being represented by independent counsel, and is intended as a complete negation of any representation or warranty by Landlord, express or implied, with respect to the condition, quality, repair, or fitness of the Premises for a particular use, or title thereto.

(b) The Premises includes the Land, Equipment and Improvements located at each separate location, each individually is herein called a "SITE," and together are herein called the "SITES." The parties have legally described the Land leased hereunder in a manner which excludes the Excess Land.

(c) Landlord may, with Tenant's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, (1) encumber any Excess Land Property with such cross easements, reciprocal easements, agreements, covenants, restrictions and other encumbrances, and (2) at Landlord's expense, connect to any sewer, water or waste water system currently existing on or servicing the Premises, in each case as Landlord may deem necessary, desirable or advisable to facilitate future development of the Excess Land adjacent to such Excess Land Property, and nothing contained herein shall limit or restrict such right, provided that such instruments do not diminish Tenant's rights or increase Tenant's obligations under this Lease in a material and adverse manner and further provided that with respect to any such connection to any sewer, water or waste water system then existing on or servicing the Premises that sufficient capacity exists for such connection and provided that Landlord shall, on demand, pay Tenant for Landlord's pro rata share of ongoing expenses related to such utility hook-up. Tenant acknowledges and agrees that this Lease shall be subject and subordinate to all such instruments and no further instrument of subordination shall be required for its operation.

(d) Tenant may, from time to time, request that Landlord grant or obtain easements over the Excess Land for water, electricity, gas and telephone lines to serve and benefit the Premises on the Excess Land Property, at such locations and containing such provisions as Landlord may approve, which approval shall not be unreasonably withheld, conditioned or delayed provided that the location of any such easements shall not adversely affect the development of the Excess Land. All costs and expenses for any such utility easements shall be paid by Tenant.

(e) Tenant may, from time to time, request that Landlord grant or obtain for Tenant and its employees, invitees and guests of the Excess Land Property a temporary license to establish, maintain and use any Member Uses on the Excess Land adjacent thereto, at such locations and subject to such rules and agreements (including insurance requirements) as

Landlord may approve, which approval shall not be unreasonably withheld, conditioned or delayed, provided that the use and location of such Member Uses shall not adversely affect the development of the Excess Land. All costs and expenses for such temporary licenses shall be paid for by Tenant as Additional Rent. Effective as of the Commencement Date, Landlord hereby grants to Tenant and its employees, invitees and guests a temporary license to use and maintain in the locations on the Excess Land used and maintained as of the Commencement Date, all existing Member Uses in effect as of the Commencement Date. Tenant agrees to extend the insurance coverage otherwise required by this Lease to include all uses by Tenant and its employees, invitees and guests of the Excess Land.

(f) If Landlord and Tenant are unable to agree upon a matter which is the subject of paragraphs 2(c), 2(d) or 2(e) above, such matter shall be subject to the arbitration procedures set forth on Exhibit U attached hereto.

3. USE

Tenant shall, subject to applicable zoning restrictions and any recorded covenants or restrictions in the public records on the Commencement Date, use and occupy the Premises, including each Site, only (i) predominantly as a membership campground, together with minimal daily stay campground uses, (ii) for cabin rentals, (iii) pursuant to Tenant's extended vacation, stay and storage programs, (iv) in connection with lease arrangements entered into with farmers prior to the date hereof and (v) for other lawful purposes which are both associated with and related thereto (including the following ancillary uses: ATM machines, cafeteria/food service and laundry facilities) (collectively, the "PERMITTED USE"). Tenant shall not use, suffer or permit the Premises, or any portion thereof, to be used by Tenant, any third party or the public, as such, without restriction or in such manner as would be reasonably likely to materially adversely affect Landlord's title to or interest in the Premises, or in such manner as would be reasonably likely to make possible a material claim or claims of adverse possession by the public, as such, or third parties, or of implied dedication of the Premises, or any portion thereof.

4. TERM

(a) The primary term of this Lease (the "PRIMARY TERM") shall be for a period of approximately fifteen (15) years, beginning on the Commencement Date and ending on the Lease Expiration Date.

(b) Tenant shall have the right, at its option, to extend the Primary Term of this Lease for two (2) consecutive extension terms (the "EXTENSION TERMS"), each being five (5) years in length. Each Extension Term shall commence on the day after the expiration of the preceding term (each, the "EXTENSION TERM COMMENCEMENT DATE") and shall expire on the fifth (5th) anniversary of the Lease Expiration Date in the case of the first (1st) Extension Term, and on the tenth (10th) anniversary of the Lease Expiration Date in the case of the second (2nd) Extension Term. The options to extend the Term of this Lease as described above shall not be deemed exercised by Tenant unless at least twenty-four (24) months prior to the Lease Expiration Date for the Primary Term or at least twenty-four (24) months prior to the expiration of the Extension Term for the first (1st) Extension Term, Tenant shall have delivered written notice to Landlord of Tenant's irrevocable election to so extend this Lease at the end of the Primary Term or the first (1st) Extension Term, as applicable. Tenant's failure to deliver one (1) such timely notice to

Landlord shall terminate all future Extension Terms, if any, following the Extension Term to which such notice specifically relates. Subject to the provisions of paragraph 5 of this Lease, the terms and conditions of this Lease shall apply to each Extension Term with the same force and effect as if such Extension Term had originally been included in the Primary Term of the Lease. The right of Tenant to exercise its rights with respect to the Extension Terms shall be conditioned upon this Lease being in full force and effect and no Event of Default then existing as of the Lease Expiration Date (for the first (1st) Extension Term), or expiration of the first (1st) Extension Term (for the second (2nd) Extension Term). The Primary Term, together with any Extension Term with respect to which Tenant properly exercises its option, and for which the conditions related thereto are satisfied, shall constitute the "TERM" of this Lease.

(c) Notwithstanding the foregoing, the Term of this Lease with respect to the Non-Fee Sites shall terminate upon the expiration of the applicable Non-Fee Occupancy Agreements and Tenant shall not be entitled to any abatement or reduction of Rent, nor shall the obligations of Tenant under this Lease be affected, by reason of such expiration of the applicable Non-Fee Occupancy Agreements. Landlord shall not without Tenant's consent amend the Non-Fee Occupancy Agreements such that Tenant would be materially adversely affected.

5. RENTAL; GUARANTY

(a) Tenant shall pay to Landlord the following amounts as Rent for the Premises:

(i) During the Term of this Lease, Tenant shall pay to Landlord, as fixed annual rent, the amount of annual fixed rent specified in the Basic Lease Information (as defined therein, "FIXED RENT").

(ii) During the Term of this Lease, Tenant shall pay, as Additional Rent, all sums, including Non-Fee Rent, due and payable by the tenant under the Non-Fee Occupancy Agreements.

(iii) Throughout the Term of this Lease, Tenant shall pay, as Additional Rent, all other amounts of money and charges required to be paid by Tenant under this Lease, whether or not such amounts of money or charges are designated Additional Rent. As used in this Lease, "RENT" shall mean and include all Fixed Rent and Additional Rent payable by Tenant in accordance with this Lease.

(b) It is the intention of Landlord and Tenant that the Fixed Rent payable by Tenant to Landlord during the entire Term of this Lease shall be absolutely net of all costs and expenses incurred in connection with the management, operation, maintenance, repair and replacement of the Premises in accordance with this Lease. Landlord shall have no obligations or liabilities whatsoever with respect to the management, operation, maintenance, repair or replacement of the Premises during the Term of this Lease, and Tenant shall manage, operate, maintain, repair and replace the Premises in accordance with this Lease and shall pay all costs and expenses incurred in connection therewith before such costs or expenses become delinquent. Without limiting the generality of the foregoing, throughout the entire Term of this Lease, Tenant shall pay, as Additional Rent, all premiums for all property and liability insurance covering the Premises required under this Lease, all Property Taxes and all Other Taxes that accrue during or are

allocable to the Term of this Lease, and all Property Taxes and Other Taxes allocable to any period of time prior to the Term of this Lease.

(c) Tenant shall pay all Fixed Rent to Landlord, in advance, on or before the first Business Day of each and every calendar month during the Term of this Lease (other than the payment due on the Commencement Date which is due as set forth in the Basic Lease Information) without notice, demand, deduction or offset, in lawful money of the United States of America, to the wire transfer address of Landlord specified in the Basic Lease Information, or to such other accounts and/or Person or Persons or at such other place or places as Landlord may from time to time designate in writing (or otherwise so there are collected funds available to Landlord on the due date). If the Fixed Rent is paid more than five (5) Business Days after its due date, the Per Diem Late Charge shall be due and payable for each day thereafter until the Fixed Rent is paid in full. Tenant shall pay all Additional Rent when due. Tenant shall pay all Fixed Rent to Landlord without notice.

(d) Tenant acknowledges and agrees that it was a condition precedent to Landlord entering into this Lease that Landlord receive the Guaranty from Guarantors and the Subsidiary Guaranty from the Subsidiaries marked with an asterisk on Exhibit E, which Guaranty and Subsidiary Guaranty are being entered into contemporaneously with the execution of this Lease. Tenant hereby represents and warrants to Landlord as of the date hereof and covenants to Landlord that throughout the Term of this Lease, Guarantors shall be bound by the terms of the Guaranty to Landlord and the Subsidiaries marked with an asterisk on Exhibit E shall be bound by the terms of the Subsidiary Guaranty to Landlord.

6. TAXES

(a) Tenant shall pay, as Additional Rent, all Property Taxes prior to the assessment of any interest or penalty for late payment and shall indemnify and hold harmless Landlord, its affiliates, officers, directors, stockholders, employees, representatives, members, partners and agents, and the successors and assigns of each of the foregoing (collectively, the "LANDLORD PARTIES"), on an After-Tax Basis from and against any such Taxes (including any penalties and interest with respect thereto) (subject to Tenant's rights under this paragraph 6(a) to make payment thereof in installments or under paragraph 6(e) of this Lease or to protest Property Taxes); provided, however, if and to the extent Landlord or Mortgagee is holding Tenant's estimated payments thereof pursuant to paragraph 6(f) of this Lease and provided no Event of Default then exists, Landlord or Mortgagee shall instead make such payments timely on Tenant's behalf; provided, further, if any such Property Taxes may legally be paid in installments, Tenant may, at its option, pay such Property Taxes in such installments together with any interest due thereon provided that Tenant shall have paid all such installments, or provided to Landlord or Mortgagee such amounts as are necessary for the payment of all such installments, prior to the expiration or earlier termination of this Lease. "PROPERTY TAXES" shall mean all taxes, assessments, excises, levies, fees and charges (and any tax, assessment, excise, levy, municipal service fee, fee or charge levied wholly or partly in lieu thereof or as a substitute therefor or as an addition thereto) of every kind and description, general or special, ordinary or extraordinary, foreseen or unforeseen, secured or unsecured, whether or not now customary or within the contemplation of Landlord and Tenant, that are levied, assessed, charged, confirmed or imposed by any public or government authority on or against, or otherwise with respect to, the Premises and Underlying Premises, or any part thereof or any personal property used in connection with

the Premises and Underlying Premises, including Landlord's franchise taxes based upon gross receipts with respect to the receipt of Rent (but not including Excluded Taxes). Property Taxes shall not include any Other Taxes or Excluded Taxes arising out of or levied in connection with this Lease, in each case, of Landlord, unless and only to the extent levied or assessed against Landlord in whole or in part in lieu of, as a substitute for, or as an addition to any Property Taxes.

(b) Tenant shall pay, as Additional Rent, all Other Taxes prior to the assessment of any interest or penalty for late payment and shall indemnify and hold harmless Landlord and the Landlord Parties on an After-Tax Basis from and against any such Taxes (including any penalties and interest with respect thereto) (subject to Tenant's rights under this paragraph 6(b) and paragraph 6(e) of this Lease to make payment in installments or to protest Other Taxes); provided, however, if Landlord or Mortgagee is holding Tenant's estimated payments thereof pursuant to paragraph 6(f) of this Lease and provided no Event of Default then exists, Landlord or Mortgagee shall instead make such payments timely on Tenant's behalf; provided, further, if any such Other Taxes may legally be paid in installments, Tenant may, at its option, pay such Other Taxes in such installments together with any interest due thereon provided that Tenant shall have paid all such installments, or provided to Landlord or Mortgagee such amounts as are necessary for the payment of all such installments, prior to the expiration or earlier termination of this Lease. "OTHER TAXES" shall mean all taxes, assessments, excises, levies, fees and charges, including all payments related to the cost or occupation of providing facilities or services, whether or not now customary or within the contemplation of Landlord and Tenant, that are levied, assessed, charged, confirmed or imposed by any public or government authority upon, or measured by, or reasonably attributable to (i) the Premises and Underlying Premises, (ii) the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises or the cost or value of any leasehold improvements made in or to the Premises by or for Tenant, regardless of whether title to such improvements is vested in Tenant or Landlord, (iii) any amount payable under this Lease, including any gross receipts tax or excise tax levied by any public or government authority with respect to the receipt of any such amount, (iv) the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or (v) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises or Underlying Premises. "Other Taxes" shall not include any Property Taxes or any Excluded Taxes arising out of or levied in connection with this Lease, in each case, of Landlord, unless and only to the extent levied or assessed against Landlord in whole or in part in lieu of, as a substitute for, or as an addition to any Other Taxes.

(c) Except for any Excluded Taxes imposed on or with respect to the Rent, if at any time during the Term any method of taxation shall be such that there shall be levied, assessed or imposed on Landlord, or on the Rent, or on the Premises, Underlying Premises, or any portion thereof, a capital levy, gross receipts tax on the Rent, occupational license tax or franchise tax, based upon gross receipts with respect to the Rent, but not including any income or franchise taxes based upon, measured by or calculated with respect to net income or profits, Tenant, to the extent permitted by law, covenants to pay and discharge the same, it being the intention of the parties hereto that the Fixed Rent to be paid hereunder shall be paid to Landlord absolutely net without deduction or charge of any nature whatsoever, foreseeable or unforeseeable, ordinary or extraordinary, or of any nature, kind or description, except for Excluded Taxes and as otherwise expressly provided in this Lease. Notwithstanding the foregoing, to the extent Landlord incurs

any tax liability pursuant to the Trails Reorganization (as defined in the Merger Agreement) or for a Pre-Closing Taxable Period (as defined in the Merger Agreement), payment of such tax liabilities, if any, shall not be governed by this Lease but shall be governed by the Merger Agreement.

(d) Tenant covenants to furnish Landlord, within fifteen (15) calendar days after written request by Landlord official receipts of the appropriate taxing authority, if any, or other appropriate proof reasonably satisfactory to Landlord, evidencing the payment of all Impositions.

(e) Tenant shall have the right to contest the amount or validity, in whole or in part, of any Property Tax or Other Tax or to seek a reduction in the valuation of the Premises and/or Underlying Premises, as assessed for real estate property tax purposes by appropriate proceedings diligently conducted in good faith (but only after the deposit or payment (whether under protest or otherwise) of any amounts required by applicable law to stay or prevent collection activities). Landlord shall not be required to join in any proceeding referred to in this paragraph 6(e) except to the extent required by law, in which event Landlord shall, upon written request by Tenant, join in such proceedings or permit the same to be brought in its name, all at Tenant's expense. Landlord agrees to provide, at Tenant's expense, whatever assistance Tenant may reasonably require in connection with any such contest. Tenant covenants that Landlord shall not suffer or sustain any costs or expenses (including counsel fees) or any liability in connection with any such proceeding. No such consent shall subject Landlord to any civil liability or the risk of any criminal liability or forfeiture.

(f) Tenant acknowledges that Landlord will establish and maintain a reserve account for the payment of Property Taxes and Other Taxes relating to the Premises and Underlying Premises which shall become due and payable during each Lease Year, as reasonably estimated by Landlord on the basis of assessments and bills and estimates thereof ("TAX RESERVE") in accordance with paragraph 31 of this Lease. Landlord shall apply such amounts paid by Tenant under this paragraph 6(f) (including any amounts tendered by Tenant which are intended for interest if Tenant shall have elected to make such payments in installments) as set forth in paragraph 31 of this Lease. Landlord and Mortgagee shall make no charge for holding and applying such amounts.

(g) Landlord will, within thirty (30) calendar days after receipt, reimburse Tenant for any refund of Property Taxes or Other Taxes received by Landlord or Mortgagee as a result of any tax contest relating to the Term.

(h) In addition to the forgoing (and without duplication), if (x) Landlord or any affiliate of Landlord incurs any tax, assessment, excise, lien, fee, charge or liability, including franchise, lease and income taxes, arising from the Master Lease from MHC TT, Inc., a Delaware corporation, as landlord, to Landlord, as tenant (the "MHC TT MASTER LEASE") (including the items described in clause (i) of the definition of Excluded Taxes, but excluding property taxes attributable to the Excess Land, collectively, the "MASTER LEASE ADDITIONAL Obligations") and (y) Landlord and its affiliates would not have incurred the Master Lease Additional Obligations had the Landlord owned the fee interest in the Fee Sites owned by MHC TT, Inc. and the MHC TT Master Lease not existed, then the Tenant shall pay the Master Lease Additional Obligations on an After-Tax Basis, as Additional Rent prior to the assessment of any

interest or penalty for late payment and shall indemnify and hold harmless Landlord and the Landlord Parties on an After-Tax Basis from and against any claims for payment thereof.

7. NET LEASE; NON-TERMINABILITY

(a) This is an absolutely net lease and the Fixed Rent, Additional Rent and all other sums payable hereunder by Tenant shall be paid without notice (except as expressly provided herein), demand, set-off, counterclaim, abatement, suspension, deduction or defense. It is the intention of the parties hereto that the Fixed Rent shall be an absolutely net return to Landlord throughout the Term of this Lease. In order that such Rent shall be absolutely net to Landlord, Tenant shall pay when due, and save and hold harmless Landlord and the Landlord Parties on an After-Tax Basis from and against, any and all costs, charges and expenses attributable to the Premises or Underlying Premises, including all fines, fees, penalties, charges (including governmental charges), assessments, sewer rents, Impositions, insurance premiums as may be required from time to time by Landlord or Mortgagee pursuant to this Lease, utility expenses, carrying charges, costs, expenses and obligations of every kind and nature whatsoever, general and special, ordinary and extraordinary, foreseen and unforeseen, the payment for which Landlord or Tenant is, or shall become, liable by reason of any rights or interest of Landlord or Tenant in, to or under the Premises or Underlying Premises or this Lease or in any manner relating to the ownership, leasing, operation, management, maintenance, repair, rebuilding, use or occupation of the Premises or Underlying Premises, or of any portion thereof; provided, however, that nothing herein contained shall be construed as imposing upon Tenant any obligation to pay any Excluded Taxes of Landlord arising out of, or levied in connection with, this Lease or Landlord's right or interest in the Premises or the Rent. All fees and expenses incurred in connection with the negotiation and execution of this Lease, including all legal, accounting, financial advisory, title insurance, environmental inspection, consulting and all other fees and expenses of third parties incurred by a Person in connection with the negotiation of the terms and conditions of this Lease shall be the obligation of the respective Person incurring such fees and expenses; provided, however that Tenant, on the one hand, and Landlord, on the other hand, shall share equally the costs related to preparation of surveys of the Sites listed on Exhibit F attached hereto.

(b) This Lease shall not terminate, nor shall Tenant have any right to terminate this Lease, except as expressly provided in paragraphs 14 and 36 of this Lease, nor shall Tenant be entitled to any abatement or reduction of Rent hereunder except as required by paragraph 14 of this Lease, nor shall the obligations of Tenant under this Lease be affected, by reason of (i) any damage to or destruction of all or any part of the Premises from whatever cause; (ii) subject to paragraph 14 of this Lease, the taking of the Premises, Underlying Premises, or any portion thereof by condemnation, requisition or eminent domain proceedings; (iii) the prohibition, limitation or restriction of Tenant's use of all or any part of the Premises, or any interference with such use; (iv) any eviction by paramount title or otherwise; (v) Tenant's acquisition or ownership of all or any part of the Premises or Underlying Premises otherwise than as expressly provided herein; (vi) any default on the part of Landlord under this Lease, or under any other agreement to which Landlord and Tenant may be parties; (vii) Landlord becoming dispossessed of any portion of the Premises subleased by Landlord pursuant to the Non-Fee Occupancy Agreements; or (viii) any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent covenants and agreements,

that the Fixed Rent, the Additional Rent and all other sums payable by Tenant hereunder shall continue to be payable in all events and that the obligations of Tenant hereunder shall continue unaffected unless the requirement to pay or perform the same shall have been terminated pursuant to any express provision of this Lease. Tenant agrees that Tenant shall not be relieved of the obligations to pay the Fixed Rent or any Additional Rent in case of damage to or destruction of or condemnation (except as expressly provided in paragraph 14 of this Lease) of the Premises or the Underlying Premises.

(c) Tenant agrees that it shall remain obligated under this Lease in accordance with its terms, and that it shall not take any action to terminate, rescind or void this Lease, notwithstanding (i) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution or winding-up or other proceeding affecting Landlord or its successor in interest, or (ii) any action with respect to this Lease which may be taken by any trustee or receiver of Landlord or its successor in interest or by any court in any such proceeding.

(d) Tenant waives all rights which may now or hereafter be conferred by law (i) to quit, terminate or surrender this Lease or the Premises or any part thereof, or (ii) to any abatement, suspension, deferment or reduction of the Fixed Rent, Additional Rent or any other sums payable under this Lease, except as otherwise expressly provided herein.

8. SERVICES

Tenant shall, at Tenant's sole cost and expense, be responsible for supplying the Premises with electricity, heating, ventilating and air conditioning, water, natural gas, lighting, replacement for all lights, restroom supplies, telephone service, window washing, security service, janitor, pest control and disposal services (including, if applicable, hazardous and biological waste disposal), and such other services as Tenant determines to furnish to the Premises. Landlord shall not be in default hereunder or be liable for any damage or loss directly or indirectly resulting from, nor shall the Fixed Rent or Additional Rent be abated or a constructive or other eviction be deemed to have occurred by reason of, the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, any failure to furnish or delay in furnishing any such services, whether such failure or delay is caused by accident or any condition beyond the control of Landlord or Tenant or by the making of repairs or improvements to the Premises, or any limitation, curtailment, rationing or restriction on use of water, electricity, gas or any form of energy serving the Premises, whether such results from mandatory governmental restriction or voluntary compliance with governmental guidelines. Tenant shall pay the full cost of all of the foregoing services and all other utilities and services supplied to the Premises as Additional Rent.

9. REPAIRS AND MAINTENANCE; REPLACEMENT

(a) Tenant shall, at its own sole cost and expense, keep the Premises, including each Site therein, in substantially the same order and condition as existed on the Commencement Date, (provided that the order and condition existing on the Commencement Date shall be deemed to include that all Immediate Repairs required to be performed pursuant to this Lease and all repairs to the Site commonly known as Oakzanita Springs in San Diego County, California (the "OAKZANITA SITE"), have been completed) (the "PREMISES CONDITION STANDARD"), at all times on and after the Commencement Date to and including the date of the

termination of the Term, by lapse of time or otherwise. Tenant shall timely and properly maintain, repair and replace all of the Premises and all of its component parts (the "TENANT'S MAINTENANCE, REPAIR AND REPLACEMENT ITEMS"), including parking surfaces and stripes, driveways, roads, private streets, picnic tables, campground sites and/or pads, pedestals, campground and recreational vehicle infrastructure, all landscaping, mechanical systems, electrical and lighting systems, plumbing and sewage systems, wastewater systems, water plants and related facilities, septic system facilities, fixtures and appurtenances, interior and exterior walls, roofs, foundations, floor slabs, columns and structural elements so as to maintain each Site in accordance with the Premises Condition Standard and to preserve and protect the useful life, utility and value of such components, and in all events so as to preserve the effectiveness of any warranty relating thereto. Tenant shall deliver to Landlord a written statement showing all removals and replacements of such systems or components with a cost exceeding \$100,000.00 during the preceding calendar year. Landlord may, upon two (2) Business Days' prior notice, cause independent private inspectors to make inspections of any building and building systems on the Premises or segments thereof to determine Tenant's compliance under this paragraph 9. Tenant shall pay the cost of one (1) such inspection at each Site by or on behalf of Landlord in each calendar year; provided, however, if such inspection by Landlord reveals that the Premises, or any material portion thereof, including any equipment thereon, is not substantially in the condition required by this Lease, then Tenant shall pay for such reasonable additional inspections performed by Landlord through the inspection approving the condition of such Premises as being substantially in conformity with this Lease.

(b) Landlord may, but is not required to, after two (2) Business Days notice to Tenant (except in the case of emergency, in which case Tenant shall be given notice contemporaneously with entry), enter the Premises and make such repairs, alterations, improvements, additions, replacements or maintenance as Landlord deems necessary to cure any Event of Default of Tenant hereunder which remains uncured after the expiration of any notice and cure period provided under this Lease, as applicable, in a diligent fashion, and Tenant shall pay Landlord as Additional Rent forthwith (and in any event within thirty (30) days) after being billed for same by Landlord the cost thereof plus an administrative fee of five percent (5%) of such cost, which bill shall be accompanied by reasonable supporting documentation. Such amounts shall bear interest at the Overdue Rate from the date of expenditure by Landlord to the date of repayment by Tenant.

(c) It is intended by Tenant and Landlord that Landlord shall have no obligation, in any manner whatsoever, to repair or maintain the Premises (or any fixture or equipment therein), whether structural or nonstructural, all of which obligations are intended, as between Landlord and Tenant, to be those of Tenant. Tenant expressly waives the benefit of any statute now or in the future in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair.

(d) Tenant shall use commercially reasonable efforts to maintain on each Site, and deliver to Landlord upon expiration or termination of this Lease, then current operating manuals and original warranties (to the extent applicable) for the Equipment then located on such Site specifically excluding, in all cases, Tenant's Trade Fixtures at the Premises which may be and which are subsequently removed by Tenant upon expiration or earlier termination of this Lease.

10. DESTRUCTION OF OR DAMAGE TO PREMISES

If any Site is damaged by fire or other Casualty during the Term of this Lease, Tenant shall (a) repair such damage and restore such Site to substantially the same or better condition as existed before the occurrence of such fire or other Casualty using materials of the same or better grade than that of the materials being replaced (herein, a "CASUALTY REPAIR") and this Lease shall remain in full force and effect. Such repair and replacement by Tenant shall be done in accordance with paragraph 23 of this Lease and the standards of paragraph 9 of this Lease and Tenant shall, at its expense, obtain all permits required for such work. An architect or engineer selected by Landlord shall review (except with respect to the existing damage at the Oakzanita Site), at Tenant's expense, all plans and specifications for any Casualty Repair with a cost equal to or greater than \$750,000 and all draw requests related thereto. In no event shall Fixed Rent or Additional Rent abate, nor shall this Lease terminate by reason of such damage or destruction. Provided that no Event of Default by Tenant shall then exist under this Lease (and no event has occurred which, with the passage of time, the giving of notice, or both, would constitute an Event of Default), and provided Tenant has: (i) delivered to Landlord plans and specifications and a budget for such Casualty Repair (all of which Landlord shall have approved), and (ii) deposited with Landlord or the Proceeds Trustee cash in the sum equal to the excess, if any, of the total cost set forth in such approved budget over the amount of insurance proceeds received on account of such Casualty, then to the extent such proceeds are made available to Landlord from Mortgagee, Landlord shall make available to Tenant all insurance proceeds actually received by Landlord on account of such Casualty, for application to the costs of such approved repair and restoration, as set forth below.

For all Casualty Repairs, the following shall apply:

As used herein the "CASUALTY THRESHOLD" means \$750,000; provided, however that the Casualty Threshold shall not apply to the existing damage at the Oakzanita Site. If the Net Casualty Proceeds are less than the Casualty Threshold at the time of the applicable fire or other Casualty, such Net Casualty Proceeds shall be paid to Tenant to apply to the cost of restoration. If the Net Casualty Proceeds are equal to or greater than the Casualty Threshold at the time of the applicable fire or other casualty, such Net Casualty Proceeds shall be paid to the Proceeds Trustee (herein called the "RESTORATION FUND") for release to Tenant as restoration progresses, subject to and in accordance with paragraph 23(c) of this Lease. If Landlord encumbers the Premises or the Underlying Premises with a Mortgage, the Mortgagee thereunder may, at its option, be appointed Proceeds Trustee for so long as such Mortgage remains outstanding and such Mortgagee does not Control Landlord and is not Controlled by or under Common Control with Landlord. Insurance proceeds shall be deposited in an interest bearing account and interest shall be distributed to Tenant upon completion of said installation, repair, replacement or rebuilding, provided no default has occurred and is continuing hereunder. All checks drawn on said account shall be signed by the Proceeds Trustee. Insurance proceeds shall be disbursed to Tenant by the Proceeds Trustee under the following procedure:

(i) No more frequently than once per calendar month, Tenant may request that Landlord disburse to Tenant such insurance proceeds as are requested by Tenant to pay for all costs incurred by Tenant for repair and restoration work of the damaged Site that was performed during the immediately preceding calendar month. Tenant's request shall certify that all work for which reimbursement is requested was performed in substantial compliance with the

plans and specifications approved by Landlord pursuant to paragraph 23 of this Lease and all applicable laws, and shall include reasonably satisfactory evidence of the costs incurred by Tenant and unconditional partial (as to the amount received compared to percentage of completion) or final lien releases, as applicable, in form and substance required by applicable law executed by all mechanics, materialmen, laborers, suppliers and contractors who performed any portion of the repair and restoration work or supplied materials; and

(ii) Within ten (10) Business Days after receiving Tenant's request, Landlord shall approve or disapprove Tenant's request, which approval shall not be unreasonably withheld, delayed or conditioned, by written notice to Tenant. If Landlord approves all or any portion of a request and Landlord has received (and not previously disbursed) insurance proceeds for such costs, then Landlord's approval shall include a check in the amount approved by Landlord. If Landlord disapproves all or any portion of a request, then Landlord's notice shall state the reasons for that disapproval. Landlord's failure to deliver a notice approving or disapproving a request shall be conclusively deemed Landlord's disapproval of the request.

11. INSURANCE, HOLD HARMLESS AND INDEMNIFICATION

(a) To the fullest extent permitted by law, Landlord and the Landlord Parties shall not be liable to Tenant or any Affiliate for any damage to or loss or theft of any property or for any bodily or personal injury, illness or death of any Person in, on or about the Premises arising at any time and from any cause whatsoever, unless and to the extent due to the gross negligence or willful misconduct of the Landlord Parties. Except as provided in this paragraph 11(a), Tenant waives all claims against Landlord and the Landlord Parties arising from any liability described in this paragraph 11(a).

(b) Tenant hereby agrees to indemnify and defend Landlord and the Landlord Parties against and hold each such Person harmless on an After-Tax Basis from all claims, demands, liabilities, damages, losses, costs and expenses, including attorneys' fees and disbursements, arising from or related to any use or occupancy of the Premises, or any condition of the Premises, or any default in the performance of Tenant's obligations hereunder, or any damage to any property (including property of employees and invitees of Tenant) or any bodily or personal injury, illness or death of any person (including employees and invitees of Tenant) occurring in, on or about the Premises or any part thereof or any part of the buildings or the land constituting a part of the Premises arising on or after the date hereof from any cause whatsoever, or occurring outside the Premises when such damage, bodily or personal injury, illness or death is caused by any act or omission of Tenant or its agents, officers, employees, contractors, invitees or licensees or any default in the performance of Tenant's obligations under the Frisco Lease. This paragraph 11(b) shall survive the termination of this Lease with respect to any damage, bodily or personal injury, illness or death or any default in the performance of Tenant's obligations under the Frisco Lease occurring prior to such termination.

(c) Tenant shall at all times provide, maintain and keep in force or cause to be provided, maintained and kept in force, at no expense to Landlord, the following policies of insurance with respect to the Premises, Underlying Premises and Tenant, as applicable (collectively, the "Policies"):

(i) Property insurance on an "all risk" and "special perils" basis (special form cause of loss) for one hundred percent (100%) of the replacement value of each Site, as applicable, with customary deductibles as approved by Landlord. The policy shall contain the following endorsements: (a) Replacement Cost (without any deduction made for depreciation); (b) Agreed Amount (waiving co-insurance penalties); (c) a standard landlord clause acceptable to Landlord; and (d) a standard mortgagee clause acceptable to Mortgagee, if any. Each such policy shall also include the following coverage if applicable: (i) comprehensive boiler and machinery coverage in amounts as determined by Landlord; (ii) earthquake and earth movement for the full replacement cost of the subject Site, or the amount as would (in light of the risks insured and the cost of premiums for such insurance) in Landlord's judgment be maintained by a prudent operator of property similar in use and locale; and (iii) flood insurance if the Improvements located on a Site are located in a special flood hazard area as designated by the Director of the Federal Emergency Management Agency, in sufficient amounts as reasonably determined by Landlord provided, that such coverage in such amounts are generally available at commercially reasonable costs.

(ii) Insurance against rent loss, extra expense or business interruption, in amounts satisfactory to Landlord. The perils covered by this policy shall be the same as those accepted on each Site including flood, earthquake and earth movement.

(iii) Commercial general liability insurance covering bodily injury and property damage occurring on, in or about each Site and, to the extent applicable, any adjoining streets, sidewalks, and passageways arising out of or connected with the possession, use, leasing, operation, or condition of any Site. Policy limits shall be not less than \$1,000,000 per occurrence, \$2,000,000 per location in the aggregate with respect to a Site and \$1,000,000 per occurrence, \$2,000,000 per location in the aggregate with respect to Tenant. Such coverage shall include but not be limited to premises/ operations, products/completed operations, personal injury and liquor liability (if applicable).

(iv) Umbrella excess liability insurance for not less than \$25,000,000 per occurrence with respect to Tenant, subject to an aggregate cap of not less than \$25,000,000.

(v) Worker's Compensation and other statutory coverage as required by the state where each Site is located to protect Tenant, Landlord and any Mortgagee against claims for injuries sustained in the course of employment at such Site.

(vi) When and to the extent required by Landlord, fidelity insurance and insurance against loss or damage by any other risk commonly insured against by Persons (or which would be insured against by a reasonably prudent Person) occupying or using like properties in the locality or localities in which a Site is situated.

(d) All insurance policies required pursuant to this Lease shall be endorsed to provide that: (i) Landlord is named as an additional insured with respect to the all risk property coverage; as a loss payee with respect to all rent/business interruption/extra expense coverage; as additional insured on all liability coverage, with the understanding that any obligation imposed upon the insureds (including the liability to pay premiums) shall be the sole obligation of Tenant and not of any other insured (ii) Mortgagee, its successors and/or assigns, is named as mortgagee with respect to the all risk property coverage; as a loss payee with respect to all rent/business

interruption/extra expense coverage; as additional named insured on all liability coverage, with the understanding that any obligation imposed upon the insureds (including the liability to pay premiums) shall be the sole obligation of Tenant and not of any other insured; (iii) the interests of Landlord or any Mortgagee shall not be invalidated by any action or inaction of Tenant or any other Person, and such policies shall insure Landlord and any Mortgagee regardless of any breach or violation by Tenant or any other Person of any warranties, declaration or conditions in such policies; (iv) the insurer under each such policy shall waive all rights of subrogation against Landlord or any Mortgagee, any right to set-off and counterclaim and any other right to deduction, whether by attachment or otherwise; (v) such insurance shall be primary and without right of contribution of any other insurance carried by or on behalf of Landlord or any Mortgagee with respect to its interest in the Premises or Underlying Premises; (vi) if such insurance is canceled for any reason whatsoever, including nonpayment of premium or, if any substantial modification, change or reduction is made in the coverage which affects the interests of Landlord or any Mortgagee, such cancellation, modification, change or reduction in coverage shall not be effective as to Landlord or Mortgagee until thirty (30) days after receipt by Landlord and Mortgagee of written notice sent by registered mail from such insurer; (vii) any such insurance shall be endorsed to provide inasmuch as the policy is written to cover more than one insured, all terms, conditions, insuring agreements and endorsements with the exception of limits of liability, shall operate in the same manner as if there were a separate policy covering each insured; and (viii) if required by Landlord or Mortgagee and available on commercially reasonable terms, such insurance shall contain "cut-through" endorsements providing Landlord and Mortgagee with direct access to any re-insurers.

(e) Tenant shall deliver to Landlord and Mortgagee a copy of each insurance policy with further evidence of such insurance acceptable to Landlord and Mortgagee, together with a copy of the declaration page for each such policy. If requested by Landlord or Mortgagee, binders for renewal policies shall be provided no later than fifteen (15) days prior to the expiration of each policy and, when available and requested by Landlord or Mortgagee, copies of such policies. Tenant shall deliver a renewed policy or policies, or duplicate original or originals thereof, marked "premium paid," or accompanied by such other evidence of payment satisfactory to Landlord and Mortgagee with standard non-contributory mortgagee clause in favor of and acceptable to Landlord and Mortgagee. Upon request of Landlord or Mortgagee, Tenant shall cause its insurance underwriter or broker to certify to Landlord or Mortgagee in writing that all the requirements of this Lease applicable to Tenant governing insurance have been satisfied. Tenant shall comply promptly with and conform, in all material respects, to (i) all provisions of each such insurance policy and (ii) all requirements of the insurers applicable to Tenant as respects use, occupancy, possession, operation, maintenance, alteration or repair of a Site. Tenant shall not use or permit the use of any Site in any manner that would permit any insurer to cancel any insurance policy or void coverage required to be maintained by this Lease. No insurance policy may provide for assessments to be made against Landlord or Mortgagee. If a policy permits assessments against others, such policy must waive any right to a Lien upon a Site and no such assessments may result in a Lien against such Site. The insurance coverage required under this Article may be effected under a blanket policy or policies covering the Underlying Premises and other properties and assets not constituting a part of the Underlying Premises; provided that any such blanket policy shall specify the portion of the total coverage of such policy that is allocated to the Underlying Premises, and any sublimits in such blanket policy applicable to the Underlying Premises, which amounts shall not be less than the amounts required pursuant to this Article and which shall in any case comply in all other respects with all

of the requirements of this Article. Tenant shall comply in all material respects with all insurance requirements and shall not bring or keep or permit to be brought or kept any article upon any Site or cause or permit any condition to exist thereon (subject to and to the extent within Tenant's control, exercising commercially reasonable measures consistent with prudent business practice to ensure compliance herewith by members of the public, including Members, having access to the Premises) which would be prohibited by any insurance requirement, or would invalidate insurance coverage required hereunder to be maintained by Tenant on or with respect to any part of any Site pursuant to this Article. Notwithstanding anything to the contrary contained herein, it is expressly understood and agreed that any insurance which Tenant shall cause any tenant to provide that shall otherwise be in compliance with all of the terms and conditions of this Article shall satisfy Tenant's obligations with respect thereto hereunder. Tenant shall not take out separate insurance contributing in the event of loss with that required to be maintained pursuant to this Article unless such insurance complies with this Article. All insurance policies shall be in form, with endorsements, risk coverages, deductibles and amounts and maintained with companies approved by Landlord and Mortgagee, such approval not to be unreasonably withheld or delayed. Without limiting Landlord's and Mortgagee's ability to approve the aforementioned, an insurance company shall be reasonably satisfactory if such insurance company (a) has a rating of at least A with financial size of Class X or better as specified in Best's Key Rating Guide, (b) is licensed or authorized to do business, as required under applicable law, in the State where the applicable Sites are located and (c) a claims-paying ability rating by S&P of not less than "AA" and an equivalent rating by another Rating Agency. Tenant shall not settle or accept any payment of any claims under any insurance policy insuring against casualty, rent loss and business interruption without twenty (20) days advance written notice to Landlord and Mortgagee, if any. Landlord and Mortgagee shall not, by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and Tenant hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto. If Tenant fails to provide to Landlord or Mortgagee the policies of insurance required by this Article, Landlord or Mortgagee may (but shall have no obligation to), upon written notice to Tenant, procure such insurance or single-interest insurance for such risks covering Landlord's and Mortgagee's interest and Tenant shall pay all premiums thereon promptly upon demand by Landlord and Mortgagee, and until such payment is made by Tenant, the amount of all such premiums shall bear interest at the Overdue Rate and shall constitute Additional Rent. Any such insurance purchased by Landlord or Mortgagee may, but need not, protect Tenant's interests. The coverage purchased by Landlord or Mortgagee may not pay any claim made by Tenant or any claim that is made against Tenant in connection with the Premises or Underlying Premises. Tenant may later cancel any insurance purchased by Landlord or Mortgagee, but only after providing Landlord and Mortgagee with evidence that Tenant has obtained insurance as required by this Lease. If Tenant fails to obtain any such insurance and Landlord or Mortgagee purchase such insurance for the Premises and/or Underlying Premises, Tenant will be responsible for the costs of that insurance, including interest and other charges imposed by Landlord or Mortgagee in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added as Additional Rent. The costs of the insurance may be more than the cost of insurance Tenant is able to obtain on its own.

(f) Landlord acknowledges that, notwithstanding anything to the contrary contained herein, Tenant's existing insurance and insurance carriers as of the Commencement Date meet the requirements set forth in this paragraph 11; provided each Subleasing Subsidiary is and shall remain a named insured on all insurance policies. In no event shall Landlord or any Mortgagee require any additional insurance pursuant to this paragraph 11 that is not commercially reasonable with respect to similarly situated properties.

12. COMPLIANCE WITH LAWS, COVENANTS AND NON-FEE OCCUPANCY AGREEMENTS

(a) Tenant shall, and shall cause its Subsidiaries to, throughout the Term promptly comply or cause compliance with or remove or cure any violation of any and all present and future laws, including the Americans with Disabilities Act of 1990, as the same may be amended from time to time ("ADA"), ordinances (zoning or otherwise), orders, rules, regulations and requirements of all federal, state, municipal and other governmental bodies having jurisdiction over the Premises and the Membership Contracts and the appropriate departments, commissions, boards and officers thereof, and the orders, rules and regulations of each Board of Fire Underwriters where the Premises are situated, or any other body now or hereafter constituted exercising lawful or valid authority over the Premises and the Membership Contracts (collectively, "LEGAL REQUIREMENTS"), any portion thereof, or the sidewalks, curbs, roadways, alleys or entrances adjacent or appurtenant to the Premises, or exercising lawful authority with respect to (1) the use or manner of use of the Premises, or such adjacent or appurtenant facilities, and (2) the sale of and continuing obligations under the Membership Contracts, and whether the compliance, curing or removal of any such violation and the costs and expenses necessitated thereby shall have been foreseen or unforeseen, ordinary or extraordinary, and whether or not the same shall be presently within the contemplation of Landlord, Tenant any Tenant Subsidiary or shall involve any change in governmental policy, or require structural or extraordinary repairs, alterations or additions by Tenant any Tenant Subsidiary and irrespective of the amount of the costs thereof. Tenant, at its sole cost and expense, shall comply and shall cause its Subsidiaries to comply with all agreements, contracts, easements, restrictions, reservations or covenants, including the Membership Contracts, if any, running with the land or hereafter created by Tenant any Tenant Subsidiary or consented to by Tenant or any Tenant Subsidiary or requested by Tenant or any Tenant Subsidiary. Tenant shall also comply and shall cause its Subsidiaries to comply with, observe and perform all provisions and requirements of all policies of insurance at any time in force with respect to the Premises and required to be obtained and maintained by Tenant or any Tenant Subsidiary under the terms of paragraph 11 of this Lease. Tenant shall and shall cause its Subsidiaries to comply with all licenses and permits issued by governmental authorities in connection with the Premises (including licenses and permits relating to all waste water, storm water, water processing and other similar facilities, franchise agreements, Membership Contracts and any conditional use permits (collectively, "LICENSES")); provided, however, Landlord agrees, upon request of Tenant, to sign promptly and without a charge therefor (except as provided in the final sentence of this subparagraph) any applications or filings (1) for such licenses and permits as may be required by Legal Requirements for the conduct, operation or restoration of the Premises and the business to be conducted therein in accordance with the terms hereof, and (2) for the maintenance of the existing zoning for each Site to continue to permit Tenant's use thereof, in both cases where the signature of Landlord is required by Legal Requirements in force at the time. All reasonable costs incurred by Landlord in connection with obtaining any such licenses and permits and zoning matters shall be borne by

Tenant. With respect to the Site commonly known as Pio Pico, Tenant shall use commercially reasonable efforts to cause the use permit benefiting the north side of the Site to be renewed or reissued.

(b) If Tenant shall at any time fail to pay any Imposition in accordance with the provisions of paragraphs 6 or 26 of this Lease, or to take out, pay for, maintain and deliver any of the insurance policies or certificates of insurance provided for in paragraph 11 of this Lease, or shall fail to make any other payment or perform any other act on its part to be made or performed hereunder, then Landlord, after five (5) Business Days prior written notice to Tenant (or without notice in situations where Landlord determines that delay is likely to cause harm to Landlord's interest in the Premises), and without waiving or releasing Tenant from any obligation of Tenant contained in this Lease, may (but shall be under no obligation to do so):

(i) pay any Imposition payable by Tenant pursuant to this Lease; or

(ii) make any other payment or perform any other act on Tenant's part to be paid or performed hereunder which Tenant shall not have paid or performed within the time required therefor, except that any time permitted to Tenant to perform any act required by this paragraph shall be extended for such reasonable period not to exceed three hundred sixty-five (365) days as may be necessary to effectuate such performance, provided throughout such time Tenant is continuously, diligently and in good faith prosecuting such performance.

(c) Tenant acknowledges that (1) Landlord's interest in the Non-Fee Sites is that of the subtenant under the Non-Fee Occupancy Agreements, true, correct and complete copies of which have been delivered to Tenant, (2) Landlord's interest in all of the Sites is that of the tenant under the Master Lease, true, correct and complete copies of which have been delivered to Tenant and (3) pursuant to this Lease, Tenant is effectively subleasing Landlord's interest as the subtenant under the Non-Fee Occupancy Agreements and the tenant under the Master Lease. Tenant hereby covenants and agrees to perform and comply in all material respects with all of the obligations of the tenant under the Non-Fee Occupancy Agreements during the Term of this Lease.

(d) Landlord hereby grants to Tenant an exclusive license and authority solely to enforce Landlord's rights as the tenant or subtenant of the Premises, as applicable, under the terms and conditions of the Non-Fee Occupancy Agreements and the Licenses. Tenant shall comply with Landlord's obligations as tenant or subtenant of the Premises, as applicable, under the Non-Fee Occupancy Agreements and the Licenses; provided, however, Landlord agrees, upon request of Tenant, to sign promptly and without a charge therefor (except as provided in the final sentence of this subparagraph) any documents, applications or filings for the Non-Fee Occupancy Agreements and/or Licenses as may be required from time to time for the conduct, operation or restoration of the Premises and the business to be conducted therein in accordance with the terms hereof. All reasonable costs incurred by Landlord in connection with obtaining any such documents, licenses and permits shall be borne by Tenant.

(e) Landlord may enter upon the Premises for any such cure purpose set forth in this paragraph 12 and take all such action in or on the Premises as may be necessary therefor pursuant to this paragraph 12. All sums, reasonable under the circumstances, actually paid by Landlord and all costs and expenses, including attorney's fees, incurred by Landlord in

connection with the performance of any such act, together with interest thereon at the Overdue Rate and an equal to five percent (5%) of all such costs and expenses, shall be paid by Tenant to Landlord on demand and submission of reasonable evidence of such expenditures. Landlord shall not be limited in the proof of any damages which Landlord may claim against Tenant arising out of or by reason of Tenant's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or incurred by Tenant, and which would have been payable upon such insurance, but Landlord shall also be entitled to recover, as damages for any such breach, the uninsured amount of any loss, damages, costs and expenses of suit, including attorney's fees, suffered or incurred by reason of damage to or destruction of the Premises or Underlying Premises, or any portion thereof or other damage or loss which Tenant is required to insure against hereunder, occurring during any period when Tenant shall have failed or neglected to provide insurance as aforesaid.

(f) Tenant shall have the right under this Lease to abandon any Site or Sites subject to this Lease, provided such abandonment does not violate any Membership Contracts or applicable Legal Requirements, and so long as during such period of abandonment, (i) Tenant continues to pay Rent and maintain the Premises at such Sites in accordance with this Lease, (ii) Tenant maintains a security system and performs regular inspections of such Sites and (iii) Tenant provides Landlord with the right to inspect such Sites on an annual basis and Tenant pays for the costs of such inspections.

13. PARTIAL TAKING

If less than substantially all of any Site shall be taken for public or quasi-public purposes, Tenant shall promptly, at its sole cost and expense, restore, repair, replace or rebuild the improvements so taken in conformity with the requirements of paragraph 9 of this Lease as nearly as practicable to the condition, size, quality of workmanship and market value thereof immediately prior to such taking, without regard to the adequacy of any condemnation award for such purpose. There shall be no abatement of Rent during any such period of restoration. In performing its obligations, Tenant shall be entitled to all condemnation proceeds made available to Landlord for restoration or repair of the Premises under the same terms and conditions for disbursement set forth for casualty proceeds in paragraph 10 of this Lease, including such proceeds being made available by Mortgagee. Tenant shall, at its sole cost and expense, negotiate and, if necessary, litigate, the amount of the award, and Landlord shall have the right to participate in such process, and if Tenant fails to diligently prosecute such efforts, Landlord may (at its option) take control of the process. Any condemnation proceeds in excess of the amounts as are made available to Tenant for restoration or repair of the Premises shall be the sole and exclusive property of Landlord. Tenant shall have the right to participate in condemnation proceedings with Landlord, and shall be entitled to receive any award made by the condemning authority in respect of business loss or, if available, business relocation and any other claim permitted by law which does not, in any such case, diminish Landlord's recovery.

14. SUBSTANTIAL TAKING

If an entire Site or a substantial part of a Site, or access thereto, shall be taken or condemned by any competent authority for any public or quasi-public use or purpose, or, as a result of such taking, the use of such Site shall be materially adversely affected, the Term of this Lease (with respect to such affected Site only) shall end upon and not before the date when the

possession of the part so taken shall be required for such use and, except as otherwise provided herein, without apportionment of the award to or for the benefit of Tenant. If this Lease is terminated with respect to any Site pursuant to this Article, Fixed Rent at the then-current rate shall be apportioned as of the date of the termination in the notice. Landlord shall be entitled to receive the entire award or payment in connection therewith, except that Tenant shall have the right to file any claim available to Tenant under applicable Law for any taking of leasehold improvements paid for by Tenant and any Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Term and for moving expenses, provided that such separate award shall not reduce the award or judgment recoverable by Landlord.

If the temporary use or occupancy of all or any part of any Site shall be taken by condemnation during the Term, this Lease shall be and remain unaffected by such condemnation, and Tenant shall continue to pay in full the Rent payable hereunder. In the event of any such temporary taking for use or occupancy of all or any part of such Site, Tenant shall be entitled to appear, claim, prove and receive the portion of the award for such taking that represents compensation for use or occupancy of such Site during the period of such temporary taking and Landlord shall be entitled to appear, claim, prove and receive the portion of the award that represents the costs of restoration of such Site and the use or occupancy of such Site after the end of the period of such temporary taking.

15. DEFAULT: EVENTS OF DEFAULT

The occurrence of any one or more of the following events ("EVENT OF DEFAULT") shall constitute a breach of this Lease by Tenant:

(a) Tenant fails to pay any Fixed Rent as and when such Fixed Rent becomes due, and such failure continues for five (5) Business Days after Landlord gives written notice thereof to Tenant; or

(b) Tenant fails to pay any Additional Rent as and when such Additional Rent becomes due and payable and such failure continues for more than five (5) Business Days after Landlord gives written notice thereof to Tenant; or

(c) The entering of a non-appealable final judgment that Tenant has breached its indemnification obligations under the Merger Agreement; provided however, that prior to the appeal by Tenant of any judgment holding that Tenant has breached an indemnification obligation under the Merger Agreement, Tenant shall be required to post bond in the amount of such judgment or, at the election of Tenant, provide a letter of credit in favor of Landlord for such amount; or

(d) Tenant fails to perform its obligations under or breaches any agreement or covenant contained in any part of paragraph 25, paragraph 31 and subparagraphs 38(a) through (e) of this Lease; and, even if not specifically so provided therein, a breach by any Subsidiary of the aforementioned shall constitute an Event of Default; or

(e) Tenant or any of Tenant's Subsidiaries fails to perform or breaches any agreement or covenant of this Lease not separately covered in this paragraph 15 to be performed or observed by Tenant or any of Tenant's Subsidiaries as and when performance or observance is

due and such failure or breach continues for more than thirty (30) calendar days after Landlord gives written notice thereof to Tenant; provided, however, that if, by the nature of such agreement or covenant, such failure or breach cannot reasonably be cured within such period of thirty (30) calendar days, an Event of Default shall not exist as long as Tenant or such Tenant Subsidiary commences with due diligence and dispatch the curing of such failure or breach within such period of thirty (30) calendar days and, having so commenced, thereafter prosecutes with diligence and dispatch and completes the curing of such failure or breach within a reasonable time not to exceed one hundred eighty (180) calendar days, except with respect to regulatory compliance matters, when such cure must be completed within three hundred sixty-five (365) calendar days; or

(f) Tenant, any Guarantor or any of Tenant's Subsidiaries (i) files, or consents by answer or otherwise to the filing against Tenant, any Guarantor or any of Tenant's Subsidiaries of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (ii) makes an assignment for the benefit of Tenant's, any Guarantor's or any of Tenant's Subsidiaries' creditors, (iii) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Tenant, any Guarantor, any of Tenant's Subsidiaries or of any substantial part of Tenant's, any Guarantor's or any of Tenant's Subsidiaries' property, or (iv) takes any action for the purpose of any of the foregoing; or

(g) A court or government authority enters an order, and such order is not stayed or vacated within sixty (60) calendar days, (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Tenant, any Guarantor, any Tenant Subsidiary or with respect to any substantial part of Tenant's or any Tenant Subsidiary's property, or (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy, insolvency or other debtors' relief law of any jurisdiction, or (iii) ordering the dissolution, winding-up or liquidation of Tenant, Guarantor or any Tenant Subsidiary; or

(h) Tenant fails to pay any insurance premiums when due or otherwise fails to continuously maintain all insurance required to be maintained by Tenant in accordance with the terms and conditions of this Lease; or

(i) Any Guarantor or Tenant or anyone claiming on behalf of either party asserts any claim that the Guaranty is not then in full force and effect; or

(j) An "Event of Default" occurs and is continuing under the Guaranty, the Subsidiary Guaranty, the Guarantor Pledge, the Subsidiary Pledge or the Tenant Pledge.

Landlord may treat the occurrence of any one or more of the foregoing Events of Default as a breach of this Lease. For so long as such Event of Default continues, Landlord, at its option and with or without notice or demand of any kind to Tenant or any other Person, shall have only the remedies provided in paragraph 16 of this Lease.

16. REMEDIES

(a) Upon the occurrence of an Event of Default under paragraph 15(a), 15(b) and/or 15(c) of this Lease, Landlord must first exercise either of the remedies described in paragraphs

(i) or (ii) below before Landlord may exercise the remedies set forth in paragraph 16(b) below. Upon the occurrence of an Event of Default under paragraphs 15(a), 15(b) and/or 15(c) of this Lease, Landlord shall have the right to elect, by giving written notice of such election to Tenant ("LANDLORD'S REMEDY NOTICE"), either of the remedies set forth in items (i) and (ii) below:

(i) Landlord shall cause the equity interests in MHC T1000 Trust, a Maryland real estate investment trust (the "TRUST"), to be sold to Tenant, and Tenant shall purchase such equity interests in accordance with the terms and conditions on Exhibit R attached hereto, for a purchase price payable in immediately available funds equal to \$224,000,000.00 plus any accrued and unpaid Rent, at a closing to be held on the sixtieth (60th) day following Tenant's receipt of Landlord's Remedy Notice; provided, however, that Landlord may sell the Underlying Premises to Tenant pursuant to an asset purchase transaction in accordance with the terms and conditions on Exhibit R attached hereto, if such asset purchase transaction does not result in adverse tax or other consequences to Landlord or any of its affiliates as compared to a sale of all of the equity interests in the Trust in Landlord's sole discretion; or

(ii) Landlord shall purchase in accordance with the terms and conditions on Exhibit S attached hereto Tenant's Assets (including the assets of all direct or indirect Subsidiaries) and Tenant shall sell and convey all such Tenant's Assets for a purchase price payable in immediately available funds equal to sixty percent (60%) of the Fair Market Value thereof as of the time of purchase of such Tenant's Assets being acquired, less any accrued and unpaid Rent ("ASSET PURCHASE PRICE"), at a closing to be held on the sixtieth (60th) day following Tenant's receipt of Landlord's Remedy Notice (together, items (i) and (ii), the "PUT/CALL").

The determination of Fair Market Value of Tenant's Assets being sold under paragraph 16(a)(ii) shall be made in accordance with the following procedures:

(A) Fair Market Value of Tenant's Assets shall be determined by the agreement of two (2) appraisers (each, an "INITIAL APPRAISER"), one of which shall be selected by Landlord and the other of which shall be selected by Tenant as set forth in this paragraph 16(a). Landlord shall identify in writing, as part of Landlord's Remedy Notice, the Initial Appraiser selected and retained by Landlord and specifically identify such Initial Appraiser's name, address, phone number and qualifications as an appraiser. Within five (5) calendar days after Tenant's receipt of Landlord's Remedy Notice, Tenant shall select its Initial Appraiser and notify Landlord in writing of the name, address, phone number and qualifications of such appraiser. Within three (3) calendar days after Landlord receives from Tenant such notice of Tenant's Initial Appraiser, each of Landlord and Tenant shall direct, in writing with a copy to the other party, its Initial Appraiser to work with the other party's Initial Appraiser to endeavor to determine and reach agreement upon the Fair Market Value of Tenant's Assets as required by this Lease, and thereafter to deliver in writing to Landlord and Tenant within twenty (20) calendar days (such period, the "VALUATION PERIOD") the agreed-upon Fair Market Value (the "VALUATION Notice"). The costs and expenses of each Initial Appraiser shall be paid by the party selecting such Initial Appraiser. If Tenant fails to identify in writing an Initial Appraiser as required by this paragraph 16(a), Landlord shall identify an Initial Appraiser on behalf of

Tenant; provided, however, Tenant shall be liable for the costs and expenses of such Initial Appraiser identified on Tenant's behalf by Landlord as if Tenant had selected such Initial Appraiser.

(B) If the Initial Appraisers are not able to reach agreement upon the Fair Market Value of Tenant's Assets within the Valuation Period, within two (2) calendar days after the end of the Valuation Period each Initial Appraiser shall deliver a written notice to Landlord, Tenant and the other Initial Appraiser setting forth (i) such Initial Appraiser's valuation of the Fair Market Value of Tenant's Assets (each, an "INITIAL VALUATION") and (ii) the name, address, phone number and qualifications of a third appraiser selected jointly by the Initial Appraisers (the "THIRD APPRAISER"). The Initial Appraisers shall, in writing with a copy to Landlord and Tenant, direct the Third Appraiser (or substitute Third Appraiser) to determine a valuation of the Fair Market Value of Tenant's Assets, as required by this Lease, and to deliver in writing to Landlord, Tenant and the Initial Appraisers such valuation (the "Third Valuation") within twenty (20) calendar days of the date of the written direction retaining such Third Appraiser. The Fair Market Value of Tenant's Assets shall be the arithmetic mean of (A) the Third Valuation and (B) the Initial Valuation closer to the Third Valuation. If the Third Valuation is exactly between the two Initial Valuations, then the Fair Market Value of Tenant's Assets shall be the Third Valuation. If the Initial Appraisers are unable to agree upon the designation of a Third Appraiser within the requisite time period or if the Third Appraiser selected does not make a valuation of the Fair Market Value of Tenant's Assets within twenty (20) calendar days after being directed by the Initial Appraisers, then such Third Appraiser or a substitute Third Appraiser, as applicable, shall, at the request of Landlord or Tenant, be appointed by the President or Chairman of JAMS in the Chicago, Illinois metropolitan area. The costs and expenses of the Third Appraiser (and substitute Third Appraiser and JAMS, if applicable) shall be divided evenly between, and paid for by, Landlord and Tenant.

(C) All appraisers selected or appointed pursuant to this paragraph 16(a) shall be independent qualified appraisers. Such appraisers shall have no right, power or authority to alter or modify the provisions of this Lease, and such appraisers shall determine the Fair Market Value of Tenant's Assets as required by this Lease.

(D) Notwithstanding the foregoing, if Landlord and Tenant are able to agree upon the Fair Market Value of Tenant's Assets, prior to the date on which the Fair Market Value of Tenant's Assets is to be determined in accordance with this paragraph 16(a)(ii), then Landlord and Tenant shall execute an agreement setting forth such agreed-upon Fair Market Value of Tenant's Assets, and waiving each party's right to have the Fair Market Value of Tenant's Assets determined in accordance with the other procedures set forth in this paragraph 16(a).

If Landlord causes the sale of the equity interests in the Trust, or the sale of the Underlying Premises pursuant to an asset purchase transaction as set forth in paragraph 16(a)(i), above, Landlord or Landlord's affiliate shall not transfer to Tenant the Excess Land, but shall

retain ownership thereof. Tenant's failure to perform its obligations pursuant to the Put/Call shall constitute a breach of this Lease and shall be referred to herein as a "PUT/CALL DEFAULT".

(b) Upon the occurrence of a Put/Call Default or an Event of Default described in paragraphs 15(f) or 15(g) of this Lease, Landlord shall, in addition to, and not in derogation of, any remedies for any preceding breach, with or without notice or demand (except as otherwise expressly provided herein) and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such Put/Call Default or an Event of Default described in paragraphs 15(f) or 15(g) of this Lease, have the right to cause all of Tenant's Assets and the equity interests in Tenant to be transferred and assigned to Landlord through appropriate judicial remedies, including pursuant to the following available remedies:

(i) Landlord shall have the right to terminate Tenant's right to possession of the Premises and repossess the Premises by any lawful means without terminating this Lease.

(ii) Landlord shall have the right at any time to give a written termination notice to Tenant and, on the date specified in such notice, Tenant's right to possession of the Premises shall terminate and this Lease shall terminate. Upon such termination, Landlord shall have the right to recover from Tenant:

(A) The worth at the time of determination of all unpaid Rent which had been earned at the time of termination;

(B) The worth at the time of determination of the amount of all unpaid Rent for the balance of the then-Term of this Lease after the time of termination excluding the potential Lease term under any unexercised options for any Extension Terms, reduced only to the extent of net rental proceeds actually received from any subsequent replacement tenant(s) for any Site; provided, however, except to the extent the state statutes or common law applicable to any Site requires Landlord to mitigate its damages arising from an Event of Default by Tenant under this Lease, from and after any such Event of Default, Landlord shall have no duty to mitigate its damages by re-letting, or attempting to re-let, any Site to any replacement tenant(s); and

(C) All other amounts necessary to compensate Landlord for all of the detriment proximately caused by Tenant's failure to perform all of Tenant's obligations under this Lease or which in the ordinary course of events would be likely to result therefrom. The "worth at the time of determination" of the amounts referred to in clause (A) above shall be computed by allowing interest at the Per Diem Late Charge. The "worth at the time of determination" of the amount referred to in clause (B) above shall be computed by discounting such amount to present value by using the discount rate equal to the then Treasury Rate. For the purpose of determining unpaid Rent under clauses (A) and (B) above, the Rent reserved in this Lease shall be deemed to be the total Rent payable by Tenant under paragraph 5 of this Lease.

(iii) Even if Landlord terminates Tenant's right to possession under this Lease, this Lease shall continue in effect and Landlord shall have the right to enforce all its rights and

remedies under this Lease, including the right to recover all Rent as it becomes due under this Lease. Landlord shall be entitled to an administrative fee of five percent (5%) of all amounts expended under this paragraph 16(b).

(iv) All amounts owed by Tenant to Landlord following a Put/Call Default or Event of Default described in paragraphs 15(f) or 15(g) of this Lease can be used by Landlord in pursuing its claims against Guarantors under the Guaranty and enforcement of all obligations, rights and remedies under (1) the Guaranty, (2) the Guarantor Pledges, (3) the Subsidiary Guaranties against the appropriate Subsidiaries, (4) the Subsidiary Pledges, and (5) the Tenant Pledge, including realizing on all collateral set forth in any such documents in accordance with the terms of such documents.

(v) If Landlord commences any remedy under this paragraph 16(b), Landlord shall continually prosecute such remedy to the fullest extent permitted under this Lease, the Guaranty, the Guarantor Pledges, the Subsidiary Guaranties, the Subsidiary Pledges, the Tenant Pledge and all applicable laws, such that Landlord or Landlord's affiliate shall become the sole owner of Tenant's Assets.

(c) Upon the occurrence of an Event of Default under paragraphs 15(d), (e), (h), (i), or (j) of this Lease, (1) Landlord shall be entitled to receive and Tenant shall pay the Per Diem Late Charge for each day such Event of Default remains outstanding, payable promptly, and in any event within three (3) Business Days following Landlord's written demand to Tenant for payment thereof, and (2) Landlord shall have all other rights set forth in paragraph 31(g) of this Lease.

(d) All agreements and covenants to be performed or observed by Tenant under this Lease shall be at Tenant's sole cost and expense and without any abatement of Fixed Rent or Additional Rent. If Tenant fails to pay any sum of money to be paid by Tenant or to perform any other act to be performed by Tenant under this Lease as and when due or required to be performed, Landlord shall have the right, but shall not be obligated, and without waiving or releasing Tenant from any obligations of Tenant, to, upon five (5) Business Days prior notice to Tenant, make any such payment or to perform any such other act on behalf of Tenant in accordance with this Lease. All sums so paid by Landlord and all necessary incidental costs shall be deemed Additional Rent hereunder and shall be payable by Tenant to Landlord on demand, together with interest on all such sums from the date of expenditure by Landlord to the date of repayment by Tenant at the Overdue Rate. Landlord shall have, in addition to all other rights and remedies of Landlord, the same rights and remedies in the event of the nonpayment of such sums (plus interest at the Overdue Rate) by Tenant as in the case of default by Tenant in the payment of Rent.

(e) Landlord shall be entitled to collect from Tenant Landlord's reasonable costs and expenses, including attorneys' fees and expenses, in connection with the enforcement of its remedies and/or the defense of any matter, including during an appeal and whether suit is actually filed or not.

(f) Upon the occurrence of and during the continuance of a Put/Call Default and/or an Event of Default, Landlord shall have the right to commence an action in any court of competent jurisdiction located in the State of Illinois for the purpose of adjudicating the Put/Call

Default and/or Event of Default and any or all of Landlord's rights and remedies under this Lease related to each. Tenant hereby consents to the exercise of personal jurisdiction over Tenant in any such court in Illinois and consents to Illinois as the choice of venue. Upon adjudication of Landlord's rights under this Lease, Landlord, at its option, shall have the right to file additional actions in any and all States or Canadian Provinces in which the Sites are located for the purpose of enforcing Landlord's rights under this Lease, including obtaining orders of possession for the Site or Sites located in such State or Canadian Provinces.

17. SUBORDINATION

(a) Subordination, Non-Disturbance. Tenant agrees at any time hereafter, and from time to time within ten (10) Business Days of written request of Landlord, to execute and deliver to Landlord a subordination, non-disturbance and attornment agreement substantially in the form attached hereto as Exhibit D (such instrument, release, document or agreement is herein called the "SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT"), subjecting and subordinating this Lease to the lien of any Mortgage which at any time may be placed upon the Premises or Underlying Premises, or any portion thereof, by Landlord, and to any replacements, renewals, amendments, consolidations, modifications, extensions or refinancings thereof. It is agreed, nevertheless, that so long as there exists no Put/Call Default or Event of Default under paragraphs 15(f) or 15(g) of this Lease, such Subordination, Non-Disturbance and Attornment Agreement shall not interfere with, hinder or reduce the right of Tenant to continue to occupy the Premises, and all portions thereof, to exercise Tenant's rights pursuant to the Stock Purchase Agreement and to conduct its business thereon in accordance with the covenants, conditions, provisions, terms and agreements of this Lease. The costs of preparing and recording any such document shall be borne by Landlord, but Tenant shall be responsible for its own counsel fees.

(b) Mortgagee Protection Clause. In the event of any act or omission of Landlord constituting a default by Landlord hereunder, Tenant shall not exercise any remedy until Tenant has given Landlord and any Mortgagee of the Premises or Underlying Premises written notice of such act or omission, and until a reasonable period of time (not less than ten (10) Business Days) to allow Landlord or Mortgagee to remedy such act or omission shall have elapsed following receipt of such notice. However, if such act or omission cannot, with due diligence and in good faith, be remedied within such period or cannot be cured simply by the payment of money, Landlord and Mortgagee shall be allowed such further period of time as may be reasonably necessary provided that either such party commences remedying the same with due diligence and in good faith and thereafter diligently prosecutes such cure, provided such cure period shall not extend beyond two hundred seventy (270) calendar days after the receipt of notice of such default. Nothing herein contained shall be construed or interpreted as requiring any Mortgagee receiving such notice to remedy such act or omission.

(c) Attornment. If any Mortgagee shall succeed to the rights of Landlord under this Lease or to ownership of the Premises or Underlying Premises, whether through possession or foreclosure or the delivery of a deed to the Premises or Underlying Premises in lieu of foreclosure, then such Mortgagee shall automatically be deemed to have recognized this Lease and to assume the obligations of Landlord hereunder accruing on and after the date such Mortgagee acquires title to the Premises or Underlying Premises, and Tenant shall attorn to and recognize such Mortgagee as Tenant's landlord under this Lease and shall promptly execute and deliver any instrument consistent with the Subordination, Non-Disturbance and Attornment

Agreement that such Mortgagee may reasonably request to evidence such attornment (whether before or after the making of the Mortgage). In the event of any other transfer of Landlord's interest hereunder, such transferee shall automatically be deemed to have recognized this Lease and to assume the obligations of Landlord hereunder accruing on and after the date of such transfer, and Tenant shall attorn to and recognize such transferee as Tenant's landlord under this Lease and shall promptly execute and deliver any instrument consistent with the Subordination, Non-Disturbance and Attornment Agreement that such transferee and Landlord may reasonably request to evidence such attornment.

(d) Acknowledgement. Upon ten (10) calendar days' advance written notice, Tenant agrees to execute, acknowledge and deliver a document acknowledging the assignment by Landlord of this Lease to a Mortgagee, in a commercially reasonable form then approved by institutional lenders, with such changes therein as may be reasonably requested by the Mortgagee.

18. LANDLORD'S RIGHT OF ENTRY; INDEMNIFICATION

(a) Landlord, Mortgagee, and their respective designees shall have the right to enter the Premises, and any part thereof, at any time during normal business hours on two (2) Business Days' advance notice and to inspect the same, post notices of non-responsibility, monitor construction, perform appraisals, perform environmental site assessments and engineering studies, and, during the last twenty-four (24) months of the Term or at any time after an Event of Default, exhibit the Premises or any Site to prospective purchasers and mortgagees, and examine Tenant's books and records pertaining to the Premises, insurance policies, certificates of occupancy and other documents, records and permits in Tenant's possession with respect to the Premises, all of which shall be customary and adequate and reasonably satisfactory to Landlord.

(b) Landlord hereby indemnifies and agrees to defend and hold harmless Tenant and its partners or members, partners or members of such partners and members, and their respective heirs, executors, administrators, personal or legal representatives, successors and assigns from and against any and all claims, expenses, costs, damages, losses and liabilities (including reasonable attorneys' fees), on an After-Tax Basis, with respect to physical damage or personal injury to the extent resulting from Landlord's or its agents' or representatives' action on the Premises, which may at any time be asserted against or suffered by Tenant as a result of, on account of, or arising from Landlord or its agents or representatives entering the Premises pursuant to the terms of this Lease.

19. LEASEHOLD MORTGAGES.

(a) Leasehold Mortgages Permitted; Notice to Landlord. Tenant shall have the right, without Landlord's consent, to mortgage its interest under this Lease by means of a Leasehold Mortgage to a Leasehold Mortgagee, for any amounts and upon any terms, including term of loan, interest rates, payment terms (including balloon or amortizing loans), prepayment privileges or other restrictions as may be desired by Tenant, provided that (i) at the time of making such Leasehold Mortgage, there is no existing or unremedied Put/Call Default or Event of Default, (ii) the Leasehold Mortgagee satisfies the criteria for an assignee of the Lease as set forth in paragraph 25(b) of this Lease (other than and specifically excluding subitems (3) and (4) thereof which do not have to be satisfied unless and until such Leasehold Mortgagee becomes

a successor to Tenant's interest under this Lease) and (iii) within ten (10) Business Days after the execution and delivery of any such Leasehold Mortgage, the requirements of paragraph 19(b) are satisfied. Notwithstanding the foregoing, no Leasehold Mortgage shall extend to or affect all or any portion of Landlord's interest in the Premises.

(b) Requirements for Effective Notice. Landlord shall not be deemed to have notice of any Leasehold Mortgage, of any amendment to supplement, modify, renew, replace or extend the same or of any assignment thereof, nor shall Landlord have any duty or obligation with respect thereto, unless and until (i) a copy of the original of such Leasehold Mortgage, amendment or assignment, as the case may be, and all other material loan documents related to the loan made by such Leasehold Mortgagee to Tenant, including evidence that all of Tenant's assets are pledged to such Leasehold Mortgagee (subject to any pledges thereof to Landlord) certified by the Leasehold Mortgagee as being a true, correct and complete copy thereof, are delivered to Landlord, and (ii) written notice containing the name and address of the Leasehold Mortgagee or assignee of such Leasehold Mortgagee, as the case may be, is given to Landlord in the manner provided in paragraph 32 of this Lease. If any Leasehold Mortgage is held by more than one Person, the foregoing provisions of this Lease requiring Landlord to give notices or copies of notices to the Leasehold Mortgagee shall not be binding on Landlord unless and until all of the holders thereof shall give Landlord a written notice executed by all such holders, in a recordable form, designating one Person to whom all notices for all such holders shall be given, as agent for all such holders.

(c) Leasehold Mortgagee's Consent to Certain Actions Required. Except as otherwise provided in paragraph 15 of this Lease and this paragraph 19, effective upon Landlord's receipt of notice of a Leasehold Mortgage meeting the requirements of this paragraph 19, Landlord agrees it will not amend or modify in any material respect this Lease without the prior written consent of the Leasehold Mortgagee under any Leasehold Mortgage, which consent shall not be unreasonably withheld, so long as such Leasehold Mortgage shall remain in effect.

(d) Notices to Leasehold Mortgagees. So long as any Leasehold Mortgage remains a lien on Tenant's leasehold estate hereunder, Landlord will endeavor to give a duplicate copy of any notice to Tenant of any Event of Default or notice of termination pursuant to paragraph 15 of this Lease to the Leasehold Mortgagee (or agent therefor, as applicable) who shall have given notice of its Leasehold Mortgage to Landlord pursuant to this paragraph 19, concurrently with the giving of any notice to Tenant of any Event of Default or Landlord Remedy Notice. Failure to do so shall not constitute a failure to give notice to Tenant. However, no such notice to Tenant shall be effective as against such Leasehold Mortgagee unless and until a copy of such notice is given to such Leasehold Mortgagee in the manner provided pursuant to paragraph 32 of this Lease with respect to notices to Landlord and Tenant, except that the address for such notice to such Leasehold Mortgagee shall be the address provided to Landlord pursuant to this paragraph 19.

(e) Rights to Perform Tenant's Obligations and Cure Tenant's Defaults. Leasehold Mortgagee will be afforded the right, but shall not be obligated, to perform any term, covenant or condition of this Lease to be performed by Tenant, and in addition, will have the right, but not the obligation, during a period of time equal to the cure period given Tenant pursuant to paragraph 15 of this Lease, if any, for remedying the Event of Default or causing the same to be remedied pursuant to paragraph 15 of this Lease. Landlord shall accept such performance on the

part of such Leasehold Mortgagee as though the same had been done or performed by Tenant. Notwithstanding the foregoing, if any such Event of Default is incapable of being cured by such Leasehold Mortgagee by the payment of money, such Leasehold Mortgagee's rights shall be governed by paragraphs 19(f) and (g) of this Lease.

(f) Temporary Waiver of Landlord's Right to Terminate Lease and Other Rights. Landlord shall not exercise its right pursuant to paragraph 16 of this Lease to terminate this Lease by reason of any Put/Call Default or Event of Default under paragraphs 15(f) or 15(g) of this Lease that is incapable of being cured by the payment of money and that by its nature may be cured by a Leasehold Mortgagee only after obtaining possession of the Premises, or any portion thereof, or by foreclosing its Leasehold Mortgage and related documents, in any such case, provided (i) the Leasehold Mortgagee notifies Landlord of its intent to obtain possession or to foreclose its Leasehold Mortgage, as the case may be, and other liens and security interests from or related to Tenant within the time period, if any, afforded under paragraph 19(e) of this Lease to such Leasehold Mortgagee to cure any such Event of Default to enable such Leasehold Mortgagee to acquire all of Tenant's Assets; and (ii) thereafter the Leasehold Mortgagee (w) proceeds promptly and continues with due diligence to prosecute its remedies under its Leasehold Mortgage and other liens and security interests from or related to Tenant and to obtain the possession needed to cure such Event of Default or to foreclose its Leasehold Mortgage and other liens and security interests from or related to Tenant, (x) complies with paragraph 19(i) below, (y) pays to Landlord the Rent and all other charges required to be paid by Tenant under this Lease that have accrued to the date of the notice given by the Leasehold Mortgagee to Landlord pursuant to this paragraph 19(f) but remain unpaid, and (z) pays when due all Rent and all other charges thereafter becoming due and payable by Tenant under this Lease until such time as Tenant no longer is the owner of Tenant's leasehold estate or Tenant's Assets. In such event, Landlord shall not be deemed to have failed to use reasonable efforts to, nor shall Landlord be obligated to attempt, to mitigate its damages as a result of any such Put/Call Default or Event of Default under paragraphs 15(f) or 15(g) of this Lease during the period of time such Leasehold Mortgagee is complying with the foregoing provisions of this paragraph 19(f).

(g) Rights Upon Termination of Lease by Landlord.

(i) Notice of Termination; New Lease. If Landlord elects to terminate this Lease prior to the stated Lease Expiration Date by reason of any Put/Call Default or Event of Default pursuant to paragraphs 15(f) or 15(g) of this Lease, that is incapable of being cured by the payment of money and that is incapable of being cured by any Leasehold Mortgagee pursuant to the provisions of paragraph 19(f) of this Lease, Landlord agrees to give prompt notice of such election to any Leasehold Mortgagee (such notice being herein called "LANDLORD'S TERMINATION Notice") specifying the nature of the Event of Default. In addition, at the request of Leasehold Mortgagee made within the time period provided in clause (A) of paragraph 19(g)(ii) below and subject to the provisions of this paragraph 19(g), Landlord shall enter into a new lease of the Premises ("NEW LEASE") with such Leasehold Mortgagee or, at the request of such Leasehold Mortgagee, with any purchaser at a foreclosure sale or assignee or transferee pursuant to an assignment or other transfer in lieu of foreclosure. Any such Leasehold Mortgagee, purchaser, assignee or transferee with whom Landlord enters into a New Lease is referred to herein as a "NEW TENANT." The New Tenant must be an entity otherwise meeting the criteria for an assignee of the Lease as set forth in paragraph 25 of this Lease. Any such New Lease shall commence as of the Lease Expiration Date as specified in Landlord's Termination

Notice, shall expire as of the Lease Expiration Date (as in effect without regard to the termination of the Lease as to Tenant), and shall require the New Tenant to pay rent equal to the Fixed Rent and all other types of Rent and other charges required to be paid by Tenant under this Lease and to perform all of the conditions, covenants, agreements, terms, provisions and limitations contained in this Lease.

(ii) New Lease Request. Notwithstanding the foregoing provisions of this paragraph 19(g), Landlord shall not be obligated to enter into a New Lease unless and until all of the following events have occurred: (A) the Leasehold Mortgagee makes a written request ("NEW LEASE REQUEST") to Landlord for the New Lease within thirty (30) days after Landlord gives such Leasehold Mortgagee Landlord's Termination Notice; (B) such New Lease Request is followed by a payment (made to Landlord within ten (10) days after being billed by Landlord) of all amounts due to Landlord under this Lease at the time of the New Lease Request; (C) the New Tenant at the time of the New Lease Request cures the Event of Default upon which such termination was based or, if such Event of Default cannot be cured by the payment of money, the New Tenant has reasonable and adequate capital, capital surplus or other financial resources to perform Tenant's obligations hereunder (as reasonably determined by Landlord) and agrees with Landlord at the time of the New Lease Request to proceed promptly and with due diligence to cure such Event of Default and, if possession of the Premises and Tenant's Assets is necessary to cure such Event of Default, to proceed upon the execution of the New Lease promptly and with due diligence to obtain the possession needed to cure such Event of Default or, if such Event of Default by its nature cannot be cured by the New Tenant with or without possession of the Premises or Tenant's Assets, the New Tenant agrees in writing to cooperate in good faith in any legal or other action taken by Landlord to compel Tenant or others to cure such Event of Default; and (D) the New Tenant pays or causes to be paid to Landlord at the time of execution and delivery of the New Lease any and all sums that would be due under this Lease at the time of the execution and delivery of the New Lease and pays or causes to be paid to Landlord all expenses, including reasonable attorneys' fees, court costs and disbursements incurred by Landlord in connection with termination of this Lease as to Tenant and in connection with the execution and delivery of the New Lease.

(iii) Priority of New Lease. Any New Lease made pursuant to this paragraph 19(g) shall be prior in right to any Mortgage or other lien, charge or encumbrance on Landlord's interest in the Premises created by Landlord after the date of this Lease. Notwithstanding any other provision contained in this Lease, Landlord shall not be obligated to deliver physical possession of the Premises to the New Tenant and a failure by the New Tenant to obtain possession of the same, or any portion thereof, shall not subject Landlord to any damages, nor shall there be any abatement of Rent by reason thereof. However, upon the request of the New Tenant (at such New Tenant's sole cost and expense) Landlord will join and cooperate with such New Tenant in any suit brought to secure such possession.

(h) Rights Inure to Leasehold Mortgagee. Notwithstanding anything to the contrary contained in this paragraph 19, this paragraph 19 and all rights and benefits hereunder shall be solely for the benefit of any Leasehold Mortgagee hereunder, and its successors and assigns, and no such rights or benefits shall inure to Tenant or its successors and assigns.

(i) Foreclosure by Leasehold Mortgagee. If Leasehold Mortgagee elects to foreclose its Leasehold Mortgage following a default or event of default thereunder, Leasehold Mortgagee

must simultaneously foreclose and take control of all of Tenant's Assets, including all Membership Contracts, and become obligated to Landlord and Landlord's affiliates and shall enter into such documentation as reasonably required by Landlord in order to provide Landlord and Landlord's affiliates all rights, benefits and security interests currently granted under the Lease, the Guarantor Pledge, the Guaranty, the Tenant Pledge, the Subsidiary Guaranty and the Subsidiary Pledge.

20. ESTOPPEL CERTIFICATE; FINANCIAL DATA

(a) At any time and from time to time, but no more often than three (3) times per Lease Year, Tenant shall, within ten (10) Business Days after written request by Landlord, execute, acknowledge and deliver to Landlord a certificate certifying: (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the date and nature of each modification); (b) the Commencement Date and the Lease Expiration Date determined in accordance with paragraph 4 or this Lease and the Basic Lease Information, and the date, if any, to which all Rent and other sums payable hereunder have been paid; (c) the amount of Fixed Rent currently payable monthly; (d) that no notice has been received by Tenant of any default by Tenant hereunder which has not been cured, except as to defaults specified in such certificate; (e) that to Tenant's actual knowledge, Landlord is not in default under this Lease, except as to defaults specified in such certificate; and (f) such other matters as may be reasonably requested by Landlord or any actual or prospective purchaser or mortgage lender. Any such certificate may be relied upon by Landlord and any actual or prospective purchaser or mortgage lender of the Premises, Underlying Premises, or any part thereof.

(b) Tenant shall deliver to Landlord and to any actual or prospective purchaser or mortgage lender designated by Landlord the following information (A) within one hundred twenty (120) days after the end of each fiscal year of Tenant: an audited consolidated and consolidating balance sheet of Tenant and Tenant's Subsidiaries as at the end of such fiscal year, an audited consolidated and consolidating statement of profits and losses of Tenant and Tenant's Subsidiaries for such fiscal year, and an audited statement of cash flows of Tenant and Tenant's Subsidiaries for such fiscal year, setting forth in each case, in comparative form, the corresponding figures for the preceding fiscal year in reasonable detail and scope and certified by independent certified public accountants of recognized national standing selected by Tenant; (B) within forty-five (45) days after the end of each of the first three (3) fiscal quarters of Tenant a balance sheet of Tenant and Tenant's Subsidiaries as at the end of such fiscal quarter, statements of profits and losses of Tenant and Tenant's Subsidiaries for such fiscal quarter and a statement of cash flows of Tenant and Tenant's Subsidiaries for such fiscal quarter, setting forth in each case, in comparative form, the corresponding figures for the similar quarter of the preceding fiscal year (or in the case of an interim balance sheet, to the end of the prior fiscal year), in reasonable detail and scope, and certified to be complete and accurate by a senior financial officer of Tenant having knowledge thereof; and (C) within thirty (30) days after the end of each month, consolidated balance sheets of Tenant and its Subsidiaries, as of the end of such month and the related consolidated statements of income and cash flow for such month and for the period from the beginning of the then current fiscal year of Tenant to the end of such month, the foregoing financial statements in each case being prepared in accordance with GAAP. Tenant's obligation to disclose information to an actual or prospective purchaser or a mortgage lender pursuant to this paragraph 20(b) is subject to Tenant's receipt of a confidentiality agreement in

form and substance reasonably acceptable to Tenant. Tenant shall deliver to Landlord (i) together with the annual financial statements described above, an annual Site operating expense statement for each Site in detail reasonably satisfactory to Landlord and certified to be complete and accurate by a senior officer of Tenant or Guarantor, and (ii) together with each quarterly financial statement described above, a Compliance Certificate duly executed by Tenant, in form and substance reasonably acceptable to Landlord, demonstrating compliance with the financial performance covenants contained in paragraph 38 of this Lease and setting forth the basis for such calculations with reasonable detail and specificity.

(c) Upon ten (10) Business Days prior written notice, but no more often than once per Lease Year, Tenant shall permit Landlord and its professional representatives to visit Tenant's offices, and discuss Tenant's affairs and finances with Tenant's senior management, and shall make available such information as Landlord may reasonably request bearing on Tenant, the Premises or this Lease as Tenant may maintain in the ordinary course of business. Landlord shall agree to maintain the confidentiality of (i) all nonpublic information provided to Landlord under this paragraph 20 and (ii) any other information designated by Tenant or Guarantor as "nonpublic".

21. MECHANICS' LIENS

(a) Except for liens created through the act of Landlord, Tenant shall not suffer or permit any mechanic's lien or other lien to be filed or recorded against the Premises or Underlying Premises, equipment or materials supplied or claimed to have been supplied to the Premises or Underlying Premises at the request of Tenant, or anyone holding the Premises, Underlying Premises, or any portion thereof, through or under Tenant. If any such mechanic's lien or other lien shall at any time be filed or recorded against the Premises or Underlying Premises, or any portion thereof, Tenant shall cause the same to be discharged of record or bonded over within thirty (30) calendar days after the date of filing or recording of the same.

(b) All materialmen, contractors, artisans, engineers, mechanics, laborers and any other Person now or hereafter furnishing any labor, services, materials, supplies, skill, machinery, fixtures or equipment to Tenant with respect to the Premises, or any portion thereof, are hereby charged with notice that they must look exclusively to Tenant to obtain payment for the same. Notice is hereby given that Landlord shall not be liable for any labor, services, materials, supplies, skill, machinery, fixtures or equipment furnished or to be furnished to Tenant upon credit, and that no mechanic's lien or other lien for any such labor, services, materials, supplies, skill, machinery, fixtures or equipment shall attach to or affect the estate or interest of Landlord's affiliates in and to the Underlying Premises or the estate or interest of Landlord in and to the Premises, or any portions thereof.

22. END OF TERM

(a) Except as provided in paragraph 22(f), upon the expiration or earlier termination of the Term of this Lease or upon Landlord's acquisition of Tenant's Assets, Tenant shall surrender the Premises to Landlord in the Premises Condition Standard, except as repaired, rebuilt or altered as required or permitted by this Lease (or, in the case of termination pursuant to paragraph 14 of this Lease, as condemned). Except as otherwise provided herein, Tenant shall at such time remove all of its personal property (including Tenant's Trade Fixtures) therefrom and

all alterations and improvements placed thereon by Tenant and not consented to by Landlord. Tenant shall repair any damage to the Premises caused by such removal, and any and all such property not so removed when required shall, at Landlord's option, become the exclusive property of Landlord or be disposed of by Landlord, at Tenant's cost and expense, without further notice to or demand upon Tenant.

(b) Except as provided in paragraph 22(f), if the Premises are not surrendered as above set forth, Tenant shall indemnify, defend and hold Landlord and the Landlord Parties harmless on an After-Tax Basis from and against loss or liability resulting from the delay by Tenant in so surrendering the Premises, including any claim made by any succeeding occupant founded on such delay. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease for six (6) years. The provisions of this paragraph 22(b) shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein.

(c) Except as provided in paragraph 22(f), all property of Tenant not removed on or before the last day of the Term of this Lease shall be deemed abandoned. Tenant hereby agrees that Landlord may remove all property of Tenant, including Tenant's Trade Fixtures, from the Premises upon termination of this Lease and may cause its transportation and storage, all at the sole cost and risk of Tenant. Landlord shall not be liable for damage, theft, misappropriation or loss thereof and Landlord shall not be liable in any manner in respect thereto, and Landlord shall be entitled to dispose of such property, as Landlord deems fit, without the requirement of an accounting. Tenant shall pay all reasonable costs and expenses of such removal, transportation and storage. Tenant shall reimburse Landlord upon demand for any expenses reasonably and actually incurred by Landlord with respect to removal, transportation or storage of any such abandoned property and with respect to restoring the Premises in accordance with the terms and conditions of this Lease.

(d) Except for surrender upon the expiration or earlier termination of the Term hereof as expressly provided herein, no surrender to Landlord of this Lease or of the Premises shall be valid or effective unless agreed to and accepted in writing by Landlord.

(e) Except as provided in paragraph 22(f), upon the expiration of the Term or Tenant's right to possession of the Premises or any Site in accordance with the terms of this Lease or upon Landlord's acquisition of Tenant's Assets, Tenant agrees to cooperate with Landlord to transfer any and all Licenses to Landlord, at Landlord's request.

(f) Provided no Event of Default or Put/Call Default exists, at the end of the term the following provisions shall apply (the parties acknowledge that the Excess Land shall not be included in the procedures dealt with in this paragraph 22(f), since in all events, the Excess Land shall be separated from the Premises and the Underlying Premises as set forth in paragraph 33 of this Lease):

(i) Commencing on the date which is twenty-four (24) months prior to the scheduled expiration of the Term, Landlord and Tenant shall commence negotiations to establish the Fair Market Value for the Underlying Premises (which does not include the Excess Land) assuming (1) it is unencumbered by the Membership Contracts, (2) it is appraised in accordance with the methodology and assumptions used in the appraisal by Hilco Real Estate LLC attached

hereto as Exhibit G and (3) it is subject to such other liabilities associated therewith and not inconsistent with (1) and (2), above. If Landlord and Tenant have not agreed upon such Fair Market Value by the date which is twenty-two (22) months prior to the scheduled expiration of the Term, then the following procedures shall apply:

(A) The Fair Market Value of the Underlying Premises assuming it is unencumbered by the Membership Contracts shall be determined by the agreement of two (2) appraisers (each, a "LT UNDERLYING PREMISES INITIAL APPRAISER"), one of which shall be selected by Landlord and the other of which shall be selected by Tenant. Such selection shall be made by the 15th day of such 22nd calendar month prior to the scheduled expiration of the Term. Each party shall notify the other in writing of the name, address, phone number and qualifications of the appraiser selected by such party. Then within five (5) calendar days after the date both LT Underlying Premises Initial Appraisers have been so identified in writing, each of Landlord and Tenant shall direct, in writing with a copy to the other party, its LT Underlying Premises Initial Appraiser to work with the other party's LT Underlying Premises Initial Appraiser to endeavor to determine and reach agreement upon the Fair Market Value of the Underlying Premises as required hereby and thereafter to deliver in writing to Landlord and Tenant within thirty (30) calendar days (such 30-day period, the "LT UNDERLYING PREMISES VALUATION PERIOD") the agreed-upon Fair Market Value of the Underlying Premises as required hereby (the "LT UNDERLYING PREMISES VALUATION NOTICE"). The costs and expenses of each LT Underlying Premises Initial Appraiser shall be paid by the party selecting such LT Underlying Premises Initial Appraiser. If either party fails to identify in writing a LT Underlying Premises Initial Appraiser as required hereby ("NON-SELECTING PARTY"), the other party shall identify a LT Underlying Premises Initial Appraiser on behalf of the Non-Selecting Party; provided, however, the Non-Selecting Party shall be liable for the costs and expenses of such LT Underlying Premises Initial Appraiser identified on the Non-Selecting Party's behalf as if the Non-Selecting Party had selected such LT Underlying Premises Initial Appraiser.

(B) If the LT Underlying Premises Initial Appraisers are not able to reach agreement upon the Fair Market Value of the Underlying Premises as required hereby within the LT Underlying Premises Valuation Period, then within ten (10) calendar days after the end of the LT Underlying Premises Valuation Period each LT Underlying Premises Initial Appraiser shall deliver a written notice to Landlord, Tenant and the other LT Underlying Premises Initial Appraiser setting forth (i) such LT Underlying Premises Initial Appraiser's valuation of the Fair Market Value of the Underlying Premises as required hereby (each, a "LT UNDERLYING PREMISES INITIAL VALUATION") and (ii) the name, address, phone number and qualifications of a third appraiser selected jointly by the LT Underlying Premises Initial Appraisers (the "LT UNDERLYING PREMISES THIRD Appraiser"). The LT Underlying Premises Initial Appraisers shall, in writing with a copy to Landlord and Tenant, direct the LT Underlying Premises Third Appraiser (or substitute LT Underlying Premises Third Appraiser) to determine a valuation of the Fair Market Value of the Underlying Premises as required hereby, and to deliver in writing to Landlord, Tenant and the LT

Underlying Premises Initial Appraisers such valuation (the "LT UNDERLYING PREMISES THIRD VALUATION") within twenty (20) calendar days of the date of the written direction retaining such LT Underlying Premises Third Appraiser. The Fair Market Value of the Underlying Premises shall be the arithmetic mean of (A) the LT Underlying Premises Third Valuation and (B) the LT Underlying Premises Initial Valuation closer to the LT Underlying Premises Third Valuation. If the LT Underlying Premises Third Valuation is exactly between the two LT Underlying Premises Initial Valuations, then the Fair Market Value of the Underlying Premises shall be the LT Underlying Premises Third Valuation. If the LT Underlying Premises Initial Appraisers are unable to agree upon the designation of a LT Underlying Premises Third Appraiser within the requisite time period or if the LT Underlying Premises Third Appraiser selected does not determine a valuation of the Fair Market Value of the Underlying Premises within twenty (20) calendar days after being directed by the LT Underlying Premises Initial Appraisers, then such LT Underlying Premises Third Appraiser or a substitute LT Underlying Premises Third Appraiser, as applicable, shall, at the request of Landlord or Tenant, be appointed by the JAMS Resolution Center or any successor thereto, or other mutually agreed upon independent dispute resolution service ("JAMS"). The costs and expenses of the LT Underlying Premises Third Appraiser (and substitute LT Underlying Premises Third Appraiser and JAMS, if applicable) shall be divided evenly between, and paid for by, Landlord and Tenant.

(C) All appraisers selected or appointed pursuant to this paragraph 22(f)(i) shall be independent qualified appraisers. Such appraisers shall have no right, power or authority to alter or modify the provisions of this Lease, and such appraisers shall determine the Fair Market Value of the Underlying Premises as required by this Lease.

(D) Notwithstanding the foregoing, if Landlord and Tenant are able to agree upon a Fair Market Value of the Underlying Premises prior to the date on which the Fair Market Value of the Underlying Premises is determined in accordance with this paragraph 22(f)(i), Landlord and Tenant shall execute an agreement setting forth such agreed-upon Fair Market Value of the Underlying Premises and waiving each party's right to have the Fair Market Value of the Underlying Premises determined in accordance with the procedures set forth in this paragraph 22(f)(i).

(ii) Within 60 calendar days of the date the Fair Market Value of the Underlying Premises is determined in accordance with paragraph 22(f)(i) above, Tenant shall have the right, but not the obligation, to elect to purchase on the Lease Expiration Date (A) the equity interests in the Trust or (B) in the event that an asset purchase transaction does not have any adverse tax or other consequences to Landlord or any of its affiliates (determined in Landlord's sole discretion), the Underlying Premises, in either case for a purchase price equal to the greater of (1) \$160,000,000 or (2) 100% of such Fair Market Value of the Underlying Premises, in accordance with the terms and conditions on Exhibit W attached hereto, and otherwise in accordance with a customary stock purchase agreement or asset purchase agreement, as applicable, with terms and conditions that are commercially reasonable for such

agreements at the end of the Term, to be negotiated by the Landlord and Tenant in good faith (the "PURCHASE AGREEMENT"). Throughout the Term, the Trust shall, directly or indirectly own no assets other than one hundred percent (100%) of the ownership interest in Landlord and Landlord shall not own any assets other than (1) affiliates of Landlord which own certain Sites, (2) directly or indirectly, the Underlying Premises and (3) the Excess Land (until such time as the Excess Land may be transferred as permitted by this Lease). The Purchase Agreement shall provide that the Person that owns the Excess Land, and no other Person, shall be the sole source of any payments in respect of any indemnification obligations in the Purchase Agreement. For Tenant's election to be effective, Tenant must deliver written notice to Landlord stating that Tenant elects to purchase either (a) the equity interests in the Trust, or (b) purchase the Underlying Premises (subject to Landlord's sole determination as set forth above), as permitted by paragraph 22(f)(ii) of this Lease ("UNDERLYING PREMISES PURCHASE NOTICE") within such 60 calendar day period. Upon Landlord's receipt of such Underlying Premises Purchase Notice, Landlord and Tenant shall proceed to promptly negotiate and execute the Purchase Agreement. If Tenant fails to give the Underlying Premises Purchase Notice within such 60 day period or if the Purchase Agreement is not executed within 30 days of the date the Underlying Premises Purchase Notice is received by Landlord (other than based upon Landlord's failure to execute such Purchase Agreement in accordance with the requirements hereof), or if at any time Tenant gives written notice to Landlord that Tenant elects to waive its right to purchase as set forth in this paragraph 22(f)(ii), then Tenant shall have no further right to purchase the equity interests in the Trust (or the Underlying Premises, if applicable) and the date of such event is herein called "TENANT'S PURCHASE TERMINATION DATE".

(iii) Commencing on the fifth (5th) calendar day following Tenant's Purchase Termination Date, Landlord and Tenant shall commence negotiations to establish the Fair Market Value for all of Tenant's assets, including the assets of all direct and indirect subsidiaries of Tenant, and all of Tenant's liabilities, including liabilities of all direct and indirect subsidiaries of Tenant, other than the Working Capital Indebtedness, Leasehold Mortgage, or other lines of credit or other similar obligations evidencing indebtedness of borrowed money of Tenant (collectively, "TENANT'S ASSETS") unless, prior to the fifth (5th) calendar day following the Tenant's Purchase Termination Date, Tenant delivers written notice to Landlord ("TENANT'S PURCHASE ELECTION NOTICE") stating that Tenant desires that the provisions of this paragraph 22(f)(iii) shall not apply to Tenant's Assets and instead shall apply to the equity interests in Tenant or an entity owning, directly or indirectly, Tenant, including all of Tenant's Assets (and specifically setting forth the exact equity ownership structure of Tenant) ("TENANT'S EQUITY INTEREST"), in which event, the provisions of this paragraph 22(f)(iii) shall apply to Tenant's Equity Interests (and not Tenant's Assets) and Landlord and Tenant shall immediately commence negotiations to establish the Fair Market Value for the Tenant's Equity Interest. If Landlord and Tenant have not agreed to such Fair Market Value amount by the date which is two (2) months following the Tenant's Purchase Termination Date ("ASSET/EQUITY APPRAISAL START DATE"), then the following procedures shall apply:

(A) The Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, shall be determined by the agreement of two (2) appraisers (each, a "LT ASSETS/EQUITY INITIAL Appraiser"), one of which shall be selected by Landlord and the other of which shall be selected by Tenant. Such selection shall be made by the 15th day following the Asset/Equity Appraisal Start Date. Each party shall notify the other in writing of the name, address, phone

number and qualifications of the appraiser selected by such party. Then within five (5) calendar days after the date both LT Assets/Equity Initial Appraisers have been so identified in writing, each of Landlord and Tenant shall direct, in writing with a copy to the other party, its LT Assets/Equity Initial Appraiser to work with the other party's LT Assets/Equity Initial Appraiser to endeavor to determine and reach agreement upon the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, as required hereby and thereafter to deliver in writing to Landlord and Tenant within thirty (30) calendar days (such 30-day period, the "LT ASSETS/EQUITY VALUATION PERIOD") the agreed-upon Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, as required hereby (the "LT ASSETS/EQUITY VALUATION NOTICE"). The costs and expenses of each LT Assets/Equity Initial Appraiser shall be paid by the party selecting such LT Assets/Equity Initial Appraiser. If either party fails to identify in writing a LT Assets/Equity Initial Appraiser as required hereby ("NON-SELECTING ASSET/EQUITY PARTY"), the other party shall identify a LT Assets/Equity Initial Appraiser on behalf of the Non-Selecting Asset/Equity Party; provided, however, the Non-Selecting Asset/Equity Party shall be liable for the costs and expenses of such LT Assets/Equity Initial Appraiser identified on the Non-Selecting Asset/Equity Party's behalf as if the Non-Selecting Asset/Equity Party had selected such LT Assets/Equity Initial Appraiser.

(B) If the LT Assets/Equity Initial Appraisers are not able to reach agreement upon the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, as required hereby within the LT Assets/Equity Valuation Period, then within ten (10) calendar days after the end of the LT Assets/Equity Valuation Period each LT Assets/Equity Initial Appraiser shall deliver a written notice to Landlord, Tenant and the other LT Assets/Equity Initial Appraiser setting forth (i) such LT Assets/Equity Initial Appraiser's valuation of the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, as required hereby (each, a "LT ASSETS/EQUITY INITIAL VALUATION") and (ii) the name, address, phone number and qualifications of a third appraiser selected jointly by the LT Assets/Equity Initial Appraisers (the "LT ASSETS/EQUITY THIRD APPRAISER"). The LT Assets/Equity Initial Appraisers shall, in writing with a copy to Landlord and Tenant, direct the LT Assets/Equity Third Appraiser (or substitute LT Assets/Equity Third Appraiser) to determine a valuation of the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, as required hereby, and to deliver in writing to Landlord, Tenant and the LT Assets/Equity Initial Appraisers such valuation (the "LT ASSETS/EQUITY THIRD VALUATION") within twenty (20) calendar days of the date of the written direction retaining such LT Assets/Equity Third Appraiser. The Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, shall be the arithmetic mean of (A) the LT Assets/Equity Third Valuation and (B) the LT Assets/Equity Initial Valuation closer to the LT Assets/Equity Third Valuation. If the LT Assets/Equity Third Valuation is exactly between the two LT Assets/Equity Initial Valuations, then the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, shall be the LT Assets/Equity Third Valuation. If the LT Assets/Equity Initial Appraisers are unable to agree upon the designation of a LT Assets/Equity Third Appraiser within the requisite

time period or if the LT Assets/Equity Third Appraiser selected does not determine a valuation of the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, within twenty (20) calendar days after being directed by the LT Assets/Equity Initial Appraisers, then such LT Assets/Equity Third Appraiser or a substitute LT Assets/Equity Third Appraiser, as applicable, shall, at the request of Landlord or Tenant, be appointed by JAMS. The costs and expenses of the LT Assets/Equity Third Appraiser (and substitute LT Assets/Equity Third Appraiser and JAMS, if applicable) shall be divided evenly between, and paid for by, Landlord and Tenant.

(C) All appraisers selected or appointed pursuant to this paragraph 22(f)(iii) shall be independent qualified appraisers. Such appraisers shall have no right, power or authority to alter or modify the provisions of this Lease, and such appraisers shall determine the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, as required by this Lease.

(D) Notwithstanding the foregoing, if Landlord and Tenant are able to agree upon a Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, prior to the date on which the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, is determined in accordance with this paragraph 22(f)(iii), Landlord and Tenant shall execute an agreement setting forth such agreed-upon Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, and waiving each party's right to have the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, determined in accordance with the procedures set forth in this paragraph 22(f)(iii).

(iv) Within 60 calendar days of the date the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, is determined in accordance with paragraph 22(f)(iii) above, Landlord shall have the right, but not the obligation, to elect to purchase on the Lease Expiration Date either Tenant's Equity Interest or Tenant's Assets, as applicable, in accordance with the terms and conditions on Exhibit V attached hereto, for a purchase price equal to 100% of such Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, in accordance with a customary Asset/Equity Purchase Agreement with terms and conditions that are commercially reasonable for such agreements at the end of the Term, to be negotiated by the Landlord and Tenant in good faith (the "ASSET/EQUITY PURCHASE AGREEMENT"). For Landlord's election to be effective, Landlord must deliver written notice to Tenant stating Landlord elects to purchase either Tenant's Equity Interest or Tenant's Assets, as applicable, as permitted by paragraph 22(f)(iv) of this Lease ("ASSET/EQUITY PURCHASE NOTICE") within such 60 calendar day period. Upon Tenant's receipt of such Asset/Equity Purchase Notice Landlord and Tenant shall proceed to promptly negotiate and execute the Asset/Equity Purchase Agreement. If Landlord fails to give the Asset/Equity Purchase Notice within such 60 day period or if the Asset/Equity Purchase Agreement is not executed within 30 days of the date the Asset/Equity Purchase Notice is received by Tenant (other than based upon Tenant's failure to execute such Asset/Equity Purchase Agreement in accordance with the requirements hereof), or if at any time Landlord gives written notice to Tenant that Landlord elects to waive its right to purchase as set forth in this paragraph 22(f)(iv), then Landlord shall have no further right to purchase either Tenant's Equity Interest or Tenant's

Assets, as applicable, and the date of such event is herein called "LANDLORD'S PURCHASE TERMINATION DATE".

(v) Following the Landlord's Purchase Termination Date through the date which is 90 calendar days following the Lease Expiration Date (herein "NEGOTIATION END DATE"), Landlord and Tenant shall in good faith negotiate an extension to the Term of this Lease. If the Lease Expiration Date occurs during such period, this Lease shall continue on a month to month basis thereafter and Fixed Rent shall continue at the amount previously set for the last Lease Year and all other terms and provisions of this Lease shall continue.

(vi) If an extension to this Lease has not been executed and delivered by Landlord and Tenant by the Negotiation End Date, then Landlord and Tenant shall agree upon the terms and conditions of, and then immediately commence, the joint marketing of (1) either the stock of the Trust or the Underlying Premises, as determined by Landlord, in its sole discretion and (2) either Tenant's Equity Interest or Tenant's Assets, as applicable, previously valued pursuant to paragraphs 22(f)(i) and (iii), for a sale to occur within 12 months of the Negotiation End Date to an unrelated third party. Landlord and Tenant shall agree on all required terms, including the form of such transaction and the type of marketing; provided, however, that each party can elect the type and structure of the sale of its assets or equity, as applicable, in its reasonable discretion and without the consent of the other party. Landlord and Tenant shall also agree on the relative distributions each will receive from such sale of (1) either the stock of the Trust or the Underlying Premises, as applicable and (2) either Tenant's Equity Interest or Tenant's Assets, as applicable, to an unrelated third party. If Landlord and Tenant are unable to agree upon the terms and conditions related to the foregoing sale (other than and specifically excluding distributions), such disagreement shall be subject to arbitration in accordance with the provisions attached hereto as Exhibit U. If Landlord and Tenant are unable to agree on the relative distributions each will receive from such sale, then such distribution shall be as follows: (A) for the holder of the stock of the Trust or Landlord, as the case may be, a percentage equal to the percentage which the Final Fair Market Value of the Underlying Premises is of the Final Full Market Value, and (B) for Tenant, a percentage equal to the percentage which the Final Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, is of the Final Full Market Value. For purposes of the foregoing, (X) "FINAL FULL MARKET VALUE" means the sum of the Final Fair Market Value of the Underlying Premises plus the Final Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, (Y) "FINAL FAIR MARKET VALUE OF THE UNDERLYING PREMISES" means the greater of (1) \$160,000,000 or (2) the Fair Market Values of the Underlying Premises as determined in accordance with paragraph 22(f)(i) above, provided, however, that if the Final Fair Market Value of the Underlying Premises was not previously determined in accordance with paragraph 22(f)(i) above or if either Landlord or Tenant gives written notice to the other within the 30 calendar days immediately following the Negotiation End Date that such party desires a new determination of the Fair Market Value of the Underlying Premises, then Landlord and Tenant shall apply the procedures set forth in paragraph 22(f)(i) (A) through (D) above, except that the appointment of each of the LT Underlying Premises Initial Appraisers shall be made by the 45th calendar day immediately following the Negotiation End Date, and the Fair Market Value of the Underlying Premises as determined thereby shall be the "Fair Market Value of the Underlying Premises," and (Z) "FINAL FAIR MARKET VALUE OF TENANT'S ASSETS" means the Fair Market Values of either Tenant's Equity Interest or Tenant's Assets, as applicable, as determined in accordance with paragraph 22(f)(iii) above, provided, however, that if the Final Fair Market

Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, was not previously determined in accordance with paragraph 22(f)(iii) above or if either Landlord or Tenant gives written notice to the other within the 30 calendar days immediately following the Negotiation End Date that such party desires a new determination of the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, then Landlord and Tenant shall apply the procedures set forth in paragraph 22(f)(iii) (A) through (D) above, except that the appointment of each of the LT Assets/Equity Initial Appraisers shall be made by the 45th calendar day immediately following the Negotiation End Date, and the Fair Market Value of either Tenant's Equity Interest or Tenant's Assets, as applicable, as determined thereby shall be the "Fair Market Value of Tenant's Assets".

23. ALTERATIONS

(a) Tenant may, without Landlord's consent, make, in any fiscal year, alterations, additions or improvements to any Site (including rental units, improvements, alterations and additions in the ordinary course of business) costing less than \$1,000,000.00 (provided, however, alterations performed to repair the existing damage at the Oakzanita Site, are not subject to paragraph 23(a), (b) or (c)) only if (i) such alterations, additions or improvements will be in compliance with all applicable laws, codes, rules, regulations and ordinances, (ii) such alterations, additions or improvements will not reduce the fair market value or utility of such Site in its Permitted Use, considered as unencumbered by this Lease, and (iii) such alterations, additions or improvements will not materially and adversely affect in any way the structural, exterior or roof elements of such Site or mechanical, electrical, plumbing, waste water systems and facilities, water plants and facilities and septic facilities, utility or life safety systems of such Site. In all other cases, Landlord's prior written consent shall be required, which consent shall not be unreasonably withheld, conditioned or delayed. At Landlord's option, any improvement requiring Landlord's consent but made without Landlord's consent shall be removed and the area repaired at Tenant's expense at the termination of the Term.

(b) In no event shall Tenant be permitted to install underground storage tanks or fuel systems on the Premises, or any portion thereof, except that Tenant may replace existing underground storage tanks with above-ground storage tanks which comply with all applicable Legal Requirements.

(c) All alterations, additions or improvements requiring Landlord's consent shall be made at Tenant's sole cost and expense as follows:

(i) Tenant shall submit to Landlord, for Landlord's written approval, complete plans and specifications for all work to be done by or for Tenant. Such plans and specifications shall be prepared by a licensed architect(s) and engineer(s) approved in writing by Landlord, shall comply with all applicable codes, ordinances, rules and regulations, shall not adversely affect the structural elements of any Site, shall be in a form sufficient to secure the approval of all government authorities with jurisdiction over such Site, and shall be otherwise satisfactory to Landlord in Landlord's reasonable discretion.

(ii) Landlord shall notify Tenant in writing within thirty (30) calendar days whether Landlord approves, approves on the condition that Tenant reverse the alteration at Tenant's expense at the termination or expiration of this Lease, or disapproves such plans and

specifications. Tenant may submit to Landlord revised plans and specifications for Landlord's prior written approval, which approval shall not be withheld or delayed if (a) the work to be done would not, in Landlord's reasonable judgment, adversely affect the value, character, rentability or usefulness of any Site or any part thereof, or (b) the work to be done shall be required by any Legal Requirement. Tenant shall pay all costs, including the fees and expenses of the licensed architect(s) and engineer(s), in preparing such plans and specifications.

(iii) All changes (other than field changes for which no change order is proposed and which will be reflected in the final "as built" plans) in the plans and specifications approved by Landlord shall be subject to Landlord's prior written approval. If Tenant wishes to make any such change in the approved plans and specifications, Tenant shall have such architect(s) and engineer(s) prepare plans and specifications for such change and submit them to Landlord for Landlord's written approval. Landlord shall notify Tenant in writing whether Landlord approves, approves on the condition that Tenant reverse the alteration at Tenant's expense at the termination or expiration of this Lease, or disapproves such change. Tenant may submit to Landlord revised plans and specifications for any such change for Landlord's written approval. After Landlord's written approval of such change, such change shall become part of the plans and specifications approved by Landlord.

(iv) Tenant shall obtain and comply with all building permits and other government permits and approvals required in connection with the work. Tenant shall, through Tenant's licensed contractor, perform the work substantially in accordance with the plans and specifications approved in writing by Landlord. Tenant shall pay, as Additional Rent, the entire cost of all work (including the cost of all utilities, permits, fees, taxes, and property and liability insurance premiums in connection therewith) required to make the alterations, additions or improvements. Under no circumstances shall Landlord be liable to Tenant for any damage, loss, cost or expenses incurred by Tenant on account of any plans and specifications, contractors or subcontractors, design of any work, construction of any work, or delay in completion of any work.

(v) Tenant shall give at least ten (10) calendar days prior written notice to Landlord of the date on which construction of any work to be done by outside contractors which requires Landlord's consent. Landlord shall have the right to post and keep posted on any Site any notices that may be provided by law or which Landlord may deem to be proper for the protection of Landlord and such Site, or any portion thereof, from Liens, and to take any other action Landlord deems necessary to remove or discharge Liens, at the expense of Tenant.

(vi) All alterations, additions, improvements and fixtures, whether temporary or permanent in character, made in or to any Site by Tenant, shall become part of such Site and Landlord's property, except those which are readily removable without causing material damage to such Site (which shall be and remain the property of Tenant). Upon termination or expiration of this Lease, Tenant shall, at Tenant's expense, remove all movable furniture, equipment, trade fixtures, office machines and other personal property (including Tenant's Trade Fixtures) from each Site (but not the Improvements or Equipment) and repair all damage caused by such removal. Termination of this Lease shall not affect the obligations of Tenant pursuant to this paragraph 23(c) to be performed after such termination.

(vii) Promptly following the completion of any alteration, addition or improvement to the Premises which costs more than \$1,000,000.00 to complete, Tenant shall furnish Landlord with a copy in electronic form acceptable to Landlord of the complete plans and specifications for such work (including, if available, so-called "as-built" plans and specifications).

(d) In connection with the renovations and alterations to the existing damage at the Oakzanita Site, Tenant shall deliver to Landlord complete plans and specifications (and any change orders) for all work to be done by or for Tenant. Such plans and specifications shall be prepared by licensed architect(s) and engineer(s), shall comply with all applicable codes, ordinances, rules and regulations, shall not adversely affect the structural elements of the Oakzanita Site, and shall be in a form sufficient to secure the approval of all government authorities with jurisdiction over the Oakzanita Site. Tenant shall obtain and comply with all building permits and other government permits and approvals required in connection with the work. All alterations, additions, improvements and fixtures, whether temporary or permanent in character, made in or to the Oakzanita Site by Tenant, shall become part of the Oakzanita Site and Landlord's property. Promptly following the completion of any alteration, addition or improvement to the Oakzanita Site, Tenant shall furnish Landlord with a copy in electronic form of the complete plans and specifications for such work (including, if available, so-called "as-built" plans and specifications).

24. MEMORANDUM OF LEASE

The parties agree to promptly execute a Memorandum of Lease with respect to each Site in recordable form and Landlord shall record each such Memorandum of Lease. Landlord and Tenant shall execute such customary amendments and terminations related thereto as may be required or reasonably requested by Landlord or Tenant within five (5) Business Days of receipt thereof.

25. SUBLETTING/ASSIGNMENT

(a) Except as otherwise permitted in paragraphs 19, 25(b), 25(g) and 25(h) of this Lease, Tenant shall not, directly or indirectly, without the prior written consent of Landlord and Mortgagee (which consent may be withheld or conditioned in Landlord's and/or Mortgagee's sole and absolute discretion), assign this Lease or any interest herein, or any interest in Tenant, or permit the use or occupancy of the Premises by any Person other than Tenant or the Members or other persons entitled to occupancy of the Premises pursuant to arrangements entered into in the ordinary course of Tenant's business (e.g. day rentals and extended vacation programs). Except as otherwise expressly permitted in paragraphs 19 and 25 of this Lease, this Lease shall not, nor shall any interest herein, be assignable as to the interest of Tenant involuntarily or by operation of law without the prior written consent of Landlord and Mortgagee. Under no circumstances (but subject to paragraph 25(g) of this Lease), shall Tenant be permitted to sublease the Premises or any part thereof, except as expressly permitted in paragraph 25(h) of this Lease.

For purposes of this paragraph 25(a), the occurrence of a Corporate Control Event, or the public announcement thereof, shall be deemed to be an assignment of this Lease which is prohibited by the preceding paragraph unless (i) Tenant obtains Landlord's and Mortgagee's

prior written consent as set forth above (which consent shall not be unreasonably withheld, delayed or conditioned, other than as expressly set forth herein), or (ii) the conditions set forth in paragraph 25(b) of this Lease are fully satisfied.

Any of the foregoing prohibited acts (including, any purported assignment, sublease or Corporate Control Event) without the prior written consent of Landlord and Mortgagee, as required in accordance with the terms hereof, shall be void ab initio and shall, at the option of Landlord or Mortgagee, constitute an immediate Event of Default under paragraph 15(d).

(b) Subject to the provisions of paragraph 36 of this Lease, Tenant may complete a Corporate Control Event subject to the following conditions: (1) the Person or Persons succeeding to the interests of Tenant as a result of a Corporate Control Event (such Person, the "TENANT SUCCESSOR") or, on a consolidated basis, a Tenant Successor and the Person or Persons controlling such Tenant Successor (the "NEW CONTROL ENTITY") (A) have a Net Worth equal to or greater than \$10,000,000.00 and (B) the Fixed Charge Coverage Ratio shall not be less than 1.05:1.0, both before and after giving effect to such Corporate Control Event, (2) such New Control Entity shall have executed a guaranty of this Lease in favor of Landlord and a pledge of the stock of Tenant or Tenant Successor substantially in the form of the Guaranty and the Guarantor Pledges, (3) such New Control Entity and Tenant Successor (I) has not been convicted of a felony involving material financial wrongdoing or is otherwise not generally known to have been involved material financial wrongdoing, and (II) has not been subject to any SEC enforcement proceedings, civil or criminal fraud proceedings or judgments, or RICO proceedings or judgments, and (4) such Tenant Successor shall have reaffirmed the Tenant Pledge and caused the Subsidiary Guaranty and Subsidiary Pledges to be reaffirmed or such Tenant Successor shall execute a new Tenant Pledge of 100% of the interests in each Subsidiary substantially in the form of the Tenant Pledge and cause all of its subsidiaries to execute new guaranties and pledges substantially in the form of the Subsidiary Guaranty and Subsidiary Pledges, as appropriate. Tenant shall deliver reasonably detailed information demonstrating that such proposed New Control Entity or Tenant Successor complies with the requirements set forth in the preceding sentence at least ten (10) days preceding the date of the proposed Corporate Control Event.

(c) The acceptance of Rent by Landlord from any other Person shall not be deemed to be a waiver by Landlord of any provision of this Lease. Consent to one Corporate Control Event shall not be deemed consent to any subsequent Corporate Control Event.

(d) Except as expressly permitted in paragraph 19 of this Lease, (i) Tenant (which term shall include any Tenant Successor where the context permits) shall have no right to mortgage, grant a lien upon, encumber or otherwise finance its interest under this Lease or record a lien upon its interest in the Premises under this Lease; (ii) Tenant shall not permit, cause or suffer to be recorded in the real estate records of any county in which the Premises are located any mortgage, deed to secure debt, deed of trust, assignment, UCC financing statement or any other document granting, perfecting or recording a lien upon Tenant's interest in this Lease or interest in the Premises under this Lease; (iii) Tenant shall not give any notice, or permit or cause any other party to give any notice, to Landlord of any existing lien on or security interest in Tenant's interest in this Lease or interest in the Premises under this Lease; and (iv) Tenant shall not request that Landlord execute (nor shall Landlord have any obligation to execute) any non-disturbance, attornment or any other agreement in favor of any party transacting any business or

transaction with or related to Tenant, other than non-disturbance agreements with Members, as required by law.

(e) Tenant shall pay all of Landlord's and Mortgagee's reasonable attorneys' fees and costs incurred in connection with any Corporate Control Event and in connection with any request made by Tenant pursuant to this paragraph 25.

(f) Tenant agrees to give notice to Mortgagee of any request for consent to any Corporate Control Event simultaneously with delivery of notice thereof to Landlord.

(g) Execution of Membership Contracts by any Subleasing Subsidiary shall not be deemed to constitute an assignment or sublease, as contemplated by this paragraph 25.

(h) Landlord hereby consents to the Tenant Subleases. Tenant shall cause each Subleasing Subsidiary to perform all of the covenants to be performed by Tenant under this Lease (in the case of a partial sublease, only insofar as such covenants relate to the portion of the Premises subject to such partial sublease) as and when performance is due after the effective date of the sublease and that Landlord will have the right, but shall not be obligated, to enforce such covenants directly against such subtenant and failure of any such subtenant to perform such covenants shall be deemed a failure of Tenant to perform such covenants. Tenant shall cause each Subleasing Subsidiary to (1) comply with the SPE Requirements contained in the Subsidiary Guaranty and (2) hold the Membership Contracts relating to Tenant's Business assigned to such Subleasing Subsidiary pursuant to the Merger Transaction or otherwise entered into by such Subleasing Subsidiary. Tenant shall in any case remain primarily liable (and not liable merely as a guarantor or surety) for the performance by any subtenant, including the Subleasing Subsidiaries, of all such covenants, as if no sublease had been made. No sublease, including the Tenant Subleases, shall release Tenant from Tenant's obligations and liabilities under this Lease (which shall continue as the obligations of a principal and not of a guarantor or surety) or alter the primary liability of Tenant to pay all Rent and to perform all obligations to be paid and performed by Tenant. Consent to the Tenant Subleases shall not be deemed consent to any subsequent sublease. If any subtenant of Tenant, including the Subleasing Subsidiaries, defaults in the performance of any obligation to be performed by Tenant under this Lease, Landlord may proceed directly against Tenant without the necessity of pursuing or exhausting remedies against such subtenant. Tenant shall not amend, terminate or otherwise modify the Tenant Subleases without Landlord's prior written consent, which may be withheld in its sole discretion. Tenant and Landlord hereby agree to execute any additional documents reasonably required to effectuate the terms, provisions and conditions contained in this paragraph 25(h).

26. HAZARDOUS MATERIAL

(a) Tenant (i) shall comply, and cause the Premises to comply, with all Environmental Laws applicable to the Premises (including the making of all submissions to governmental authorities required by Environmental Laws and the carrying out of any remediation program specified by any such authority), (ii) shall prohibit the use of the Premises for the generation, manufacture, refinement, production or processing of any Hazardous Materials or for the storage, handling, transfer or transportation of any Hazardous Materials (other than in connection with the operation, business and maintenance of the Premises and in commercially reasonable quantities in compliance with Environmental Laws), (iii) shall not

permit to remain, install or permit the installation on the Premises of any surface impoundments, underground storage tanks, pcb-containing transformers or asbestos-containing materials, except in compliance with Environmental Laws and (iv) shall cause any alterations of the Premises to be done in a way so as to not expose in an unsafe manner the persons working on or visiting the Premises to Hazardous Materials and in connection with any such alterations Tenant shall remove any Hazardous Materials present upon the Premises which are not in compliance with Environmental Laws or which present a danger to persons working on or visiting the Premises.

(b) "ENVIRONMENTAL LAWS" means the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Sections 6901, et seq. (RCRA), as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Sections 9601 et seq. (CERCLA), as amended, the Toxic Substance Control Act, as amended, 15 U.S.C. Sections 2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, as amended, 7 U.S.C. Sections 136 et seq., and all applicable federal, state and local environmental laws, ordinances, rules and regulations, as any of the foregoing may have been or may be from time to time amended, supplemented or supplanted, and any other federal, state or local laws, ordinances, rules and regulations now or hereafter existing relating to regulation or control of Hazardous Materials or materials. The term "HAZARDOUS MATERIALS" as used in this Lease shall mean substances defined as "hazardous substances", "hazardous materials", "hazardous wastes" or "toxic substances" in any applicable federal, state or local statute, rule, regulation or determination, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource, Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901, et seq.; and, asbestos, pcb's, radioactive substances, methane, volatile hydrocarbons, petroleum or petroleum-derived substances or wastes, radon, industrial solvents or any other material as may be specified in applicable law or regulations.

(c) Tenant agrees to protect, defend, indemnify and hold harmless Landlord, its affiliates, members, directors, officers, employees and agents, and any successors to Landlord's interest in the chain of title to the Premises, their direct or indirect shareholders, members, partners, directors, officers, employees and agents (collectively, the "INDEMNIFIED PARTY") on an After-Tax Basis, from and against any and all liability, including all foreseeable and all unforeseeable damages including attorney's and consultant's fees, fines, penalties and civil or criminal damages, directly or indirectly arising out of the use, generation, storage, treatment, release, threatened release, discharge, spill, presence or disposal of Hazardous Materials from, on, at, to or under the Premises during the Term of this Lease, and including for all matters disclosed in the environmental reports listed on Exhibit J, copies of which have been delivered to Tenant (collectively, the "ENVIRONMENTAL REPORTS"), and the cost of any required or necessary repair, response action, remediation, investigation, cleanup or detoxification and the preparation of any closure or other required plans in connection therewith, whether such action is required or necessary prior to or following transfer of title to the Underlying Premises. This agreement to indemnify and hold harmless shall (i) exclude matters to the extent caused by an Indemnified Party and (ii) be in addition to any other obligations or liabilities Tenant may have to Landlord at common law and under all statutes and ordinances or otherwise, and shall survive following the date of expiration or earlier termination of this Lease for six (6) years, except where the event giving rise to the liability for which indemnity is sought arises out of Tenant's acts, in which case the agreement to indemnify and hold harmless shall survive the expiration or termination of this

Lease without limit of time. Tenant expressly agrees that the representations, warranties and covenants made and the indemnities stated in this Lease are not personal to Landlord, and the benefits under this Lease may be assigned to subsequent parties in interest to the chain of title to the Premises, which subsequent parties in interest may proceed directly against Tenant to recover pursuant to this Lease. Tenant, at its expense, may institute appropriate legal proceedings with respect to environmental matters of the type specified in this paragraph 26(c) or any lien for such environmental matters, not involving Landlord or its Mortgagee as a defendant (unless Landlord or its Mortgagee is the alleged cause of the damage), conducted in good faith and with due diligence, provided that such proceedings shall not in any way impair the interests of Landlord or Mortgagee under this Lease or contravene the provisions of any Mortgage. Counsel to Tenant in such proceedings shall be reasonably approved by Landlord if Landlord is a defendant in the same proceeding. Landlord shall have the right to appoint co-counsel, which co-counsel will cooperate with Tenant's counsel in such proceedings. The fees and expenses of such co-counsel shall be paid by Landlord, unless such co-counsel is appointed because the interests of Landlord and Tenant in such proceedings, in such counsel's opinion, are or have become adverse, or Tenant or Tenant's counsel is not conducting such proceedings in good faith or with due diligence.

(d) Tenant, upon three (3) Business Days prior notice, shall permit such Persons as Landlord or any assignee of Landlord may designate and (unless an Event of Default has occurred and is continuing) approved by Tenant, which approval shall not be unreasonably withheld or delayed ("SITE REVIEWERS"), to visit the Premises from time to time and perform environmental site investigations and assessments ("SITE ASSESSMENTS") on the Premises for the purpose of determining whether there exists on the Premises any environmental condition which may result in any liability, cost or expense to Landlord or any other owner or occupier of the Premises. Such Site Assessments may include both above and below the ground testing for environmental damage or the presence of Hazardous Material on the Premises and such other tests on the Premises as may be necessary to conduct the Site Assessments in the reasonable opinion of the Site Reviewers. Tenant shall supply to the Site Reviewers such historical and operational information regarding the Premises as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments (other than information previously supplied in writing to Landlord by Tenant) and shall make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. The cost of performing and reporting all Site Assessments shall be paid by Landlord unless the Site Reviewers discover a material environmental condition causing the Premises not to be in compliance with applicable Environmental Laws, in which event such cost shall be paid by Tenant within ten (10) calendar days after demand by Landlord with interest to accrue at the Overdue Rate. Landlord, promptly after written request by Tenant and payment by Tenant to the extent required as aforesaid, shall deliver to Tenant copies of reports, summaries or other compilations of the results of such Site Assessments. Tenant's sole remedy for Landlord's breach of the preceding sentence shall be a mandatory injunction, and not a termination of this Lease or a withholding or reduction of Rent.

(e) Tenant shall notify Landlord in writing, promptly upon Tenant's learning thereof, of any:

(i) notice or claim to the effect that Tenant is or may be liable to any Person as a result of the release or threatened release of any Hazardous Materials into the environment from the Premises;

(ii) notice that Tenant 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 Hazardous Materials into the environment from the Premises;

(iii) notice that the Premises are subject to an environmental lien; and

(iv) notice of violation to Tenant or awareness by Tenant of a condition which might reasonably result in a notice of violation of any applicable Environmental Law that could, in either case, have a material adverse effect upon the Premises or any portion thereof.

27. FINANCING

(a) Landlord may assign this Lease to any Person, including any Mortgagee. Tenant shall execute, acknowledge and deliver any documents reasonably requested by Landlord, any such transferee or Mortgagee relating to any such assignment of this Lease by Landlord or the Mortgage financing.

(b) If Landlord proposes to finance or refinance any Mortgage, Tenant shall cooperate in the process, and, during the last twenty-four (24) months of the term of any Mortgage, Tenant shall, upon Landlord's written request, exhibit the Premises to prospective mortgagees, and permit such prospective mortgagees to examine all materials and records which shall be customary for a mortgagee's inspection, subject at all times to Landlord's indemnity set forth in paragraph 18 of this Lease and the confidentiality requirements set forth in this Lease. Tenant agrees to execute, acknowledge and deliver documents reasonably requested by any prospective Mortgagee (such as a consent to the financing (without encumbering Tenant's Assets), a consent to assignment of lease, and a subordination, non-disturbance and attornment agreement meeting the standards set forth in paragraph 17 of this Lease) customary for tenants to sign in connection with mortgage loans to their landlords, so long as such documents are in form then customary among institutional lenders (provided the same do not adversely affect Tenant's rights or obligations in a way not previously affected by loan documents previously executed by Tenant in connection with an earlier Mortgage).

(c) Tenant shall permit Landlord and any Mortgagee or prospective Mortgagee and any representatives or agents of Landlord, any Mortgagee or prospective Mortgagee, at their expense, to meet with senior management personnel of Tenant and/or Guarantor at Tenant's and/or Guarantor's offices and to discuss Tenant's and/or Guarantor's business and finances. On request of Landlord, Tenant agrees to use commercially reasonable efforts to provide any Mortgagee or prospective Mortgagee the information to which Landlord is entitled hereunder. If any such information is non-public, each party requesting such information shall sign a confidentiality agreement (in a form reasonably satisfactory to Tenant) prior to such Mortgagee or prospective Mortgagee receiving such information.

(d) In the event Mortgagee elects to record a Mortgage in connection with any Mortgage financing, said Mortgage shall contain the language set forth in Exhibit N attached hereto, or such other language as may be required from time to time under applicable laws in effect in any state (1) in which a Site is located or (2) in which Memberships are offered for sale.

28. MISCELLANEOUS PROVISIONS

(a) This Lease and all of the covenants and provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto and the heirs, personal representatives, successors and permitted assigns of the parties.

(b) The titles and headings appearing in this Lease are for reference only and shall not be considered a part of this Lease or in any way to modify, amend or affect the provisions thereof.

(c) This Lease, the documents and agreements referenced herein and any intercreditor or tri-party agreement among Landlord, Tenant and Working Capital Lender (as such agreement may be amended or replaced from time to time) contain the complete agreement of the parties with reference to the leasing of the Premises, and may not be amended except by an instrument in writing signed by Landlord and Tenant.

(d) Any provision or provisions of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

(e) This Lease may be executed in one or more counterparts, and may be signed by each party on a separate counterpart, each of which, taken together, shall be an original, and all of which shall constitute one and same instrument.

(f) The term "Landlord" as used in this Lease shall mean only the tenant or subtenant under the Master Lease at the time in question, and in the event of any transfer of such title or interest, the Landlord named in this Lease (and in case of any subsequent transfers, then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Landlord's obligations thereafter to be performed hereunder, provided that any funds in the hands of Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Landlord shall, subject as aforesaid, be binding on Landlord's successors and assigns only during their respective periods of ownership.

(g) For all issues which are Site-specific, this Lease shall be governed by and construed and enforced in accordance with and subject to the laws of the state where the applicable Site is located, and for all issues which are not Site-specific, the internal laws, without regard to conflicts of laws principles of the State of Illinois shall govern.

(h) Any claim based on or in respect of any liability of Landlord under this Lease shall be enforced only against the Premises and Landlord's insurance covering the Premises and not against any other assets, properties or funds of (1) Landlord or any Landlord Parties, or (2) any predecessor or successor partnership, corporation or limited liability company (or other entity) of Landlord or any of its members, either directly or through Landlord or its predecessor or successor partnership, corporation or limited liability company (or other Person) of Landlord or its members, stockholders or partners, or (3) any other Person.

(i) Without the written approval of Landlord and Tenant, no Person other than Landlord (including any Landlord Parties), Mortgagee, Tenant, Leasehold Mortgagee, and their respective permitted successors and assigns shall have any rights under this Lease.

(j) There shall be no merger of the leasehold estate created hereby by reason of the fact that the same Person may own, directly or indirectly, (1) the leasehold estate created hereby or any interest in this Lease or such leasehold estate and (2) the fee estate in the Premises. Notwithstanding any such combined ownership, this Lease shall continue in full force and effect until terminated by an instrument executed by both Landlord and Tenant.

(k) Whenever in this Lease either party is required to take an action within a particular time period, delays caused by acts of God, war, major casualty, strike, labor shortage or other cause beyond the reasonable control of such party shall not be counted in determining the time in which such performance must be completed (except in the case of the obligation to pay money) so long as such party, promptly after becoming aware of the commencement of such delay, shall give the other party notice thereof and estimating the duration thereof.

(l) If at any time a dispute shall arise as to any amount to be paid by one party to the other hereunder, the obligor may make payment "under protest", and such payment shall not be deemed a voluntary payment, and the right of the obligor to contest its liability for such payment shall survive such payment without prejudice to the obligor's position.

(m) Landlord and Tenant each represent that they have dealt with no broker, finder or other Person who could legally charge a commission in connection with this Lease and the documents and agreements referenced herein.

(n) Intentionally Omitted.

(o) The parties hereto specifically acknowledge and agree that, notwithstanding any other provision contained in this Lease, it is the intent of the parties that their relationship hereunder is and shall at all times be that of landlord and tenant, and not that of partners, joint venturers, lender and borrower, or any other relationship other than that of a landlord and tenant. The parties specifically acknowledge and agree that this Lease shall be treated as a "true lease," and that Landlord's affiliates shall be considered the owner of the Underlying Premises for US federal, state and local income and franchise tax purposes, and any Canadian tax purposes and each party agrees not to take any position on any US federal, state, local or Canadian income or franchise tax return inconsistent with such treatment.

(p) The parties hereto specifically acknowledge and agree that time is of the essence with regard to all obligations under this Lease.

(q) TO THE EXTENT PERMITTED BY APPLICABLE LAW, LANDLORD AND TENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, AND WITH RESPECT TO ANY CLAIM ASSERTED IN ANY SUCH ACTION OR PROCEEDING, BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, ANY CLAIM OF

INJURY OR DAMAGE, OR ANY EMERGENCY OR OTHER STATUTORY REMEDY WITH RESPECT THERETO.

29. INTENTIONALLY OMITTED

30. BUDGET

Tenant's budget for the First Lease Year is attached hereto as Exhibit T. Not later than two (2) months prior to the end of each fiscal year, Tenant shall deliver a budget and a capital plan for the following fiscal year for Tenant's Business to Landlord substantially in the same form as the budget attached hereto as Exhibit T. Such budget from time to time in effect is herein called the "BUDGET".

31. ACCOUNTS AND CASH MANAGEMENT

(a) Establishment of Lockbox and Cash Management System. Tenant shall maintain in effect at all times during the Term a system of accounts and procedures reasonably satisfactory to Landlord for the collection and deposit of payments in respect to Tenant's Gross Revenues, and the transfer of amounts so deposited or collected to the Collection Account and/or the Concentration Account. Without limiting the generality of the foregoing, but subject to the provisions of paragraph 31(c) of this Lease, Tenant shall maintain one or more lockboxes pursuant to arrangements reasonably satisfactory to Landlord and shall deliver notices to all Members and all other debtors of Tenant, directing such Persons to make all payments with respect to Membership Dues, Membership Contract Receivables or other amounts directly to such lockboxes or directly to the Collection Account, if such payment is made by wire transfer or other electronic means.

(b) Establishment of Accounts.

(i) Collection Account. Tenant hereby confirms that Tenant has established, and agrees that Tenant shall maintain, at Bank, a segregated collection account with the account number 0042084673 (the "COLLECTION ACCOUNT"). The Collection Account shall be and hereby is pledged to Landlord as additional security for the payment, performance and observance of Tenant's obligations under this Lease and Landlord shall have sole and exclusive dominion and control over the Collection Account, to be administered in accordance with this Lease. Funds on deposit in the Collection Account shall be automatically transferred each day to the Concentration Account described below.

(ii) Other Accounts. Tenant hereby confirms that Tenant has established, and agrees that Tenant shall maintain at Cash Management Bank, the following segregated securities accounts or deposit accounts, as the case may be (each, a "RESERVE ACCOUNT", and collectively, the "RESERVE ACCOUNTS"):

(A) Account No. 4770001590 captioned "Tax Reserve" for the retention of collateral for the payment of Property Taxes and Other Taxes for the Underlying Premises and the Premises as provided in paragraph 6 of this Lease (the "TAX RESERVE ACCOUNT");

(B) Account No. 4770001604, captioned "Capital Expenditures" for the retention of collateral in respect of Capital Improvements as provided in paragraph 34 of this Lease (the "CAPITAL EXPENDITURE RESERVE ACCOUNT");

(C) Account No. 4770001612, captioned "Promotions and Discounts Reserve" for the retention of collateral in respect of any promotions and discounts as provided in paragraph 39 of this Lease ("PROMOTIONS AND DISCOUNTS RESERVE ACCOUNT").

In addition to the foregoing, Landlord and Tenant have established, and Tenant and Landlord shall maintain at Cash Management Bank, the "CONCENTRATION ACCOUNT", namely Account No. 4770001582 captioned "Concentration".

The Tax Reserve Account, Capital Expenditure Reserve Account, Promotions and Discounts Reserve Account and Concentration Account each shall be pledged to Landlord as additional security for the payment, performance and observance of Tenant's obligations under this Lease, and Landlord shall have sole and exclusive dominion and control over said Accounts to be administered in accordance with this Lease.

The Frisco Accounts and the Gautier Accounts shall each be pledged to Landlord as additional security for the payment, performance and observance of Tenant's obligations under this Lease, and Landlord shall have control (as defined in Sections 9-104 or 8-106 of the UCC) over said Accounts for purposes of perfecting Landlord's security interests therein.

On or prior to December 31, 2004, Tenant shall use commercially reasonable efforts to cause Merrick Bank Corporation to enter into a tri-party deposit account control and intercreditor agreement (the "Replacement Merrick Control Agreement") among Merrick Bank Corporation, Landlord, and Tenant and/or one or more of its Subsidiaries, as applicable, which agreement shall be in substantially in the form of the existing deposit account control and intercreditor agreement among Merrick Bank Corporation, iStar Finance Sub 1000T LLC and certain predecessors in interest of Tenant and shall cover the accounts (the "EXISTING MERRICK ACCOUNTS") currently subject thereto (or accounts newly established in lieu thereof). Until such time as the Replacement Merrick Control Agreement has been executed and delivered by Merrick Bank Corporation, Landlord and each of the other parties thereto, Tenant shall cause all Account Collateral in the Existing Merrick Accounts to be automatically transferred on each day to the Concentration Account.

(iii) Type and Control of Accounts. Tenant represents, warrants, covenants and agrees that (i) each of the Accounts is and shall be maintained either as a "deposit account" (as defined in Section 9-102(a)(29) of the UCC) or as a "securities account" (as defined in Section 8-501(a) of the UCC); (ii) Tenant is entitled to exercise the rights that comprise any financial asset credited to any such Accounts constituting a securities account; (iii) Tenant shall have no right to give entitlement orders with respect to the Collection Account, the Concentration Account or any Reserve Account and, except as expressly provided in this Agreement, no Account Collateral shall be released to Tenant from any Accounts or Local Accounts; and (iv) all securities or other property underlying any financial assets credited to the Accounts shall be registered in the name of Bank or indorsed to Bank or in blank and in no case will any financial asset credited to the Accounts be registered in the name of Tenant, payable to the order of Tenant or specially indorsed to Tenant.

(iv) Eligible Accounts. Each of the Accounts and each of the Local Accounts shall be an Eligible Account.

(v) Account Control Agreements. Tenant agrees that: (i) the Accounts and the Local Accounts shall be maintained in accordance with the terms hereof; (ii) Landlord and Tenant (for itself or on behalf of Tenant's Subsidiaries) shall enter into such cash management agreements and tri-party account control agreements with applicable banks and/or depositories as necessary to effectuate the terms and conditions of this paragraph 31; and (iii) prior to the Lease Expiration Date (provided no Event of Default shall have occurred), no tri-party account control agreement entered into in connection with any Account (or, to the extent applicable, any Local Account) shall be amended, supplemented or modified without the prior written consent of Landlord, which consent Landlord may grant or withhold in its sole and absolute discretion.

(vi) No Other Accounts. Tenant represents and warrants that Exhibit I attached hereto lists all deposit, securities or other similar accounts owned or maintained by Tenant and its Subsidiaries and that other than (a) the Accounts maintained by Tenant with respect to the collection of Membership Contract Receivables or Membership Dues, (b) the Local Accounts with respect to Ancillary Income and (c) the Canadian Accounts, there are no accounts into which any Gross Revenue (including payments of Membership Contract Receivables or Membership Dues or any material Ancillary Income) is or shall be deposited, collected or held. Tenant agrees that, until the Lease Expiration Date, neither Tenant nor any other Person shall open any accounts for the collection or holding of Membership Dues or Membership Contract Receivable proceeds, other than the Accounts (and the Local Accounts and the Canadian Accounts, to the extent expressly permitted hereunder). Tenant represents and covenants to Landlord that Tenant shall not direct any Membership Dues or payments with respect to Membership Contract Receivables to be made by any Member in any manner other than as set forth in paragraph 31(c)(ii) of this Lease and that Tenant shall use commercially reasonable efforts to prevent, discourage and minimize payment of Membership Dues at campgrounds and, except for de minimis amounts consistent with past practices, Tenant shall not deposit any Membership Dues into the Local Accounts (other than the Gautier Accounts with respect to collection of delinquent payments).

(vii) Miscellaneous Account Provisions. The Accounts shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other banking or governmental authority, as may now or hereafter be in effect. Interest accruing on the Accounts, if any, shall be periodically added to the principal amount of the applicable Account and shall be held, disbursed and applied in accordance with the provisions of this Agreement. All statements relating to the Accounts shall be issued simultaneously by Bank to Landlord and Tenant. Tenant shall be the beneficial owner of the Accounts and the Local Accounts for federal and state income tax purposes and shall report all income on the Accounts and the Local Accounts. Returned items in the Collection Account will be charged against Tenant in the succeeding month or, if later, when actually returned.

(c) Deposits into Accounts.

(i) Initial Deposits. On the Commencement Date, Tenant agrees, represents and warrants that it has deposited or caused to be deposited the following amounts into the following Accounts: (i) \$520,566.11 into the Tax Reserve Account, representing Tax and Other

Tax payments payable during the period from the Commencement Date through and including December 31, 2004; and (ii) \$0.00 into the Promotions and Discounts Reserve Account.

(ii) Payments Under Membership Contracts. Tenant represents and warrants that it has now or heretofore instructed, with respect to all Membership Contracts in effect on the date hereof, and hereby agrees that with respect to all future Membership Contracts it shall, irrevocably instruct and direct all Members to send or otherwise remit all Membership Dues and proceeds from Membership Contract Receivables (i) directly into the Collection Account by ACH or wire transfer, (ii) by check sent to the Lockboxes, (iii) in person by check or by credit card (including telephonic charge authorizations) at Tenant's offices located either at Gautier, MS or Frisco, TX, or (iv) in the case of Members with respect to campgrounds located in or near Canada, for deposit into designated Canadian Accounts. Tenant shall not permit payments pursuant to Membership Contracts to be paid to any other Person or direct or cause any Members to pay in any manner other than as specifically provided herein. Nothing herein is intended or shall be construed to prohibit Tenant or Tenant's Subsidiaries from accepting payment of Membership Dues or Membership Contract Receivables, as and when tendered by a Member at a campground, consistent with past practice. For purposes of this paragraph, "LOCKBOXES" shall mean those certain lockbox accounts maintained by Tenant and Tenant's Subsidiaries at the Bank, captioned "Thousand Trails Operations Holding Company, L.P. Lockbox" and "National American Corporation Lockbox" and bearing the designations P.O. Box 45142 and P.O. Box 45145, respectively, or such other replacement lockbox accounts as consented to by Landlord in writing.

(iii) Continuing Deposits. Without limiting or qualifying the provisions of paragraph 31(c)(ii) of this Lease, Tenant agrees that all Membership Dues, proceeds from Membership Contract Receivables and any other Gross Revenue (excluding interest and other earnings on deposits and other income on accounts other than the Accounts) shall be deposited into the Collection Account within five (5) Business Days after receipt thereof by Tenant. Until so deposited, any such Gross Revenues (including all Membership Dues, Membership Contract Receivables payments or proceeds from any property disposition) that are held by Tenant shall be deemed to be Account Collateral and shall be held in trust by Tenant for the benefit of Landlord, as secured party, and shall not be commingled with any other funds or property of Tenant. Without limiting or qualifying any other provision of this Agreement, Tenant hereby agrees to transfer to the Collection Account, not less frequently than once per week, funds from time to time on deposit in any Canadian Account.

(d) Transfers From the Concentration Account; Funding of Reserve Accounts.

(i) Authorization (Reserve Accounts). Subject to paragraph 31(d)(ii) below, Tenant hereby irrevocably authorizes and directs Landlord, from time to time and at any time during the period beginning on January 1st through and including December 31st of each year, commencing on January 1, 2005, to transfer (to the extent of available funds on deposit), and Landlord shall, commencing on such date, transfer, from the Concentration Account on the 15th and on the 30th day of each month (and if such dates are not Business Days, on the next following Business Day), funds in the following amounts and in the following order of priority:

(A) funds into the Tax Reserve Account in an amount equal to the aggregate Property Taxes and Other Taxes for the Underlying Premises and the

Premises (as reasonably estimated by Landlord), which shall become due and payable from July 1 of the then current year through December 31 of such year; and

(B) funds into the Capital Expenditures Reserve Account in an amount equal to the total Capital Expenditures to be made during the period commencing on July 1 of the then current year through December 31 of such year, as set forth in the applicable Budget;

(C) funds into the Promotions and Discounts Reserve Account in an amount specified in paragraph 39 of this Lease; and

(D) the balance, if any, of all funds remaining in the Concentration Account to such deposit or securities account designated by Tenant, which accounts need not be Permitted Investments.

(ii) Sweeps. At any time when the Reserve Accounts are fully funded so that distributions pursuant to paragraph 31(d)(i)(D) would be made, Tenant may request (in writing) that Landlord direct Cash Management Bank to automatically on each Business Day transfer all available funds in the Concentration Account to Tenant or as Tenant may direct, provided that no Event of Default or Put/Call Default then exists.

(iii) Intentionally Omitted.

(iv) Tax Payments. Tenant hereby irrevocably authorizes Landlord to pay any Property Taxes and Other Taxes levied against or in connection with any Site using any funds on deposit in any of the Reserve Accounts, and upon Tenant's written request and provided no Event of Default or Put/Call Default then exists Landlord shall pay such Taxes due and payable from July 1 through December 31 of such year (to the extent of funds available in the Tax Reserve Account) by at least three (3) Business Days (assuming Tenant's written request precedes such day by at least 15 days) prior to the date on which payment thereof shall first become delinquent.

(e) Payments and Disbursements from Accounts.

(i) No Event of Default. Tenant hereby irrevocably authorizes and directs Landlord to withdraw and/or transfer and apply, and Landlord shall withdraw and/or transfer and apply, the following payments from the applicable Accounts to the extent of the monies on deposit in the applicable Account if no Event of Default or Put/Call Default exists:

(A) funds from the Tax Reserve Account sufficient to pay or to permit Tenant to pay Property Taxes and Other Taxes for each Site due and payable from July 1 through December 31 of such year on the due date therefor, and pay such funds to the governmental authority having the right to receive such funds, provided, that if Tenant shall have paid Property Taxes and Other Taxes for each Site directly, the funds will be paid to Tenant in reimbursement thereof provided no Event of Default or Put/Call Default then exists and Tenant provides evidence reasonably satisfactory to Landlord of payment of the item in question;

(B) Intentionally Omitted; and

(C) funds from the Capital Expenditure Reserve Account to pay or to permit Tenant to pay, as the case may be, Capital Expenditures pursuant to and in accordance with the provisions of paragraph 34 of this Lease.

(ii) Event of Default or Put/Call Default Exists. If an Event of Default or Put/Call Default exists, Tenant hereby irrevocably authorizes Landlord to make any and all withdrawals from, and transfers between, any Account as Landlord shall determine in Landlord's sole and absolute discretion.

(f) Accounts. Tenant shall not, without the prior written consent of Landlord, change the account location of any Account and, as a condition precedent to any such change, the bank to which Tenant proposes to relocate any such Account shall have executed an appropriate account control agreement, in accordance with the provisions set forth above. Tenant shall not, without giving prior written notice to Landlord, change the account location of any Local Account. With respect to the Account Collateral, Landlord shall not be liable for any acts, omissions, errors in judgment or mistakes of fact or law, except for those arising as a result of Landlord's investment of such Account Collateral in other than Permitted Investments or from gross negligence or willful misconduct.

(g) Certain Matters Regarding Landlord following an Event of Default. Tenant agrees that the Bank and Cash Management Bank, as applicable, shall pay over to Landlord all amounts deposited in the Accounts and the Local Accounts on demand, without notice to Tenant, if, in making such demand, Landlord shall give notice, in writing, signed by Landlord or an authorized agent thereof, that an Event of Default or Put/Call Default exists. Landlord may exercise in respect of the Account Collateral all rights and remedies available to Landlord hereunder, or otherwise available at law or in equity. If an Event of Default or Put/Call Default exists, Landlord may exercise in respect of the Account Collateral, in addition to any other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a secured party upon default under the UCC then in effect in the applicable jurisdiction. Without limiting the generality of the foregoing, Tenant agrees that, upon the occurrence and during the continuance of an Event of Default or Put/Call Default, it will have no further right to request or otherwise require Landlord to disburse funds from any Account in accordance with the terms of this Lease, it being agreed that Landlord may, at its option, (i) direct the Bank or Cash Management Bank, as applicable, to continue to hold the funds in the Accounts, (ii) continue, from time to time, to apply all or any portion of the funds held in the Accounts to any payment(s) which such funds could have been applied to prior to such Event of Default (or to pay expenses directly), to the extent and in such order and manner as Landlord in its sole discretion may determine, and/or (iii) direct the Bank or Cash Management Bank, as applicable, to disburse all or any portion of the funds held in the Reserve Accounts or other Account Collateral then or thereafter held by the Bank or Cash Management Bank to Landlord, in which event Landlord may apply the funds held in the Accounts, the Local Accounts (to the extent not yet transferred to the Accounts) or other Account Collateral to Tenant's obligations under this Lease, in any order and in such manner as Landlord may determine in its sole discretion. If an Event of Default or Put/Call Default exists, Landlord may, at any time or from time to time: (1) collect, appropriate, redeem, realize upon or otherwise enforce its rights with respect to the Account Collateral, or any part thereof, without notice to Tenant and without the need to institute any legal action, make demand to or upon Tenant or any other Person, exhaust any other remedies or otherwise proceed to enforce its rights; (2) execute (in the name, place and stead of Tenant) any

endorsements, assignments or other instruments of conveyance which may be required for the withdrawal and negotiation of the Account Collateral; and/or (3) exercise all other rights and remedies available to Landlord hereunder. Notwithstanding anything to the contrary contained herein: (x) the exercise by Landlord of any of its rights hereunder shall not release Tenant from its obligations under this Lease, nor shall it constitute an election of remedies by Landlord or a waiver by Landlord of any of its rights and remedies under this Lease; (y) except as expressly set forth in this Lease, Landlord shall not have any obligation or liability by reason of this Lease, nor shall Landlord be obligated to perform any of the obligations or duties of Tenant hereunder or to take any action, in each case, to collect or enforce any claim for payment assigned hereunder; and (z) Landlord shall not have to resort to using the Account Collateral before making demand upon or bringing an action against Tenant under any guaranty given in connection with this Lease. No failure on the part of Landlord to exercise, and no delay in exercising, any right under this Lease shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right under this Lease. The remedies provided in this Lease are cumulative and not exclusive of any remedies provided at law or in equity.

(h) Representations and Warranties Regarding Account Collateral. In addition to any other representations or warranties contained in this Lease, Tenant represents and warrants as follows: (a) Tenant is the legal and beneficial owner of the Account Collateral, free and clear of any Liens, except for the Liens in favor of Landlord created by this Lease and Liens on the Membership Contract Receivables arising under the Working Capital Loan Documents; (b) upon execution by Tenant of this Lease, the pledge and assignment of the Account Collateral pursuant to this Lease will create a valid, first priority security interest in the Account Collateral (subject to the Liens on the Membership Contract Receivables arising under the Working Capital Loan Documents), securing the payment and performance of Tenant's obligations under this Lease; and (c) Tenant is not a party to any credit agreement or other borrowing facility including, but not limited to, a line of credit or overdraft line, with the Bank (other than with respect to the Working Capital Indebtedness).

(i) Covenants Regarding Account Collateral. Tenant shall not, without the prior written consent of Landlord, (a) sell, assign (by operation of law or otherwise), pledge or grant any option with respect to, any of the Gross Revenues or any interest in the Account Collateral or (b) create or permit to exist any assignment, lien, security interest, option or other charge or encumbrance upon or with respect to any of the Gross Revenues or any Account Collateral, except for the Liens in favor of Landlord under this Lease and Liens on Membership Contract Receivables under the Working Capital Loan Documents. Tenant shall give Landlord not less than fifteen (15) days' prior written notice of any change in the address of the chief executive office or principal office of Tenant. Tenant agrees that all records of Tenant with respect to the Account Collateral shall be kept at the principal office of Tenant and shall not be removed therefrom without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Tenant shall not make or consent to any amendment or other modification or waiver with respect to any Account Collateral, or enter into any agreement, or permit to exist any restriction, with respect to any Account Collateral. Tenant shall, at its expense, defend Landlord's right, title and security interest in and to the Account Collateral against the claims of any Person. Tenant shall not take any action which would impair the enforceability of this Lease or the security interests created hereby. Tenant shall not enter into any credit agreement or other borrowing facility including a line of credit or overdraft line, with Bank or with Cash

Management Bank unless the priority of Landlord's security interests in the Accounts is not adversely affected. Nothing contained in this paragraph shall impair or otherwise limit Tenant's obligations to timely make the payments required by this Lease, it being understood that such payments shall be so timely made in accordance with this Lease, regardless of the amounts on deposit in any Account. Landlord may, from time to time, at its sole option, perform any act which Tenant agrees hereunder to perform which Tenant shall fail to perform after being requested in writing to so perform, and Landlord may from time to time take any other action which Landlord deems necessary for the maintenance, preservation or protection of any of the rights granted to Landlord hereunder. With respect to the powers conferred on Landlord hereunder, Landlord shall not have any duty as to the Accounts or the other Account Collateral, or any responsibility for (i) ascertaining or taking action with respect to any matters relative to the Accounts or the other Account Collateral, whether or not Landlord has or is deemed to have knowledge of such matters (except with respect to Landlord's obligations relating to the payment of Property Taxes and Other Taxes as expressly provided herein) or (ii) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to the Accounts or the other Account Collateral.

(j) Cash Management Fees. All reasonable third party fees, costs and expenses associated with the Account Collateral shall be paid by Tenant when due.

(k) Security Interest. Tenant hereby pledges, transfers and assigns to Landlord, and grants to Landlord, as additional security for Tenant's obligations under this Lease, a continuing perfected first priority security interest in and to, and a first lien upon: (i) the Accounts and Local Accounts owned by it and all amounts which may from time to time be on deposit in each of the Accounts and Local Accounts (such first lien is subject to the Lien on Membership Contract Receivables arising under the Working Capital Loan Documents); (ii) all of Tenant's right, title and interest in and to all cash, property or rights transferred to or deposited in each Account and each Local Account from time to time; (iii) all certificates and instruments, if any, from time to time representing or evidencing the Accounts or Local Accounts or any amount on deposit in any thereof, or any value received as a consequence of possession thereof, including all interest, dividends, cash, instruments and other property from time to time received or otherwise distributed in respect of, or in exchange for, any or all of such Accounts or Local Accounts; (iv) all monies, chattel paper, checks, notes, bills of exchange, negotiable instruments, documents of title, money orders, commercial paper, and other security instruments, documents, deposits and credits from time to time in the possession of Landlord representing or evidencing such Accounts or Local Accounts; (v) all other property, held in, credited to or constituting part of any of the Accounts or Local Accounts; (vi) all earnings and investments held in any Account or Local Account in accordance with this Lease; and (vii) to the extent not described above, any and all proceeds of the foregoing (collectively, the "ACCOUNT COLLATERAL"). This Lease and the pledge, assignment and grant of security interest made hereby secures payment of all of Tenant's obligations under this Lease in accordance with the provisions set forth herein. This Lease shall be deemed a security agreement within the meaning of the UCC.

(l) Bank Accounts. Tenant shall not establish any new bank accounts without prior written notice to Landlord and, except with respect to Local Accounts (other than the Frisco Accounts and the Gautier Accounts), unless Landlord, such Tenant and the bank at which the account is to be opened enter into a tri-party agreement regarding such bank account pursuant to which such bank, among other things, acknowledges the security interest of Landlord in such

bank account, agrees to comply with instructions originated by Landlord directing disposition of the funds in the bank account without further consent from Tenant, and agrees to subordinate and limit any security interest the bank may have in the bank account on terms satisfactory to Landlord.

(m) As part of Tenant's cooperation with Landlord's financing set forth in paragraph 27 of this Lease and the granting of any Mortgage to any Mortgagee, Tenant agrees that the Accounts and each management system in place under this Lease may be assigned to and controlled by Mortgagee so long as Tenant's rights under this paragraph 31 are not diminished or obligations increased and Tenant shall cooperate with such efforts and execute such documents as are required thereby.

32. NOTICES

Notices, statements, demands or other communications required or permitted to be given, rendered or made by either party to the other pursuant to this Lease or pursuant to any applicable law or requirement of public authority, shall be in writing (whether or not so stated elsewhere in this Lease) and shall be deemed to have been properly given, rendered or made when received by personal delivery or overnight delivery or overnight courier delivery (or, if such delivery is refused, upon the date that delivery would have occurred but for such refusal) or facsimile transmission (with electronic confirmation therefor) with a confirmation copy of the entire original transmittal sent by overnight delivery or by overnight courier delivery addressed to the other parties as follows:

To Landlord: MHC TT Leasing Company, Inc.
c/o Manufactured Home Communities, Inc.
Two North Riverside Plaza, Suite 800
Chicago, IL 60606
Attention: General Counsel
Telephone: (312) 279-1400
Facsimile: (312) 279-1715

With a copy to: Manufactured Home Communities, Inc.
Two North Riverside Plaza, Suite 800
Chicago, IL 60606
Attention: Chief Executive Officer
Telephone: (312) 279-1400
Facsimile: (312) 279-1710

With a copy to: Katten Muchin Zavis Rosenman
525 West Monroe, Suite 1600
Chicago, IL 60661
Attention: Daniel J. Perlman, Esq.
Telephone: (312) 902-5532
Facsimile: (312) 577-8668

To Tenant: Thousand Trails Operations Holding Company, L.P.
3801 Parkwood Boulevard, Suite 100
Frisco, TX 75034
Attention: General Counsel
Telephone: (214) 618-7200
Facsimile: (214) 618-7230

With a copy to: KTTI GP, LLC
258 High Street, Suite 100
Palo Alto, California, 94301-1040
Attention: John Eastburn
Telephone: (650) 463-1480
Facsimile: (650) 463-1481

With a copy to: Ropes & Gray LLP
One International Place
Boston, MA 02110
Attention: Daniel S. Evans, Esq.
Telephone: (617) 951-7315
Facsimile: (617) 951-7050

Any party listed in this paragraph 32 may, by notices as aforesaid, designate a different address for notices, statements, demands or other communications intended for it.

33. EXCESS LAND

(a) Landlord and Tenant acknowledge and agree that Landlord, or an affiliate of Landlord (the "EXCESS LAND OWNER") is the owner of the Excess Land. Landlord has advised Tenant that Excess Land Owner may, in its sole and absolute discretion, develop any or all of such Excess Land in one or more phases for non-membership products; provided, however, Excess Land Owner's development of any such Excess Land (A) shall not diminish Tenant's rights under this Lease in a materially adverse manner and (B) shall not be for use as a membership campground similar to Tenant's operations. Tenant hereby acknowledges and agrees that development of the Excess Land as a manufactured home community or a recreational vehicle resort shall not violate the terms of clause (B) of the immediately preceding sentence.

(b) Prior to Landlord's and Tenant's execution of this Lease, MHC Thousand Trails Trust, a Maryland real estate investment trust, now known as MHC 1000T Trust, a Maryland real estate investment trust, Thousand Trails Acquisition, Inc. ("TTA"), KTTI Holding Company, Inc. ("KTTI") and Tenant (collectively, Landlord, TTA, KTTI and Tenant, the "MERGER PARTIES") entered into that certain Agreement and Plan of Merger ("MERGER AGREEMENT") pursuant to which TTA merged into KTTI ("MERGER TRANSACTION"). The Merger Parties entered into the Merger Transaction with the understanding that an integral part of the Merger Transaction was that Landlord (or an affiliate of Landlord) would acquire and develop the Excess Land. Tenant (whose parent benefited from the Merger Transaction) agrees and acknowledges that it has a good faith obligation to cooperate with Landlord (or Landlord's affiliate) in Landlord's (or Landlord's affiliate's) development of the Excess Land including

participation and cooperation in any zoning or other land use petitions. Tenant hereby agrees and acknowledges that Landlord or Landlord's affiliate may transfer or sell the Excess Land or any portion thereof at any time to another affiliate of Landlord without Tenant's consent. All other transfers of the Excess Land shall require the prior written consent of Tenant; Tenant shall consider any such proposed transfer in good faith. For purposes of this paragraph 33(b), a Corporate Control Event (substituting Landlord or Landlord's affiliate, as the case may be, for Tenant) shall be deemed a transfer of the Excess Land; provided, however, in no event shall the merger of or sale of ownership interests in Manufactured Home Communities, Inc., a Maryland corporation, MHC Trust, a Maryland real estate investment trust or MHC Operating Limited Partnership, an Illinois limited partnership, or a sale of substantially all of the assets of any such entity, at any time be deemed to be a Corporate Control Event.

(c) Within thirty (30) days following the Commencement Date, Landlord will record, with the appropriate land records offices, notice of the use and transfer restrictions set forth in this paragraph 33, which notice shall expire by its terms on the date which is the earlier of (i) the fifth (5th) anniversary of the Lease Expiration Date and (ii) such date on which this Lease or Tenant's right to possession of the Premises is terminated following a Put/Call Default or an event of default under paragraphs 15(f) or 15(g) of this Lease and which recorded document shall otherwise be in form and substance reasonably satisfactory to Tenant.

(d) As of the Commencement Date, Landlord and Tenant have agreed that each of the Excess Land Properties contains Excess Land. However, Landlord and Tenant have not agreed upon which portions of the Excess Land Properties constitute Excess Land. Landlord and Tenant agree in principle that Excess Land is land which is subject to being separately developed in accordance with paragraphs 33(a) and (b) hereof, and Exhibit Y, attached to this Lease, contains an approximate description of the acreage of the Excess Land contained in the Excess Land Properties set forth on Exhibit Y, other than those set forth in clauses (i) through (vii), inclusive, of this paragraph 33(d). On or before the Excess Land Agreement Date, Landlord and Tenant shall use commercially reasonable efforts to agree upon and designate the size and location of the Excess Land located at each Excess Land Property. For the Sites listed below, such agreement shall be based on the following general provisions:

(i) With respect to the Site commonly known as Medina Lake, certain portions of the Site shall be considered Excess Land. Landlord's (or its Affiliate's) development of the Excess Land at the Medina Lake Site shall be surrounded by a buffer to the extent it abuts Tenant's existing membership campground.

(ii) With respect to the Site commonly known as Rancho Oso, multiple portions of the Site, currently used as pasture/ranch land, shall be considered Excess Land. Landlord shall update Tenant on any progress made with respect to the applicable regulatory processes in California or evaluations performed relating to the development of the Excess Land at the Rancho Oso Site.

(iii) With respect to the Site commonly known as Yosemite, in the event that Tenant does not, within a commercially reasonable period of time (taking into account market conditions at the Yosemite Site and in the surrounding campground market area; and in any event, such time period shall not exceed ten (10) years following the Commencement Date) (the "TT YOSEMITE DEVELOPMENT DEADLINE"), commence development of the vacant portion of the

Yosemite Site for the use of "Getaway units" and expand the existing membership campground into said area, that portion of the Yosemite Site shall be, in accordance with paragraph 33(e) of this Lease, considered Excess Land.

(iv) With respect to the Site commonly known as Lake Conroe, (a) the area to the north of the lake, (b) the area in which the sales center is currently located and (c) the land between the sales center and the lake, shall be considered Excess Land. Landlord and Tenant shall agree upon a reasonable buffer area to surround the sales center or shall relocate the sales center in connection with Landlord's development of the Excess Land at this Site. In the event Landlord undertakes development of the Excess Land located at the Lake Conroe Site, Landlord shall, at its sole cost and expense, improve the existing water and sewer facilities serving the Lake Conroe Site. In such event, following Landlord's development of the Excess Land at the Lake Conroe Site, Tenant's Members shall have reasonable access to the lake pursuant to the terms of paragraph 2(e) hereof.

(v) With respect to the Site commonly known as Bend, a portion of the Site located on the western portion of the property shall be considered Excess Land. Landlord and Tenant shall consider the feasibility of creating a separate entrance for access to such Excess Land.

(vi) With respect to the Site commonly known as LaConner, a portion of the LaConner Site, shall be considered Excess Land. In the event Landlord undertakes development of the Excess Land located at the LaConner Site, Landlord shall, at its sole cost and expense, improve the existing water and sewer facilities relating to the LaConner Site.

(vii) With respect to the Site commonly known as Idyllwild, a portion of the Site located at the westerly side of the property shall be considered Excess Land.

Promptly following Landlord's and Tenant's agreement regarding the size and location of the Excess Land, Landlord and Tenant shall enter into an amendment to this Lease to reflect such agreements, including (1) causing legal descriptions of the Excess Land to be prepared, (2) attaching revised legal descriptions of the Premises, reflecting the exclusion of the Excess Land and (3) attaching said legal descriptions of the Excess Land as Exhibit P to this Lease. Landlord shall be responsible for all costs associated with clauses (1), (2) and (3) of the foregoing sentence, with the exception of Tenant's legal fees. In addition, Tenant shall cause any and all liens relating to any Leasehold Mortgage encumbering the Excess Land to be released. Notwithstanding anything contained herein to the contrary, until such time as this Lease is amended pursuant to this paragraph 33(d), Tenant shall bear all burdens associated with the Excess Land. If Landlord and Tenant are unable to agree on or before the Excess Land Agreement Date, upon a matter which is the subject of this paragraph 33(d), such matter shall be subject to the arbitration procedures set forth on Exhibit U attached hereto.

(e) If Tenant undertakes development of the Yosemite Site for the use of "Getaway Units" prior to the TT Yosemite Development Deadline, the Yosemite Site shall no longer be an Excess Land Property and no Excess Land shall be considered to be located thereon. To the extent that Tenant has not undertaken development and expansion of the Yosemite Site for the use of "Getaway Units" on or before the TT Yosemite Development Deadline and Landlord has delivered notice to Tenant that the TT Yosemite Development Deadline has occurred (the "TT

YOSEMITE DEVELOPMENT DEADLINE NOTICE"), Landlord and Tenant shall, on or before the date which is six months following Landlord's delivery of the TT Yosemite Development Deadline Notice ("YOSEMITE EXCESS LAND AGREEMENT Date"), use commercially reasonable efforts to agree upon and designate the size and location of the Excess Land located at the Yosemite Site in accordance with the general provisions contained in paragraph 33(d) of this Lease. Promptly following Landlord's and Tenant's agreement regarding the size and location of the Excess Land at the Yosemite Site, Landlord and Tenant shall enter into an amendment to this Lease to reflect such agreements, including (1) causing legal descriptions of such Excess Land to be prepared, (2) attaching revised legal descriptions of the Premises, reflecting the exclusion of such Excess Land and (3) attaching said legal descriptions of such Excess Land as Exhibit P to this Lease. Landlord shall be responsible for all costs associated with the clauses (1), (2) and (3) of foregoing sentence, with the exception of Tenant's legal fees. In addition, Tenant shall cause any and all liens relating to any Leasehold Mortgage encumbering the Excess Land at the Yosemite Site to be released. Notwithstanding anything contained herein to the contrary, until such time as this Lease is amended pursuant to this paragraph 33(e), Tenant shall bear all burdens associated with such Excess Land located at the Yosemite Site. If Landlord and Tenant are unable to agree on or before the Yosemite Excess Land Agreement Date, upon a matter which is the subject of this paragraph 33(e), such matter shall be subject to the arbitration procedures set forth on Exhibit U attached hereto.

34. CAPITAL EXPENDITURE RESERVE / IMMEDIATE REPAIRS

(a) Capital Expenditure Reserve. Deposits into the Capital Expenditure Reserve Account, other than the deposits for Immediate Repairs, shall be made for the purpose of establishing and maintaining a reserve (the "CAPITAL EXPENDITURE RESERVE") for the completion of such capital improvement items and for equipment for use at the Sites ("CAPITAL IMPROVEMENTS") to the extent set forth in the Budget or as are otherwise approved in advance by Landlord ("APPROVED CAPITAL IMPROVEMENTS"). The funds contained in the Capital Expenditure Reserve shall be utilized by Tenant solely for Approved Capital Improvements.

So long as no Event of Default or Put/Call Default exists at the time of any requested distribution of funds from the Capital Expenditure Reserve, Landlord shall make funds in the Capital Expenditure Reserve available to Tenant subject to satisfaction of each of the following terms and conditions: (a) all Capital Expenditure Reserve funds released by Landlord to Tenant shall be used to pay for or to reimburse Tenant for the reasonable expenses actually incurred and paid by Tenant for Approved Capital Improvements; (b) Tenant shall have delivered to Landlord a Request for Release satisfactory to Landlord together with a summary of all Capital Improvements to be made with such requested funds; (c) disbursements from the Capital Expenditure Reserve shall not be made more frequently than once per month; (d) each request for a disbursement shall be in an amount of not less than \$10,000.00; and (e) upon request of Landlord, Tenant shall also provide Landlord with additional evidence satisfactory to Landlord that Tenant is the owner or lessee of any Capital Improvements or equipment for which reimbursement is sought, free of any Liens (other than the first priority security interest in favor of Landlord). Landlord shall make each disbursement of the Capital Expenditure Reserve funds within three (3) Business Days after satisfaction of all the conditions to that disbursement. Notwithstanding the foregoing, at Landlord's election, if any disbursement of Capital Expenditure Reserve Funds is made to Tenant to pay a capital expenditure then due and owing

(as opposed to a reimbursement for amounts paid by Tenant), then Tenant shall provide evidence to Landlord within three (3) Business Days of such disbursement that such capital expenditure was in fact paid as and when due. If an Event of Default exists, Landlord may apply the Capital Expenditure Reserve funds, together with any interest accrued thereon, to Tenant's obligations under this Lease in such order and priority as Landlord may determine. Notwithstanding the foregoing, to the extent that in any calendar year Tenant has expended sums on Capital Improvements and equipment (or otherwise approved, in writing, by Landlord) in excess of the sums required to be deposited into the Capital Expenditure Reserve hereunder for such period, Tenant may request that Landlord approve (which approval shall be in Landlord's sole but good faith discretion) a reduction in the amount Tenant shall be required to deposit in the Capital Expenditure Reserve for the remaining portion of the calendar year to reflect the amount of such excess expenditures. Tenant shall furnish to Landlord on or prior to the thirtieth (30th) day following the end of each calendar quarter a statement ("CAPITAL EXPENDITURE RESERVE STATEMENT") setting forth (a) all deposits into and disbursements from the Capital Expenditure Reserve, and (b) a schedule of Capital Improvements and related expenses to which disbursements from the Capital Expenditure Reserve were applied during the applicable fiscal quarter, including, to the extent not previously provided to, and approved by, Landlord, invoices, receipts, lien waivers and other documentation as Landlord shall request. Landlord shall not make any disbursements from the Capital Expenditure Reserve until (i) Landlord has approved the expenditures proposed by Tenant, (ii) all conditions to such disbursement have been satisfied and (iii) if requested by Landlord, Tenant has provided Landlord with all invoices, receipts, lien waivers and other documentation reasonably requested by Landlord.

(b) Immediate Repairs. Tenant shall complete those improvements and repairs highlighted with an asterisk on Exhibit 0 attached hereto no later than December 31, 2005. Tenant shall use commercially reasonable efforts to complete the balance of the improvements and repairs on Exhibit 0 attached hereto within timeframes during which a prudent owner/operator of membership campgrounds would make such improvements and repairs. Tenant shall perform each Immediate Repair in accordance with the terms and provisions of paragraph 23 of this Lease and upon completion of such Immediate Repair, Tenant shall provide Landlord with final lien waivers for all trades and materials and evidence satisfactory to Landlord that such Immediate Repair has been fully completed. Landlord shall have no obligation to pay any costs for such Immediate Repairs and Tenant shall pay all costs of such Immediate Repairs in full. If Tenant fails to complete any Immediate Repair within the time frame specified in this paragraph 34(b), then upon ten (10) Business Days prior written notice to Tenant, Landlord may complete such Immediate Repair and Tenant shall pay Landlord as Additional Rent forthwith (and in any event within thirty (30) days) after being billed for same by Landlord the cost thereof plus an administrative fee of five percent (5%) of such cost, which bill shall be accompanied by reasonable supporting documentation. Such amounts shall bear interest at the Overdue Rate from the date of expenditure by Landlord to the date of repayment by Tenant. Tenant shall remain responsible for any increased costs to repair such Immediate Repair in excess of the amount set forth on Exhibit 0 and such increased amount shall bear interest at the Overdue Rate.

35. INTENTIONALLY OMITTED.

36. RIGHT OF FIRST OFFER

(a) During the Term, if Tenant desires to sell Tenant's Business through a sale of all or substantially all of its assets, stock or otherwise, Tenant shall notify ("ROFO NOTICE") Landlord in writing of such event. The date such ROFO Notice is given is herein called the "ROFO NOTICE DATE". The ROFO Notice shall (1) state the specified price for which Tenant will sell Tenant's Business ("ROFO NOTICE PRICE") (2) contain all material terms pursuant to which Tenant will sell Tenant's Business, including (A) any caps on funds for which Tenant will be liable pursuant to indemnification provisions, (B) any floors or baskets pertaining to funds for which Tenant will be liable pursuant to indemnification provisions and (C) the survivability of any indemnification provisions (collectively, (A) through (C), (the "ROFO MATERIAL PROVISIONS") and include a copy of the stock purchase agreement, asset purchase agreement or other purchase agreement, as applicable (the "ROFO PURCHASE AGREEMENT") pursuant to which Tenant intends to sell Tenant's Business and (3) shall contain the same type of information as is contained in Schedules 4.4 and 4.12 of the Merger Agreement (it being agreed, that if Tenant intends to circulate or cause to be circulated any offering materials, prospectus or information package, then Landlord shall receive a copy of such items pursuant to this paragraph 36(a)(3)). Landlord shall have the right, at its option, to purchase Tenant's Business ("ROFO") for the ROFO Notice Price on substantially the same terms contained in the ROFO Purchase Agreement.

(b) Landlord shall exercise its ROFO, if at all, by delivering written notice ("LANDLORD'S ELECTION NOTICE") to Tenant on or before the date which is thirty (30) days following the ROFO Notice Date ("LANDLORD'S NOTICE DATE"). If Landlord delivers such Landlord's Election Notice within such thirty (30) day period, Tenant and Landlord shall execute the ROFO Purchase Agreement within ten (10) days after the date on which Landlord delivers its Landlord's Election Notice and shall close the purchase of Tenant's Business sixty (60) days after the date on which Landlord delivers its Landlord's Election Notice on substantially the same terms contained in the ROFO Purchase Agreement.

(c) In the event Landlord does not timely deliver Landlord's Election Notice or does not elect to exercise its ROFO, Tenant shall have one hundred twenty (120) days following Landlord's Notice Date in which to sell Tenant's Business to a Person or group of Persons ("PROPOSED PURCHASER") for a purchase price equal to or greater than one hundred five percent (105%) of the ROFO Notice Price, and on ROFO Material Provisions no more favorable to the Proposed Purchaser than those contained in the ROFO Purchase Agreement. Tenant shall deliver to Landlord an executed copy of the ROFO Purchase Agreement, which ROFO Purchase Agreement shall contain a purchase price equal to or greater than 105% of the ROFO Purchase Price. Notwithstanding anything contained herein to the contrary, Tenant's sale of Tenant's Business to the Proposed Purchaser shall constitute a Corporate Control Event which may only be completed in accordance with paragraph 25(b) of this Lease. If no closing of such sale of Tenant's Business to the Proposed Purchaser occurs within such one hundred twenty (120) day period, Landlord's rights to receive a ROFO Notice and to purchase Tenant's Business at the ROFO Notice Price, as set forth in this paragraph, shall be reinstated.

(d) Should Tenant desire to enter into a stock purchase agreement, asset purchase agreement or other purchase agreement or amendment thereto ("REVISED ROFO PURCHASE AGREEMENT") with the Proposed Purchaser having either (1) a purchase price for Tenant's Business that is less than one hundred five percent (105%) of the ROFO Notice Price or (2) containing ROFO Material Provisions more favorable to the Proposed Purchaser than those disclosed to Landlord in the ROFO Notice and in the ROFO Purchase Agreement, then prior to entering into such Revised ROFO Purchase Agreement (or such Revised ROFO Purchase Agreement may be entered into so long as it remains subject to Landlord's rights hereunder) Tenant shall first permit Landlord to match the Proposed Purchaser's offer by submitting such offer and Revised ROFO Purchase Agreement to Landlord in writing ("TENANT'S REOFFER NOTICE"). Within ten (10) calendar days of receipt of Tenant's Reoffer Notice, Landlord shall affirmatively accept or reject such offer in writing. If Landlord rejects the terms of such Tenant's Reoffer Notice, Tenant shall be free to proceed with selling Tenant's Business to the Proposed Purchaser pursuant to the terms and conditions of its offer and Revised ROFO Purchase Agreement. Landlord's failure to respond shall be deemed a rejection of Tenant's Reoffer Notice. If Landlord accepts the terms of such Tenant's Reoffer Notice, Landlord and Tenant shall execute the Revised ROFO Purchase Agreement within ten (10) days after the date on which Landlord delivers its acceptance to Tenant of Tenant's Reoffer Notice and shall close the purchase of Tenant's Business on substantially the same terms contained in the Revised ROFO Purchase Agreement.

(e) Tenant shall not enter into a binding agreement to sell Tenant's Business without first complying with the provisions of this paragraph.

(f) In the event of a sale to a Proposed Purchaser in accordance with the terms of this paragraph 36, Landlord's rights to purchase Tenant's Business (as such term shall apply to the Tenant Successor) pursuant to this paragraph 36 shall continue in full force and effect and be binding upon any Tenant Successor hereunder.

37. TRADEMARK LICENSE AGREEMENT

On the Commencement Date, Landlord and Tenant shall enter into a mutually acceptable Trademark License Agreement pursuant to which Landlord shall be granted a royalty-free license during the Term of this Lease to use certain trademarks of Tenant pursuant to the terms and conditions thereof.

38. AFFIRMATIVE, NEGATIVE AND FINANCIAL COVENANTS OF TENANT

(a) During the Term of this Lease, all of the business and operations of Tenant and its Subsidiaries as conducted prior to the date hereof by such entities and their predecessors ("TENANT'S BUSINESS") shall continue to be operated by Tenant and its Subsidiaries after the date hereof, and Tenant and Tenant's Subsidiaries, as applicable, shall not engage in any business other than Tenant's Business. Tenant's Business is the operation and management of (i) membership campgrounds, (ii) reciprocal use and affiliation programs for use of campgrounds, (iii) management of campgrounds for third parties, including the United States Forest Service and (iv) other business related and ancillary to the businesses described in clauses (i), (ii) and (iii), above. Without limiting the generality of the foregoing, Tenant shall not operate any portion of Tenant's Business other than directly itself or through its Subsidiaries. In furtherance

thereof, except as otherwise expressly provided herein, Tenant shall not permit its Subsidiaries to authorize, issue or enter into any agreement providing for the issuance (contingent or otherwise) of (x) any notes or debt securities containing equity features, including, any notes or debt securities convertible into or exchangeable for equity securities, issued in connection with the issuance of equity securities or containing profit participation features, (y) any equity securities (or any securities convertible into or exchangeable for any equity securities), or (z) any capital appreciation or profit participation rights. Subject to the provisions of paragraphs 25 and 36 of this Lease, at no time shall Tenant (1) cease to, directly or indirectly, own and control one hundred percent (100%) of each class of the outstanding equity interests of each Subsidiary or (2) own any asset, directly or indirectly, other than its ownership interests in the Subsidiaries. Tenant may not acquire or form any corporations, partnerships, limited liability companies, associations or other business entities unless such entities are wholly owned and controlled by Tenant and Landlord shall have received (x) a Subsidiary Pledge, by which such new Subsidiary pledges one hundred percent (100%) of its assets to Landlord, (y) a joinder to the Subsidiary Guaranty, in the form attached thereto and (z) a replacement Tenant Pledge, by which Tenant shall pledge to Landlord one hundred percent (100%) of the ownership interest in each Subsidiary, including the new Subsidiary or Subsidiaries contemplated by this paragraph 38(a).

(b) Tenant shall not directly or indirectly create, incur, assume or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness except for (i) the obligations of Tenant under this Lease, (ii) the Working Capital Indebtedness, and (iii) any other Indebtedness, if after giving effect to such Indebtedness, Tenant has (1) a Net Worth of not less than \$16,000,000.00 and (2) a Fixed Charge Coverage Ratio of not less than 1.05:1.0.

(c) Tenant shall not permit any of its Subsidiaries directly or indirectly, to create, incur or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness except for (i) ordinary and customary trade payables which are incurred in the ordinary course of its business provided that not more than \$1,000,000 of which, in the aggregate at any time outstanding, are more than ninety (90) days overdue, (ii) the obligations of the Subleasing Subsidiaries under the Tenant Subleases, and (iii) any other Indebtedness incurred as a co-borrower with or guarantor of Tenant (provided such other Indebtedness is permitted by paragraph 38(b), above).

(d) Except as provided in paragraph 36 of this Lease, Tenant shall not nor shall it permit any of its Subsidiaries directly or indirectly to convey, sell, lease, sublease, transfer or otherwise dispose of, or grant to any Person an option to acquire, in one transaction or a series of related transactions, any of its property, business or assets, or the capital stock of or other equity interests in any of its Subsidiaries, whether now owned or hereafter acquired, except for sales of inventory in good faith to customers for fair value in the ordinary course of business and dispositions of obsolete assets not used or useful in Tenant's Business.

(e) Tenant shall not nor shall Tenant permit any of its Subsidiaries directly or indirectly to declare, order, pay, make or set apart any sum for any Restricted Junior Payment, except that:

(A) Subsidiaries of Tenant may make Restricted Junior Payments to Tenant as the parent thereof and Tenant may make Restricted Junior Payments to Subsidiaries of Tenant; and

(B) Tenant may make Restricted Junior Payments, provided that each of the following conditions are fully satisfied:

(i) both before and after giving effect to such Restricted Junior Payment, the Fixed Charge Coverage Ratio is no less than 1.05:1.0.

(ii) both before and after giving effect to such Restricted Junior Payment, Tenant has a minimum Net Worth of not less than \$16,000,000.00.

(f) Guarantor shall at all times continue to, directly or indirectly, own and control at least one hundred percent (100%) of the outstanding equity interests of Tenant. Additionally, Guarantor shall cause (1) the Person proposed by Tenant to sell Tenant's Equity Shares to Landlord pursuant to paragraph 22(f) hereof ("TENANT Seller") to have owned no assets other than Tenant's Equity Shares and (2) Tenant to not own any assets, directly or indirectly, other than the assets in existence on the date of this Lease or otherwise acquired in accordance with this Lease and Tenant's Business.

39. PROMOTIONS AND DISCOUNTS RESERVE ACCOUNT

Tenant recognizes Landlord's interest in continued annual dues payable under Membership Contracts in order for proceeds to be available for the maintenance and delivery of services at the Premises for the benefit of the holders of all Membership Contracts. As a result, Tenant agrees to endeavor to continue to operate and to cause Tenant's Subsidiaries to continue to operate Tenant's Business in a manner which remains consistent with the relationship between usage benefits and annual membership dues currently in existence as of the date of this Lease (such manner of operation being referenced to herein as "TENANT'S MANNER OF OPERATION"). If Tenant or any of Tenant's Subsidiaries pursue any marketing effort that would cause Tenant to materially and adversely deviate from Tenant's Manner of Operation, taking into account Tenant's business as a whole (such deviation shall be referred to herein as a "VARIANCE PROGRAM"), then Tenant shall, within five (5) Business Days after instituting such marketing effort, notify Landlord of such Variance Program. Promptly thereafter, Landlord and Tenant shall use good faith efforts to determine whether or not and to what extent Tenant shall be obligated to make a deposit into the Promotions and Discount Reserve in connection with such Variance Program ("VARIANCE PROGRAM DEPOSIT") and upon such agreement, Tenant shall make such Variance Program Deposit into the Promotions and Discount Reserve Account. Within ninety (90) days following the expiration of each fiscal year of Tenant, Tenant shall furnish to Landlord a certificate of Tenant's Chief Financial Officer stating that in such officer's good faith judgment, Tenant has not commenced and has not permitted any of Tenant's Subsidiaries to commence any Variance Programs during the preceding fiscal year of Tenant other than those which Tenant has disclosed to Landlord. Variance Program Deposits made into the Promotions and Discounts Reserve Account shall be made for the purposes of establishing and maintaining a reserve (the "PROMOTIONS AND DISCOUNTS RESERVE") for the payment of any deficiencies in Tenant's payment of Rent under this Lease. If Tenant or Tenant's Subsidiaries revise its marketing efforts in a manner that reinstates Tenant's Manner of Operation (or otherwise positively affects the relationship between usage benefits and annual membership dues), then Tenant shall be entitled to withdraw funds from the Promotions and Discount Reserve, in amounts and at times approved by Landlord, such approval not to be unreasonably withheld, delayed or conditioned.

40. LANDLORD SUBORDINATION AND NON-DISTURBANCE

(a) Notwithstanding anything in this Lease to the contrary, Landlord hereby covenants and agrees that:

(i) Its rights in each Resort (as hereinafter defined) shall be subordinate to the rights of Purchasers (as hereinafter defined) from and after the date of this instrument;

(ii) In the event of the termination of this Lease or of Tenant's possession of the Premises, Landlord shall take each Resort subject to the use rights of Purchasers;

(iii) In the event of termination of this Lease or of Tenant's possession of the Premises, Landlord shall fully honor all rights of Purchasers to occupy and use any Resort as provided in the Purchasers' Camping Resort Contracts (as hereinafter defined);

(iv) In the event of termination of this Lease or of Tenant's possession of the Premises, Landlord shall fully honor all rights of Purchasers to cancel their Camping Resort Contracts and receive appropriate refunds; and

(v) In the event of the termination of this Lease or of Tenant's possession of the Premises, Landlord shall not discontinue use of any Resort or cause or permit any Resort to be used in a manner which would prevent or materially prevent or interfere with Purchasers from using or occupying the Resort in the manner contemplated by the Purchasers' Camping Resort Contracts. However, except as required by applicable law, Landlord shall have no obligation or liability to assume the responsibilities or obligations of Tenant or any of its Affiliates under the Camping Resort Contracts.

(b) In the event of the termination of this Lease or of Tenant's possession of the Premises and Landlord does not continue to operate the Resort upon conditions no less favorable to Purchasers than existed prior to the change of title or possession, Landlord and its successors and assigns shall either:

(i) Offer the title to or possession of the Resort to an association of Purchasers to operate the Resort; or

(ii) Obtain a commitment from another entity (which obtains title or possession to the Resort) to undertake the responsibility of operating the Resort.

(c) The covenants contained herein may be enforced by each Purchaser of a Camping Resort Contract, provided that the Purchaser is not in default under the terms of the Purchaser's Camping Resort Contract.

(d) The covenants contained herein shall be effective as between each Purchaser and Landlord despite any rejection or cancellation of the Purchaser's Camping Resort Contract during any bankruptcy proceedings of Tenant or any of its present or future Affiliates.

(e) The covenants and agreements contained herein shall inure to the benefit of and be binding upon the successors and assigns of Tenant and Landlord.

(f) When used in this Section, each of the following terms shall be defined as set forth below:

(i) "Purchaser" shall mean a person who enters into a Camping Resort Contract, whether before or after the date hereof, and thereby obtains title to, an estate or interest in, or license or the right to use the Resort.

(ii) "Camping Resort Contract" shall mean an agreement between (1) Tenant or any of its present or future Affiliates or any predecessor in interest to Tenant or such Affiliates and (2) a Purchaser evidencing the Purchaser's title to, estate or interest in, or right or license to use the Resort.

(iii) "Resort" means any campground located on or forming a part of the Premises.

The covenant of non-disturbance contained herein is made for the benefit of Tenant and Landlord and each Purchaser and shall be binding upon and inure to the benefit of Tenant and Landlord and their respective successors and permitted assigns and shall be binding upon and inure to the benefit of each Purchaser and his or her respective successors and permitted assigns.

41. STATE SPECIFIC PROVISIONS

(a) The following provisions shall apply with respect to any Site(s) located in the State of Arizona:

(i) The following language is added to the definition of "Land" in paragraph 1 of this Lease, following the phrase "all other property rights":

"water rights"

(ii) The word "for" is hereby inserted in the Lease as follows:

(A) In Paragraphs 6(a), 6(b) of this Lease after the phrase "on an After-Tax Basis" and before the phrase "from and against any such Taxes".

(B) In Paragraph 6(h) of this Lease, after the phrase "on an After-Tax Basis" and before the phrase "from and against any claims for payment thereof".

(C) In Paragraph 7(a) of this Lease, after the phrase "on an After-Tax Basis" and before the phrase "from and against, any and all costs, charges and expenses attributable to the Premises or Underlying Premises".

(D) In Paragraph 18(b) of this Lease, after the phrase "successors and assigns" and before the phrase "from and against any and all claims".

(E) In Paragraph 22(b) of this Lease, after the phrase "on an After-Tax Basis" and before the phrase "from and against loss or liability".

(F) In Paragraph 26(c) of this Lease, after the phrase "on an After-Tax Basis" and before the phrase "from and against any and all liability".

(iii) The following language is added to paragraph 16(b)(ii)(B), following the phrase "from and after any such Event of Default":

"and to the extent such statute or common law can be waived,"

(iv) With regard to any Site located in the State of Arizona, Tenant expressly waives the benefit of any statute now or in the future in effect which would otherwise afford Tenant the right to terminate this Lease due to the casualty or damage to the Site including, without limitation, Arizona Revised Statutes Section 33-343.

(b) The following provisions shall apply with respect to any Site(s) located in the State of California:

(i) The following language is added at the end of paragraph 6(a) of this Lease:

"In addition, "Property Taxes" shall include any taxes as a result in any change in ownership with respect to the Premises pursuant to Proposition 13 as adopted by the voters of the State of California in the June 1978 election, and the costs of any transit impact development fees, housing and child care contributions or other similar or dissimilar impositions required of Landlord with respect to the Premises or otherwise imposed by the local governmental or quasi-governmental instrumentalities. In no event shall Tenant be responsible for any taxes relating to Landlord's sale of the Premises."

(ii) Except to the extent specifically provided in this Lease, Tenant hereby waives, to the maximum extent permitted by applicable laws, any rights that it may now or in the future have to quit or surrender or vacate the Premises, to terminate this Lease, or to any abatement, diminution, offset, reduction or suspension of Rent on account of Landlord's failure to timely or in a satisfactory manner deliver possession of the Premises to Tenant or on account of any other event or circumstance, including, any rights it might otherwise have under the provisions of sections 1932, 1933, 1941 and/or 1942 of the California Civil Code, it being the express intention of the parties, and therefore it being agreed by the parties, that the terms of this paragraph shall control under any circumstances in which said statutes might otherwise apply, and govern and replace any rights covered by said statutes.

(iii) The following language is added at the end of the first grammatical paragraph of paragraph 10 of this Lease:

"The provisions of Sections 1932(2) and 1933(4) of the California Civil Code are hereby waived by Tenant, it being the intention of the parties that the express terms of this Lease shall control under any circumstances in which those provisions might otherwise be applicable."

(iv) The following language is added to the first sentence of paragraph 12 of this Lease, following the defined term "ADA":

"and California Civil Code Section 3110.5,"

The following language is added to paragraph 12 of this Lease, following the phrase "with respect to the use or manner of use" and before the phrase "of the Premises, or such adjacent or appurtenant facilities":

"maintenance, operation, repair, alteration or construction"

(v) The following language is added at the end of paragraphs 13 and 14 of this Lease:

"The provisions of Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure are hereby waived by Tenant, it being the intention of the parties that the express terms of this Lease shall control under any circumstances in which those provisions might otherwise be applicable."

(vi) The following language is added at the end of paragraph 16(b) of this Lease:

"(vi) With respect to any Site(s) located in the State of California, terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant immediately shall surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including (i) the cost of recovering possession of the Premises; (ii) the worth at the time of the award of any unpaid Rent which had been earned at the time of termination; (iii) the worth at the time of the award of the amount by which the unpaid Rent which would have been earned after the termination until the time of the award exceeds the amount of such rental loss that Tenant proves could reasonably have been avoided; (iv) reasonable expenses of placing the Premises in good order, condition and repair; (v) reasonable expenses of reletting, including necessary renovation and alteration of the Premises; (vi) reasonable and actual attorneys' fees; (vii) the worth at the time of award of the amount by which the unpaid Rent required to be paid by Tenant pursuant to this Lease for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves reasonably could be avoided; (viii) that portion of any leasing commission paid by Landlord and applicable to the unexpired term of this Lease; and (ix) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations

under this Lease or which in the ordinary course of things would be likely to result therefrom, including damages for diminution in the value of the Project. As used in subparagraphs (ii) and (iii), above, the "worth at the time of award" is computed by allowing interest at the Overdue Rate. As used in subparagraph (vii), above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). Unpaid installments of rent or other sums shall bear interest from the date due at the Overdue Rate;

(vii) With respect to any Site(s) located in the State of California, maintain Tenant's right to possession, in which case this Lease shall continue in full force and effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the Rent as may become due hereunder, for which purposes Landlord may exercise the remedy described in California Civil Code section 1951.4 (lessor may continue Lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations);

(viii) With respect to any Site(s) located in the State of California, seek specific performance by Tenant, in the case of breach by Tenant of one or more of its covenants herein, below;

(ix) With respect to any Site(s) located in the State of California, exercise the remedy described in California Civil Code section 1954 (and for such purposes, Tenant hereby waives any rights or benefits that may be available to it under said California Civil Code section 1954); and/or

(x) With respect to any Site(s) located in the State of California, pursue every and any other remedy or right now or hereafter available to Landlord under the laws or judicial decisions of the State of California."

(vii) The following is added to paragraph 23(c)(i) of this Lease, following the phrase "rules and regulations" and before the phrase "shall not adversely affect the structural elements":

", including, to the extent applicable, California Civil Code Section 3110.5, and shall otherwise comply with paragraph 12 hereof"

(viii) The following is added to the definition of "Environmental Laws" in paragraph 26(b) of this Lease:

"to the extent applicable, (i) the Porter-Cologne Water Quality Control Act (California Water Code Section 13000 et seq.), (ii) the California Hazardous Waste Control Law (Division 20, Chapter 6.5 of the California Health and Safety Code), (iii) The Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code Section 25300 et seq.), (iv) Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory) of the California Health and Safety Code, (v) the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code Section 25249.5 et seq.), (vi) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), (vii) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), and (viii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.)"

(c) The following provisions shall apply with respect to the Site(s) located in the State of Florida:

(i) The following language is added at the end of Paragraph 6(c) of this Lease:

"Without limiting the foregoing, Tenant shall pay to the Landlord, any sales, excise and other tax (excluding, however Landlord's income taxes) levied, imposed or assessed by the State of Florida or any political subdivision thereof or other taxing authority upon any rent payable hereunder, including Fixed Rent or Additional Rent."

(ii) The following language is hereby added at the end of paragraph 16(b) of this Lease:

"(vi) Landlord shall have all remedies available under Florida law including the following:

(a) Landlord shall have the right to recover the Premises and repossess the Premises by any lawful means without terminating the Lease.

(b) Landlord shall have the right at any time to give a written termination notice to Tenant and, on the date specified in such notice, Tenant's right to possession shall terminate and this Lease shall terminate. Upon such termination, Landlord shall have the right to recover from Tenant all unpaid Rent and other charges due under this Lease which had been earned at the time of termination."

(c) "In addition and without limiting the foregoing, Landlord shall have the right to accelerate and declare immediately

due and payable all rents and other charges to be paid by Tenant hereunder. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of this Lease unless written notice of such termination is given by Landlord to Tenant."

(iii) The following language is substituted for the first sentence of paragraph 21(b) of the Lease:

"Landlord's interest in the Premises shall not be subject to liens for improvements made by the Tenant, and Tenant shall have no power or authority to create any lien or permit any lien to attach to the Premises or to the present estate, reversion or other estate of Landlord in the Premises herein demised or on the Improvements or the Property or other improvements thereon as a result of improvements made by Tenant or for any other cause or reason. All materialmen, contractors, artisans, mechanics and laborers and other persons contracting with Tenant with respect to the Premises or any part hereof, or any such party who may avail himself of any lien against realty (whether same shall proceed in law or in equity), are hereby charged with notice that such liens are expressly prohibited and that they must look solely to Tenant to secure payment for any work done or material furnished for improvements by Tenant or for any other purpose during the term of this Lease. Tenant shall indemnify Landlord against any loss or expenses incurred as a result of the assertion of any such lien."

(iv) The following provision is added at the end of paragraph 28 of this Lease:

"(r) Wherein this Lease requires the Tenant to pay any of landlord's legal or attorney fees, such fees shall include any and all reasonable legal fees and expenses of Landlord, including any and all such fees and expenses incurred in connection with litigation, mediation, arbitration, other alternative dispute processes, administrative proceedings and bankruptcy proceedings, and any and all appeals from any of the foregoing."

"(s) As required by Section 404.056, Florida Statutes, Landlord notes the following disclosure:

RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding

radon and radon testing may be obtained from your county health department."

"(t) ENERGY: Tenant may have the energy efficiency rating of any building determined. A copy of the State brochure is attached as Exhibit X."

(v) The following language is substituted for the first sentence of paragraph 21(b) of the Lease:

"Landlord's interest in the Premises shall not be subject to liens for improvements made by the Tenant, and Tenant shall have no power or authority to create any lien or permit any lien to attach to the Premises or to the present estate, reversion or other estate of Landlord in the Premises herein demised or on the Improvements or the Property or other improvements thereon as a result of improvements made by Tenant or for any other cause or reason. All materialmen, contractors, artisans, mechanics and laborers and other persons contracting with Tenant with respect to the Premises or any part hereof, or any such party who may avail himself of any lien against realty (whether same shall proceed in law or in equity), are hereby charged with notice that such liens are expressly prohibited and that they must look solely to Tenant to secure payment for any work done or material furnished for improvements by Tenant or for any other purpose during the term of this Lease. Tenant shall indemnify Landlord against any loss or expenses incurred as a result of the assertion of any such lien."

(d) The following provisions shall apply with respect to the Site(s) located in the State of Indiana:

(i) Where any provision of this Lease is inconsistent with any provision of Indiana statutory or case law that may not be waived ("Applicable Law"), the provisions of Applicable Law shall take precedence over the provisions of this Lease, but shall not invalidate or render unenforceable any other provisions of this Lease that can be construed in a manner consistent with Applicable Law. Should Applicable Law confer any rights or impose any duties inconsistent with or in addition to any of the provisions of this Lease, the affected provisions of this Lease shall be considered amended to conform to such Applicable Law, but all other provisions hereof shall remain in full force and effect without modification.

(ii) To the extent that Applicable Law limits (i) the availability of the exercise of any of the remedies set forth in the Lease, and the right of Landlord to exercise self-help in connection with the enforcement of the terms of this Lease, or (ii) the enforcement of waivers and indemnities made by Tenant, such remedies, waivers, or indemnities shall be exercisable or enforceable, any provisions in this Lease to the contrary notwithstanding, if, and to the extent, permitted by Applicable Law in force at the time of the exercise of such remedies or the enforcement of such waivers or indemnities without regard to the enforceability of such remedies, waivers or indemnities at the time of the execution and delivery of this Lease.

(iii) The following language is added at the end of paragraph 16(b) of this Lease:

"(vi) With respect to any site located in the State of Indiana, Tenant covenants and agrees with Landlord that if Landlord, upon a Put/Call Default by Tenant, elects to file a suit to enforce this Lease and protect Landlord's rights thereunder, Landlord may in such suit apply to any court having jurisdiction, for the appointment of a receiver of the Premises and Tenant hereby consents to such appointment, and thereupon it is expressly covenanted and agreed that the court shall, without notice forthwith, appoint a receiver with the usual powers and duties of receivers in like cases pursuant to Ind. Code 32-30-5, and such appointment shall be made by such court as a matter of strict right to Landlord and without reference to the adequacy or inadequacy of the value of the Premises that is subject this Lease, or to the solvency or insolvency of Tenant, and without reference to the commission of waste."

(iv) Tenant waives, to the fullest extent permitted by Applicable Law, any notice to quit as a condition precedent to Landlord's remedies under paragraph 16 of this Lease, for and on behalf of itself and all persons claiming through or under Tenant and Tenant further waives any and all right of redemption or re-entry or repossession in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge, or in case of re-entry or repossession by Landlord or in case of any expiration or termination of this Lease.

(v) Environmental Laws, as defined in this Lease, includes, to the extent applicable, all of the Environmental Management Laws, as defined in Ind. Code 13-11-2-71.

(vi) Tenant hereby waives, to the fullest extent permitted by Applicable Law, relief from valuation and appraisal laws and Tenant covenants and agrees that any judgment obtained by Landlord against Tenant may be executed in the State without relief from such valuation and appraisal laws.

(vii) To the fullest extent permitted by Applicable Law, Tenant hereby waives and surrenders, for itself and all those claiming under it, including creditors of all kinds, (i) any right and privilege which it or any of them may have under any present or future Applicable Law to redeem any of the Premises or to have a continuance of this Lease after termination of this Lease or of Tenant's right of occupancy or possession pursuant to any court order or any provision hereof, and (ii) the benefits of any present or future Applicable Law which exempts property from liability for debt or for distress for rents.

(viii) Landlord and Tenant agree to execute and record a memorandum of lease satisfying the requirements of Ind. Code 36-2-11-20, in the office of the County Recorder in which the Premises is located.

(e) The following provisions shall apply with respect to the Site(s) located in the State of Michigan:

(i) the words "single business tax" is hereby inserted between the phrases "gross receipts tax" and "excise tax" in paragraph 6(b)(iii).

(ii) The following language is added to the definition of Environmental Laws in paragraph 26(b), immediately following the phrase "the Federal Insecticide, Fungicide and Rodenticide Act, as amended, 7 U.S.C. Sections 136 et seq.":

"the State of Michigan Natural Resources and Environmental Protection Act, MCL 324.101 et seq., and any rules and regulations promulgated thereunder,"

(iii) The following language is added to the definition of Hazardous Materials in paragraph 26(b), immediately following the phrase "the Resource, Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901, et seq.":

"the State of Michigan Natural Resources and Environmental Protection Act, MCL 324.101 et seq., and any rules and regulations promulgated thereunder,"

(iv) The following parenthetical should be inserted after the words "a special or limited warranty deed" in section B(i) of Exhibits R and W:

"(or covenant deed for any Land located in the state of Michigan)"

(f) The following provisions shall apply with respect to the Site(s) located in the State of Nevada.

Lease: (i) The following language is added to paragraph 15 of this

"All time periods set forth in this paragraph 15 shall run concurrently with any and all applicable statutory time periods."

Lease: (ii) The following language is added to paragraph 21 of this

"Tenant shall not commence any permitted work of improvement within the Site that is reasonably expected to cost more than \$250,000 without having first given Landlord prior written notice at least three (3) days prior to the commencement of work to enable Landlord to record a Notice of Nonresponsibility pursuant to Section 108.234 of the Nevada Revised Statutes ("NRS"). Such notification of the commencement of work shall not be deemed given until actually received by Landlord."

(iii) The following is added to the definition of "Environmental Laws" in paragraph 26 of this Lease:

"The applicable provisions of NRS Chapters 444, 445A, 445B, 445C, 459, 477, 590 and 618; and the Uniform Fire Code (1988 Edition), each as hereafter amended from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing."

(g) The following provisions shall apply with respect to the Site(s) located in the State of New Jersey:

(i) The following shall supplement and, to the extent of any inconsistency, specifically amends paragraph 26 of this Lease:

"(a) For purposes of this Lease, Environmental Laws shall include, but not be limited to, the New Jersey Industrial Site Remediation Act (N.J.S.A. 13:1K-6 et seq.) ("ISRA"). Tenant shall not generate, store, manufacture, refine, transport, treat, dispose of, or otherwise permit to be present on or about the Premises any "hazardous chemical," "hazardous substance" or similar material or substance as defined in any Environmental Laws or in any rules or regulations promulgated thereunder, or in any other applicable federal, state or local law, rule or regulation dealing with environmental protection (other than in connection with the operation, business and maintenance of the Premises and in commercially reasonable quantities in compliance with Environmental Laws). Tenant represents to Landlord that it does not and shall not conduct any activity in the Premises located in New Jersey which shall cause it to be considered an "industrial establishment" under ISRA, or otherwise subject the Premises to the requirements of compliance with ISRA and Tenant does not and shall not conduct any operations that shall subject the Premises located in New Jersey to ISRA.

(b) If at any time during the Term or any Extension Term, the Premises shall be determined to be an industrial establishment under ISRA, Tenant shall comply with the provisions of ISRA, or other similar applicable laws, prior to its termination of any activities in the Premises or the expiration of the term of this Lease, or the occurrence of a "triggering event" under ISRA, whichever is earlier.

(c) If in connection with a sale, transfer, or mortgage of the Premises permitted in accordance with the terms of this Lease, by Landlord or other transaction by the Landlord where Landlord is required to comply with ISRA, Tenant will cooperate with Landlord and provide any information reasonably requested by Landlord for Landlord to comply with ISRA or to obtain a Letter of Non-applicability, at Landlord's sole cost and expense. Tenant shall execute such documents as Landlord reasonably deems necessary and to make such applications as Landlord reasonably requires to assure compliance with ISRA; and without limiting the generality of the foregoing will provide Landlord within ten (10) business days of Landlord's request for the same, an affidavit in support of a request for a non-applicability letter by Landlord in the form required under ISRA. Notwithstanding the foregoing,

that if, at the time that Landlord is required to comply with ISRA, an Event of Default hereunder has occurred and is continuing after applicable notice and cure periods, all reasonable costs and expenses incurred by Landlord to comply with ISRA shall be the obligation of and recoverable against and from Tenant.

(d) Tenant shall bear all reasonable costs and expenses incurred by Landlord associated with any required ISRA compliance resulting from Tenant's occupancy or use of the Premises, including state agency fees, engineering fees, cleanup costs, filing fees, and suretyship expenses. The foregoing undertaking shall survive the termination or sooner expiration of the Lease and surrender of the Premises and shall also survive sale, or lease or assignment of the Premises by Landlord. Tenant shall as soon as practicable provide Landlord with copies of all written correspondence, reports, notices, orders, findings, declarations and other materials pertinent to Tenant's compliance with the NJDEP requirements under ISRA as they are issued or received by the Tenant."

(ii) If at any time prior to commencement of the Term or at anytime during the Term or any Extension Term, the municipality in which a Site is located requires any permit, approval, license or certificate for the occupancy, operation or use of the Premises and/or Tenant's business at the Premises, Tenant, at Tenant's sole cost and expense, shall obtain such permit, approval, license or certificate before any fine, penalty or right of the municipality to legally preclude the use and occupancy of the applicable Premises attaches and is effective, even if the applicable law, statute, ordinance, rule or regulation provides that the obligation to obtain such permit, approval, license or certificate is that of the property owner or landlord, including the Landlord. In no event shall the failure of Tenant to obtain or the failure of the municipality to issue any required permit, approval, license or certificate nor the imposition of any fine or penalty or the legal closure of the Premise for use and occupancy by the municipality relieve Tenant from its obligation to pay Rent or otherwise perform its obligations under this Lease. Tenant shall indemnify, defend, save and hold harmless Landlord of, from and against any and all liability, cost (including any and all attorneys' fees, costs and expenses), damages, expenses, suits or other legal actions or proceedings suffered, incurred by or imposed upon Landlord as a result of the failure of Tenant to obtain such permits, approvals, licenses or certificates or the failure of the municipality to issue any required permit, approval, license or certificate.

(iii) Paragraph 21(a) of the Lease is deleted and replaced with the following:

"(a) Except for liens created through the act of Landlord, Tenant shall not suffer or permit any construction lien, notice of construction lien, or other lien to be filed or recorded against the Premises, equipment or material supplied or claimed to have been supplied to the Premises at the request of Tenant, or anyone holding the Premises, or any portion thereof, through or under Tenant. If any such construction lien, notice of construction lien or other lien shall at any time be filed or recorded against the

Premises, or any portion thereof, Tenant shall cause the same to be discharged of record or bonded over within thirty (30) calendar days after the date of filing or recording of the same."

(h) The following provisions shall apply with respect to any Site(s) located in the State of Ohio:

(i) With respect to any agreement by Tenant in this Lease to pay Landlord's attorneys' fees and disbursements incurred in connection with the enforcement therewith, Tenant agrees that this Lease is a "contract of indebtedness" and that the attorneys' fees and disbursements referenced are those which are a reasonable amount, all as contemplated by Ohio Revised Code Section 1301.21, as the same may hereafter be amended. Tenant further agrees that the indebtedness incurred in connection with this Lease is not incurred for purposes that are primarily personal, family or household and confirms that the total amount owed under this Lease exceeds One Hundred Thousand and No/100 Dollars (\$100,000.00).

(ii) Prior to commencement of any work or labor at the Premises or the furnishing of any materials to the Premises, which could result in a lien against the Premises under Chapter 1311 of the Ohio Revised Code, Tenant shall cause a timely notice of commencement to be filed in accordance with the provisions of Section 1311.04 of the Ohio Revised Code and shall therein describe the Tenant's interest in the Premises as limited to Tenant's leasehold estate under this Lease.

(iii) Tenant hereby expressly waives, and Landlord expressly disclaims, Landlord's duty to mitigate Tenant's damages by re-letting, or attempting to re-let, any Site in Ohio to any replacement tenant(s) from and after any Event of Default.

(i) Notwithstanding anything contained in this Lease to the contrary, the following provisions shall apply with respect to any Site(s) located in the State of Oregon:

(i) The following language is hereby added to the definition of Environmental Laws in paragraph 25(b) of this Lease:

"Oregon State Hazardous Waste and Hazardous Materials I-II as codified at ORS Chapters 465-466."

(j) The following provisions shall apply with respect to any Site(s) located in the State of Pennsylvania:

(i) The following language is hereby added at the end of paragraph 16(b) of this Lease:

"(vi) At its option, upon notice to Tenant, to take possession of the Premises and its contents, either directly or by means of a receiver, without terminating the Lease, and to operate the Premises directly or by means of a designee in such a manner as Landlord may deem appropriate under the circumstances, including as a membership campground, for cabin rentals, pursuant to Tenant's extended vacation, stay and storage programs, in

connection with lease arrangements entered into with farmers prior to the date hereof, and for any other lawful purpose which are both associated with and related thereto;

(vii) To accelerate Rent through the balance of the term, provided that Landlord shall refund to Tenant, and Tenant shall not be liable for, rent collected by Landlord from any replacement tenant or tenants at the Premises, after deducting the expenses incurred in reletting, including real estate commissions, attorney's fees and the costs of reletting; and

(viii) At its option, following the expiration of five (5) Business Days after Landlord gives written notice thereof to Tenant, to make such payments, do such work and take such actions as may be necessary to cure such default, including entry upon the Premises, and the prosecution or defense of any legal action which may have been commenced or threatened against Landlord, Tenant, or the Premises in violation of this Lease; and all sums so expended by Landlord shall be paid by Tenant upon demand."

(ii) The following shall supplement and, to the extent of any inconsistency, specifically amend paragraph 26 of this Lease:

For purposes of this Lease, Hazardous Materials shall include, but not be limited to, "hazardous substances" or "contaminants" as defined pursuant to Pennsylvania Hazardous Sites Cleanup Act, Pa. Stat. Ann. Tit. 35 Sections 6020.101 to 1305 (Purdon Supp. 1989), or any other substances which may be the subject of liability pursuant to Sections 316 or 401 of the Pennsylvania Clean Streams Law, Pa. Stat. Ann. Tit. 35, Sections 691.1 to .1001 (Purdon 1977 and Supp. 1989), and asbestos, urea formaldehyde, polychlorinated biphenyls and petroleum products.

(iii) The following provision is added as new paragraph 21(c) of this Lease:

Tenant acknowledges that any construction work at the Premises is not being undertaken at the request of or for the benefit of Landlord and any mechanic's liens that may be filed against the Premises shall not affect Landlord's fee interest in the Premises.

(k) The following provisions shall apply with respect to any Site(s) located in the State of Texas.

(i) Waiver of Certain Rights. Tenant hereby waives any and all liens (whether statutory, contractual or constitutional) it may have or acquire as a result of a breach by Landlord under this Lease. Tenant also waives and releases any statutory lien and offset rights it may have against Landlord, including the rights conferred upon Tenant pursuant to Section 91.004 of the Texas Property Code, or other applicable law.

(ii) NOTICES. TO THE FULLEST EXTENT PERMITTED BY LAW, TENANT WAIVES ALL NOTICES AND DEMANDS (INCLUDING NOTICE OF BREACH OR DEFAULT, NOTICE OF NON-PAYMENT OR NON-PERFORMANCE, DEMAND FOR PAYMENT OR PERFORMANCE, DEMAND FOR POSSESSION, NOTICE OF ANY CHANGE IN LOCKS OR ACCESS CONTROL DEVICES, REENTRY, OR REPOSSESSION, AND NOTICE TO VACATE), EXCEPT FOR THOSE NOTICES AND DEMANDS EXPRESSLY REQUIRED IN THIS LEASE.

(iii) DTPA. AFTER CONSULTING WITH AN ATTORNEY OF TENANT'S OWN SELECTION, TENANT VOLUNTARILY WAIVES ITS RIGHTS AGAINST LANDLORD PARTIES UNDER THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, SECTION 17.41 ET SEQ., TEXAS BUSINESS & COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. TENANT REPRESENTS AND WARRANTS THAT ITS ATTORNEY WAS NOT, DIRECTLY OR INDIRECTLY, IDENTIFIED, SUGGESTED, OR SELECTED BY ANY LANDLORD PARTY.

(l) The following provisions shall apply with respect to any Site(s) located in the State of Virginia:

(i) The following provision is added at the end of paragraph 2(a) of this Lease:

"With respect to the sixty-two lots located at the Site commonly known as Virginia Landing subject to the association known as the Oceanside Conservation Co., Inc., Landlord grants to Tenant a temporary license to exercise all of Landlord's rights with respect to the association known as the Oceanside Conservation Co., Inc., including, but not limited to, voting rights in such association. All costs and expenses, if any, associated with Landlord's grant of said temporary license shall be paid by Tenant."

(m) The following provisions shall apply with respect to any Site(s) located in the State of Washington:

(i) The following language is added as new paragraph 11(g) of this Lease:

"Solely for the purpose of effectuating Tenant's indemnification obligations under this Lease, and not for the benefit of any third parties (including employees of Tenant), Tenant specifically and expressly waives any immunity that may be granted it under the Washington State Industrial Insurance Act, Title 51 RCW. Furthermore, the indemnification obligations under this Lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts. The parties acknowledge that the

foregoing provisions of this paragraph have been specifically and mutually negotiated between the parties."

(ii) The following language is added at the end of paragraph 16(b)(i) of this Lease:

"Should Landlord have reentered the Premises under the provisions of this paragraph 16, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay the Rent thereafter accruing, or to have terminated Tenant's liability for damages under any of the provisions of this Lease, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that Landlord had elected to terminate this Lease. Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer statutes of the State of Washington and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease."

(iii) The following language is added after the end of paragraph 21(b) of this Lease:

"Tenant shall have no right or authority to cause or allow the Premises or Landlord's estate or interest therein or in and to this Lease to be subjected to any such lien."

(iv) The following language is added to the definition of "Environmental Laws" in paragraph 25(b) of this Lease:

"... the State of Washington Model Toxics Control Act, codified at Chapter 70.105D, RCW; ..."

(n) The following provisions shall apply with respect to the Site located in the Province of British Columbia, Canada:

(i) the word ", provincial" is added after the word "state" in the third line of the definition of "After-Tax Basis" in paragraph 1 of this Lease;

(ii) the phrase "or the province of British Columbia" is added after the phrase "State of Illinois" in the second line of the definition of "Business Days" in paragraph 1 of this Lease and the phrase "or province" is added after the word "state" in the third line of such definition;

(iii) the following paragraphs are added to the definition of "Permitted Encumbrances" in paragraph 1 of this Lease:

"(g) statutory liens incurred in the ordinary course of business in connection with workers compensation, employment insurance and similar Legal Requirements;

(h) any discrepancies or encroachments that an up-to-date survey of the Site might reveal; and

(i) the subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the crown.";

(iv) the word "provincial," is added after the word "state," in the third line of paragraph (a) of the definition of "Permitted Encumbrances" in paragraph 1 of this Lease;

(v) the phrase "or charges" is added after the word "taxes" in the first line of paragraph (d) of the definition of "Permitted Encumbrances" in paragraph 1 of this Lease and the word "provincial," is added after the word "state," in the first line of such paragraph;

(vi) the word "and" at the end of paragraph (e) of the definition of "Permitted Encumbrances" is deleted;

(vii) the "." at the end of paragraph (f) of the definition of "Permitted Encumbrances" is replaced with ";;";

(viii) the phrase ", goods and services tax" is added after the phrase "gross receipts tax" in the twenty-first line of paragraph 6(b) of this Lease;

(ix) the phrase "or other applicable governmental authority" is added after the phrase "Director of the Federal Emergency Management Agency" in the thirteenth line of sub-paragraph 11(c)(i) of this Lease;

(x) the phrase "or province" is added after the word "state" in the second line of subparagraph 11(c)(v) of this Lease;

(xi) the word "provincial," is added after the word "state," in the fifth line of paragraph 12(a) of this Lease;

(xii) the phrase "or provincial" is added after the word "state" in the sixth line of subparagraph 16(b)(ii)(B) of this Lease;

(xiii) the following paragraph is added as new paragraph 21(c) of this Lease:

"The Tenant acknowledges that the Landlord has or will file a notice pursuant to the Builders' Lien Act (British Columbia) against title to the Site located in British Columbia in order to give effect to the provisions of paragraph 21(b) of this Lease.";

(xiv) the phrase "or similar proceedings or judgments applicable to the Site located in British Columbia" is added after the phrase "RICO proceedings or judgments" in the fourteenth line of paragraph 25(b) of this Lease;

(xv) the phrase "or province" is added after the word "county" in the fifth line of paragraph 25(d) of this Lease;

(xvi) the phrase "financing statement under the Personal Property Security Act (British Columbia)" is added after the phrase "UCC financing statement" in the sixth line of paragraph 25(d) of this Lease;

(xvii) the definitions of "Environmental Laws" and "Hazardous Materials" in paragraph 26(b) are deleted and replaced by the following:

"Environmental Laws" means all applicable federal, provincial and local environmental laws, ordinances, rules, regulations, orders, bylaws, standards, guidelines, permits, and other lawful requirements, as any of the foregoing may have been or may be from time to time amended, supplemented or supplanted and any other federal, provincial or local laws, ordinances, rules, regulations, orders, bylaws, standards, guidelines, permits and other lawful requirements now or hereafter existing relating to regulation or control of Hazardous Materials or materials. The term "Hazardous Materials" as used in this Lease shall mean hazardous substances, hazardous materials, hazardous wastes, toxic substances, radioactive materials, asbestos, urea formaldehyde, pollutants, contaminants, deleterious substances, dangerous substances or goods, hazardous, corrosive, or toxic substances, special waste or wastes, PCBs, methane, volatile hydrocarbons, petroleum or petroleum derived substances or wastes, radon, industrial solvents or any other material or substances the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release into the environment of which is now or hereafter regulated, controlled or prohibited under Environmental Laws.";

(xviii) the phrase "or province" is added after the word "state" in the fourth line of paragraph 27(d) of this Lease;

(xix) the phrase "or province" is added after the word "state" in the second line of paragraph 28(g) of this Lease;

(xx) the phrase "or PPSA" is added after the phrase "the UCC" in the tenth line of paragraph 31(g) of this Lease; and

(xxi) the phrase "or PPSA" is added after the phrase "the UCC" in the last line of paragraph 31(k) of this Lease.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have hereunto set their hands under seal on the day and year first above written.

LANDLORD:

WITNESS: MHC TT LEASING COMPANY, INC., a Delaware corporation

By: _____
Name: David W. Fell
Title: Vice President, Associate General Counsel and Secretary

Name: _____

TENANT:

THOUSAND TRAILS OPERATIONS HOLDING COMPANY, L.P., a Delaware limited partnership

WITNESS: By: _____
Name: Walter Jaccard
Title: Vice President

Name: _____

Solely with respect to paragraphs 36 and 38(e) of this Lease, Guarantors hereby acknowledge, agree with and consent to the terms and provisions contained in paragraphs 36 and 38(e) of this Lease

KTTI GP, LLC, a Delaware limited liability company

WITNESS:

Name: _____

By: _____
Name: Walter Jaccard
Title: Vice President

Name: _____

WITNESS:

Name: _____

KTTI HOLDING COMPANY, LLC, a Delaware limited liability company

By: _____
Name: Walter Jaccard
Title: Vice President

Name: _____

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that David W. Fell, personally known to me to be the same person whose name is subscribed to the foregoing instrument as the Vice President, Associate General Counsel and Secretary of MHC TT Leasing Company, Inc., a Delaware corporation, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered the same instrument as his/her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of November, 2004.

Notary Public

My Commission expires:

STATE OF _____)
) SS
COUNTY OF _____)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, personally known to me to be the same person whose name is subscribed to the foregoing instrument as the _____ of Thousand Trails Operations Holding Company, L.P., a Delaware limited partnership, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered the same instrument as his/her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of _____, 2004.

Notary Public

My Commission expires:

STATE OF _____)
) SS
COUNTY OF _____)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, personally known to me to be the same person whose name is subscribed to the foregoing instrument as the _____ of KTTI GP, LLC, a Delaware limited liability company, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered the same instrument as his/her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of _____, 2004.

Notary Public

My Commission expires:

STATE OF _____)
) SS
COUNTY OF _____)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, personally known to me to be the same person whose name is subscribed to the foregoing instrument as the _____ of KTTI Holding Company, LLC, a Delaware limited liability company, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered the same instrument as his/her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of _____, 2004.

Notary Public

My Commission expires:

This instrument was prepared by:
_____, Esq.

TERM LOAN AGREEMENT

AMONG

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

MANUFACTURED HOME COMMUNITIES, INC.,
A MARYLAND CORPORATION,
AS A GUARANTOR,

MHC TRUST,
A MARYLAND REAL ESTATE INVESTMENT TRUST,
AS A GUARANTOR,

MHC T1000 TRUST,
A MARYLAND REAL ESTATE INVESTMENT TRUST,
AS A GUARANTOR,

AND

THE FINANCIAL INSTITUTIONS PARTY HERETO, AS LENDERS

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

WELLS FARGO BANK, N.A.
AS ADMINISTRATIVE AGENT AND A JOINT LEAD ARRANGER,

BANK OF AMERICA, N.A.,
AS SYNDICATION AGENT,

BANC OF AMERICA SECURITIES LLC,
AS A JOINT LEAD ARRANGER,

AND

LASALLE BANK NATIONAL ASSOCIATION,
AS DOCUMENTATION AGENT

DATED AS OF NOVEMBER 10, 2004

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TERM LOAN AGREEMENT

THIS TERM LOAN AGREEMENT is dated as of November 10, 2004 (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"), MHC Trust, a Maryland real estate investment trust ("MHC Trust"), MHC T1000 Trust, a Maryland real estate investment trust, each of the Lenders, as hereinafter defined, Wells Fargo Bank, N.A ("Wells Fargo") in its capacity as Agent, as a Joint Lead Arranger and as a Lender, Bank of America, N.A., as Syndication Agent and as a Lender, and LaSalle Bank National Association, as Documentation Agent and as a Lender.

RECITALS

A Borrower desires to borrow, and Lenders desire to lend, One Hundred Twenty Million Dollars (\$120,000,000) in accordance with the terms and conditions hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

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 the number of Owned Fiscal Quarters is less than four (4), the Net Price of the Property paid by Borrower or such Subsidiary for such Property and (ii) for any Property for which the number of Owned Fiscal Quarters is at least four (4), the quotient of EBITDA attributable to such Property in a manner reasonably acceptable to Agent for the then most recently ended twelve (12) calendar month period divided by seven hundred fifty ten-thousandths (0.0750). Notwithstanding the immediately preceding sentence, for the Thousand Trails Properties, (A) at the end of the Fiscal Quarter ended December 31, 2004, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for such Fiscal Quarter multiplied by four (4) and divided by seven hundred fifty ten-thousandths (0.0750), (B) at the end of the Fiscal Quarter ended March 31, 2005, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to March 31, 2005 multiplied by two (2) and divided by seven hundred fifty ten-thousandths (0.0750), (C) at the end of the Fiscal Quarter ended June 30, 2005, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to June 30, 2005 multiplied by one and one-third (1.33) and divided by seven hundred fifty ten-thousandths (0.0750), (D) at the end of the Fiscal Quarter ended September 30, 2005, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to September 30, 2005 divided by seven hundred fifty ten-thousandths (0.0750).

"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, MHC Trust 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, MHC Trust, T1000 Trust 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 the execution of this Agreement or hereafter executes and delivers a guaranty, or a joinder to 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, for either LIBOR Loans or Base Rate Loans, as applicable:

Level Period -----	Applicable Margin for LIBOR Loans -----	Applicable Margin for Base Rate Loans -----
Level I Period	1.10%	0.10%
Level II Period	1.20%	0.20%
Level III Period	1.35%	0.35%
Level IV Period	1.55%	0.55%
Level V Period	1.75%	0.75%

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), 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. No adjustment in the Applicable Margin shall be made retroactively.

"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 loan 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 a rate of interest determined by reference to the Base Rate.

"Base Rent" means the aggregate rent received, on a consolidated basis, by Borrower or any Subsidiary from tenants which lease sites at Designated Use Properties owned by Borrower or any Subsidiary minus any amounts specifically identified as and representing payments for trash removal, cable television, water, electricity, other utilities, taxes and other rent which reimburses expenses related to the tenant's occupancy; provided, however, that Base Rent shall not include rent received by any Subsidiary as lessor under the Thousand Trails Lease.

"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, 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 Adjusted Share" means Borrower's, MHC Trust's and/or the REIT's collective direct or indirect share of the assets, liabilities, income, expenses or expenditures, as applicable, of an Investment Affiliate based upon the greater of (i) Borrower's, MHC Trust's and/or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, as provided in the charter and by-laws, partnership agreements or other organizational or governing documents of such Investment Affiliate and (ii) Borrower's and/or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, based upon its effective economic ownership of such Investment Affiliate. For purposes of determining Borrower's Adjusted Share, at any time that MHC Trust owns any general partnership interest in Borrower in accordance with the terms and conditions of this Agreement, the REIT shall be deemed to own one hundred percent (100%) of all ownership interests in MHC Trust.

"Borrower's Share" means Borrower's, MHC Trust's and/or the REIT's collective direct or indirect share of the assets, liabilities, income, expenses or expenditures, as applicable, of an Investment Affiliate based upon Borrower's, MHC Trust's and/or the REIT's

percentage ownership (whether direct or indirect) of such Investment Affiliate, as the case may be. For purposes of determining Borrower's Share, at any time that MHC Trust owns any general partnership interest in Borrower in accordance with the terms and conditions of this Agreement, the REIT shall be deemed to own one hundred percent (100%) of all ownership interests in MHC Trust.

"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 sites at a Designated Use Property 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.

"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 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 FDIC; 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 Date" means the date on which this Agreement shall become effective in accordance with Section 12.19, which date shall be November 10, 2004 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 "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.

"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 Ownership Interests" means ownership interests in a Person where the REIT, MHC Trust or Borrower (independently or collectively) has control over the management and operations of such Person.

"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, MHC Trust 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.

"Designated Use Property" means a property owned and operated primarily (i) for the purpose of leasing sites to individuals on which such individuals place manufactured homes or recreational vehicles for the purpose of occupying such manufactured homes or recreational vehicles, (ii) as a daily stay campground, membership interest campground or park model community, or (iii) for the purpose of renting cabins on such property to individuals.

"Designated Use Property Mortgages" means Investment Mortgages issued by any Person engaged primarily in the business of developing, owning, and managing Designated Use Properties.

"Designated Use Property Ownership Interests" means partnership, joint venture, membership or other equity interests issued by any Person engaged primarily in the business of developing, owning, and managing Designated Use Properties.

"Development Activity" means construction in process, that is being performed by or at the direction of Borrower, any Subsidiary or any Investment Affiliate, at any Designated Use Property that will be owned and operated by Borrower, any Subsidiary or any Investment Affiliate upon completion of construction, including construction in process at Designated Use Properties not owned by Borrower, any Subsidiary or any Investment Affiliate but which Borrower, any Subsidiary or any Investment Affiliate has the contractual obligation to purchase. "Development Activity" shall include construction in process for the purpose of expanding Designated Use Properties that are Thousand Trails Properties but shall not include construction in process for the purpose of expanding other Designated Use Properties owned by Borrower, any Subsidiary or any Investment Affiliate.

"Documentation Agent" means LaSalle Bank National Association 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 and without duplication (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, plus (or minus in the case of a loss) (vii) Borrower's Share of the net income (or loss) of each Investment Affiliate for such period calculated in conformity with GAAP before depreciation, minus (or plus in the case of a loss) (viii) Borrower's Share of the gains (or losses) from extraordinary or unusual items or asset sales or write-ups or forgiveness of indebtedness included in the calculation of the net income of each Investment Affiliate for such period.

"Eligible Assignee" means any Person that is: (a) an existing Lender; (b) a commercial bank, trust company, savings and loan association, savings bank, insurance company, investment bank or pension fund organized under the laws of the United States of America, any state thereof or the District of Columbia, and having total assets in excess of \$5,000,000,000; or (c) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Co-operation and Development, or a political subdivision of any such country, and having total assets in excess of \$10,000,000,000, provided that such bank is acting through a branch or agency located in the United States of America. If such entity is not currently a Lender, such entity's (or in the case of a bank which is a subsidiary, such bank's parent's) senior unsecured long term indebtedness must be rated BBB or higher by S&P, Baa2 or higher by Moody's or the equivalent or higher of either such rating by another rating agency acceptable to the Agent.

"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.

"Facility" means the loan facility of One Hundred Twenty Million Dollars (\$120,000,000) 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 Extended Maturity Date" has the meaning set forth in Section 3.01.

"Fiscal Quarter" means a fiscal quarter of a Fiscal Year.

"Fiscal Year" means the fiscal year of Borrower, MHC Trust and the REIT which shall be the twelve (12) month period ending on the last day of December in each year.

"Fixed Charges" means, for any period, the sum of (i) Debt Service for such period other than payments of principal of the Loan, as required by Section 2.03(c), made during such period, (ii) 3% of Base Rent for such period, and (iii) Borrower's Share of Capital Expenditures from each Investment Affiliate 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 to 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, MHC Trust 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 with respect to any Person as of any date of determination, (i) the sum of the Adjusted Asset Values for each Property then owned by such Person plus (ii) the value of any cash or Cash Equivalent then owned by such Person and not subject to any Lien plus (iii) Manufactured Home Inventory Value with respect to such Person, at such time.

"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.

"Initial Maturity Date" means November 10, 2007.

"Interest Expense" means, for any period and without duplication, total interest expense, whether paid, accrued or capitalized (including letter of credit fees and 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.

"Interest Period" means, relative to any LIBOR Loans, the period beginning on (and including) the date on which such LIBOR Loan is made as, or converted into, a LIBOR Loan, 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 or 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.

"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 except as otherwise specifically provided herein.

"Investment Affiliate" means any Person in whom the REIT, MHC Trust, 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, MHC Trust or Borrower on the consolidated financial statements of the REIT, MHC Trust 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.

"Joint Lead Arrangers" means Wells Fargo Bank, N.A. and Banc of America Securities LLC in their respective capacities as joint lead arrangers for the Lenders under this Agreement.

"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).

"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.

"Level I Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall be less than 0.40:1.

"Level II Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall equal or exceed 0.40:1 but shall be less than 0.50:1.

"Level III Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall equal or exceed 0.50:1 but shall be less than 0.55:1.

"Level IV Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall equal or exceed 0.55:1 but shall be less than 0.60:1.

"Level V Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall equal or 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, 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 Loans" means those portions of the Loan bearing interest, at all times during an Interest Period applicable to such portions, 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 Section 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 Twenty Million Dollar (\$120,000,000) loan made pursuant this 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 Notes" means the promissory notes evidencing the Loan in the aggregate original principal amount of One Hundred Twenty Million Dollars (\$120,000,000) executed by Borrower in favor of Lenders, as they may be amended, supplemented, replaced or modified from time to time. Copies of the Loan Notes are attached hereto as Exhibit D.

"Manufactured Home Inventory Value" means with respect to Borrower and its Subsidiaries, as of any date of determination, the lesser of (i) the total cost to Borrower or its Subsidiaries, as applicable, of all manufactured home units, which have never been occupied (other than for short periods in the ordinary course of Borrower's and its Subsidiaries' customary sales practices), then owned by Borrower or any Subsidiary that were acquired new from the manufacturers of such units, or from Persons who acquired such units new from such manufacturers, within the one (1) year period immediately preceding the date of determination and (ii) Thirty-Five Million Dollars (\$35,000,000).

"Material Adverse Effect" means a material adverse effect upon (i) the ability of Borrower or the REIT, MHC Trust or T1000 Trust 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."

"Maturity Date" means the Initial Maturity Date, as such date may be extended pursuant to Article III.

"Minimum Net Worth" means Seven Hundred Million Dollars (\$700,000,000).

"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 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; provided, however, that Net Income shall not include the net income (or loss) of Investment Affiliates.

"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, MHC Trust 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, MHC Trust 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 sum of Gross Asset Values for Borrower and each of its Subsidiaries at such time minus Total Liabilities at such time.

"New Lender" shall have the meaning set forth in Section 11.13(k).

"Non-Designated Use Property" means Property which is not (i) used for lease or operation of Designated Use Properties, (ii) Securities consisting of stock issued by real estate investment trusts engaged primarily in the development, ownership and management of Designated Use Properties, (iii) Designated Use Property Mortgages or (iv) Designated Use Property Ownership Interests.

"Non-Recourse Indebtedness" means any single loan with respect to which recourse for payment is limited to 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); provided, however, that personal recourse to the REIT, MHC Trust, Borrower or any Subsidiary 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.

"Notice of Borrowing" means a notice of borrowing duly executed by an authorized officer of the sole general partner 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 the sole general partner of Borrower substantially in the form of Exhibit J.

"Obligations" means, from time to time, all Indebtedness of Borrower owing to Agent, 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.

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

"Owned Fiscal Quarters" means, with respect to any Property, the full Fiscal Quarters during which Borrower or any Subsidiary actually owned such Property.

"PBG" 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 9.06, but only to the extent permitted in Section 9.06.

"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);

(e) easements, rights-of-way, zoning restrictions, other similar charges or encumbrances and all other items listed on Schedule B to Borrower's or any Subsidiary's, as applicable, owner's title insurance policies for any of Borrower's or any Subsidiary'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 or such Subsidiary, as applicable, 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 5.01(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 6.04 which (i) is an operating Designated Use 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 direct or indirect 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 direct or indirect 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, and (iv) has not been designated by 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 Properties designated by Borrower to be Qualifying Unencumbered Properties pursuant to Section 6.04 (excluding (x) expansion areas of such Properties which are purchased and/or developed on or after the Closing Date, and (y) Designated Use Properties consisting of recreational vehicle resorts, daily stay campgrounds, membership interest campgrounds, cabin rentals or park model communities) shall be at least seventy-five percent (75%); and 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). Any Property shall cease to be a "Qualifying Unencumbered Property" at such time as it fails to satisfy all the conditions set forth in clauses (i), (ii) and (iii) of this definition.

"Recourse Indebtedness" means, with respect to any Person, Indebtedness which is not Non-Recourse Indebtedness.

"Regulation D" means Regulation D 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 REIT Guaranty dated as of the date hereof executed by the REIT, MHC Trust and T1000 Trust, jointly and severally, in favor of Agent and the Lenders. A copy of the REIT Guaranty is attached hereto as Exhibit B.

"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 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, however, that so long as there are at least two (2) Lenders, the Requisite Lenders must be comprised of a minimum of two (2) Lenders; and provided, further, that for purposes of any amendment, modification or waiver of the requirements of Article IX, the Requisite Lenders must include Agent in its capacity as a Lender.

"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 Agent.

"Second Extended Maturity Date" has the meaning set forth in Section 3.02.

"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.

"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, collectively, Lenders whose Pro Rata Shares, in the aggregate, are at least eighty-five percent (85%), provided, however, that, so long as there are at least two (2) Lenders, the Supermajority Lenders must be comprised of a minimum of two (2) Lenders; and provided, further, that for purposes of any amendment, modification or waiver of the requirements of Article IX, the Supermajority Lenders must include Agent in its capacity as a Lender.

"Syndicated Revolving Credit Agreement" means that certain Fifth Amended and Restated Credit Agreement (Revolving Facility), dated as of the date hereof, by and among Borrower, the REIT, MHC Trust, Wells Fargo, as administrative agent, and the other Lenders thereunder, as the same may be amended, supplemented or modified from time to time.

"Syndication Agent" means Bank of America, N.A. in its capacity as syndication agent for the Lenders under this Agreement.

"T1000 Trust" means MHC T1000 Trust, a Maryland real estate investment trust, following the consummation of the Thousand Trails Transaction. T1000 Trust is a guarantor under the REIT Guaranty.

"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.

"Thousand Trails" means KTTI Holding Company, Inc., a Delaware corporation, that, among other things, (i) owns and operates fifty-seven (57) membership-based recreational vehicle and campground properties comprising recreational vehicle and campground sites for which the members purchase an initial membership and thereafter pay annual dues and (ii) owns the Thousand Trails Land.

"Thousand Trails Land" means "Excess Land" as defined in the Thousand Trails Lease, as in effect on the Closing Date.

"Thousand Trails Lease" means that certain Lease Agreement, dated as of November 10, 2004, by and between MHC TT Leasing Company, Inc., a Delaware corporation, as lessor, and Thousand Trails Operations Holding Company, L.P., a Delaware limited partnership, as tenant, with respect to the Thousand Trails Properties, other than the Thousand Trails Land.

"Thousand Trails Properties" shall mean the Properties owned, directly or indirectly, by T1000 Trust as a result of the consummation of the Thousand Trails Transaction.

"Thousand Trails Transaction" means the acquisition by T1000 Trust of Thousand Trails through the creation of a directly- or indirectly-owned acquisition Subsidiary and the merger of such Subsidiary into Thousand Trails, with Thousand Trails being the surviving corporation, being renamed MHC TT Holding Company, Inc. immediately after such merger and being, directly or indirectly, a wholly-owned Subsidiary of Borrower. The total merger consideration to be paid by Borrower or its Subsidiaries in connection with such transaction is One Hundred Sixty Million Dollars (\$160,000,000).

"Total Liabilities" means, without duplication, all Indebtedness of the REIT on a consolidated basis, plus (i) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of the REIT, on a consolidated basis, and in any event shall include recourse and non-recourse mortgage debt, letters of credit, purchase obligations, forward equity sales, repurchase obligations, unsecured debt, accounts payable, lease obligations (including ground leases) to the extent required, in accordance with GAAP, to be classified as capital leases on the balance sheet of the REIT, guarantees of indebtedness, subordinated debt and unfunded obligations plus (ii) Borrower's Adjusted Share of Investment Affiliates' Indebtedness; provided, however, that "Total Liabilities" shall not include dividends declared by the REIT, MHC Trust or Borrower which are permitted under Section 8.01(d) but not yet paid.

"Transient RV NOI" means, with respect to any Qualifying Unencumbered Property that is a recreational vehicle resort property other than a Thousand Trails Property, all of such Qualifying Unencumbered Property's Net Operating Income that is not attributable to residents/guests at such property who are either permanent residents of such property or who reside at such property for the entire "season" applicable to such property.

"Unencumbered Asset Value" means, as of any date of determination, (i) the quotient of the Net Operating Income for the most recently ended twelve (12) calendar month period which is attributable (in a manner reasonably acceptable to Agent) to Qualifying Unencumbered Properties for which the number of Owned Fiscal Quarters is at least four (4) divided by seven hundred seventy-five ten-thousandths (0.0775) plus (ii) the aggregate of the Net Prices paid by Borrower or such Subsidiary for all Qualifying Unencumbered Properties for which the number of Owned Fiscal Quarters is less than four (4); provided, however, that for purposes of determining the numerator of the quotient described in clause (i) of this definition, Transient RV NOI shall be included only to the extent it does not exceed fifteen percent (15%) of the aggregate Net Operating Income for the applicable Qualifying Unencumbered Properties. Notwithstanding the immediately preceding sentence, for any Qualifying Unencumbered Properties that are Thousand Trails Properties, (A) at the end of the Fiscal Quarter ended December 31, 2004, the Unencumbered Asset Value means EBITDA attributable to such Qualifying Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for such Fiscal Quarter multiplied by four (4) and divided by seven hundred seventy-five ten-thousandths (0.0775), (B) at the end of the Fiscal Quarter ended March 31, 2005, the Unencumbered Asset Value means EBITDA attributable to such Qualified Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to March 31, 2005 multiplied by two (2) and divided by seven hundred seventy-five ten-thousandths (0.0775), (C) at the end of the Fiscal Quarter ended June 30, 2005, the Unencumbered Asset Value means EBITDA attributable to such Qualified Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to June 30, 2005 multiplied by one and one-third (1.33) and divided by seven hundred seventy-five ten-thousandths (0.0775), (D) at the end of the Fiscal Quarter ended September 30, 2005, the Unencumbered Asset Value means EBITDA attributable to such Qualified Unencumbered Properties in a manner reasonably

acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to September 30, 2005 divided by seven hundred seventy-five ten-thousandths (0.0775).

"Unencumbered Net Operating Income" means for any Fiscal Quarter, Net Operating Income for such period from each Qualifying Unencumbered Property; provided, however, that for purposes of determining Unencumbered Net Operating Income, Transient RV NOI shall be included only to the extent it does not exceed fifteen percent (15%) of the aggregate Net Operating Income for the applicable Qualifying Unencumbered Properties.

"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 (a) an Event of Default or (b) an "Event of Default" as defined in the Syndicated Revolving Credit Agreement or (c) an "Event of Default" as defined in the WFB Revolving Credit Agreement.

"Unsecured Debt" means, as of any date of determination and without duplication, all Indebtedness of the REIT, Borrower or any Subsidiary, which is not Secured Debt but excluding (i) all accounts payable of the REIT, Borrower or any Subsidiary incurred in the ordinary course of business, (ii) all advance rents received and (iii) all accrued interest payable.

"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.

"WFB Revolving Credit Agreement" means that certain First Amended and Restated Credit Agreement, dated as of the date hereof, by and among Borrower, the REIT, MHC Trust, T1000 Trust and Wells Fargo, as may be amended, supplemented or modified from time to time.

"Wholly-Owned Subsidiary" means any Subsidiary which is wholly-owned directly or indirectly by Borrower, MHC Trust or the REIT.

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, MHC Trust, T1000 Trust 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.

ARTICLE II.
LOAN

2.01 Loan and Repayment.

(a) Loan.

(i) Subject to the terms and conditions set forth in this Agreement and in reliance on the representations and warranties of Borrower, the REIT, MHC Trust and T1000 Trust set forth in this Agreement, each Lender hereby agrees to make its Pro Rata Share of the Loan 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 outstanding 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 Real Estate Group Disbursement Center, 2120 East Park Place, Suite 100, El Segundo, California 90245, with a copy to: Wells Fargo Bank, N.A., 123 North Wacker

Drive, Suite 1900, 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 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. 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 portion of the Loan 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: Ann Blocker, 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 six (6), such LIBOR Loan shall be converted to a Base Rate Loan.

(c) Making of the Loan. Subject to Section 11.03, Agent shall make the proceeds of the Loan 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 73-66901095 in Chicago, Illinois, or such other account specified in the Notice of Borrowing acceptable to Agent, with a confirming telephone call to Quantaze Watts at (312) 279-1408 or Michael Berman at (312) 279-1496.

(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 10.02(a) (the "Termination Date").

2.02 Borrowing and Interest Rate Election Authorization.

Borrower shall provide Agent with documentation reasonably satisfactory to Agent indicating the names of those employees or agents of Borrower authorized by Borrower to sign Notices of Borrowing and Notices of Continuation/Conversion 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 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 and continuing/converting interest rate elections.

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 plus the Applicable Margin for Base Rate Loans. 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 for LIBOR Loans. Upon receipt of a Notice of Borrowing or a Notice of 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 six (6) LIBOR Loan tranches shall be outstanding at any one time.

(c) Interest and Principal 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. On each March 15, June 15, September 15, and December 15 occurring after the date hereof and prior to the Initial Maturity Date, Borrower shall make a payment of the outstanding principal amount of the Loan equal to One Million Eight Hundred Thousand Dollars (\$1,800,000), for a total principal payment pursuant to this sentence of Nineteen Million Eight Hundred Thousand Dollars (\$19,800,000). The payments of principal required under the immediately preceding sentence may be prepaid in

accordance with Section 2.05, and all such prepayments shall be applied to such repayment obligations in the inverse order of when they are due.

(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 hereunder 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 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 ten (10) 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, Agent 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 and Lenders will incur by reason of late payment. Borrower, Agent 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 under 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 the Loan 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;

(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 Rate"); 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 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 Agent or such Lender, as applicable, 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 portion of the Loan as a LIBOR Loan, (A) the obligations of the Lenders to convert any Base Rate Loan into a LIBOR Loan or maintain any Loan as a LIBOR Loan 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 portion of the 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 portion of the Loan not being made as a LIBOR Loan in accordance with the Notice of Borrowing, other than as a result of such Lender's breach of their obligation to fund such Loans in accordance with the terms hereof; or

(C) 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 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 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 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 W-8BEN 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 W-8ECI 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 W-8BEN of the Internal Revenue Service or Form W-8ECI 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 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 W-8BEN of the Internal Revenue Service or Form W-8ECI of the Internal Revenue Service, whichever is appropriate, substantially in a form satisfactory to Borrower and 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 Agent pursuant to this Section 2.03(j). Further, each Lender which delivers a certificate accompanied by Form W-8BEN of the Internal Revenue Service covenants and agrees to deliver to Borrower and Agent within fifteen (15) days prior to January 1, 2005, 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 W-8BEN (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 W-8ECI of the Internal Revenue Service covenants and agrees to deliver to Borrower and 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 W-8ECI (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 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) Intentionally Deleted.

(b) Loan Fee. On the Closing Date, Borrower shall pay Agent, for the benefit of Lenders, the loan fee which is provided for in the separate agreement between Agent and Borrower.

(c) Arrangement and Administrative Agency Fees. Borrower shall pay Agent such fees as are provided for in the separate fee agreement between Agent and Borrower, as in existence from time to time.

(d) Intentionally Deleted.

(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 a fluctuating rate per annum equal to the Base Rate plus the Applicable Margin for Base Rate Loans 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 the Loan, 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 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 AC2963507207, reference MHC Operating Limited Partnership, loan number 101305 with telephonic notice to Ann Blocker at (310) 335-9452 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: Ann Blocker, 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, payment 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 the obligations of Agent or such Lender, 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 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 the obligations of Agent or such Lender hereunder and to the extent Agent or such Lender generally imposes such amounts on other borrowers in similar circumstances. A certificate as to such amounts 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 of Agent 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 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 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 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 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. 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 (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 (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 11.09.

2.09 Funds Transfer Disbursements.

(a) Borrower hereby authorizes Agent and Lenders to disburse the proceeds of the Loan pursuant to the Loan Documents as requested by an authorized representative of the Borrower to any of the accounts designated in Exhibit C. Borrower agrees to be bound by any transfer request: (i) authorized or transmitted by Borrower; or, (ii) made in Borrower's name and accepted by Agent in good faith and in compliance with these transfer instructions, even if not properly authorized by Borrower. Borrower further agrees and acknowledges that Agent and Lenders may rely solely on any bank routing number or identifying bank account number or name provided by Borrower to effect a wire or funds transfer even if the information provided by Borrower identifies a different bank or account holder than named by the Borrower. Neither Agent nor Lenders are obligated or required in any way to take any actions to detect errors in information provided by Borrower. If Agent or any Lender takes any actions in an attempt to detect errors in the transmission or content of transfer or requests or takes any actions in an attempt to detect unauthorized funds transfer requests, Borrower agrees that no matter how many times Agent and any Lender takes these actions neither Agent nor Lenders will in any situation be liable for failing to take or correctly perform these actions in the future and such actions shall not become any part of the transfer disbursement procedures authorized under this provision, the Loan Documents, or any agreement between Lenders and Borrower. Borrower agrees to notify Agent of any errors in the transfer of any funds or of any unauthorized or improperly authorized transfer requests within 14 days after Agent's or any Lender's confirmation to Borrower of such transfer.

(b) Agent will, in its sole discretion, determine the funds transfer system and the means by which each transfer will be made. Agent may delay or refuse to accept a funds transfer request if the transfer would: (i) violate the terms of this authorization (ii) require use of a bank unacceptable to Agent or prohibited by government authority; (iii) cause Agent or any Lender to violate any Federal Reserve or other regulatory risk control program or guideline, or (iii) otherwise cause Agent or any Lender to violate any applicable law or regulation.

(c) Neither Agent nor any Lender shall be liable to Borrower or any other parties for (i) errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower's transfers may be made or information received or transmitted, and no such entity shall be deemed an agent of Agent or any Lender, (ii) any loss, liability or delay caused by fires, earthquakes, wars, civil disturbances, power surges or failures, acts of government, labor disputes, failures in communications networks, legal constraints or other events beyond Agent's or any Lender's control, or (iii) any special, consequential, indirect or punitive damages, whether or not (a) any claim for these damages is based on tort or contract or (b) Agent, Lender or Borrower knew or should have known the likelihood of these damages in any situation. Agent and Lenders make no representations or warranties other than those expressly made in this Agreement.

2.10 Intentionally Deleted.

ARTICLE III.
EXTENSION OPTIONS

3.01 First Extension Option. At the written request of Borrower made to Agent at least thirty (30) days prior to the Initial Maturity Date, the Maturity Date shall be extended to

the one-year anniversary of the Initial Maturity Date (the "First Extended Maturity Date") provided that the following conditions are satisfied:

(a) no Event of Default or Unmatured Event of Default shall have occurred and be continuing as of the Initial Maturity Date;

(b) all representations and warranties made by Borrower, the REIT, MHC Trust and T1000 Trust contained in this Agreement and the other Loan Documents shall be true and correct in all material respects as of the Initial Maturity Date except to the extent they related to a specific date;

(c) Agent shall have received Officer's Certificates of the REIT dated as of the Initial 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, MHC Trust, 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 signer does 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 made by such entities 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

(d) on or before the Initial Maturity Date, Agent shall have received, on behalf of Agent and Lenders, an extension fee in the amount of one-fifth of one percent (0.20%) of the then-outstanding principal balance of the Loan.

3.02 Second Extension Option. At the written request of Borrower made to Agent at least thirty (30) days prior to the First Extended Maturity Date, the Maturity Date shall be extended to the one-year anniversary of the First Extended Maturity Date (the "Second Extended Maturity Date") provided that the following conditions are satisfied:

(a) The Initial Maturity Date was previously extended to the First Extended Maturity Date in accordance with Section 3.01;

(b) no Event of Default or Unmatured Event of Default shall have occurred and be continuing as of the First Extended Maturity Date;

(c) all representations and warranties made by Borrower, the REIT, MHC Trust and T1000 Trust contained in this Agreement and the other Loan Documents shall be true and correct in all material respects as of the First Extended Maturity Date except to the extent they related to a specific date;

(d) Agent shall have received Officer's Certificates of the REIT dated as of the First Extended 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, MHC Trust, 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 signer does 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 made by such entities 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

(e) on or before the First Extended Maturity Date, Agent shall have received, on behalf of Agent and Lenders, an extension fee in the amount of one-fifth of one percent (0.20%) of the then-outstanding principal balance of the Loan.

ARTICLE IV.
CONDITIONS TO LOAN

4.01 Intentionally Omitted.

4.02 Conditions to Disbursement of the Loan. The obligation of Lenders to make the disbursement of the Loan 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 reasonably acceptable to Agent and Agent's counsel:

- (i) This Agreement;
- (ii) The Loan Notes;
- (iii) A solvency certificate; and

(iv) Lender's form of Funds Transfer Agreement and signature authorization form.

(b) REIT Documents. The REIT shall have executed and delivered to Agent each of the following, in form and substance reasonably acceptable to Agent and Agent's counsel:

- (i) This Agreement;
- (ii) The REIT Guaranty;
- (iii) A solvency certificate; and

(iv) A compliance certificate confirming the matters described in Section 4.02(h).

(c) MHC Trust Documents. MHC Trust shall have executed and delivered to Agent each of the following, in form and substance reasonably acceptable to Agent and Agent's counsel:

- (i) This Agreement;
- (ii) The REIT Guaranty; and
- (iii) A solvency certificate.

(d) T1000 Trust Documents. T1000 Trust shall have executed and delivered to Agent each of the following, in form and substance reasonably acceptable to Agent and Agent's counsel:

- (i) This Agreement;
- (ii) The REIT Guaranty; and
- (iii) A solvency certificate.

(e) Corporate, Partnership and Trust Documents. Agent shall have received the following corporate, partnership and trust 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 general partner's secretary, assistant secretary or an officer comparable thereto with respect to Borrower pertaining to authorization, incumbency and by-laws, if any;

(ii) With respect to the REIT: certified copies of the REIT's certificate/articles of incorporation and by-laws; a good standing certificate of the REIT from the State of Maryland; and certificates of the REIT's secretary, assistant secretary or officers comparable thereto with respect to the REIT pertaining to authorization, incumbency and by-laws; and

(iii) With respect to MHC Trust and T1000 Trust: certified copies of MHC Trust's and T1000 Trust's respective declarations of trust and by-laws; good standing certificates of MHC Trust and T1000 Trust from the State of Maryland; and a certificate of MHC Trust's and T1000 Trust's respective secretary, assistant secretary or an officer comparable thereto with respect to MHC Trust and T1000 Trust pertaining to authorization, incumbency and by-laws.

(f) Opinion of Counsel. Agent shall have received a favorable opinion of counsel (which may be in-house counsel) for Borrower, the REIT, MHC Trust and T1000 Trust

dated as of the Closing Date, in form and substance reasonably satisfactory to Agent and its counsel.

(g) Notice of Borrowing. Borrower shall have delivered to Agent a Notice of Borrowing in compliance with Section 2.01(b).

(h) No Event of 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 and all of the financial covenants contained in Articles VIII and IX shall be satisfied.

(i) Representations and Warranties. All of the representations and warranties of Borrower, the REIT, MHC Trust and T1000 Trust in this Agreement shall be true and correct in all material respects as of the Closing Date.

(j) Thousand Trails Transaction. Borrower and T1000 Trust shall have delivered to Agent evidence reasonably acceptable to Agent that the Thousand Trails Transaction shall close simultaneously with the disbursement of the Loan.

(i) Thousand Trails Lease. Borrower and T1000 Trust shall have delivered to Agent a copy of the Thousand Trails Lease, certified to Agent by an officer of T1000 Trust as true, correct and complete.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties as to Borrower. Borrower hereby represents and warrants to Agent 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 June 30, 2004, the Consolidated and Combined Statement of Operations for the Quarter Ended June 30, 2004, and the Consolidated and Combined Statement of Cash Flows for the Quarter Ended June 30, 2004 of the REIT contained in the Form 10-Q Quarterly Report of the REIT as of June 30, 2004 (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; and

(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 June 30, 2004, there has occurred no event which has a Material Adverse Effect.

(k) Payment of Taxes. All material tax returns and material 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 U 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 U. 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. 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 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 has 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, 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. Section 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 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 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 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 Subsidiaries or any of their ERISA Affiliates have been covered by any Multiemployer Plan in respect of their employment by Borrower or such Subsidiary or such ERISA Affiliate. None of Borrower, the REIT, any of the 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 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 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 disbursement of the Loan and the payment and accrual of all fees then payable hereunder.

(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 uses 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 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.

(x) Tax Shelter Representation. Neither Borrower, MHC Trust, the REIT nor any Affiliate of any of the foregoing intends to treat the Loan or the transactions contemplated by this Agreement and the other Loan Documents as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). If Borrower, or any other party to the Loan determines to take any action inconsistent with such intention, Borrower will promptly notify Lenders thereof. If Borrower so notifies Lenders, Borrower acknowledges that Lenders may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Lenders will maintain the lists and other records, including the identity of the applicable party to the Loan as required by such Treasury Regulation.

5.02 Representations and Warranties as to the REIT. The REIT hereby represents and warrants to Agent 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 would 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; and

(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 owns, is licensed or otherwise has the lawful right to use, or has 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 a 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 hereunder.

(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 recognized any material "net income from prohibited transactions" as defined in Section 857(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), 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) Tax Shelter Representation. Neither Borrower, MHC Trust, the REIT nor any Affiliate of any of the foregoing intends to treat the Loan or the transactions contemplated by this Agreement and the other Loan Documents as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). If the REIT, or any other party to the Loan determines to take any action inconsistent with such intention, the REIT will promptly notify Lenders thereof. If the REIT so notifies Lenders, Borrower acknowledges that Lenders may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Lenders will maintain the lists and other records, including the identity of the applicable party to the Loan as required by such Treasury Regulation.

5.03 Representations and Warranties as to MHC Trust. MHC Trust hereby represents and warrants to Agent and Lenders as follows:

(a) Organization; Trust or Corporate Powers. MHC Trust (i) is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland, (ii) is duly qualified to do business 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 trust or corporate power and authority 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. MHC Trust has the requisite trust or 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 trustees of MHC Trust, and no other trust or corporate proceedings on the part of MHC Trust are necessary to consummate such transactions. Each of the Loan Documents to which MHC Trust is a party has been duly executed and delivered by MHC Trust 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 MHC Trust 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 Declaration of Trust or by-laws, or other organizational documents, as the case may be, or (ii) require any approval of the beneficiaries or shareholders of MHC Trust.

(d) Consents and Authorizations. MHC Trust 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 MHC Trust to lawfully execute, deliver and perform its obligations under the Loan Documents to which MHC Trust is a party.

(e) Governmental Regulation. MHC Trust 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) Material Adverse Agreements. MHC Trust 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.

(g) Securities Activities. MHC Trust 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).

(h) Disclosure. MHC Trust has not intentionally or knowingly withheld any material fact from Lender in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of MHC Trust's future performance such representations and warranties are made in good faith and to the best judgment of the officers of MHC Trust at the time such projections were made.

(i) Solvency. MHC Trust is and will be Solvent after giving effect to the disbursement of the Loans and the payment of all fees then payable hereunder.

(j) Status as a REIT. MHC Trust (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 recognized any material "net income from prohibited transactions" as defined in Section 856(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), 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.

(k) Ownership. MHC Trust does not own any Property or have any interest in any Person, other than as set forth on Schedule 5.01(w).

5.04 Representations and Warranties as to T1000 Trust. T1000 Trust hereby represents and warrants to Agent and Lenders as follows:

(a) Organization; Trust or Corporate Powers. T1000 Trust (i) is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland, (ii) is duly qualified to do business 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 trust or corporate power and authority 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. T1000 Trust has the requisite trust or 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 trustees of T1000 Trust, and no other trust or corporate proceedings on the part of T1000 Trust are necessary to consummate such transactions. Each of the Loan Documents to which T1000 Trust is a party has been duly executed and delivered by T1000 Trust 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 T1000 Trust 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 Declaration of Trust or by-laws, or other organizational documents, as the case may be, or (ii) require any approval of the beneficiaries or shareholders of T1000 Trust.

(d) Consents and Authorizations. T1000 Trust 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 T1000 Trust to lawfully execute, deliver and perform its obligations under the Loan Documents to which T1000 Trust is a party.

(e) Governmental Regulation. T1000 Trust 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) Material Adverse Agreements. T1000 Trust 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.

(g) Securities Activities. T1000 Trust 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).

(h) Disclosure. T1000 Trust has not intentionally or knowingly withheld any material fact from Lender in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of T1000 Trust's future performance such representations and warranties are made in good faith and to the best judgment of the officers of T1000 Trust at the time such projections were made.

(i) Solvency. T1000 Trust is and will be Solvent after giving effect to the disbursement of the Loans and the payment of all fees then payable hereunder.

(j) Status as a REIT. T1000 Trust (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 recognized any material

"net income from prohibited transactions" as defined in Section 856(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), 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.

(k) Ownership. T1000 Trust does not own any Property or have any interest in any Person, other than as set forth on Schedule 5.01(w).

ARTICLE VI.
REPORTING COVENANTS

Borrower, MHC Trust, the REIT and T1000 Trust 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 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 REIT. (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 signer does 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 Sections 8.01(a), 8.01(d) and 8.02(a) 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 of the REIT 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(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 or MHC Trust 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 or MHC Trust 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 or MHC Trust causing its election to be taxed as a real estate investment trust to be terminated, (iii) any act causing the REIT or MHC Trust to be subject to the taxes (other than a de minimus amount) imposed by Section 857(b)(6) of the Internal Revenue Code (or any successor provision thereto), (iv) the REIT or MHC Trust 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 or MHC Trust'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, MHC Trust, 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, MHC Trust 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 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;

provided that, to the extent that items required by this Section 6.01 are also required to be delivered to Agent as Agent under the Syndicated Revolving Credit Agreement or as Lender under the WFB Revolving Credit Agreement, a single copy of such items delivered to Agent shall be deemed to satisfy both the requirements hereunder and thereunder.

6.02 Press Releases; SEC Filings and Financial Statements. The REIT, MHC Trust, T1000 Trust and Borrower will deliver to the Agent as soon as practicable after public release all press releases concerning the REIT, MHC Trust, T1000 Trust or Borrower. The REIT, MHC Trust 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 the REIT, 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, MHC Trust, the REIT and T1000 Trust 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:

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 would 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 would 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 would 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, managing and developing Designated Use Properties and other business activities incidental thereto, whether directly or through its Subsidiaries.

(i) Use of Proceeds. Borrower shall use the proceeds of each Loan only for the consummation of the Thousand Trails Transaction and the payment of costs and expenses in connection therewith.

(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.

(k) [Intentionally Deleted]

7.02 With respect to the REIT:

(a) Existence. The REIT shall, and shall cause each of its Subsidiaries to, at all times maintain its and their respective partnership, 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 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 or its Subsidiaries' 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 recognize any material "net income from prohibited transactions" as defined in Section 857(b)(6)(B)(i) 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 or ASE 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 would 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 would 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.

(h) MHC Trust. The REIT shall cause MHC Trust to at all times (i) remain a Subsidiary of the REIT, (ii) remain controlled by the REIT and (iii) be the sole general partner of Borrower.

7.03 With respect to MHC Trust:

(a) Continued Status as a Real Estate Investment Trust; Prohibited Transactions. MHC Trust (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 recognize any material "net income from prohibited transactions" as defined in Section 857(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), and (iv) will do all acts necessary to continue to be entitled to a dividends paid deduction meeting the requirements of Section 857 of the Internal Revenue Code.

ARTICLE VIII. NEGATIVE COVENANTS

Borrower, MHC Trust, the REIT and T1000 Trust covenant and agree that, on and after the date hereof, until payment in full of all of the Obligations 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; the "Obligations" under the Syndicated Revolving Credit Agreement; and the "Obligations" under the WFB Revolving Credit Agreement;

(ii) guaranties of the obligations described in Section 8.01(a)(i);

(iii) trade debt incurred in the normal course of business;

(iv) intercompany Indebtedness (including, without limitation, amounts owing under intercompany leases) owing between Subsidiaries; and

(v) 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; provided, however, that (A) the Borrower shall not, and shall not permit any of its Subsidiaries to, guarantee or otherwise become or remain directly or indirectly liable with respect to the Indebtedness of any Investment Affiliate, and (B) Borrower shall not permit any Subsidiary to create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Recourse Indebtedness in excess of Ten Million Dollars (\$10,000,000) per Subsidiary at any time or Thirty Million Dollars (\$30,000,000) in the aggregate for all Subsidiaries at any time.

(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 8.01(a)(iv) and (v).

(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 Ownership Interests which do not constitute Non-Designated Use Property; and

(vi) mortgage loans which do not constitute Non-Designated Use 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. None of Borrower, the REIT or MHC Trust 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, none of Borrower, the REIT or MHC Trust 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. Except as provided in Section 8.01(e)(vi) below:

(i) Other than the merger described in the definition of Thousand Trails Transaction, 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 MHC Trust 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, management and development of Designated Use Properties 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.

(vi) Notwithstanding the foregoing, or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: (1) transfers of securities issued by the REIT that are effected on the New York Stock Exchange or American Stock Exchange, (2) direct or indirect transfers of interests in any Subsidiary (the "Transferred Subsidiary") among Borrower, the REIT or any other Subsidiary, so long as the Transferred Subsidiary remains a Subsidiary after such transfer or transfers, (3) transfers or issuance of limited partnership interests in Borrower, provided that MHC Trust remains the sole general partner of Borrower, (4) the sale of less than \$500,000 of preferred interests in MHC Trust and/or T1000 Trust to unrelated individuals to allow each of MHC Trust and T1000 Trust to have at least 100 shareholders and qualify as a real estate investment trust under the Internal Revenue Code, (5) the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity and (6) the dissolution of Subsidiaries in the ordinary course of business. At least fifteen (15) days prior to any transaction permitted under clause (5) above, Borrower shall provide Agent and the Lenders with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a),

8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

(f) ERISA. Neither Borrower nor the REIT shall, and neither shall permit any 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 Subsidiary or an ERISA Affiliate of the REIT, Borrower or any 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 Subsidiary to terminate, any Benefit Plan which would result in any liability of Borrower or a Subsidiary or an ERISA Affiliate of the REIT, Borrower or any Subsidiary under Title IV of ERISA;

(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;

(vi) Permit to exist any Termination Event;

(vii) Make, or permit a Subsidiary or an ERISA Affiliate of the REIT, Borrower or any 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 Subsidiary or any ERISA Affiliate of the REIT, Borrower or any 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. Section 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 the REIT, MHC Trust 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 the 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, Agent and the 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, 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, 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 would 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 agreement, 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. Except as permitted under Section 8.01(e)(vi)(4), 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 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 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.

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; the "Obligations" under the Syndicated Revolving Credit Agreement; and the "Obligations" under the WFB Revolving Credit Agreement;

(ii) guaranties of the obligations described in Section 8.02(a)(i); 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; provided, however, that (A) the REIT shall not, and shall not permit any of its Subsidiaries to, guarantee or otherwise become or remain directly or indirectly liable with respect to the Indebtedness of any Investment Affiliate, and (B) the REIT shall not permit any Subsidiary to create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any

Recourse Indebtedness in excess of Ten Million Dollars (\$10,000,000) per Subsidiary at any time or Thirty Million Dollars (\$30,000,000) in the aggregate for all Subsidiaries at any time.

(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 8.02(a)(ii) and (iii).

(c) Restriction on Fundamental Changes. Except as provided in Section 8.02(c)(vi) below:

(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 interests in MHC Trust 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 MHC Trust 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 MHC Trust or 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.

(vi) Notwithstanding the foregoing or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: (1) transfers of securities issued by the REIT that are effected on the New York Stock Exchange or American Stock Exchange, (2) direct or indirect transfers of interests in any Subsidiary (the "Transferred Subsidiary") among Borrower, the REIT or any other Subsidiary, so long as the Transferred Subsidiary remains a Subsidiary after such transfer or transfers, (3) transfers or issuance of limited

partnership interests in Borrower, provided that MHC Trust remains the sole general partner of Borrower, (4) the sale of less than \$500,000 of preferred interests in MHC Trust and/or T1000 Trust to unrelated individuals to allow each of MHC Trust and T1000 Trust to have at least 100 shareholders and qualify as a real estate investment trust under the Internal Revenue Code, (5) the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity, and (6) the dissolution of Subsidiaries in the ordinary course of business. At least fifteen (15) days prior to any transaction permitted under clause (5) above, the REIT shall provide Agent and the Lenders with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

(d) Environmental Liabilities. The REIT shall not, and shall not permit any of its Subsidiaries to become subject to any Liabilities and Costs which would 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. Except as permitted under Section 8.02(c)(vi)(4) or as contemplated by Section 3.8 of Borrower's partnership agreement, the REIT will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any of its interests in MHC Trust or 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, MHC Trust and Borrower.

8.03 With respect to MHC Trust:

(a) Restriction on Fundamental Changes. Except as provided in Section 8.03(a)(vi) below:

(i) MHC Trust 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) MHC Trust shall not change its Fiscal Year.

(iii) MHC Trust 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 MHC Trust and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(iv) MHC Trust shall not have an Investment in any Person other than Borrower and the interests identified on Schedule 5.01(w) as being owned by MHC Trust and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(v) MHC Trust shall not acquire an interest in any Property other than Securities issued by Borrower and the interests identified on Schedule 5.01(w) as being owned by MHC Trust and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(vi) Notwithstanding the foregoing or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: (1) transfers of securities issued by the REIT that are effected on the New York Stock Exchange or American Stock Exchange, (2) direct or indirect transfers of interests in any Subsidiary (the "Transferred Subsidiary") among Borrower, the REIT or any other Subsidiary, so long as the Transferred Subsidiary remains a Subsidiary after such transfer or transfers, (3) transfers or issuance of limited partnership interests in Borrower, provided that MHC Trust remains the sole general partner of Borrower, (4) the sale of less than \$500,000 of preferred interests in MHC Trust and/or T1000 Trust to unrelated individuals to allow each of MHC Trust and T1000 Trust to have at least 100 shareholders and qualify as a real estate investment trust under the Internal Revenue Code, (5) the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity and (6) the dissolution of Subsidiaries in the ordinary course of business. At least fifteen (15) days prior to any transaction permitted under clause (5) above, MHC Trust shall provide Agent and the Lenders with written notice of such merger (or similar transaction) accompanied by a compliance

certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

(b) Amendment of Charter or By-Laws. MHC Trust shall not permit any amendment of its charter documents or by-laws, which would materially and adversely affect Lenders or their rights and remedies under the Loan Documents.

(c) Disposal of Partnership Interests. Except as permitted under Section 8.03(a)(vi)(4) or as contemplated by Section 3.8 of Borrower's partnership agreement, MHC Trust will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any of its partnership interests in Borrower.

8.04 With respect to T1000 Trust: Other than the merger described in the definition of Thousand Trails Transaction, T1000 Trust 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. Notwithstanding the foregoing or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity. At least fifteen (15) days prior to any transaction permitted under the immediately preceding sentence, T1000 Trust shall provide Agent and the Lenders with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

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 0.7:1.

9.02 EBITDA to Fixed Charges Ratio. Borrower shall not permit the ratio of EBITDA for any twelve (12) calendar month period to Fixed Charges for such twelve (12) calendar month period to be less than 1.40:1.

9.03 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.

9.04 Unencumbered Pool. Borrower shall not permit the ratio of (a) the Unencumbered Asset Value to (b) outstanding Unsecured Debt to be less than 1.35:1.

9.05 Minimum Net Worth. Borrower will maintain a Net Worth of not less than the Minimum Net Worth.

9.06 Permitted Holdings. Borrower's primary business will be the ownership, operation, management and development of Designated Use Properties 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-Designated Use Property (other than cash or Cash Equivalents)	10%
Securities issued by real estate investment trusts primarily engaged in the development, ownership, operation and management of Designated Use Properties	5%
Designated Use Property 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%
Designated Use Property Ownership Interests other than Controlled Ownership Interests	10%
Development Activity	20%

The value of the foregoing categories of Permitted Holdings shall be calculated as follows: (i) the value of any Non-Designated Use Property (other than cash or Cash Equivalents) or any Designated Use Property Ownership Interest (other than a Controlled Ownership Interest) shall be calculated based upon its Adjusted Asset Value; (ii) the value of any Security issued by a real estate investment trust primarily engaged in the development, ownership, operation and management of Designated Use Properties 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); (iii) [intentionally deleted]; (iv) the value of any Designated Use Property Mortgage (other than mortgage indebtedness which is either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or accounted for as an investment in real estate under GAAP) shall be equal to the book value thereof; (v) the value of Development Activity by Borrower or any Subsidiary shall be equal to the full budgeted cost thereof; and (vi) the value of any Development Activity by an Investment Affiliate shall be equal to the greater of (A) Borrower's pro rata share of the full budgeted cost thereof based upon its percentage of equity ownership, or (B) Borrower's pro rata share of the full budgeted cost thereof based upon Borrower's economic interest in the project (as determined by Borrower in a manner reasonably satisfactory to Agent).

9.07 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. Calculations of such ratios for a "twelve (12) calendar month period" shall be made for the twelve (12) calendar month period ending on the last day of the applicable Fiscal Quarter.

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, MHC Trust 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 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 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 hereafter 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. Section 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 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 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 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 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 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 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 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 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 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 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 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 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 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) Syndicated Revolving Credit Agreement. An "Event of Default" as defined in the Syndicated Revolving Credit Agreement shall have occurred.

(r) WFB Revolving Credit Agreement. An "Event of Default" as defined in the WFB Revolving Credit Agreement shall have occurred.

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 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 valuation and appraisal, 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 portion of the 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, valuation and appraisal, 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.

10.03 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 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.

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, as contractual representative, 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 Loan 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 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.

11.03 Loan Continuation/Conversion.

(a) Promptly after receipt of a Notice of Continuation/Conversion for a portion of the Loan to be made pursuant to Section 2.01, 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/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 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 the Loan that such Lender does not intend to make available to Agent such Lender's Pro Rata Share of the Loan, 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 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. 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 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 Closing Date. Nothing in this Section 11.03(b) shall be deemed to relieve any Lender of its obligation hereunder to deliver its Pro Rata Share of the Loan 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 hereunder, and the Commitment of any Lender shall not be increased or decreased as a result of the failure by any other Lender to deliver its Pro Rata Share of the Loan as required by this Section 11.03.

11.04 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(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.

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. 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 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 it (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 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 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. 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. In the event of a material breach of its duties hereunder, the Agent may be removed at any time by all of the Lenders (other than Agent) 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.

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) Waiver of Sections 8.01(h) or 8.02(f);

(ii) 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;

(iii) Approval of the exercise of remedies requiring the consent of the Requisite Lenders under Section 10.02(a);

(iv) Appointment of a successor Agent in accordance with Sections 11.09(b) and (c);

(v) Disapproval of any Property as a Qualifying Unencumbered Property.

(b) Except for amendments, modifications and waivers requiring the consent of all Lenders pursuant to Section 12.05(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 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 [Intentionally Omitted]

11.12 [Intentionally Omitted]

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 Eligible Assignees 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 an Eligible Assignee that is not already a Lender hereunder (provided such Lender was also a Lender on the Closing Date) pursuant to each such assignment shall in no event be less than Five Million Dollars (\$5,000,000) 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). 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 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'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 portion of the Loan being assigned shall be canceled and returned to Borrower.

(e) Each Lender may sell participations to one or more banks, finance companies, insurance or other entities 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 Maturity Date (except pursuant to Article III), (C) decreases in the interest rates described in this Agreement, and (D) a release of the REIT Guaranty.

(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.

(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 Lender gives Agent and Borrower at least fifteen (15) days prior written notice of any such assignment; (ii) the parties to each such assignment execute and deliver to Agent an Assignment and Assumption, and (iii) 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 a participation interest in, 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 its rights and obligations hereunder which would result in such Lender holding a Commitment of less than Ten Million Dollars (\$10,000,000).

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, (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 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 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.

11.17 Administrative Agent's Reliance. Notwithstanding any other provisions of this Agreement or any other Loan Documents, neither the Agent nor any of its directors, officers, agents, employees or counsel shall be liable for any action taken or not taken by it under or in connection with this Agreement or any other Loan Document, except for its or their own gross negligence or willful misconduct in connection with its duties expressly set forth herein or therein. Without limiting the generality of the foregoing, the Agent may consult with legal counsel (including its own counsel or counsel for the Borrower, the REIT, MHC Trust or T1000 Trust), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts. Neither the Agent nor any of its directors, officers, agents, employees or counsel: (a) makes any warranty or representation to any Lender or any other Person nor shall be responsible to any Lender or any other Person for any statement, warranty or representation made or deemed made by the Borrower, the REIT, MHC Trust or T1000 Trust or any other Person in or in connection with this Agreement or any other Loan Document; (b) shall have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other Loan Document or the satisfaction of any conditions precedent under this Agreement or any Loan Document on the part of the Borrower or other Persons or inspect the property, books or records of the Borrower or any other Person; (c) shall be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document, any other instrument or document furnished pursuant thereto or any collateral covered thereby or the perfection or priority of any lien in favor of the Agent on behalf of the Lenders in any such collateral; (d) shall have any liability in respect of any recitals, statements, certifications, representations or warranties contained in any of the Loan Documents or any other document, instrument, agreement, certificate or statement delivered in connection therewith; and (e) shall incur any liability under or in respect of this Agreement or any other Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telephone, telecopy or electronic mail) believed by it to be genuine and signed, sent or given by the proper party or parties. The Agent may execute any of its duties under the Loan Documents by or through agents, employees or attorneys-in-fact and shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

11.18 Decisions. Each Lender expressly acknowledges and agrees that neither the Agent nor any of its officers, directors, employees, agents, counsel, attorneys in fact or other affiliates has made any representations or warranties to such Lender and that no act by the Agent hereafter taken, including any review of the affairs of the Borrower, the REIT, MHC Trust or T1000 Trust or any other Subsidiary or Affiliate, shall be deemed to constitute any such representation or warranty by the Agent to any Lender. Each Lender acknowledges that it has, independently and without reliance upon the Agent, any other Lender or counsel to the Agent, or any of their respective officers, directors, employees, agents or counsel, and based on the financial statements of the Borrower, the REIT, MHC Trust or T1000 Trust, the other Subsidiaries and other Affiliates, and inquiries of such Persons, its independent due diligence of the business and affairs of the Borrower, the REIT, MHC Trust or T1000 Trust, the other Subsidiaries and other Persons, its review of the Loan Documents, the legal opinions required to be delivered to it hereunder, the advice of its own counsel and such other documents and

information as it has deemed appropriate, made its own credit and legal analysis and decision to enter into this Agreement and the transactions contemplated hereby. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, any other Lender or counsel to the Agent or any of their respective officers, directors, employees and agents, and based on such review, advice, documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under the Loan Documents. The Agent shall not be required to keep itself informed as to the performance or observance by the Borrower, the REIT, MHC Trust, T1000 Trust or any Subsidiary or Investment Affiliate of the Loan Documents or any other document referred to or provided for therein or to inspect the properties or books of, or make any other investigation of, the Borrower, the REIT, MHC Trust, T1000 Trust or any other Subsidiary. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Agent under this Agreement or any of the other Loan Documents, the Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Agent or any of its officers, directors, employees, agents, attorneys in fact or other Affiliates. Each Lender acknowledges that the Agent's legal counsel in connection with the transactions contemplated by this Agreement is only acting as counsel to the Agent and is not acting as counsel to such Lender.

ARTICLE XII.
MISCELLANEOUS

12.01 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 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); (v) in protecting,

preserving, collecting, leasing, selling, taking possession of, or liquidating any such collateral; or (vi) 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 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 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 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, 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 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 hereafter 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 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.

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(i) which shall require the consent of all Lenders other than Agent):

- (a) Increasing the Facility or any Lender's Commitment (excluding any increase as a result of an assignment of commitments under Section 11.13);
- (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 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) Removal of Agent for material breach of its duties hereunder in accordance with Section 11.09(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 XI; provided, however, that no amendment, modification, termination or waiver of Section 11.09(b), 11.09(c), 11.10(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 or any other provision referring to the 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.

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 pursuant to Article II 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 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 Loan 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 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 nor Agent shall be under any obligation to marshal 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 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.

12.14 Limitation of Liability. To the extent permitted by applicable law, no claim may be made by Borrower, MHC Trust, T1000 Trust, 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, MHC Trust, T1000 Trust 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 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.

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 the 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.

12.17 Confidentiality. Agent and Lenders shall use reasonable efforts to assure that any information about Borrower, the REIT, MHC Trust, T1000 Trust, 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 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 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.

12.18 Consent to Jurisdiction and Service of Process; Waiver of Jury Trial; Waiver Of Permissive Counterclaims. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST BORROWER, THE REIT, MHC TRUST OR T1000 TRUST WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE AND ALL JUDICIAL PROCEEDINGS BROUGHT BY BORROWER, THE REIT, MHC TRUST OR T1000 TRUST 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, THE REIT, MHC TRUST AND T1000 TRUST 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, THE REIT, MHC TRUST AND T1000 TRUST 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, THE REIT, MHC TRUST AND T1000 TRUST 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, MHC TRUST, T1000 TRUST 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 TO 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, THE REIT, MHC TRUST OR T1000 TRUST IN THE COURTS OF ANY OTHER JURISDICTION. BORROWER, THE REIT, MHC TRUST AND T1000 TRUST 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 REIT, MHC Trust, T1000 Trust the initial Lenders and Agent have duly executed and delivered counterpart execution pages of this Agreement to each other (delivery by Borrower, the REIT, MHC Trust and T1000 Trust to Lenders and by any Lender to Borrower, the REIT, MHC Trust, T1000 Trust 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 supersedes 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 the 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.

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 the 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. Section 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 the Loan to an account of the Lender if such allocation (i) by itself would cause such Pro Rata Share of the Loan to then constitute "assets" (within the meaning of 29 C.F.R. Section 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 Joint Lead Arrangers, Documentation Agent and Syndication Agent. Each of the parties to this Agreement acknowledges and agrees that the obligations of each Joint Lead Arranger, Documentation Agent and Syndication Agent hereunder shall be limited to those obligations that are expressly set forth herein, if any, and each Joint Lead Arranger, 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 each Joint Lead Arranger, Documentation Agent and Syndication Agent.

12.25 USA Patriot Act Notice; Compliance. The USA Patriot Act of 2001 (Public Law 107-56) and federal regulations issued with respect thereto require all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Agent (for itself and/or as Agent for all Lenders hereunder) may from time-to-time request, and Borrower shall provide to Lender, Borrower's name, address, tax identification number and/or such other identification information as shall be necessary for Agent and Lenders to comply with federal law. An "account" for this purpose may include, without limitation, a deposit account, cash management service, a transaction or asset account, a credit account, a loan or other extension of credit, and/or other financial services product.

12.26 Tax Shelter Regulations. None of Borrower, the REIT, MHC Trust, T1000 Trust nor any subsidiary of any of the foregoing intends to treat the Loan or the transactions contemplated by this Agreement and the other Loan Documents as being a "reportable transaction" (within the meaning of Treasury Regulation section 1.6011-4). If Borrower, the REIT, MHC Trust, T1000 Trust or any subsidiary of any of the foregoing or any

other party to the Loan determines to take any action inconsistent with such intention, Borrower will promptly notify Agent thereof. If Borrower so notifies Agent, Borrower acknowledges that Agent and Lenders may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Agent and Lenders will maintain the lists and other records, including the identity of the applicable party to the Loan as required by such Treasury Regulation.

[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: MHC TRUST, a Maryland real estate
investment trust, its General Partner

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial
Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

"REIT"

MANUFACTURED HOME COMMUNITIES, INC., a
Maryland corporation

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial
Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

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"MHC Trust"

MHC TRUST, a Maryland real estate
investment trust

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial
Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

"T1000 Trust"

MHC T1000 TRUST, a Maryland real estate
investment trust

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial
Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

WELLS FARGO BANK, N.A,
as Agent, a Joint Lead Arranger and
a Lender

By: _____
Name: _____
Title: _____

Address:
123 North Wacker Drive
Suite 1900
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, California 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: Jim Furuyama
Telecopy 949/251-4343

Commitment: \$70,000,000
58.333334%

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BANK OF AMERICA, N.A.,
as Syndication Agent and as a Lender

By: _____
Name: _____
Title: _____

Address:
IL1-231-10-35
231 S. LaSalle Street, 15th Floor
Chicago, Illinois 60697
Attn: Cheryl Sneor
Telecopy: 312/974-4970

Commitment: \$25,000,000
20.833333%

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LASALLE BANK NATIONAL ASSOCIATION, as
Documentation Agent and as a Lender

By: _____
Name: _____
Title: _____

Address:
135 South LaSalle Street
Suite 1225
Chicago, Illinois 60603
Attention: Robert Goeckel
Telecopy: 312/904-6691

Commitment: \$25,000,000
20.833333%

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EXHIBIT C

TRANSFER AUTHORIZER DESIGNATION
(For Disbursement of Loan Proceeds by Funds Transfer)

[] NEW [] REPLACE PREVIOUS DESIGNATION [] ADD [] CHANGE [] DELETE LINE
NUMBER _____

The following representatives of MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower") are authorized to request the disbursement of Loan Proceeds and initiate funds transfers for Loan Number 101305 dated {DATE OF DOCUMENTS} among Wells Fargo Bank, National Association ("Bank"), certain other lenders, Borrower and certain affiliates of borrower. Bank is authorized to rely on this Transfer Authorizer Designation until it has received a new Transfer Authorizer Designation signed by Borrower, even in the event that any or all of the foregoing information may have changed.

	NAME	TITLE	MAXIMUM WIRE AMOUNT ¹
1.			
2.			
3.			
4.			
5.			

BENEFICIARY BANK AND ACCOUNT HOLDER INFORMATION

1.

TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME):

RECEIVING PARTY ACCOUNT NUMBER:

RECEIVING BANK NAME, CITY AND STATE: RECEIVING BANK ROUTING (ABA) NUMBER

MAXIMUM TRANSFER AMOUNT:

FURTHER CREDIT INFORMATION/INSTRUCTIONS:

2.

TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME):

RECEIVING PARTY ACCOUNT NUMBER:

RECEIVING BANK NAME, CITY AND STATE: RECEIVING BANK ROUTING (ABA) NUMBER

MAXIMUM TRANSFER AMOUNT:

FURTHER CREDIT INFORMATION/INSTRUCTIONS:

3.

TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME):

RECEIVING PARTY ACCOUNT NUMBER:

RECEIVING BANK NAME, CITY AND STATE:

RECEIVING BANK ROUTING (ABA) NUMBER

MAXIMUM TRANSFER AMOUNT:

FURTHER CREDIT INFORMATION/INSTRUCTIONS:

1 Maximum Wire Amount may not exceed the Loan Amount.

Date: {DATE OF DOCUMENTS}

"BORROWER"

MHC OPERATING LIMITED PARTNERSHIP, AN
ILLINOIS LIMITED PARTNERSHIP

BY: MHC TRUST, A MARYLAND REAL ESTATE
INVESTMENT TRUST, ITS GENERAL
PARTNER

By: _____

Its: _____

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FIFTH 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,
AS A GUARANTOR,

MHC TRUST,
A MARYLAND REAL ESTATE INVESTMENT TRUST,
AS A GUARANTOR,

MHC T1000 TRUST,
A MARYLAND REAL ESTATE INVESTMENT TRUST,
AS A GUARANTOR,

AND

THE FINANCIAL INSTITUTIONS PARTY HERETO, AS LENDERS

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

WELLS FARGO BANK, N.A.
AS ADMINISTRATIVE AGENT, SOLE LEAD ARRANGER,
SWINGLINE LENDER AND ISSUING LENDER,

BANK OF AMERICA, N.A.,
AS SYNDICATION AGENT,

AND

LASALLE BANK NATIONAL ASSOCIATION,
AS DOCUMENTATION AGENT

DATED AS OF NOVEMBER 10, 2004

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FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIFTH AMENDED AND RESTATED CREDIT AGREEMENT is dated as of November 10, 2004 (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"), MHC Trust, a Maryland real estate investment trust ("MHC Trust"), MHC T1000 Trust, a Maryland real estate investment trust, each of the Lenders, as hereinafter defined, Wells Fargo Bank, N.A ("Wells Fargo") in its capacity as Agent, as Sole Lead Arranger, as Swingline Lender, as Issuing Lender and as a Lender, Bank of America, N.A., as Syndication Agent and as a Lender, LaSalle Bank National Association, as Documentation Agent and as a Lender, and SouthTrust, N.A., as a Lender.

RECITALS

A. Borrower, the REIT and Wells Fargo Realty Advisors Funding Incorporated ("WFRF"), 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 "First Amended Credit Agreement") by and among Borrower, the REIT, WFRF, as Agent and as a Lender, and Bank of America Illinois, as Co-Agent and as a Lender.

C. The First Amended Credit Agreement was amended and restated in its entirety by that certain Second Amended and Restated Credit Agreement dated as of April 28, 1998 (the "Second Amended Credit Agreement") by and among Borrower, the REIT, Wells Fargo (as successor in interest to WFRF), as Agent, Swingline Lender, Issuing Lender, and 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, New York Branch, as a Lender.

D. The Second Amended Credit Agreement was amended and restated in its entirety by that certain Third Amended and Restated Credit Agreement dated as of February 11, 2002 (as amended as described below, the "Third Amended Credit Agreement") by and among Borrower, the REIT, Wells Fargo (as successor in interest to WFRF), as Agent, Swingline Lender, Issuing Lender, and a Lender, Bank of America, N.A., as Syndication Agent and as a Lender, LaSalle Bank National Association, as Documentation Agent and as a Lender, and Commerzbank Aktiengesellschaft, New York Branch, as a Lender.

E. Pursuant to that certain Assignment and Assumption, dated as of August 30, 2002, by and between Bank of America, N.A. and SouthTrust, N.A., Bank of America, N.A. assigned to SouthTrust, N.A. a 10.000000000% interest in the Loan and the Facility, as defined in the Existing Credit Agreement.

F. Pursuant to that certain First Amendment to Third Amended and Restated Credit Agreement, dated as of the date hereof, the maximum amount of the Facility (as defined in the Existing Credit Agreement) was reduced and the Commitment of Commerzbank

Aktiengesellschaft, New York Branch, was terminated.

G. The Third Amended Credit Agreement was amended and restated in its entirety by that certain Fourth Amended and Restated Credit Agreement dated as of December 11, 2003 (the "Existing Credit Agreement") by and among Borrower, the REIT, Wells Fargo, as Agent, Swingline Lender, Issuing Lender and a Lender, Bank of America, N.A., as Syndication Agent and as a Lender, LaSalle Bank National Association, as Documentation Agent and as a Lender, and Southtrust, N.A., as a Lender.

H. Borrower, the REIT, MHC Trust, T1000 Trust, Wells Fargo, as Agent, Sole Lead Arranger, Swingline Lender, Issuing Lender and as a Lender, Bank of America, N.A., as Syndication Agent and as a Lender, LaSalle Bank National Association, as Documentation Agent and as a Lender and the other Lenders desire to further amend and restate the Existing Credit Agreement in its entirety to make certain modifications as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

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 the number of Owned Fiscal Quarters is less than four (4), the Net Price of

the Property paid by Borrower or such Subsidiary for such Property and (ii) for any Property for which the number of Owned Fiscal Quarters is at least four (4), the quotient of EBITDA attributable to such Property in a manner reasonably acceptable to Agent for the then most recently ended twelve (12) calendar month period divided by seven hundred fifty ten-thousandths (0.0750). Notwithstanding the immediately preceding sentence, for the Thousand Trails Properties, (A) at the end of the Fiscal Quarter ended December 31, 2004, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for such Fiscal Quarter multiplied by four (4) and divided by seven hundred fifty ten-thousandths (0.0750), (B) at the end of the Fiscal Quarter ended March 31, 2005, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to March 31, 2005 multiplied by two (2) and divided by seven hundred fifty ten-thousandths (0.0750), (C) at the end of the Fiscal Quarter ended June 30, 2005, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to June 30, 2005 multiplied by one and one-third (1.33) and divided by seven hundred fifty ten-thousandths (0.0750), (D) at the end of the Fiscal Quarter ended September 30, 2005, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to September 30, 2005 divided by seven hundred fifty ten-thousandths (0.0750).

"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, MHC Trust 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, MHC Trust, T1000 Trust 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 the execution of this Agreement or hereafter executes and delivers a guaranty, or a joinder to 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	1.25%
Level II Period	1.45%
Level III Period	1.65%

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), 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. No adjustment in the Applicable Margin shall be made retroactively.

"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 loan 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, on a consolidated basis, by Borrower or any Subsidiary from tenants which lease sites at Designated Use Properties owned by Borrower or any Subsidiary minus any amounts specifically identified as and representing payments for trash removal, cable television, water, electricity, other utilities, taxes and other

rent which reimburses expenses related to the tenant's occupancy; provided, however, that Base Rent shall not include rent received by any Subsidiary as lessor under the Thousand Trails Lease.

"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, 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 Adjusted Share" means Borrower's, MHC Trust's and/or the REIT's collective direct or indirect share of the assets, liabilities, income, expenses or expenditures, as applicable, of an Investment Affiliate based upon the greater of (i) Borrower's, MHC Trust's and/or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, as provided in the charter and by-laws, partnership agreements or other organizational or governing documents of such Investment Affiliate and (ii) Borrower's and/or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, based upon its effective economic ownership of such Investment Affiliate. For purposes of determining Borrower's Adjusted Share, at any time that MHC Trust owns any general partnership interest in Borrower in accordance with the terms and conditions of this Agreement, the REIT shall be deemed to own one hundred percent (100%) of all ownership interests in MHC Trust.

"Borrower's Share" means Borrower's, MHC Trust's and/or the REIT's collective direct or indirect share of the assets, liabilities, income, expenses or expenditures, as applicable, of an Investment Affiliate based upon Borrower's, MHC Trust's and/or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, as the case may be. For purposes of determining Borrower's Share, at any time that MHC Trust owns any general partnership interest in Borrower in accordance with the terms and conditions of this Agreement, the REIT shall be deemed to own one hundred percent (100%) of all ownership interests in MHC Trust.

"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 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 sites at a Designated Use Property 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.

"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 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 FDIC; 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 Date" means the date on which this Agreement shall become effective in accordance with Section 12.19, which date shall be November 10, 2004 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.

"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 Ownership Interests" means ownership interests in a Person where the REIT, MHC Trust or Borrower (independently or collectively) has control over the management and operations of such Person.

"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, MHC Trust 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.

"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.

"Designated Use Property" means a property owned and operated primarily (i) for the purpose of leasing sites to individuals on which such individuals place manufactured homes or recreational vehicles for the purpose of occupying such manufactured homes or recreational vehicles, (ii) as a daily stay campground, membership interest campground or park model community, or (iii) for the purpose of renting cabins on such property to individuals.

"Designated Use Property Mortgages" means Investment Mortgages issued by any Person engaged primarily in the business of developing, owning, and managing Designated Use Properties.

"Designated Use Property Ownership Interests" means partnership, joint venture, membership or other equity interests issued by any Person engaged primarily in the business of developing, owning, and managing Designated Use Properties.

"Development Activity" means construction in process, that is being performed by or at the direction of Borrower, any Subsidiary or any Investment Affiliate, at any Designated Use Property that will be owned and operated by Borrower, any Subsidiary or any Investment Affiliate upon completion of construction, including construction in process at Designated Use Properties not owned by Borrower, any Subsidiary or any Investment Affiliate but which Borrower, any Subsidiary or any Investment Affiliate has the contractual obligation to purchase. "Development Activity" shall include construction in process for the purpose of expanding Designated Use Properties that are Thousand Trails Properties but shall not include construction in process for the purpose of expanding other Designated Use Properties owned by Borrower, any Subsidiary or any Investment Affiliate.

"Documentation Agent" means LaSalle Bank National Association 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 and without duplication (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, plus (or minus in the case of a loss) (vii) Borrower's Share of the net income (or loss) of each Investment Affiliate for such period calculated in conformity with GAAP before depreciation, minus (or plus in the case of a loss) (viii) Borrower's Share of the gains (or losses) from extraordinary or unusual items or asset sales or write-ups or forgiveness of indebtedness included in the calculation of the net income of each Investment Affiliate for such period.

"Eligible Assignee" means any Person that is: (a) an existing Lender; (b) a commercial bank, trust company, savings and loan association, savings bank, insurance company, investment bank or pension fund organized under the laws of the United States of

America, any state thereof or the District of Columbia, and having total assets in excess of \$5,000,000,000; or (c) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Co-operation and Development, or a political subdivision of any such country, and having total assets in excess of \$10,000,000,000, provided that such bank is acting through a branch or agency located in the United States of America. If such entity is not currently a Lender, such entity's (or in the case of a bank which is a subsidiary, such bank's parent's) senior unsecured long term indebtedness must be rated BBB or higher by S&P, Baa2 or higher by Moody's or the equivalent or higher of either such rating by another rating agency acceptable to the Agent.

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

"Extended Maturity Date" has the meaning set forth in Section 3.01.

"Facility" means the loan facility of up to One Hundred Ten Million Dollars (\$110,000,000) 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 Amended Credit Agreement" 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, MHC Trust and the REIT which shall be the twelve (12) month period ending on the last day of December in each year.

"Fixed Charges" means, for any period, the sum of (i) Debt Service for such period other than payments of principal of the Loan, as required by Section 2.03(c) of the Term Loan Agreement, made during such period, (ii) 3% of Base Rent for such period, and (iii) Borrower's Share of Capital Expenditures from each Investment Affiliate for such period.

"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 to 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, MHC Trust 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 with respect to any Person as of any date of determination, (i) the sum of the Adjusted Asset Values for each Property then owned by such Person plus (ii) the value of any cash or Cash Equivalent then owned by such Person and not subject to any Lien plus (iii) Manufactured Home Inventory Value with respect to such Person, at such time.

"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.

"Initial Maturity Date" means August 9, 2006.

"Interest Expense" means, for any period and without duplication, total interest expense, whether paid, accrued or capitalized (including letter of credit fees and 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.

"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.

"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 except as otherwise specifically provided herein.

"Investment Affiliate" means any Person in whom the REIT, MHC Trust, 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, MHC Trust or Borrower on the consolidated financial statements of the REIT, MHC Trust 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.

"Joinder Agreement" means that certain Joinder to Amended and Restated REIT Guaranty, dated as of the Closing Date made by MHC Trust and T1000 Trust for the benefit of the Lenders and Agent.

"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).

"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. A copy of the Letter of Credit Note is attached hereto as 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 Borrower and each of its Subsidiaries shall be less than 0.55:1.

"Level II Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall equal or exceed 0.55:1 but shall be less than 0.60:1.

"Level III Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall equal or 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 Section 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, and Loans made pursuant to Mandatory Borrowings.

"Loan Availability" means the amount of the Facility from time to time.

"Loan Documents" means, this Agreement, the Loan Notes, the REIT Guaranty, the Joinder 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 Ten Million Dollars (\$110,000,000) executed by Borrower in favor of Lenders, as they may be amended, supplemented, replaced or modified from time to time. Copies of the Loan Notes are attached hereto as Exhibit D.

"Mandatory Borrowing" means any Letter of Credit Mandatory Borrowing or Swingline Mandatory Borrowing.

"Manufactured Home Inventory Value" means with respect to Borrower and its Subsidiaries, as of any date of determination, the lesser of (i) the total cost to Borrower or its Subsidiaries, as applicable, of all manufactured home units, which have never been occupied (other than for short periods in the ordinary course of Borrower's and its Subsidiaries' customary sales practices), then owned by Borrower or any Subsidiary that were acquired new from the manufacturers of such units, or from Persons who acquired such units new from such manufacturers, within the one (1) year period immediately preceding the date of determination and (ii) Thirty-Five Million Dollars (\$35,000,000).

"Material Adverse Effect" means a material adverse effect upon (i) the ability of Borrower or the REIT, MHC Trust or T1000 Trust 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."

"Maturity Date" means the Initial Maturity Date, as such date may be extended pursuant to Article III.

"Minimum Net Worth" means Seven Hundred Million Dollars (\$700,000,000).

"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 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; provided, however, that Net Income shall not include the net income (or loss) of Investment Affiliates.

"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, MHC Trust 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, MHC Trust 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 sum of Gross Asset Values for Borrower and each of its Subsidiaries at such time minus Total Liabilities at such time.

"New Lender" shall have the meaning set forth in Section 11.13(k).

"Non-Designated Use Property" means Property which is not (i) used for lease or operation of Designated Use Properties, (ii) Securities consisting of stock issued by real estate investment trusts engaged primarily in the development, ownership and management of Designated Use Properties, (iii) Designated Use Property Mortgages or (iv) Designated Use

Property Ownership Interests.

"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 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); provided, however, that personal recourse to the REIT, MHC Trust, Borrower or any Subsidiary 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.

"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 the sole general partner 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 the sole general partner 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.

"Officer's Certificate" means a certificate signed by a specified officer of a Person certifying as to the matters set forth therein.

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

"Original Obligations" means the "Obligations" as defined in the Existing Credit

Agreement.

"Other Indebtedness" means all Indebtedness other than the Obligations.

"Owned Fiscal Quarters" means, with respect to any Property, the full Fiscal Quarters during which Borrower or any Subsidiary actually owned such Property.

"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 9.06, but only to the extent permitted in Section 9.06.

"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);

(e) easements, rights-of-way, zoning restrictions, other similar charges or encumbrances and all other items listed on Schedule B to Borrower's or any Subsidiary's, as applicable, owner's title insurance policies for any of Borrower's or any Subsidiary'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 or such Subsidiary, as applicable, 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 5.01(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 6.04 which (i) is an operating Designated Use 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 direct or indirect 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 direct or indirect 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, and (iv) has not been designated by 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 Properties designated by Borrower to be Qualifying Unencumbered Properties pursuant to Section 6.04 (excluding (x) expansion areas of such Properties which are purchased and/or developed on or after the Closing Date, and (y) Designated Use Properties consisting of recreational vehicle resorts, daily stay campgrounds, membership interest campgrounds, cabin rentals or park model communities) shall be at least seventy-five percent (75%); and 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). Any Property shall cease to be a "Qualifying Unencumbered Property" at such time as it fails to satisfy all the conditions set forth in clauses (i), (ii) and (iii) of this definition.

"Recourse Indebtedness" means, with respect to any Person, Indebtedness which is not Non-Recourse Indebtedness.

"Regulation D" means Regulation D 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 dated as of April 28, 1998 executed by the REIT, in favor of Agent and the Lenders, as joined by MHC Trust and T1000 Trust pursuant to the Joinder Agreement. Copies of the REIT Guaranty and the Joinder Agreement is attached hereto as Exhibit B.

"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 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, however, 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; and provided, further,

that so long as there are at least two (2) Lenders who are not Defaulting Lenders, the Requisite Lenders must be comprised of a minimum of two (2) Lenders; and provided, further, that for purposes of any amendment, modification or waiver of the requirements of Article IX, the Requisite Lenders must include Agent in its capacity as a Lender (provided Agent is not a defaulting Lender).

"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 Agent.

"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(b).

"Sole Lead Arranger" means Wells Fargo Bank, N.A. in its capacity as sole lead arranger for the Lenders under this Agreement.

"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, collectively, Lenders whose Pro Rata Shares, in the aggregate, are at least eighty-five percent (85%), provided, however, 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; and provided, further, that, so long as there are at least two (2) Lenders who are not Defaulting Lenders, the Supermajority Lenders must be comprised of a minimum of two (2) Lenders; and provided, further, that for purposes of any amendment, modification or waiver of the requirements of Article IX, the Supermajority Lenders must include Agent in its capacity as a Lender (provided Agent is not a Defaulting Lender).

"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. A copy of the Swingline Note is attached hereto as Exhibit E.

"Syndication Agent" means Bank of America, N.A. in its capacity as syndication agent for the Lenders under this Agreement.

"T1000 Trust" means MHC T1000 Trust, a Maryland real estate investment trust, following the consummation of the Thousand Trails Transaction. T1000 Trust is a guarantor under the REIT Guaranty.

"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.

"Term Loan Agreement" means that certain Term Loan Agreement, dated as of the date hereof, by and among Borrower, the REIT, MHC Trust, T1000 Trust, Wells Fargo, as administrative agent, and the other Lenders thereunder, as the same may be amended, supplemented or modified from time to time.

"Thousand Trails" means KTTI Holding Company, Inc., a Delaware corporation, that, among other things, (i) owns and operates fifty-seven (57) membership-based recreational vehicle and campground properties comprising recreational vehicle and campground sites for which the members purchase an initial membership and thereafter pay annual dues and (ii) owns the Thousand Trails Land.

"Thousand Trails Land" means "Excess Land" as defined in the Thousand Trails Lease, as in effect on the Closing Date.

"Thousand Trails Lease" means that certain Lease Agreement, dated as of November 10, by and between MHC TT Leasing Company, Inc., a Delaware corporation, as lessor, and Thousand Trails Operations Holding Company, L.P., a Delaware limited partnership, as tenant, with respect to the Thousand Trails Properties, other than the Thousand Trails Land.

"Thousand Trails Properties" shall mean the Properties owned, directly or indirectly, by T1000 Trust as a result of the consummation of the Thousand Trails Transaction.

"Thousand Trails Transaction" means the acquisition by T1000 Trust of Thousand Trails through the creation of a directly- or indirectly-owned acquisition Subsidiary and the merger of such Subsidiary into Thousand Trails, with Thousand Trails being the surviving corporation, being renamed MHC TT Holding Company, Inc. immediately after such merger and being, directly or indirectly, a wholly-owned Subsidiary of Borrower. The total merger consideration to be paid by Borrower or its Subsidiaries in connection with such transaction is One Hundred Sixty Million Dollars (\$160,000,000).

"Total Liabilities" means, without duplication, all Indebtedness of the REIT on a consolidated basis, plus (i) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of the REIT, on a consolidated basis, and in any event shall include recourse and non-recourse mortgage debt, letters of credit, purchase obligations, forward equity sales, repurchase obligations, unsecured debt, accounts payable, lease obligations (including ground leases) to the extent required, in accordance with GAAP, to be classified as capital leases on the balance sheet of the REIT, guarantees of indebtedness, subordinated debt and unfunded obligations plus (ii) Borrower's Adjusted Share of Investment Affiliates' Indebtedness; provided, however, that "Total Liabilities" shall not include dividends declared by the REIT, MHC Trust or Borrower which are permitted under Section 8.01(d) but not yet paid.

"Transient RV NOI" means, with respect to any Qualifying Unencumbered Property that is a recreational vehicle resort property other than a Thousand Trails Property, all of such Qualifying Unencumbered Property's Net Operating Income that is not attributable to residents/guests at such property who are either permanent residents of such property or who reside at such property for the entire "season" applicable to such property.

"Unencumbered Asset Value" means, as of any date of determination,
(i) the

quotient of the Net Operating Income for the most recently ended twelve (12) calendar month period which is attributable (in a manner reasonably acceptable to Agent) to Qualifying Unencumbered Properties for which the number of Owned Fiscal Quarters is at least four (4) divided by seven hundred seventy-five ten-thousandths (0.0775) plus (ii) the aggregate of the Net Prices paid by Borrower or such Subsidiary for all Qualifying Unencumbered Properties for which the number of Owned Fiscal Quarters is less than four (4); provided, however, that for purposes of determining the numerator of the quotient described in clause (i) of this definition, Transient RV NOI shall be included only to the extent it does not exceed fifteen percent (15%) of the aggregate Net Operating Income for the applicable Qualifying Unencumbered Properties. Notwithstanding the immediately preceding sentence, for any Qualifying Unencumbered Properties that are Thousand Trails Properties, (A) at the end of the Fiscal Quarter ended December 31, 2004, the Unencumbered Asset Value means EBITDA attributable to such Qualifying Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for such Fiscal Quarter multiplied by four (4) and divided by seven hundred seventy-five ten-thousandths (0.0775), (B) at the end of the Fiscal Quarter ended March 31, 2005, the Unencumbered Asset Value means EBITDA attributable to such Qualified Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to March 31, 2005 multiplied by two (2) and divided by seven hundred seventy-five ten-thousandths (0.0775), (C) at the end of the Fiscal Quarter ended June 30, 2005, the Unencumbered Asset Value means EBITDA attributable to such Qualified Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to June 30, 2005 multiplied by one and one-third (1.33) and divided by seven hundred seventy-five ten-thousandths (0.0775), (D) at the end of the Fiscal Quarter ended September 30, 2005, the Unencumbered Asset Value means EBITDA attributable to such Qualified Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to September 30, 2005 divided by seven hundred seventy-five ten-thousandths (0.0775).

"Unencumbered Net Operating Income" means for any Fiscal Quarter, Net Operating Income for such period from each Qualifying Unencumbered Property; provided, however, that for purposes of determining Unencumbered Net Operating Income, Transient RV NOI shall be included only to the extent it does not exceed fifteen percent (15%) of the aggregate Net Operating Income for the applicable Qualifying Unencumbered Properties.

"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 (a) an Event of Default or (b) an "Event of Default" as defined in the Term Loan Agreement or (c) an "Event of Default" as defined in the WFB Revolving Credit Agreement.

"Unsecured Debt" means, as of any date of determination and without duplication, all Indebtedness of the REIT, Borrower or any Subsidiary, which is not Secured Debt but excluding (i) all accounts payable of the REIT, Borrower or any Subsidiary incurred in the ordinary course of business, (ii) all advance rents received and (iii) all accrued interest payable.

"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(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.

"WFB Revolving Credit Agreement" means that certain First Amended and Restated Credit Agreement, dated as of the date hereof, by and among Borrower, the REIT, MHC Trust, T1000 Trust and Wells Fargo, as may be amended, supplemented or modified from time to time.

"Wholly-Owned Subsidiary" means any Subsidiary which is wholly-owned directly or indirectly by Borrower, MHC Trust or the REIT.

"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.

1.02 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, MHC Trust, T1000 Trust 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 all Existing Loans and all Loans made on or after the Closing Date shall be governed exclusively by the terms of this Agreement. All Original Obligations outstanding on the Closing Date (including without limitation all accrued and unpaid interest and fees) shall, to the extent not paid on the Closing Date, be deemed to be Obligations outstanding hereunder. The REIT Guaranty shall remain in full force and effect with respect to the Obligations and is hereby reaffirmed. The parties acknowledge and agree that the execution and delivery of this Agreement shall not constitute a novation, payment and reborrowing or termination of the Original Obligations and that all such Original Obligations outstanding on the Closing Date are in all respects continued and outstanding as Obligations under this Agreement.

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., 123 North Wacker Drive, Suite 1900, 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: Ann Blocker, 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 73-66901095 in Chicago, Illinois, or such other account specified in the Notice of Borrowing acceptable to Agent, with a confirming telephone call to Quantaze Watts at (312) 279-1408 or Michael Berman at (312) 279-1496.

(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 reasonably 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 Dollar (\$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 ten (10) 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 under 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 transactions;

(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 Agent or such Lender, as applicable, 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; or

(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 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 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 W-8BEN 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 W-8ECI 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 W-8BEN of the Internal Revenue Service or Form W-8ECI 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 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 W-8BEN of the Internal Revenue Service or Form W-8ECI of the Internal Revenue Service, whichever is appropriate, substantially in a form satisfactory to Borrower and 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 Agent pursuant to this Section 2.03(j). Further, each Lender which delivers a certificate accompanied by Form W-8BEN of the Internal Revenue Service covenants and agrees to deliver to Borrower and Agent within fifteen (15) days prior to January 1, 2005, 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 W-8BEN (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 W-8ECI of the Internal Revenue Service covenants and agrees to deliver to Borrower and 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 W-8ECI (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 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) Intentionally Deleted.

(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) Arrangement and Administrative Agency Fees. Borrower shall pay Agent such fees as are provided for in the separate 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'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 AC2963507207, reference MHC Operating Limited Partnership, loan number 6023AMC with telephonic notice to Ann Blocker at (310) 335-9452 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: Ann Blocker, 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, payment 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.(a) 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 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, Swingline Lender and Issuing Lender 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 A.M., (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. (California 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.

(1) 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., 123 North Wacker Drive, Suite 1900, 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 six (6) times in any month.

(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 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 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 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 2.10(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 Funds Transfer Disbursements.

(a) Borrower hereby authorizes Agent and Lenders to disburse the proceeds of the Loan pursuant to the Loan Documents as requested by an authorized representative of the Borrower to any of the accounts designated in Exhibit C. Borrower agrees to be bound by any transfer request: (i) authorized or transmitted by Borrower; or, (ii) made in Borrower's name and accepted by Agent in good faith and in compliance with these transfer instructions, even if not properly authorized by Borrower. Borrower further agrees and acknowledges that Agent and Lenders may rely solely on any bank routing number or identifying bank account number or name provided by Borrower to effect a wire or funds transfer even if the information provided by Borrower identifies a different bank or account holder than named by the Borrower. Neither Agent nor Lenders are obligated or required in any way to take any actions to detect errors in information provided by Borrower. If Agent or any Lender takes any actions in an attempt to detect errors in the transmission or content of transfer or requests or takes any actions in an attempt to detect unauthorized funds transfer requests, Borrower agrees that no matter how many

times Agent and any Lender takes these actions neither Agent nor Lenders will in any situation be liable for failing to take or correctly perform these actions in the future and such actions shall not become any part of the transfer disbursement procedures authorized under this provision, the Loan Documents, or any agreement between Lenders and Borrower. Borrower agrees to notify Agent of any errors in the transfer of any funds or of any unauthorized or improperly authorized transfer requests within 14 days after Agent's or any Lender's confirmation to Borrower of such transfer.

(b) Agent will, in its sole discretion, determine the funds transfer system and the means by which each transfer will be made. Agent may delay or refuse to accept a funds transfer request if the transfer would: (i) violate the terms of this authorization (ii) require use of a bank unacceptable to Agent or prohibited by government authority; (iii) cause Agent or any Lender to violate any Federal Reserve or other regulatory risk control program or guideline, or (iii) otherwise cause Agent or any Lender to violate any applicable law or regulation.

(c) Neither Agent nor any Lender shall be liable to Borrower or any other parties for (i) errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower's transfers may be made or information received or transmitted, and no such entity shall be deemed an agent of Agent or any Lender, (ii) any loss, liability or delay caused by fires, earthquakes, wars, civil disturbances, power surges or failures, acts of government, labor disputes, failures in communications networks, legal constraints or other events beyond Agent's or any Lender's control, or (iii) any special, consequential, indirect or punitive damages, whether or not (a) any claim for these damages is based on tort or contract or (b) Agent, Lender or Borrower knew or should have known the likelihood of these damages in any situation. Agent and Lenders make no representations or warranties other than those expressly made in this Agreement.

ARTICLE III. EXTENSION OPTION

3.01 Extension Option. At the written request of Borrower made to Agent at least thirty (30) days prior to the Initial Maturity Date, the Maturity Date shall be extended to the one-year anniversary of the Initial Maturity Date (the "Extended Maturity Date") provided that the following conditions are satisfied:

(a) no Event of Default or Unmatured Event of Default shall have occurred and be continuing as of the Initial Maturity Date;

(b) all representations and warranties made by Borrower, the REIT, MHC Trust and T1000 Trust contained in this Agreement and the other Loan Documents shall be true and correct in all material respects as of the Initial Maturity Date except to the extent they related to a specific date;

(c) Agent shall have received Officer's Certificates of the REIT dated as of the Initial 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, MHC Trust, 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 signer does 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 made by such entities 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

(d) on or before the Initial Maturity Date, Agent shall have received, on behalf of Agent and Lenders, an extension fee in the amount of one-fourth of one percent (0.25%) of the amount of the Facility.

ARTICLE IV.
CONDITIONS TO LOANS

4.01 Intentionally Omitted.

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 of Borrower, the REIT, MHC Trust and T1000 Trust 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; and

(iii) No Material Adverse Change. No change shall have occurred which shall have a Material Adverse Effect.

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 June 30, 2004, the Consolidated and Combined Statement of Operations for the Quarter Ended June 30, 2004, and the Consolidated and Combined Statement of Cash Flows for the Quarter Ended June 30, 2004 of the REIT contained in the Form 10-Q Quarterly Report of the REIT as of June 30, 2004 (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; and

(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 June 30, 2004, there has occurred no event which has a Material Adverse Effect.

(k) Payment of Taxes. All material tax returns and material 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 U 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 U. 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. 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 Loans 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 has 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, 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. Section 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 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 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 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 Subsidiaries or any of their ERISA Affiliates have been covered by any Multiemployer Plan in respect of their employment by Borrower or such Subsidiary or such ERISA Affiliate. None of Borrower, the REIT, any of the 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 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 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 hereunder.

(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.

(x) Tax Shelter Representation. Neither Borrower, MHC Trust, the REIT nor any Affiliate of any of the foregoing intends to treat the Loans or the transactions contemplated by this Agreement and the other Loan Documents as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). If Borrower, or any other party to the Loans determines to take any action inconsistent with such intention, Borrower will promptly notify Lenders thereof. If Borrower so notifies Lenders, Borrower acknowledges that Lenders may treat the Loans as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Lenders will maintain the lists and other records, including the identity of the applicable party to the Loans as required by such Treasury Regulation.

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 would 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; and

(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 owns, is licensed or otherwise has the lawful right to use, or has 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 a 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 hereunder.

(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 recognized any material "net income from prohibited transactions" as defined in Section 857(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), 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) Tax Shelter Representation. Neither Borrower, MHC Trust, the REIT nor any Affiliate of any of the foregoing intends to treat the Loans or the transactions contemplated by this Agreement and the other Loan Documents as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). If the REIT, or any other party to the Loans determines to take any action inconsistent with such intention, the REIT will promptly notify Lenders thereof. If the REIT so notifies Lenders, Borrower acknowledges that Lenders may treat the Loans as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Lenders will maintain the lists and other records, including the identity of the applicable party to the Loans as required by such Treasury Regulation.

5.03 Representations and Warranties as to MHC Trust. MHC Trust hereby represents and warrants to Agent and Lenders as follows:

(a) Organization; Trust or Corporate Powers. MHC Trust (i) is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland, (ii) is duly qualified to do business 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 trust or corporate power and authority 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. MHC Trust has the requisite trust or 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 trustees of MHC Trust, and no other trust or corporate proceedings on the part of MHC Trust are necessary to consummate such transactions. Each of the Loan Documents to which MHC Trust is a party has been duly executed and delivered by MHC Trust 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 MHC Trust 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 Declaration of Trust or by-laws, or other organizational documents, as the case may be, or (ii) require any approval of the beneficiaries or shareholders of MHC Trust.

(d) Consents and Authorizations. MHC Trust 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 MHC Trust to lawfully execute, deliver and perform its obligations under the Loan Documents to which MHC Trust is a party.

(e) Governmental Regulation. MHC Trust 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) Material Adverse Agreements. MHC Trust 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.

(g) Securities Activities. MHC Trust 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).

(h) Disclosure. MHC Trust has not intentionally or knowingly withheld any material fact from Lender in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of MHC Trust's future performance such representations and warranties are made in good faith and to the best judgment of the officers of MHC Trust at the time such projections were made.

(i) Solvency. MHC Trust is and will be Solvent after giving effect to the disbursement of the Loans and the payment of all fees then payable hereunder.

(j) Status as a REIT. MHC Trust (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 recognized any material "net income from prohibited transactions" as defined in Section 856(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), 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.

(k) Ownership. MHC Trust does not own any Property or have any interest in any Person, other than as set forth on Schedule 5.01(w).

5.04 Representations and Warranties as to T1000 Trust. T1000 Trust hereby

represents and warrants to Agent and Lenders as follows:

(a) Organization; Trust or Corporate Powers. T1000 Trust (i) is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland, (ii) is duly qualified to do business 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 trust or corporate power and authority 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. T1000 Trust has the requisite trust or 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 trustees of T1000 Trust, and no other trust or corporate proceedings on the part of T1000 Trust are necessary to consummate such transactions. Each of the Loan Documents to which T1000 Trust is a party has been duly executed and delivered by T1000 Trust 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 T1000 Trust 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 Declaration of Trust or by-laws, or other organizational documents, as the case may be, or (ii) require any approval of the beneficiaries or shareholders of T1000 Trust.

(d) Consents and Authorizations. T1000 Trust 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 T1000 Trust to lawfully execute, deliver and perform its obligations under the Loan Documents to which T1000 Trust is a party.

(e) Governmental Regulation. T1000 Trust 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) Material Adverse Agreements. T1000 Trust 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.

(g) Securities Activities. T1000 Trust 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).

(h) Disclosure. T1000 Trust has not intentionally or knowingly withheld any

material fact from Lender in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of T1000 Trust's future performance such representations and warranties are made in good faith and to the best judgment of the officers of T1000 Trust at the time such projections were made.

(i) Solvency. T1000 Trust is and will be Solvent after giving effect to the disbursement of the Loans and the payment of all fees then payable hereunder.

(j) Status as a REIT. T1000 Trust (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 recognized any material "net income from prohibited transactions" as defined in Section 856(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), 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.

(k) Ownership. T1000 Trust does not own any Property or have any interest in any Person, other than as set forth on Schedule 5.01(w).

ARTICLE VI. REPORTING COVENANTS

Borrower, MHC Trust, the REIT and T1000 Trust 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:

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 REIT. (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 signer does 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 Sections 8.01(a), 8.01(d) and 8.02(a) 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 of the REIT 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(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 or MHC Trust 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 or MHC Trust 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 or MHC Trust causing its election to be taxed as a real estate investment trust to be terminated, (iii) any act causing the REIT or MHC Trust to be subject to the taxes (other than a de minimus amount) imposed by Section 857(b)(6) of the Internal Revenue Code (or any successor provision thereto), (iv) the REIT or MHC Trust 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 or MHC Trust'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, MHC Trust, 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, MHC Trust 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 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;

provided that, to the extent that items required by this Section 6.01 are also required to be delivered to Agent as Agent under the Term Loan Agreement or as Lender under the WFB Revolving Credit Agreement, a single copy of such items delivered to Agent shall be deemed to satisfy both the requirements hereunder and thereunder.

6.02 Press Releases; SEC Filings and Financial Statements. The REIT, MHC Trust, T1000 Trust and Borrower will deliver to the Agent as soon as practicable after public release all press releases concerning the REIT, MHC Trust, T1000 Trust or Borrower. The REIT, MHC Trust 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 the REIT, 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, MHC Trust, the REIT and T1000 Trust 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:

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 would 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 would 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 would 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, managing and developing Designated Use Properties and other business activities incidental thereto, 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.

(k) [Intentionally Deleted]

7.02 With respect to the REIT:

(a) Existence. The REIT shall, and shall cause each of its Subsidiaries to, at all times maintain its and their respective partnership, 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 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 or its Subsidiaries' 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 recognize any material "net income from prohibited transactions" as defined in Section 857(b)(6)(B)(i) 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 or ASE 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 would 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 would 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.

(h) MHC Trust. The REIT shall cause MHC Trust to at all times (i) remain a Subsidiary of the REIT, (ii) remain controlled by the REIT and (iii) be the sole general partner of Borrower.

7.03 With respect to MHC Trust:

(a) Continued Status as a Real Estate Investment Trust; Prohibited Transactions. MHC Trust (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 recognize any material "net income from prohibited transactions" as defined in Section 857(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), and (iv) will do all acts necessary to continue to be entitled to a dividends paid deduction meeting the requirements of Section 857 of the Internal Revenue Code.

ARTICLE VIII.
NEGATIVE COVENANTS

Borrower, MHC Trust, T1000 Trust 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; the "Obligations" under the Term Loan Agreement; and the "Obligations" under the WFB Revolving Credit Agreement;

(ii) guaranties of the obligations described in Section 8.01(a)(i);

(iii) trade debt incurred in the normal course of business;

(iv) intercompany Indebtedness (including, without limitation, amounts owing under intercompany leases) owing between Subsidiaries; and

(v) 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; provided, however, that (A) the Borrower shall not, and shall not permit any of its Subsidiaries to, guarantee or otherwise become or remain directly or indirectly liable with respect to the Indebtedness of any Investment Affiliate, and (B) Borrower shall not permit any Subsidiary to create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Recourse Indebtedness in excess of Ten Million Dollars (\$10,000,000) per Subsidiary at any time or Thirty Million Dollars (\$30,000,000) in the aggregate for all Subsidiaries at any time.

(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 8.01(a)(iv) and (v).

(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 Ownership Interests which do not constitute Non-Designated Use Property; and

(vi) mortgage loans which do not constitute Non-Designated Use 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. None of Borrower, the REIT or MHC Trust 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, none of Borrower, the REIT or MHC Trust 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. Except as provided in Section 8.01(e)(vi) below:

(i) Other than the merger described in the definition of Thousand Trails

Transaction, 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 MHC Trust 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, management and development of Designated Use Properties 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.

(vi) Notwithstanding the foregoing, or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: (1) transfers of securities issued by the REIT that are effected on the New York Stock Exchange or American Stock Exchange, (2) direct or indirect transfers of interests in any Subsidiary (the "Transferred Subsidiary") among Borrower, the REIT or any other Subsidiary, so long as the Transferred Subsidiary remains a Subsidiary after such transfer or transfers, (3) transfers or issuance of limited partnership interests in Borrower, provided that MHC Trust remains the sole general partner of Borrower, (4) the sale of less than \$500,000 of preferred interests in MHC Trust and/or T1000 Trust to unrelated individuals to allow each of MHC Trust and T1000 Trust to have at least 100 shareholders and qualify as a real estate investment trust under the Internal Revenue Code, (5) the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity and (6) the dissolution of Subsidiaries in the ordinary course of business. At least fifteen (15) days prior to any transaction permitted under clause (5) above, Borrower shall provide Agent and the Lenders with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

(f) ERISA. Neither Borrower nor the REIT shall, and neither shall permit any 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 Subsidiary or an ERISA Affiliate of the REIT, Borrower or any 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 Subsidiary to terminate, any Benefit Plan which would result in any liability of Borrower or a Subsidiary or an ERISA Affiliate of the REIT, Borrower or any Subsidiary under Title IV of ERISA;

(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;

(vi) Permit to exist any Termination Event;

(vii) Make, or permit a Subsidiary or an ERISA Affiliate of the REIT, Borrower or any 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 Subsidiary or any ERISA Affiliate of the REIT, Borrower or any 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. Section 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 the REIT, MHC Trust 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 the 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, Agent and the 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, 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, 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 would 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 agreement, 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. Except as permitted under Section 8.01(e)(vi)(4), 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 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; the "Obligations" under the Term Loan Agreement; and the "Obligations" under the WFB Revolving Credit Agreement;

(ii) guaranties of the obligations described in Section 8.02(a)(i); 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; provided, however, that (A) the REIT shall not, and shall not permit any of its Subsidiaries to, guarantee or otherwise become or remain directly or indirectly liable with respect to the Indebtedness of any Investment Affiliate, and (B) the REIT shall not permit any Subsidiary to create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Recourse Indebtedness in excess of Ten Million Dollars (\$10,000,000) per Subsidiary at any time or Thirty Million Dollars (\$30,000,000) in the aggregate for all Subsidiaries at any time.

(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 8.02(a)(ii) and (iii).

(c) Restriction on Fundamental Changes. Except as provided in Section 8.02(c)(vi) below:

(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 interests in MHC Trust 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 MHC Trust 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 MHC Trust or 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.

(vi) Notwithstanding the foregoing or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: (1) transfers of securities issued by the REIT that are effected on the New York Stock Exchange or American Stock Exchange, (2) direct or indirect transfers of interests in any Subsidiary (the "Transferred Subsidiary") among Borrower, the REIT or any other Subsidiary, so long as the Transferred Subsidiary remains a Subsidiary after such transfer or transfers, (3) transfers or issuance of limited partnership interests in Borrower, provided that MHC Trust remains the sole general partner of Borrower, (4) the sale of less than \$500,000 of preferred interests in MHC Trust and/or T1000 Trust to unrelated individuals to allow each of MHC Trust and T1000 Trust to have at least 100 shareholders and qualify as a real estate investment trust under the Internal Revenue Code, (5) the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity and (6) the dissolution of Subsidiaries in the ordinary course of business. At least fifteen (15) days prior to any transaction permitted under clause (5) above, the REIT shall provide Agent and the Lenders with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

(d) Environmental Liabilities. The REIT shall not, and shall not permit any of its Subsidiaries to become subject to any Liabilities and Costs which would 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. Except as permitted under Section 8.02(c)(vi)(4) or as contemplated by Section 3.8 of Borrower's partnership agreement, the REIT will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any of its interests in MHC Trust or 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, MHC Trust and Borrower.

8.03 With respect to MHC Trust:

(a) Restriction on Fundamental Changes. Except as provided in Section 8.03(a)(vi) below:

(i) MHC Trust 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) MHC Trust shall not change its Fiscal Year.

(iii) MHC Trust 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 MHC Trust and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(iv) MHC Trust shall not have an Investment in any Person other than Borrower and the interests identified on Schedule 5.01(w) as being owned by MHC Trust and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(v) MHC Trust shall not acquire an interest in any Property other than Securities issued by Borrower and the interests identified on Schedule 5.01(w) as being owned by MHC Trust and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(vi) Notwithstanding the foregoing or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: (1) transfers of securities issued by the REIT that are effected on the New York Stock Exchange or American Stock Exchange, (2) direct or indirect transfers of interests in any Subsidiary (the "Transferred Subsidiary") among Borrower, the REIT or any other Subsidiary, so long as the Transferred Subsidiary remains a Subsidiary after such transfer or transfers, (3) transfers or issuance of limited partnership interests in Borrower, provided that MHC Trust remains the sole general partner of Borrower, (4) the sale of less than \$500,000 of preferred interests in MHC Trust and/or T1000 Trust to unrelated individuals to allow each of MHC Trust and T1000 Trust to have at least 100 shareholders and qualify as a real estate investment trust under the Internal Revenue Code, (5) the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity and (6) the dissolution of Subsidiaries in the ordinary course of business. At least fifteen (15) days prior to any transaction permitted under clause (5) above, MHC Trust shall provide Agent and the Lenders with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

(b) Amendment of Charter or By-Laws. MHC Trust shall not permit any amendment of its charter documents or by-laws, which would materially and adversely affect Lenders or their rights and remedies under the Loan Documents.

(c) Disposal of Partnership Interests. Except as permitted under Section 8.03(a)(vi)(4) or as contemplated by Section 3.8 of Borrower's partnership agreement, MHC Trust will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any of its partnership interests in Borrower.

8.04 With respect to T1000 Trust: Other than the merger described in the definition of Thousand Trails Transaction, T1000 Trust 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. Notwithstanding the foregoing or

anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity. At least fifteen (15) days prior to any transaction permitted under the immediately preceding sentence, T1000 Trust shall provide Agent and the Lenders with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

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 0.7:1.

9.02 EBITDA to Fixed Charges Ratio. Borrower shall not permit the ratio of EBITDA for any twelve (12) calendar month period to Fixed Charges for such twelve (12) calendar month period to be less than 1.40:1.

9.03 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.

9.04 Unencumbered Pool. Borrower shall not permit the ratio of (a) the Unencumbered Asset Value to (b) outstanding Unsecured Debt to be less than 1.35:1.

9.05 Minimum Net Worth. Borrower will maintain a Net Worth of not less than the Minimum Net Worth.

9.06 Permitted Holdings. Borrower's primary business will be the ownership, operation, management and development of Designated Use Properties 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-Designated Use Property (other than cash or Cash Equivalents)	10%
Securities issued by real estate investment trusts primarily engaged in the development, ownership, operation and management of Designated Use Properties	5%
Designated Use Property 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%
Designated Use Property Ownership Interests other than Controlled Ownership Interests	10%
Development Activity	20%

The value of the foregoing categories of Permitted Holdings shall be calculated as follows: (i) the value of any Non-Designated Use Property (other than cash or Cash Equivalents) or any Designated Use Property Ownership Interest (other than a Controlled Ownership Interest) shall be calculated based upon its Adjusted Asset Value; (ii) the value of any Security issued by a real estate investment trust primarily engaged in the development, ownership, operation and management of Designated Use Properties 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); (iii) [intentionally deleted]; (iv) the value of any Designated Use Property Mortgage (other than mortgage indebtedness which is either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or accounted for as an investment in real estate under GAAP) shall be equal to the book value thereof; (v) the value of Development Activity by Borrower or any Subsidiary shall be equal to the full budgeted cost thereof; and (vi) the value of any Development Activity by an Investment Affiliate shall be equal to the greater of (A) Borrower's pro rata share of the full budgeted cost thereof based upon its percentage of equity ownership, or (B) Borrower's pro rata share of the full budgeted cost thereof based upon Borrower's economic interest in the project (as determined by Borrower in a manner reasonably satisfactory to Agent).

9.07 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. Calculations of such ratios for a "twelve (12) calendar month period" shall be made for the twelve (12) calendar month period ending on the last day of the applicable Fiscal Quarter.

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, MHC Trust 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 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 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 hereafter 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 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 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 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 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 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 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 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 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 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 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 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 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 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 Agreement. An "Event of Default" as defined in the Term Loan Agreement shall have occurred.

(r) WFB Revolving Credit Agreement. An "Event of Default" as defined in the WFB Revolving Credit Agreement shall have occurred.

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 appraisal, 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 appraisal, 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.

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, as contractual representative, 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, 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, Supermajority 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. 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. 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. In the event of a material breach of its duties hereunder, the Agent may be removed at any time by all of the Lenders (other than Agent) 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) Waiver of Sections 8.01(h) or 8.02(f);

(ii) 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;

(iii) Approval of the exercise of remedies requiring the consent of the Requisite Lenders under Section 10.02(a);

(iv) Appointment of a successor Agent in accordance with Sections 11.09(b) and (c);

(v) Disapproval of any Property as a Qualifying Unencumbered Property.

(b) Except for amendments, modifications and waivers requiring the consent of all Lenders pursuant to Section 12.05(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 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 [Intentionally Omitted]

11.12 [Intentionally Omitted]

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 Eligible Assignees 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 an Eligible Assignee that is not already a Lender hereunder (provided such Lender was also a Lender on the Closing Date) pursuant to each such assignment shall in no event be less than Five Million Dollars (\$5,000,000) 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). 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) Each Lender may sell participations to one or more banks, finance companies, insurance or other entities 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 pursuant to Article III), (C) decreases in the interest rates described in this Agreement, and (D) a release of the REIT Guaranty.

(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.

(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 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 a participation interest in, 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 its rights and obligations hereunder which would result in such Lender holding a Commitment of less than Ten Million Dollars (\$10,000,000).

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, (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 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.

11.17 Administrative Agent's Reliance. Notwithstanding any other provisions of this Agreement or any other Loan Documents, neither the Agent nor any of its directors, officers, agents, employees or counsel shall be liable for any action taken or not taken by it under or in connection with this Agreement or any other Loan Document, except for its or their own gross negligence or willful misconduct in connection with its duties expressly set forth herein or therein. Without limiting the generality of the foregoing, the Agent may consult with legal counsel (including its own counsel or counsel for the Borrower, the REIT, MHC Trust or T1000 Trust), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts. Neither the Agent nor any of its directors, officers, agents, employees or counsel: (a) makes any warranty or representation to any Lender or any other Person nor shall be responsible to any Lender or any other Person for any statement, warranty or representation made or deemed made by the Borrower, the REIT, MHC Trust or T1000 Trust or any other Person in or in connection with this Agreement or any other Loan Document; (b) shall have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other Loan Document or the satisfaction of any conditions precedent under this Agreement or any Loan Document on the part of the Borrower or other Persons or inspect the property, books or records of the Borrower or any other Person; (c) shall be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document, any other instrument or document furnished pursuant thereto or any collateral covered thereby or the perfection or priority of any lien in favor of the Agent on behalf of the Lenders in any such collateral; (d) shall have any liability in respect of any recitals, statements, certifications, representations or warranties contained in any of the Loan Documents or any other document, instrument, agreement, certificate or statement delivered in connection therewith; and (e) shall incur any liability under or in respect of this Agreement or any other Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telephone, telecopy or electronic mail) believed by it to be genuine and signed, sent or given by the proper party or parties. The Agent may execute any of its duties under the Loan Documents by or through agents, employees or attorneys-in-fact and shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

11.18 Decisions. Each Lender expressly acknowledges and agrees that neither

the Agent nor any of its officers, directors, employees, agents, counsel, attorneys in fact or other affiliates has made any representations or warranties to such Lender and that no act by the Agent hereafter taken, including any review of the affairs of the Borrower, the REIT, MHC Trust or T1000 Trust or any other Subsidiary or Affiliate, shall be deemed to constitute any such representation or warranty by the Agent to any Lender. Each Lender acknowledges that it has, independently and without reliance upon the Agent, any other Lender or counsel to the Agent, or any of their respective officers, directors, employees, agents or counsel, and based on the financial statements of the Borrower, the REIT, MHC Trust or T1000 Trust, the other Subsidiaries and other Affiliates, and inquiries of such Persons, its independent due diligence of the business and affairs of the Borrower, the REIT, MHC Trust or T1000 Trust, the other Subsidiaries and other Persons, its review of the Loan Documents, the legal opinions required to be delivered to it hereunder, the advice of its own counsel and such other documents and information as it has deemed appropriate, made its own credit and legal analysis and decision to enter into this Agreement and the transactions contemplated hereby. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, any other Lender or counsel to the Agent or any of their respective officers, directors, employees and agents, and based on such review, advice, documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under the Loan Documents. The Agent shall not be required to keep itself informed as to the performance or observance by the Borrower, the REIT, MHC Trust, T1000 Trust or any Subsidiary or Investment Affiliate of the Loan Documents or any other document referred to or provided for therein or to inspect the properties or books of, or make any other investigation of, the Borrower, the REIT, MHC Trust, T1000 Trust or any other Subsidiary. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Agent under this Agreement or any of the other Loan Documents, the Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Agent or any of its officers, directors, employees, agents, attorneys in fact or other Affiliates. Each Lender acknowledges that the Agent's legal counsel in connection with the transactions contemplated by this Agreement is only acting as counsel to the Agent and is not acting as counsel to such Lender.

ARTICLE XII.
MISCELLANEOUS

12.01 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 Loans 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); (v) in protecting, preserving, collecting, leasing, selling, taking possession of, or liquidating any such collateral; or (vi) 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 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 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 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 hereafter 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 X 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 Commitment (excluding any increase as a result of an assignment of commitments under Section 11.13);
- (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 material breach of its duties under this Agreement 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), 11.10(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 marshal 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.

12.14 Limitation of Liability. To the extent permitted by applicable law, no claim may be made by Borrower, MHC Trust, T1000 Trust, 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, MHC Trust, T1000 Trust, 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 the 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, MHC Trust, T1000 Trust, 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. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST BORROWER, THE REIT, MHC TRUST OR T1000 TRUST WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE AND ALL JUDICIAL PROCEEDINGS BROUGHT BY BORROWER, THE REIT, MHC TRUST OR T1000 TRUST 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, THE REIT, MHC TRUST AND T1000 TRUST 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, THE REIT, MHC TRUST AND T1000 TRUST 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, THE REIT, MHC TRUST AND T1000 TRUST 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,

MHC TRUST, T1000 TRUST 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 TO 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, THE REIT, MHC TRUST OR T1000 TRUST IN THE COURTS OF ANY OTHER JURISDICTION. BORROWER, THE REIT, MHC TRUST AND T1000 TRUST 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 REIT, MHC Trust, T1000 Trust, 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, the REIT, MHC Trust and T1000 Trust to Lenders and by any Lender to Borrower, the REIT, MHC Trust, T1000 Trust 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 supersedes 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 the 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. Section 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. Section 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 Sole Lead Arranger, Documentation Agent and Syndication Agent. Each of the parties to this Agreement acknowledges and agrees that the obligations of Sole Lead Arranger, Documentation Agent and Syndication Agent hereunder shall be limited to those obligations that are expressly set forth herein, if any, and Sole Lead Arranger, 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 Sole Lead Arranger, Documentation Agent and Syndication Agent.

12.25 USA Patriot Act Notice; Compliance. The USA Patriot Act of 2001 (Public Law 107-56) and federal regulations issued with respect thereto require all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Agent (for itself and/or as Agent for all Lenders hereunder) may from time-to-time request, and Borrower shall provide to Lender, Borrower's name, address, tax identification number and/or such other identification information as shall be necessary for Agent and Lenders to comply with federal law. An "account" for this purpose may include, without limitation, a deposit account, cash management service, a transaction or asset account, a credit account, a loan or other extension of credit, and/or other financial services product.

12.26 Tax Shelter Regulations. None of Borrower, the REIT, MHC Trust,

T1000 Trust nor any subsidiary of any of the foregoing intends to treat the Loan or the transactions contemplated by this Agreement and the other Loan Documents as being a "reportable transaction" (within the meaning of Treasury Regulation section 1.6011-4). If Borrower, the REIT, MHC Trust, T1000 Trust or any subsidiary of any of the foregoing or any other party to the Loan determines to take any action inconsistent with such intention, Borrower will promptly notify Agent thereof. If Borrower so notifies Agent, Borrower acknowledges that Agent and Lenders may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Agent and Lenders will maintain the lists and other records, including the identity of the applicable party to the Loan as required by such Treasury Regulation.

[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: MHC Trust, a Maryland real estate
investment trust, its General Partner

By: _____
Name: Michael B. Berman
Title: Vice President/Chief
Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

S-1

"REIT"

MANUFACTURED HOME COMMUNITIES,
INC., a Maryland corporation

By: _____
Name: Michael B. Berman
Title: Vice President/Chief
Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

AGREED AND ACKNOWLEDGED
FOR PURPOSES OF SECTION 1.04:

"REIT GUARANTOR"

MANUFACTURED HOME
COMMUNITIES, INC., a Maryland corporation

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

S-2

"MHC Trust"

MHC TRUST, a Maryland real estate investment trust

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

"T1000 Trust"

MHC T1000 Trust, a Maryland real estate investment trust

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

WELLS FARGO BANK, N.A,
as Agent, Sole Lead Arranger, Swingline
Lender, Issuing Lender and a Lender

By: _____
Name: _____
Title: _____

Address:
123 North Wacker Drive
Suite 1900
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, California 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: Jim Furuyama
Telecopy 949/251-4343

Commitment: \$50,000,000
45.454545%

BANK OF AMERICA, N.A.,
as Syndication Agent and as a Lender

By: _____
Name: _____
Title: _____

Address:
IL1-231-10-35
231 S. LaSalle Street, 15th Floor
Chicago, Illinois 60697
Attn: Cheryl Sneor
Telecopy: 312/974-4970

Commitment: \$25,000,000
22.727273%

S-5

LASALLE BANK NATIONAL ASSOCIATION,
as Documentation Agent and as a Lender

By: _____
Name: _____
Title: _____

Address:
135 South LaSalle Street
Suite 1225
Chicago, Illinois 60603
Attention: Robert Goeckel
Telecopy: 312/904-6691

Commitment: \$25,000,000
22.727273%

S-6

SOUTHTRUST, N.A., as a Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Address:
600 West Peachtree Street
Atlanta, Georgia 30308
Attention: Jim Miller
Telecopy: 404/214-5904

Commitment: \$10,000,000
9.090909%

EXHIBIT C

TRANSFER AUTHORIZER DESIGNATION
(For Disbursement of Loan Proceeds by Funds Transfer)

[] NEW [] REPLACE PREVIOUS DESIGNATION [] ADD [] CHANGE [] DELETE LINE NUMBER

The following representatives of MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower") are authorized to request the disbursement of Loan Proceeds and initiate funds transfers for Loan Number 6023AMC dated {DATE OF DOCUMENTS} among Wells Fargo Bank, National Association ("Bank"), certain other lenders, Borrower and certain affiliates of borrower. Bank is authorized to rely on this Transfer Authorizer Designation until it has received a new Transfer Authorizer Designation signed by Borrower, even in the event that any or all of the foregoing information may have changed.

	NAME ----	TITLE -----	MAXIMUM WIRE AMOUNT1 -----
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____

BENEFICIARY BANK AND ACCOUNT HOLDER INFORMATION

1.

TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME):

RECEIVING PARTY ACCOUNT NUMBER:

RECEIVING BANK NAME, CITY AND STATE: _____ RECEIVING BANK ROUTING (ABA) NUMBER

MAXIMUM TRANSFER AMOUNT:

FURTHER CREDIT INFORMATION/INSTRUCTIONS:

2.

TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME):

RECEIVING PARTY ACCOUNT NUMBER:

RECEIVING BANK NAME, CITY AND STATE: _____ RECEIVING BANK ROUTING (ABA) NUMBER

MAXIMUM TRANSFER AMOUNT:

FURTHER CREDIT INFORMATION/INSTRUCTIONS:

3.

TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME):

RECEIVING PARTY ACCOUNT NUMBER:

RECEIVING BANK NAME, CITY AND STATE:

RECEIVING BANK ROUTING (ABA) NUMBER

MAXIMUM TRANSFER AMOUNT:

FURTHER CREDIT INFORMATION/INSTRUCTIONS:

1 Maximum Wire Amount may not exceed the Loan Amount.

Date: {DATE OF DOCUMENTS}

"BORROWER"

MHC OPERATING LIMITED PARTNERSHIP,
AN ILLINOIS LIMITED PARTNERSHIP

By: MHC Trust, a Maryland real estate
investment trust, its general partner

By: _____

Its: _____

FIRST AMENDED AND RESTATED
LOAN AGREEMENT

AMONG

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

MANUFACTURED HOME COMMUNITIES, INC.,
A MARYLAND CORPORATION,
AS A GUARANTOR,

MHC TRUST,
A MARYLAND REAL ESTATE INVESTMENT TRUST,
AS A GUARANTOR

MHC T1000 TRUST,
A MARYLAND REAL ESTATE INVESTMENT TRUST,
AS A GUARANTOR

AND

WELLS FARGO BANK, N.A.,
AS LENDER

DATED AS OF NOVEMBER 10, 2004

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FIRST AMENDED AND RESTATED LOAN AGREEMENT

THIS FIRST AMENDED AND RESTATED LOAN AGREEMENT is dated as of November 10, 2004 (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"), MHC Trust, a Maryland real estate investment trust ("MHC Trust"), MHC T1000 Trust, a Maryland real estate investment trust, and Wells Fargo Bank, N.A ("Lender").

RECITALS

A. Borrower, the REIT, MHC Trust and Lender have previously entered into that certain Loan Agreement dated as of May 4, 2004 (the "Existing Loan Agreement").

B. Borrower, the REIT, MHC Trust, MHC T1000 and Lender desire to amend and restate the Existing Loan Agreement in its entirety to make certain modifications as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

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 the number of Owned Fiscal Quarters is less than four (4), the Net Price of the Property paid by Borrower or such Subsidiary for such Property and (ii) for any Property for which the number of Owned Fiscal Quarters is at least four (4), the quotient of EBITDA attributable to such Property in a manner reasonably acceptable to Lender for the then most recently ended twelve (12) calendar month period divided by seven hundred fifty ten-thousandths (0.0750). Notwithstanding the immediately preceding sentence, for the Thousand Trails Properties, (A) at the end of the Fiscal Quarter ended December 31, 2004, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Lender (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for such Fiscal Quarter multiplied by four (4) and divided by seven hundred fifty ten-thousandths (0.0750), (B) at the end of the Fiscal Quarter ended March 31, 2005, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Lender (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to March 31, 2005 multiplied by two (2) and divided by seven hundred fifty ten-thousandths (0.0750), (C) at the end of the Fiscal Quarter ended June 30, 2005, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Lender (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to June 30, 2005 multiplied by one and one-third (1.33) and divided by seven hundred fifty ten-thousandths (0.0750), (D) at the end of the Fiscal Quarter ended September 30, 2005, the Adjusted Asset Value means EBITDA attributable to the Thousand Trails Properties in a manner reasonably acceptable to Lender (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to September 30, 2005 divided by seven hundred fifty ten-thousandths (0.0750).

"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, MHC Trust, 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, MHC Trust, T1000 Trust and Borrower shall at all times be deemed Affiliates of each other.

"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 the execution of this Agreement or hereafter executes and delivers a guaranty

or a joinder to 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	1.25%
Level II Period	1.45%
Level III Period	1.65%

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 Lender of the quarterly financial information in accordance with the provisions of Section 6.01(a), 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. No adjustment in the Applicable Margin shall be made retroactively.

"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 loan 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 Lender, 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. The Base Rate may not be the lowest rate of interest charged by any bank or Lender on similar loans.

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

"Base Rent" means the aggregate rent received, on a consolidated basis, by Borrower or any Subsidiary from tenants which lease sites at Designated Use Properties owned by Borrower or any Subsidiary minus any amounts specifically identified as and representing payments for trash removal, cable television, water, electricity, other utilities, taxes and other rent which reimburses expenses related to the tenant's occupancy; provided, however, that Base Rent shall not include rent received by any Subsidiary as lessor under the Thousand Trails Lease.

"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, 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 Adjusted Share" means Borrower's, MHC Trust's and/or the REIT's collective direct or indirect share of the assets, liabilities, income, expenses or expenditures, as applicable, of an Investment Affiliate based upon the greater of (i) Borrower's, MHC Trust's and/or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, as provided in the charter and by-laws, partnership agreements or other organizational or governing documents of such Investment Affiliate and (ii) Borrower's and/or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, based upon its effective economic ownership of such Investment Affiliate. For purposes of determining Borrower's Adjusted Share, at any time that MHC Trust owns any general partnership interest in Borrower in accordance with the terms and conditions of this Agreement, the REIT shall be deemed to own one hundred percent (100%) of all ownership interests in MHC Trust.

"Borrower's Share" means Borrower's, MHC Trust's and/or the REIT's collective direct or indirect share of the assets, liabilities, income, expenses or expenditures, as applicable, of an Investment Affiliate based upon Borrower's, MHC Trust's and/or the REIT's percentage ownership (whether direct or indirect) of such Investment Affiliate, as the case may be. For purposes of determining Borrower's Share, at any time that MHC Trust owns any general partnership interest in Borrower in accordance with the terms and conditions of this Agreement, the REIT shall be deemed to own one hundred percent (100%) of all ownership interests in MHC Trust.

"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 Lender 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 sites at a Designated Use Property 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.

"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 Lender; (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 Lender; (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 Lender; (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 Lender 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 Lender); (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 Lender and (II) if a domestic bank, which is a member of the FDIC; 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 Date" means November 10, 2004.

"Commission" means the Securities and Exchange Commission.

"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 Ownership Interests" means ownership interests in a Person where the REIT, MHC Trust or Borrower (independently or collectively) has control over the management and operations of such Person.

"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, MHC Trust 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.

"Designated Use Property" means a property owned and operated primarily (i) for the purpose of leasing sites to individuals on which such individuals place manufactured homes or recreational vehicles for the purpose of occupying such manufactured homes or recreational vehicles, (ii) as a daily stay campground, membership interest campground or park model community, or (iii) for the purpose of renting cabins on such property to individuals.

"Designated Use Property Mortgages" means Investment Mortgages issued by any Person engaged primarily in the business of developing, owning, and managing Designated Use Properties.

"Designated Use Property Ownership Interests" means partnership, joint venture, membership or other equity interests issued by any Person engaged primarily in the business of developing, owning, and managing Designated Use Properties.

"Development Activity" means construction in process, that is being performed by or at the direction of Borrower, any Subsidiary or any Investment Affiliate, at any Designated Use Property that will be owned and operated by Borrower, any Subsidiary or any Investment Affiliate upon completion of construction, including construction in process at Designated Use Properties not owned by Borrower, any Subsidiary or any Investment Affiliate but which

Borrower, any Subsidiary or any Investment Affiliate has the contractual obligation to purchase. "Development Activity" shall include construction in process for the purpose of expanding Designated Use Properties that are Thousand Trails Properties but shall not include construction in process for the purpose of expanding other Designated Use Properties owned by Borrower, any Subsidiary or any Investment Affiliate.

"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 and without duplication (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, plus (or minus in the case of a loss) (vii) Borrower's Share of the net income (or loss) of each Investment Affiliate for such period calculated in conformity with GAAP before depreciation, minus (or plus in the case of a loss) (viii) Borrower's Share of the gains (or losses) from extraordinary or unusual items or asset sales or write-ups or forgiveness of indebtedness included in the calculation of the net income of each Investment Affiliate for such period.

"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 Loan Agreement" has the meaning set forth in the Recitals hereto.

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

"Extended Maturity Date" has the meaning set forth in Section 3.01.

"Facility" means the loan facility of up to Fifty Million Dollars (\$50,000,000) 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 Lender from three Federal Funds brokers of recognized standing selected by Lender.

"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.

"Fiscal Quarter" means a fiscal quarter of a Fiscal Year.

"Fiscal Year" means the fiscal year of Borrower, MHC Trust and the REIT which shall be the twelve (12) month period ending on the last day of December in each year.

"Fixed Charges" means for any period the sum of (i) Debt Service for such period other than payments of principal of the Loan, as required by Section 2.03(c) of the Term Loan Agreement, made during such period, (ii) 3% of Base Rent for such period, and (iii) Borrower's Share of Capital Expenditures from each Investment Affiliate for such period.

"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 to 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, MHC Trust 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 with respect to any Person as of any date of determination, (i) the sum of the Adjusted Asset Values for each Property then owned by such Person plus (ii) the value of any cash or Cash Equivalent then owned by such Person and not subject to any Lien plus (iii) Manufactured Home Inventory Value with respect to such Person, at such time.

"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.

"Initial Maturity Date" means May 4, 2006.

"Interest Expense" means, for any period and without duplication, total interest expense, whether paid, accrued or capitalized (including letter of credit fees and 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.

"Interest Period" means, relative to any LIBOR Loan, the period beginning on (and including) the date on which such LIBOR Loan is made as, or converted into, a LIBOR Loan, and shall end on (but exclude) the day which numerically corresponds to such date one (1) day or 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 or 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 (but exclude) the next following Business Day; provided that, with respect to Interest Periods of one (1) or more months only, if such next following Business Day is the first Business Day of a calendar month, such Interest Period shall end on the Business Day next preceding such numerically corresponding day; and

(b) no Interest Period may end later than the Termination Date.

"Interest Rate Contracts" means, collectively, interest rate swap, collar, cap or similar agreements providing interest rate protection.

"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 except as otherwise specifically provided herein.

"Investment Affiliate" means any Person in whom the REIT, MHC Trust, 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, MHC Trust or Borrower on the consolidated financial statements of the REIT, MHC Trust 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.

"Joinder Agreement" means that certain Joinder to REIT Guaranty, dated as of the Closing Date made by T1000 Trust for the benefit of Lender.

"Lender" has the meaning set forth in the preamble hereto.

"Level I Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall be less than 0.55:1.

"Level II Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall equal or exceed 0.55:1 but shall be less than 0.60:1.

"Level III Period" means a period during which the ratio of Total Liabilities to the sum of Gross Asset Values for Borrower and each of its Subsidiaries shall equal or 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, the rate of interest obtained by dividing (i) the rate of interest determined by Lender (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 Lender at which Dollar deposits in immediately available funds are offered by Lender to leading banks in the Eurodollar inter bank market (a) for Interest Periods other than Short Interest Periods, at or about 11:00 A.M. London time two (2) Business Days prior to the beginning of such Interest Period and (b) for Short Interest Periods, on the first day of such Short Interest Period, and in the case of either (a) or (b), 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 Section 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 any loans made pursuant to the Facility.

"Loan Availability" means the amount of the Facility from time to time.

"Loan Documents" means, this Agreement, the Loan Note, the REIT Guaranty, the Joinder 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 Note" means the promissory note evidencing the Loans in the aggregate original principal amount of Fifty Million Dollars (\$50,000,000) executed by Borrower in favor of Lender, as amended, supplemented, replaced or modified from time to time. The initial Loan Note and any replacements thereof shall be substantially in the form of Exhibit D.

"Manufactured Home Inventory Value" means with respect to Borrower and its Subsidiaries, as of any date of determination, the lesser of (i) the total cost to Borrower or its Subsidiaries, as applicable, of all manufactured home units, which have never been occupied (other than for short periods in the ordinary course of Borrower's and its Subsidiaries' customary sales practices), then owned by Borrower or any Subsidiary that were acquired new from the manufacturers of such units, or from Persons who acquired such units new from such manufacturers, within the one (1) year period immediately preceding the date of determination and (ii) Thirty-Five Million Dollars (\$35,000,000).

"Material Adverse Effect" means a material adverse effect upon (i) the ability of Borrower, the REIT, MHC Trust or T1000 Trust to perform its covenants and obligations under this Agreement and the other Loan Documents or (ii) the ability of Lender 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."

"Maturity Date" means the Initial Maturity Date, as such date may be extended pursuant to Article III.

"Minimum Net Worth" means Seven Hundred Million Dollars (\$700,000,000).

"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 Lender.

"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; provided, however, that Net Income shall not include the net income (or loss) of Investment Affiliates.

"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 Lender) for such period (i) determined in accordance with GAAP, (ii) determined in a manner which is consistent with the past practices of the REIT, MHC Trust 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, MHC Trust 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 Lender 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 Lender), 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 sum of Gross Asset Values for Borrower and each of its Subsidiaries at such time minus Total Liabilities at such time.

"Non-Designated Use Property" means Property which is not (i) used for lease or operation of Designated Use Properties, (ii) Securities consisting of stock issued by real estate investment trusts engaged primarily in the development, ownership and management of Designated Use Properties, (iii) Designated Use Property Mortgages or (iv) Designated Use Property Ownership Interests.

"Non-Recourse Indebtedness" means any single loan with respect to which recourse for payment is limited to 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); provided, however, that personal recourse to the REIT, MHC Trust, Borrower or any Subsidiary 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.

"Notice of Borrowing" means a notice of borrowing duly executed by 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 Borrower substantially in the form of Exhibit J.

"Obligations" means, from time to time, all Indebtedness of Borrower owing to 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.

"Officer's Certificate" means a certificate signed by a specified officer of a Person certifying as to the matters set forth therein.

"Original Obligations" means the "Obligations" as defined in the Existing Loan Agreement.

"Other Indebtedness" means all Indebtedness other than the Obligations.

"Owned Fiscal Quarters" means, with respect to any Property, the full Fiscal Quarters during which Borrower or any Subsidiary actually owned such Property.

"PBGCC" 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 9.06, but only to the extent permitted in Section 9.06.

"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);

(e) easements, rights-of-way, zoning restrictions, other similar charges or encumbrances and all other items listed on Schedule B to Borrower's or any Subsidiary's, as applicable, owner's title insurance policies for any of Borrower's or any Subsidiary'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 or such Subsidiary, as applicable, 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 5.01(g).

"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 6.04 which (i) is an operating Designated Use 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 direct or indirect 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 direct or indirect 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, and (iv) has not been designated by Lender in a notice to Borrower as not acceptable to the Lender pursuant to Section 6.04; provided, however, that the weighted average occupancy rate of the Properties listed on Exhibit F together with those Properties designated by Borrower to be Qualifying Unencumbered Properties pursuant to Section 6.04 (excluding (x) expansion areas of such Properties which are purchased and/or developed on or after the Closing Date, and (y) Designated Use Properties consisting of recreational vehicle resorts, daily stay campgrounds, membership interest campgrounds, cabin rentals or park model communities) shall be at least seventy-five percent (75%); and provided, further, that Borrower may, upon at least fifteen (15) Business Days prior notice to Lender, 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). Any Property shall cease to be a "Qualifying Unencumbered Property" at such time as it fails to satisfy all the conditions set forth in clauses (i), (ii) and (iii) of this definition.

"Recourse Indebtedness" means, with respect to any Person, Indebtedness which is not Non-Recourse Indebtedness.

"Regulation D" means Regulation D 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 REIT Guaranty, dated as of May, 2004, executed by the REIT and MHC Trust in favor of Lender, as joined by T1000 Trust pursuant to the Joinder.

"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 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.

"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 Lender.

"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.

"Short Interest Period" means an Interest Period commencing on a Business Day and ending on (but excluding) the next Business Day.

"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.

"Syndicated Revolving Credit Agreement" means that certain Fifth Amended and Restated Credit Agreement (Revolving Facility), dated as of the date hereof, by and among Borrower, the REIT, MHC Trust, T1000 Trust, Wells Fargo Bank, N.A., as administrative agent, and the other Lenders thereunder, as the same may be amended, supplemented or modified from time to time.

"T1000 Trust" means MHC T1000 Trust, a Maryland real estate investment trust, following the consummation of the Thousand Trails Transaction. T1000 Trust is a guarantor under the REIT Guaranty.

"Taxes" means all federal, state, local and foreign income and gross receipts taxes.

"Term Loan Agreement" means that certain Term Loan Agreement, dated as of the date hereof, by and among Borrower, the REIT, MHC Trust, T1000 Trust, Wells Fargo, as administrative agent, and the other Lenders thereunder, as the same may be amended, supplemented or modified from time to time.

"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.

"Thousand Trails" means KTTI Holding Company, Inc., a Delaware corporation, that, among other things, (i) owns and operates fifty-seven (57) membership-based recreational vehicle and campground properties comprising recreational vehicle and campground sites for which the members purchase an initial membership and thereafter pay annual dues and (ii) owns the Thousand Trails Land.

"Thousand Trails Land" means "Excess Land" as defined in the Thousand Trails Lease, as in effect on the Closing Date.

"Thousand Trails Lease" means that certain Lease Agreement, dated as of November 10, 2004, by and between MHC TT Leasing Company, Inc., a Delaware corporation, as lessor, and Thousand Trails Operations Holding Company, L.P., a Delaware limited partnership, as tenant, with respect to the Thousand Trails Properties, other than the Thousand Trails Land.

"Thousand Trails Properties" shall mean the Properties owned, directly or indirectly, by T1000 Trust as a result of the consummation of the Thousand Trails Transaction.

"Thousand Trails Transaction" means the acquisition by T1000 Trust of Thousand Trails through the creation of a directly- or indirectly-owned acquisition Subsidiary and the merger of such Subsidiary into Thousand Trails, with Thousand Trails being the surviving corporation, being renamed MHC TT Holding Company, Inc. immediately after such merger and being, directly or indirectly, a wholly-owned Subsidiary of Borrower. The total merger consideration to be paid by Borrower or its Subsidiaries in connection with such transaction is One Hundred Sixty Million Dollars (\$160,000,000).

"Total Liabilities" means, without duplication, all Indebtedness of the REIT on a consolidated basis, plus (i) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of the REIT, on a consolidated basis, and in any event shall include recourse and non-recourse mortgage debt, letters of credit, purchase obligations, forward equity sales, repurchase obligations, unsecured debt, accounts payable, lease obligations (including ground leases) to the extent required, in accordance with GAAP, to be classified as capital leases on the balance sheet of the REIT, guarantees of indebtedness, subordinated debt and unfunded obligations plus (ii) Borrower's Adjusted Share of Investment Affiliates' Indebtedness; provided, however, that "Total Liabilities" shall not include dividends declared by the REIT, MHC Trust or Borrower which are permitted under Section 8.01(d) but not yet paid.

"Transient RV NOI" means, with respect to any Qualifying Unencumbered Property that is a recreational vehicle resort property other than a Thousand Trails Property, all of such Qualifying Unencumbered Property's Net Operating Income that is not attributable to

residents/guests at such property who are either permanent residents of such property or who reside at such property for the entire "season" applicable to such property.

"Unencumbered Asset Value" means, as of any date of determination, (i) the quotient of the Net Operating Income for the most recently ended twelve (12) calendar month period which is attributable (in a manner reasonably acceptable to Lender) to Qualifying Unencumbered Properties for which the number of Owned Fiscal Quarters is at least four (4) divided by seven hundred seventy-five ten-thousandths (0.0775) plus (ii) the aggregate of the Net Prices paid by Borrower or such Subsidiary for all Qualifying Unencumbered Properties for which the number of Owned Fiscal Quarters is less than four (4); provided, however, that for purposes of determining the numerator of the quotient described in clause (i) of this definition, Transient RV NOI shall be included only to the extent it does not exceed fifteen percent (15%) of the aggregate Net Operating Income for the applicable Qualifying Unencumbered Properties. Notwithstanding the immediately preceding sentence, for any Qualifying Unencumbered Properties that are Thousand Trails Properties, (A) at the end of the Fiscal Quarter ended December 31, 2004, the Unencumbered Asset Value means EBITDA attributable to such Qualifying Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for such Fiscal Quarter multiplied by four (4) and divided by seven hundred seventy-five ten-thousandths (0.0775), (B) at the end of the Fiscal Quarter ended March 31, 2005, the Unencumbered Asset Value means EBITDA attributable to such Qualified Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to March 31, 2005 multiplied by two (2) and divided by seven hundred seventy-five ten-thousandths (0.0775), (C) at the end of the Fiscal Quarter ended June 30, 2005, the Unencumbered Asset Value means EBITDA attributable to such Qualified Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to June 30, 2005 multiplied by one and one-third (1.33) and divided by seven hundred seventy-five ten-thousandths (0.0775), (D) at the end of the Fiscal Quarter ended September 30, 2005, the Unencumbered Asset Value means EBITDA attributable to such Qualified Unencumbered Properties in a manner reasonably acceptable to Agent (determined as if the Thousand Trails Transaction had been consummated on October 1, 2004) for the period from October 1, 2004 to September 30, 2005 divided by seven hundred seventy-five ten-thousandths (0.0775).

"Unencumbered Net Operating Income" means for any Fiscal Quarter, Net Operating Income for such period from each Qualifying Unencumbered Property; provided, however, that for purposes of determining Unencumbered Net Operating Income, Transient RV NOI shall be included only to the extent it does not exceed fifteen percent (15%) of the aggregate Net Operating Income for the applicable Qualifying Unencumbered Properties.

"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 (a) an Event of Default or (b) an "Event of Default" as defined in the Syndicated Revolving Credit Agreement or (c) an "Event of Default" as defined in the Term Loan Agreement.

"Unsecured Debt" means, as of any date of determination and without duplication, all Indebtedness of the REIT, Borrower or any Subsidiary, which is not Secured Debt but excluding (i) all accounts payable of the REIT, Borrower or any Subsidiary incurred in the ordinary course of business, (ii) all advance rents received and (iii) all accrued interest payable.

"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(b).

"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(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.

"Wholly-Owned Subsidiary" means any Subsidiary which is wholly-owned directly or indirectly by Borrower, MHC Trust or the REIT.

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, MHC Trust, T1000 Trust 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 Lender is required or its non-obligatory action is requested by Borrower, such consent, approval or action shall be in the sole and absolute discretion of Lender unless otherwise specifically indicated.

1.04 Interrelationship With the Existing Loan Agreement. Effective on the Closing Date, this Agreement shall amend and restate the provisions of the Existing Loan Agreement 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. All Original Obligations outstanding on the Closing Date (including without limitation all accrued and unpaid interest and fees) shall, to the extent not paid on the Closing Date, be deemed to be Obligations outstanding hereunder. The REIT Guaranty shall remain in full force and effect with respect to the Obligations and is hereby reaffirmed. The parties acknowledge and agree that the execution and delivery of this Agreement shall not constitute a novation, payment and reborrowing or termination of the Original Obligations and that all such Original Obligations outstanding on the Closing Date are in all respects continued and outstanding as Obligations under this Agreement.

ARTICLE II. LOANS

2.01 Loan Advances and Repayment.

(a) Loan Availability.

(i) Subject to the terms and conditions set forth in this Agreement, Lender hereby agrees to make Loans to Borrower from time to time during the period from the Closing Date to the Business Day next preceding the Maturity Date; provided, that the aggregate outstanding principal amount of the Loans shall not exceed Loan Availability. The Loans will be evidenced by the Loan Note.

(ii) Loans may be voluntarily prepaid pursuant to Section 2.05(a) and, subject to the provisions of this Agreement, 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, Borrower shall pay to Lender, within one (1) Business Day after Borrower's receipt of a demand in writing from Lender, such principal amounts as are necessary so that the aggregate outstanding principal amount of the Loans at any time does not exceed Loan Availability at such time.

(b) Notice of Borrowing; Continuation/Conversion. Whenever Borrower desires to borrow under this Section 2.01, Borrower shall give Lender, 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., 123 North Wacker Drive, Suite 1900, Chicago, Illinois 60606, Attn: Account Officer, or such other address as Lender 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; provided, however, that for LIBOR Loans with a Short Interest Period, Borrower may give Lender a Notice of Borrowing no later than 10:00 A.M. (California time) on the proposed Funding Date. 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, 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 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 aggregate amount of the 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 Lender, at 2120 E. Park Place, Suite 100, El Segundo, California 90245 Attn: Shirley Floresca, a Notice of Continuation/Conversion (i) by 10:00 A.M. (California time) on the date of a conversion to a Base Rate Loan or a conversion or continuation of a LIBOR Loan for a Short Interest Period, or (ii) 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 for an Interest Period other than a Short Interest Period, specifying, in the case of both (i) and (ii) (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). 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 Lender's commitment to fund hereunder is 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 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 five (5), such LIBOR Loan shall be converted to a Base Rate Loan.

(c) Making of Loans. Lender shall make the proceeds of the Loans available to Borrower in El Segundo, California on the applicable 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 73-66901095 in Chicago, Illinois, or such other account specified in the Notice of Borrowing acceptable to Lender, with a confirming telephone call to Quantaze Watts at (312) 279-1408 or Michael Berman at (312) 279-1496.

(d) Term; Principal Payment. The outstanding balance of the Loans 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 Borrowing and Interest Rate Election Authorization. Borrower shall provide Lender with documentation reasonably satisfactory to Lender indicating the names of those employees or agents of Borrower authorized by Borrower to sign Notices of Borrowing and Continuation/Conversion, any extension notice and to receive callback confirmations, and Lender shall be entitled to rely on such documentation until notified in writing by Borrower of any change(s) of the Persons so authorized. Lender 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 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.

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 or Notice of Continuation/Conversion requesting the making of, continuation of and/or conversion to LIBOR Loans, Lender shall determine LIBOR applicable to the Interest Period for such LIBOR Loans, and shall give notice thereof to Borrower; provided, however, that failure to give such notice shall not affect the validity of such rate. Each determination by Lender 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 five (5) 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 Lender 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 Lender (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 to Lender will cause Lender 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), a late charge of four cents (\$.04) for each dollar of any interest payment due hereon and which is not paid within ten (10) 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 Lender 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 Lender be required to refund any late fees paid by Borrower, notwithstanding the preceding proviso. Borrower and Lender 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 Lender will incur by reason of late payment. Borrower and Lender 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 Lender from exercising any of the other rights available hereunder or under any other Loan Document. Such late charge shall be paid without prejudice to any other rights of Lender.

(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 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 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 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 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;

(ii) imposes, modifies or holds applicable, in the determination of 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, Lender or any applicable lending office (except to the extent that reserve and FDIC insurance requirements are reflected in the "Base Rate" or "LIBOR"); or

(iii) imposes on 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 Lender of making, renewing, maintaining or participating in the Loans or to reduce any amount receivable hereunder or thereunder or (Y) to require Lender or any applicable lending office to make any payment calculated by reference to the amount of the Loans; then, in any such case, Borrower shall promptly pay to Lender, upon demand, such amount or amounts (based upon a reasonable allocation thereof by Lender to the financing transactions contemplated by this Agreement and affected by this Section 2.03(g)) as may be necessary to compensate Lender for any such additional cost incurred, reduced amounts received or additional payments made to the extent Lender generally imposes such additional costs, losses and payments on other borrowers of Lender in similar circumstances. Lender shall deliver to Borrower 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 Lender obtains knowledge thereof.

(h) Certain Provisions Regarding LIBOR Loans.

(i) LIBOR Lending Unlawful. If 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 Lender to make or maintain any Loan as a LIBOR Loan, (A) the obligations of Lender to make or maintain any Loans as LIBOR Loans shall, upon such determination, forthwith be suspended until Lender shall notify Borrower 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 Lender 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 Lender to Borrower the obligations of Lender to make or maintain Loans as LIBOR Loans shall forthwith be suspended until Lender shall notify Borrower that the circumstances causing such suspension no longer exist. Lender will give such notice when it determines, in good faith, that such circumstances no longer exist; provided, however, that Lender shall not have any liability to any Person with respect to any delay in giving such notice.

(iii) Funding Losses. In the event 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 Lender to make or maintain any of the Loans as LIBOR Loans) 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 Lender's breach of its obligation to fund such Loans in accordance with the terms hereof; or

(C) 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 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 Lender to Borrower, Borrower shall reimburse Lender for such loss or expense; provided, however, that 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.

2.04 Fees

(a) Intentionally Deleted.

(b) Unused Facility Fee. Until the Obligations are paid in full and this Agreement is terminated, Borrower shall pay to Lender an unused facility fee (the "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 average daily aggregate principal balance of all Loans then outstanding (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%). All such Unused Facility Fees payable under this Section 2.04(b) 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) 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 Lender, including without limitation those referred to in this Section 2.04 or otherwise under this Agreement or any separate fee agreement between Borrower and Lender 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 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 Lender 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 Lender 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 Lender's written wire transfer instructions) of immediately available funds, delivered to Lender not later than 11:00 A.M. (California time) on the date due; and funds received by Lender after that time and date shall be deemed to have been paid on the next succeeding Business Day or (ii) by check (pursuant to Lender's written check payment instructions) delivered to Lender, such check and the payment intended to be covered thereby to be deemed to have been paid on the date Lender 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 100762 with telephonic notice to Shirley Floresca at (310) 335-9440, or (ii) check payable to Wells Fargo Bank, N.A. and delivered to Lender at 2120 E. Park Place, Suite 100, El Segundo, California 90245, Attn: Shirley Floresca, or to such other bank, account or address as Lender 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, payment 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 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 Lender or any corporation controlling Lender, and Lender determines that the amount of such capital is increased by or based upon the existence of Lender's obligation to maintain, continue or convert to LIBOR Loans hereunder, then, upon demand by Lender, Borrower shall immediately pay to Lender, from time to time as specified by Lender, additional amounts sufficient to compensate Lender in light of such circumstances, to the extent that Lender reasonably determines such increase in capital to be allocable to the existence of Lender's obligations hereunder and to the extent Lender generally imposes such amounts on other

borrowers of Lender in similar circumstances. A certificate as to such amounts submitted to Borrower by Lender shall, in the absence of manifest error, be conclusive and binding for all purposes.

2.07 Notice of Increased Costs. 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, such event and the possible effects thereof. If 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 Section 2.06 incurred by 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 Lender actually notified Borrower of such event or condition.

2.08 Funds Transfer Disbursements. (a) Borrower hereby authorizes Lender to disburse the proceeds of the Loan pursuant to the Loan Documents as requested by an authorized representative of the Borrower to any of the accounts designated in Exhibit C. Borrower agrees to be bound by any transfer request: (i) authorized or transmitted by Borrower; or, (ii) made in Borrower's name and accepted by Lender in good faith and in compliance with these transfer instructions, even if not properly authorized by Borrower. Borrower further agrees and acknowledges that Lender may rely solely on any bank routing number or identifying bank account number or name provided by Borrower to effect a wire or funds transfer even if the information provided by Borrower identifies a different bank or account holder than named by the Borrower. Lender is not obligated or required in any way to take any actions to detect errors in information provided by Borrower. If Lender takes any actions in an attempt to detect errors in the transmission or content of transfer or requests or takes any actions in an attempt to detect unauthorized funds transfer requests, Borrower agrees that no matter how many times Lender takes these actions Lender will not in any situation be liable for failing to take or correctly perform these actions in the future and such actions shall not become any part of the transfer disbursement procedures authorized under this provision, the Loan Documents, or any agreement between Lender and Borrower. Borrower agrees to notify Lender of any errors in the transfer of any funds or of any unauthorized or improperly authorized transfer requests within 14 days after Lender's confirmation to Borrower of such transfer.

(b) Lender will, in its sole discretion, determine the funds transfer system and the means by which each transfer will be made. Lender may delay or refuse to accept a funds transfer request if the transfer would: (i) violate the terms of this authorization (ii) require use of a bank unacceptable to Lender or prohibited by government authority; (iii) cause Lender to violate any Federal Reserve or other regulatory risk control program or guideline, or (iii) otherwise cause Lender to violate any applicable law or regulation.

(c) Lender shall not be liable to Borrower or any other parties for (i) errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower's transfers may be made or information received or transmitted, and no such entity shall be deemed an agent of Lender, (ii) any loss, liability or

delay caused by fires, earthquakes, wars, civil disturbances, power surges or failures, acts of government, labor disputes, failures in communications networks, legal constraints or other events beyond Lender's control, or (iii) any special, consequential, indirect or punitive damages, whether or not (a) any claim for these damages is based on tort or contract or (b) Lender or Borrower knew or should have known the likelihood of these damages in any situation. Lender makes no representations or warranties other than those expressly made in this Agreement.

ARTICLE III.
EXTENSION OPTION

3.01 Extension Option. At the written request of Borrower made to Lender at least thirty (30) days prior to the Initial Maturity Date, the Maturity Date shall be extended to the one-year anniversary of the Initial Maturity Date (the "Extended Maturity Date") provided that the following conditions are satisfied:

(a) no Event of Default or Unmatured Event of Default shall have occurred and be continuing as of the Initial Maturity Date;

(b) all representations and warranties made by Borrower, the REIT, MHC Trust and T1000 Trust contained in this Agreement and the other Loan Documents shall be true and correct in all material respects as of the Initial Maturity Date except to the extent they related to a specific date;

(c) Lender shall have received Officer's Certificates of the REIT dated as of the Initial 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, MHC Trust, 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 signer does 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 made by such entities 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

(d) on or before the Initial Maturity Date, Lender shall have received an extension fee in the amount of 0.175% of the amount of the Facility.

ARTICLE IV.
CONDITIONS TO LOANS

4.01 Intentionally Omitted.

4.02 Conditions Precedent to All Loans. The obligation of Lender to make any Loan requested to be made on any date shall be subject to satisfaction of each of the following conditions precedent on or before the applicable Funding Date:

(a) Notice of Borrowing. Borrower shall have delivered to Lender a Notice of Borrowing in compliance with Section 2.01(b).

(b) Representations and Warranties. All of the representations and warranties made by Borrower, the REIT, MHC Trust and T1000 in this Agreement and in any other Loan Document (other than representations and warranties which speak only as of a different date) shall be true and correct in all material respects as of the applicable Funding Date, as though made on and as of such date.

(c) 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 and all of the financial covenants contained in Articles VIII and IX shall be satisfied.

(d) No Material Adverse Change. No change shall have occurred which shall have a Material Adverse Effect.

Each submission by Borrower to Lender of a Notice of Borrowing with respect to a Loan and the acceptance by Borrower of the proceeds of each such Loan made hereunder shall constitute a representation and warranty by Borrower as of the applicable Funding Date that all 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 Lender 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 June 30, 2004, the Consolidated and Combined Statement of Operations for the Quarter Ended June 30, 2004, and the Consolidated and Combined Statement of Cash Flows for the Quarter Ended June 30, 2004 of the REIT contained in the Form 10-Q Quarterly Report of the REIT as of June 30, 2004 (the "Pre-Closing Financials") delivered to Lender 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 Lender 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 Lender (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; and

(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 June 30, 2004, there has occurred no event which has a Material Adverse Effect.

(k) Payment of Taxes. All material tax returns and material 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 Loans hereunder will be used to purchase or carry any "margin security" as defined in Regulation U 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 U. 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. 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 Loans 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 Lender 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 has 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 Lender's breach of the covenant set forth in Section 12.23, none of the Obligations, any of the Loan Documents or the exercise of any of Lender's 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 Lender 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 Lender 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. Section 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 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 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 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 Subsidiaries or any of their ERISA Affiliates have been covered by any Multiemployer Plan in respect of their employment by Borrower or such Subsidiary or such ERISA Affiliate. None of Borrower, the REIT, any of the 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 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 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 hereunder.

(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 uses 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.

(x) Tax Shelter Representation. Neither Borrower, MHC Trust, the REIT nor any Affiliate of any of the foregoing intends to treat the Loans or the transactions contemplated by this Agreement and the other Loan Documents as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). If Borrower, or any other party to the Loans, determines to take any action inconsistent with such intention, Borrower will promptly notify Lender thereof. If Borrower so notifies Lender, Borrower acknowledges that Lender may treat the Loans as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Lender will maintain the lists and other records, including the identity of the applicable party to the Loans, as required by such Treasury Regulation.

5.02 Representations and Warranties as to the REIT. The REIT hereby represents and warrants Lender 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 would 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; and

(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 Lender 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 owns, is licensed or otherwise has the lawful right to use, or has 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 a 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 hereunder.

(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 recognized any material "net income from prohibited transactions" as defined in Section 857(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), 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) Tax Shelter Representation. Neither Borrower, MHC Trust, the REIT nor any Affiliate of any of the foregoing intends to treat the Loans or the transactions contemplated by this Agreement and the other Loan Documents as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). If the REIT, or any other party to the Loans determines to take any action inconsistent with such intention, the REIT will promptly notify Lender thereof. If the REIT so notifies Lender, Borrower acknowledges that Lender may treat the Loans as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Lender will maintain the lists and other records, including the identity of the applicable party to the Loans as required by such Treasury Regulation.

5.03 Representations and Warranties as to MHC Trust . MHC Trust hereby represents and warrants to Lender as follows:

(a) Organization; Trust or Corporate Powers. MHC Trust (i) is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland, (ii) is duly qualified to do business 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 trust or corporate power and authority 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. MHC Trust has the requisite trust or 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 trustees of MHC Trust, and no other trust or corporate proceedings on the part of MHC Trust are necessary to consummate such transactions. Each of the Loan Documents to which MHC Trust is a party has been duly executed and delivered by MHC Trust 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 MHC Trust 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 Declaration of Trust or by-laws, or other organizational documents, as the case may be, or (ii) require any approval of the beneficiaries or shareholders of MHC Trust.

(d) Consents and Authorizations. MHC Trust 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 MHC Trust to lawfully execute, deliver and perform its obligations under the Loan Documents to which MHC Trust is a party.

(e) Governmental Regulation. MHC Trust 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) Material Adverse Agreements. MHC Trust 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.

(g) Securities Activities. MHC Trust 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).

(h) Disclosure. MHC Trust has not intentionally or knowingly withheld any material fact from Lender in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of MHC Trust's future performance such representations and warranties are made in good faith and to the best judgment of the officers of MHC Trust at the time such projections were made.

(i) Solvency. MHC Trust is and will be Solvent after giving effect to the disbursement of the Loans and the payment of all fees then payable hereunder.

(j) Status as a REIT. MHC Trust (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 recognized any material "net income from prohibited transactions" as defined in Section 856(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), 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.

(k) Ownership. MHC Trust does not own any Property or have any interest in any Person, other than as set forth on Schedule 5.01(w).

5.04 Representations and Warranties as to T1000 Trust. T1000 Trust hereby represents and warrants to Lender as follows:

(a) Organization; Trust or Corporate Powers. T1000 Trust (i) is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland, (ii) is duly qualified to do business 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 trust or corporate power and authority 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. T1000 Trust has the requisite trust or 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 trustees of T1000 Trust, and no other trust or corporate proceedings on the part of T1000 Trust are necessary to consummate such transactions. Each of the Loan Documents to which T1000 Trust is a party has been duly executed and delivered by T1000 Trust 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 T1000 Trust 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 Declaration of Trust or by-laws, or other organizational documents, as the case may be, or (ii) require any approval of the beneficiaries or shareholders of T1000 Trust.

(d) Consents and Authorizations. T1000 Trust 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 T1000 Trust to lawfully execute, deliver and perform its obligations under the Loan Documents to which T1000 Trust is a party.

(e) Governmental Regulation. T1000 Trust 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) Material Adverse Agreements. T1000 Trust 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.

(g) Securities Activities. T1000 Trust 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).

(h) Disclosure. T1000 Trust has not intentionally or knowingly withheld any material fact from Lender in regard to any matter raised in the Loan Documents. Notwithstanding the foregoing, with respect to any projections of T1000 Trust's future performance such representations and warranties are made in good faith and to the best judgment of the officers of T1000 Trust at the time such projections were made.

(i) Solvency. T1000 Trust is and will be Solvent after giving effect to the disbursement of the Loans and the payment of all fees then payable hereunder.

(j) Status as a REIT. T1000 Trust (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 recognized any material "net income from prohibited transactions" as defined in Section 856(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), 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.

(k) Ownership. T1000 Trust does not own any Property or have any interest in any Person, other than as set forth on Schedule 5.01(w).

ARTICLE VI. REPORTING COVENANTS

Borrower, MHC Trust, the REIT and T1000 Trust 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 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 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 REIT. (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 signer does 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 Sections 8.01(a), 8.01(d) and 8.02(a) 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 of the REIT 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 Lender pursuant to this Section 6.01(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 Lender and such other information as may be reasonably available to it to enable Lender and its counsel to evaluate such matters.

(f) Failure of the REIT or MHC Trust 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 or MHC Trust 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 or MHC Trust causing its election to be taxed as a real estate investment trust to be terminated, (iii) any act causing the REIT or MHC Trust to be subject to the taxes (other than a de minimus amount) imposed by Section 857(b)(6) of the Internal Revenue Code (or any successor provision thereto), (iv) the REIT or MHC Trust 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 or MHC Trust'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, MHC Trust, 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 Lender 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, MHC Trust or Borrower. If Borrower fails to provide Lender 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 Lender requests such information, and provided that Lender gives Borrower reasonable prior notice and an opportunity to participate, Borrower hereby authorizes Lender to communicate with the Accountants and authorizes the Accountants to disclose to Lender 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 financial condition, operations, properties, performance and prospects of Borrower, the REIT, any Subsidiary, or any Agreement Party. Concurrently therewith, Lender will notify Borrower of any such communication. At Lender's request, Borrower shall deliver a letter addressed to the Accountants instructing them to disclose such information in compliance with this Section 6.01(i);

provided that, to the extent that items required by this Section 6.01 are also required to be delivered to Lender as Agent under the Term Loan Agreement or as Agent under the Syndicated Revolving Credit Agreement, a single copy of such items delivered to Lender shall be deemed to satisfy both the requirements hereunder and thereunder.

6.02 Press Releases; SEC Filings and Financial Statements. The REIT, MHC Trust, T1000 Trust and Borrower will deliver to Lender as soon as practicable after public release all press releases concerning the REIT, MHC Trust, T1000 Trust or Borrower. The REIT, MHC Trust and Borrower will deliver to Lender 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 Lender 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 Lender, 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 Lender 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 the REIT, 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 Lender fails to deliver written notice to Borrower stating that Lender has 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 Lender and that Lender will not unreasonably disapprove such designation) within twenty (20) days after receipt of such information by Lender, such Property shall become a Qualifying Unencumbered Property.

ARTICLE VII.
AFFIRMATIVE COVENANTS

Borrower, MHC Trust, the REIT and T1000 Trust 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) 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 Lender 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 would 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 would 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 would 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 Lender 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 Lender 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 Lender receives thirty (30) days prior written notice of said termination or modification. At Lender's reasonable request, Borrower shall furnish evidence of replacement costs, without cost to Lender, 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, Lender shall have the right (but not the obligation) 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 Lender shall give Borrower five (5) days' prior notice of Lender'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 Lender. Lender 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, Lender 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 Lender to Borrower, permit any authorized representative(s) designated by Lender 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 Lender 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 Lender 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, managing and developing Designated Use Properties and other business activities incidental thereto, whether directly or through its Subsidiaries.

(i) Use of Proceeds. Borrower shall use the proceeds of the Loans only for predevelopment costs, development costs, acquisitions, working capital, equity investments, capital expenditures, repayment of indebtedness, scheduled amortization payments on debt and general corporate and other purposes.

(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 Lender 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) Existence. The REIT shall, and shall cause each of its Subsidiaries to, at all times maintain its and their respective partnership, 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 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 or its Subsidiaries' 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 recognize any material "net income from prohibited transactions" as defined in Section 857(b)(6)(B)(i) 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 or ASE 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 would 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 would 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.

(h) MHC Trust. The REIT shall cause MHC Trust to at all times (i) remain a Subsidiary of the REIT, (ii) remain controlled by the REIT and (iii) be the sole general partner of Borrower.

7.03 With respect to MHC Trust:

(a) Continued Status as a Real Estate Investment Trust; Prohibited Transactions. MHC Trust (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 recognize any material "net income from prohibited transactions" as defined in Section 857(b)(6)(B)(i) of the Internal Revenue Code (or any successor provision thereto), and (iv) will do all acts necessary to continue to be entitled to a dividends paid deduction meeting the requirements of Section 857 of the Internal Revenue Code.

ARTICLE VIII.
NEGATIVE COVENANTS

Borrower, MHC Trust, T1000 Trust 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:

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; the "Obligations" under the Syndicated Revolving Credit Agreement; and the "Obligations" under the Term Loan Agreement;

(ii) guaranties of the obligations described in Section 8.01(a)(i);

(iii) trade debt incurred in the normal course of business;

(iv) intercompany Indebtedness (including, without limitation, amounts owing under intercompany leases) owing between Subsidiaries; and

(v) 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; provided, however, that (A) the Borrower shall not, and shall not permit any of its Subsidiaries to, guarantee or otherwise become or remain directly or indirectly liable with respect to the Indebtedness of any Investment Affiliate, and (B) Borrower shall not permit any Subsidiary to create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Recourse Indebtedness in excess of Ten Million Dollars (\$10,000,000) per Subsidiary at any time or Thirty Million Dollars (\$30,000,000) in the aggregate for all Subsidiaries at any time.

(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 8.01(a)(iv) and (v).

(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 Ownership Interests which do not constitute Non-Designated Use Property; and

(vi) mortgage loans which do not constitute Non-Designated Use 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. None of Borrower, the REIT nor MHC Trust 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, none of Borrower, the REIT nor MHC Trust 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. Except as provided in Section 8.01(e)(vi) below:

(i) Other than the merger described in the definition of Thousand Trails Transaction, 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 MHC Trust 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, management and development of Designated Use Properties 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.

(vi) Notwithstanding the foregoing, or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: (1) transfers of securities issued by the REIT that are effected on the New York Stock Exchange or American Stock Exchange, (2) direct or indirect transfers of interests in any Subsidiary (the "Transferred Subsidiary") among Borrower, the REIT or any other Subsidiary, so long as the Transferred Subsidiary remains a Subsidiary after such transfer or transfers, (3) transfers or issuance of limited partnership interests in Borrower, provided that MHC Trust remains the sole general partner of Borrower, (4) the sale of less than \$500,000 of preferred interests in MHC Trust and/or T1000 Trust to unrelated individuals to allow each of MHC Trust and T1000 Trust to have at least 100 shareholders and qualify as a real estate investment trust under the Internal Revenue Code, (5) the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or

Borrower, as applicable, is the surviving entity and (6) the dissolution of Subsidiaries in the ordinary course of business. At least fifteen (15) days prior to any transaction permitted under clause (5) above, Borrower shall provide Lender with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

(f) ERISA. Neither Borrower nor the REIT shall, and neither shall permit any 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 Subsidiary or an ERISA Affiliate of the REIT, Borrower or any 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 Subsidiary to terminate, any Benefit Plan which would result in any liability of Borrower or a Subsidiary or an ERISA Affiliate of the REIT, Borrower or any Subsidiary under Title IV of ERISA;

(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;

(vi) Permit to exist any Termination Event;

(vii) Make, or permit a Subsidiary or an ERISA Affiliate of the REIT, Borrower or any 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 Subsidiary or any ERISA Affiliate of the REIT, Borrower or any 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. Section 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 Lender 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 Lender 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 the REIT, MHC Trust 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 the 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 Lender's rights in connection therewith, to constitute a prohibited transaction under ERISA or the Internal Revenue Code (unless Borrower furnishes to Lender a legal opinion reasonably satisfactory to Lender that the transaction is exempt from the prohibited transaction provisions of ERISA and the Internal Revenue Code (for this purpose, Lender agrees to supply Borrower all relevant non-confidential factual information reasonably necessary to such legal opinion and reasonably requested by Borrower)) or otherwise results in Lender 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 Lender 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 would 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 Lender 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 Lender 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 agreement, certificate of limited partnership or by-laws, if any, which would materially and adversely affect Lender or its rights and remedies under the Loan Documents.

(i) Disposal of Interests. Except as permitted under Section 8.01(e)(vi)(4), 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 Lender a Compliance Certificate showing on a pro forma basis (calculated in a manner reasonably acceptable to Lender) 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 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; the "Obligations" under the Syndicated Revolving Credit Agreement; and the "Obligations" under the Term Loan Agreement;

(ii) guaranties of the obligations described in Section 8.02(a)(i);
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; provided, however, that (A) the REIT shall not, and shall not permit any of its Subsidiaries to, guarantee or otherwise become or remain directly or indirectly liable with respect to the Indebtedness of any Investment Affiliate, and (B) the REIT shall not permit any Subsidiary to create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any

Recourse Indebtedness in excess of Ten Million Dollars (\$10,000,000) per Subsidiary at any time or Thirty Million Dollars (\$30,000,000) in the aggregate for all Subsidiaries at any time.

(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 8.02(a)(ii) and (iii).

(c) Restriction on Fundamental Changes. Except as provided in Section 8.02(c)(vi) below:

(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 interests in MHC Trust 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 MHC Trust or 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 MHC Trust or 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.

(vi) Notwithstanding the foregoing or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: (1) transfers of securities issued by the REIT that are effected on the New York Stock Exchange or American Stock Exchange, (2) direct or indirect transfers of interests in any Subsidiary (the "Transferred Subsidiary") among Borrower, the REIT or any other Subsidiary, so long as the Transferred Subsidiary remains a Subsidiary after such transfer or transfers, (3) transfers or issuance of limited partnership interests in Borrower, provided that MHC Trust remains the sole general partner of Borrower, (4) the sale of less than \$500,000 of preferred interests in MHC

Trust and/or T1000 Trust to unrelated individuals to allow each of MHC Trust and T1000 Trust to have at least 100 shareholders and qualify as a real estate investment trust under the Internal Revenue Code, (5) the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity and (6) the dissolution of Subsidiaries in the ordinary course of business. At least fifteen (15) days prior to any transaction permitted under clause (5) above, the REIT shall provide Lender with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

(d) Environmental Liabilities. The REIT shall not, and shall not permit any of its Subsidiaries to become subject to any Liabilities and Costs which would 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 Lender 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 Lender 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 Lender or its rights and remedies under the Loan Documents.

(f) Disposal of Partnership Interests. Except as permitted under Section 8.02(c)(vi)(4) or as contemplated by Section 3.8 of Borrower's partnership agreement, the REIT will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any of its interests in MHC Trust or 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, MHC Trust and Borrower.

8.03 With respect to MHC Trust:

(a) Restriction on Fundamental Changes. Except as provided in Section 8.03(a)(vi) below:

(i) MHC Trust 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) MHC Trust shall not change its Fiscal Year.

(iii) MHC Trust 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 MHC Trust and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(iv) MHC Trust shall not have an Investment in any Person other than Borrower and the interests identified on Schedule 5.01(w) as being owned by MHC Trust and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(v) MHC Trust shall not acquire an interest in any Property other than Securities issued by Borrower and the interests identified on Schedule 5.01(w) as being owned by MHC Trust and any other ownership interests in Subsidiaries and Investment Affiliates which are permitted under the terms of Borrower's partnership agreement.

(vi) Notwithstanding the foregoing or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: (1) transfers of securities issued by the REIT that are effected on the New York Stock Exchange or American Stock Exchange, (2) direct or indirect transfers of interests in any Subsidiary (the "Transferred Subsidiary") among Borrower, the REIT or any other Subsidiary, so long as the Transferred Subsidiary remains a Subsidiary after such transfer or transfers, (3) transfers or issuance of limited partnership interests in Borrower, provided that MHC Trust remains the sole general partner of Borrower, (4) the sale of less than \$500,000 of preferred interests in MHC Trust and/or T1000 Trust to unrelated individuals to allow each of MHC Trust and T1000 Trust to have at least 100 shareholders and qualify as a real estate investment trust under the Internal Revenue Code, (5) the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity and (6) the dissolution of Subsidiaries in the ordinary course of business. At least fifteen (15) days prior to any transaction permitted under clause (5) above, MHC Trust shall provide Lender with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and

8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

(b) Amendment of Charter or By-Laws. MHC Trust shall not permit any amendment of its charter documents or by-laws, which would materially and adversely affect Lender or its rights and remedies under the Loan Documents.

(c) Disposal of Partnership Interests. Except as permitted under Section 8.03(a)(vi)(4) of this Agreement or as contemplated by Section 3.8 of Borrower's partnership agreement, MHC Trust will not directly or indirectly convey, sell, transfer, assign, pledge or otherwise encumber or dispose of any of its partnership interests in Borrower.

8.04 With respect to T1000 Trust. Other than the merger described in the definition of Thousand Trails Transaction, T1000 Trust 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. Notwithstanding the foregoing or anything to the contrary set forth herein, so long as Borrower, MHC Trust, T1000 Trust and the REIT at all times remain in compliance with all of the terms and conditions of this Agreement, including, without limitation, those contained in Articles VI, VII, VIII and IX, and no Event of Default or Unmatured Event of Default exists at the time of or would arise as a result thereof, the following transfers are permitted: the merger (or similar transaction) of the REIT, MHC Trust, T1000 Trust or Borrower, so long as the REIT, MHC Trust, T1000 Trust or Borrower, as applicable, is the surviving entity. At least fifteen (15) days prior to any transaction permitted under the immediately preceding sentence, T1000 Trust shall provide Lender with written notice of such merger (or similar transaction) accompanied by a compliance certificate demonstrating in reasonable detail (which detail shall include actual calculations) compliance with the financial covenants contained in Sections 8.01(a), 8.01(d) and 8.02(a) and Article IX both before and, on a pro forma basis, after giving effect to such merger (or similar transaction).

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 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 0.7:1.

9.02 EBITDA to Fixed Charges Ratio. Borrower shall not permit the ratio of EBITDA for any twelve (12) calendar month period to Fixed Charges for such twelve (12) calendar month period to be less than 1.40:1.

9.03 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.

9.04 Unencumbered Pool. Borrower shall not permit the ratio of (a) the Unencumbered Asset Value to (b) outstanding Unsecured Debt to be less than 1.35:1.

9.05 Minimum Net Worth. Borrower will maintain a Net Worth of not less than the Minimum Net Worth.

9.06 Permitted Holdings. Borrower's primary business will be the ownership, operation, management and development of Designated Use Properties 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-Designated Use Property (other than cash or Cash Equivalents)	10%
Securities issued by real estate investment trusts primarily engaged in the development, ownership, operation and management of Designated Use Properties	5%
Designated Use Property 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%
Designated Use Property Ownership Interests other than Controlled Ownership Interests	10%
Development Activity	20%

The value of the foregoing categories of Permitted Holdings shall be calculated as follows: (i) the value of any Non-Designated Use Property (other than cash or Cash Equivalents) or any Designated Use Property Ownership Interest (other than a Controlled Ownership Interest) shall be calculated based upon its Adjusted Asset Value; (ii) the value of any Security issued by a real estate investment trust primarily engaged in the development, ownership, operation and management of Designated Use Properties 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 Lender); (iii) [intentionally deleted]; (iv) the value of any Designated Use Property Mortgage (other than mortgage indebtedness which is either eliminated in the consolidation of the REIT, Borrower and the Subsidiaries or accounted for as an investment in real estate under GAAP) shall be equal to the book value thereof; (v) the value of Development Activity by Borrower or any Subsidiary shall be equal to the full budgeted cost thereof; and (vi) the value of any Development Activity by an Investment Affiliate shall be equal to the greater of (A) Borrower's pro rata share of the full budgeted cost thereof based upon its percentage of equity ownership, or (B) Borrower's pro rata share of the full budgeted cost thereof based upon Borrower's economic interest in the project (as determined by Borrower in a manner reasonably

satisfactory to Lender).

9.07 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. Calculations of such ratios for a "twelve (12) calendar month period" shall be made for the twelve (12) calendar month period ending on the last day of the applicable Fiscal Quarter.

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 Lender 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), Lender shall have given Borrower written notice that Lender 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 Lender or to some other Person, within ten (10) days after Lender gives Borrower written notice that such payment is due and unpaid.

(b) Dividends. Borrower, MHC Trust 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 Lender 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 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 Lender 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 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 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 hereafter 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), trustees 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. Section 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 Lender's 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 Subsidiary, any Agreement Party, any ERISA Affiliate thereof or any of them to a liability which Lender 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 Lender 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 Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them to a liability which Lender 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 Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them to a liability which the Lender reasonably determines will have a Material Adverse Effect; (iv) Borrower, the REIT, any 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 Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Lender reasonably determines will have a Material Adverse Effect; (v) Borrower, the REIT, any 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 Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Lender 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 Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Lender reasonably determines will have a Material Adverse Effect; (vii) a Lien shall be imposed on any assets of Borrower, the REIT, any Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them in favor of the PBGC or a Plan which the Lender reasonably determines will have a Material Adverse Effect; (viii) Borrower, the REIT, any 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 Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Lender 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 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 Subsidiary, any Agreement Party, or any ERISA Affiliate thereof or any of them which the Lender 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 Agreement. An "Event of Default" as defined in the Term Loan Agreement shall have occurred.

(r) Syndicated Revolving Credit Agreement. An "Event of Default" as defined in the Syndicated Revolving Credit Agreement shall have occurred.

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 obligation of Lender to make Loans hereunder shall thereupon 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 appraisal, 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 Lender to make any Loans hereunder shall thereupon terminate; and upon the occurrence and during the continuance of any other Event of Default, Lender may by written notice to Borrower 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 appraisal, diligence, presentment, notice of intent to demand or accelerate and of acceleration), all of which are hereby expressly waived by Borrower, and the obligation of Lender to make any Loans hereunder shall thereupon terminate. 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 Lender. Upon the occurrence of an Event of Default or an acceleration of the Obligations, Lender 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, Lender 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 Lender 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 Lender, 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 Lender until the Obligations have been paid in full and this Agreement has been terminated.

10.03 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.
[INTENTIONALLY DELETED]

ARTICLE XII.
MISCELLANEOUS

12.01 Expenses

(a) Generally. Borrower agrees, within thirty (30) days after receipt of a written notice from Lender, to pay or reimburse Lender for all of Lender's reasonable costs and expenses incurred by Lender 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 Lender's outside counsel incurred in connection therewith; (B) the making of the Loans and (C) the collection or enforcement by Lender 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 Lender, for all reasonable costs and expenses, including without limitation reasonable attorneys' fees and disbursements incurred by Lender 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); (v) in protecting, preserving, collecting, leasing, selling, taking possession of, or liquidating any such collateral; or (vi) attempting to enforce or enforcing any rights under the Loan Documents.

12.02 Indemnity

(a) Generally. Borrower shall indemnify and defend Lender and its 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 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 Lender, shall be solely in their respective capacities as such officer, director, partner, employee or agent. Such indemnification in favor of any affiliate of Lender shall be solely in its capacity as the provider of services to Lender in connection with this Agreement, and such indemnification in favor of any participant of Lender shall be solely in its capacity as a participant in 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 Lender pursuant to the terms hereof are hereafter 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 Lender, to so reflect such change in accounting principles.

12.04 Setoff. In addition to any Liens granted to Lender 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, Lender is 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 Lender solely to or for the credit or the account of Borrower against and on account of the Obligations of Borrower to 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) Lender shall have made any demand hereunder or (b) Lender 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 X and although said obligations and liabilities, or any of them, may be contingent or unmatured.

12.05 Amendments and Waivers. No amendment, modification or waiver of any provision of this Agreement shall be effective without the written agreement of Lender and Borrower.

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. 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.

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 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. Lender shall not be under any obligation to marshal 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 Lender or Lender exercises its 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.

12.14 Limitation of Liability. To the extent permitted by applicable law, no claim may be made by Borrower, MHC Trust, T1000 Trust, the REIT or any other Person against Lender, or its 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, MHC Trust, T1000 Trust and the REIT 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 Lender. The terms and provisions of this Agreement shall inure to the benefit of any permitted assignee or transferee of the Loans and the commitment of Lender under this Agreement, and in the event of such transfer or assignment, the rights and privileges herein conferred upon Lender 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 Lender.

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 the Loans, acceleration of maturity of the unpaid principal balance of the Loans, or otherwise, shall the amount paid or agreed to be paid to Lender 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 Lender 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. Lender shall use reasonable efforts to assure that any information about Borrower, the REIT, MHC Trust, T1000 Trust, Subsidiaries and Investment Affiliates (and their respective Properties) not generally disclosed to the public which is furnished to Lender 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 Lender and its 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 Lender or to its 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 Lender under this Agreement and the other Loan Documents, or (vi) in connection with any litigation to which Lender is a party so long as 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. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST BORROWER, THE REIT, MHC TRUST OR T1000 TRUST WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE AND ALL JUDICIAL PROCEEDINGS BROUGHT BY BORROWER, THE REIT, MHC TRUST OR T1000 TRUST 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, THE REIT, MHC TRUST AND T1000 TRUST 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, THE REIT, MHC TRUST AND T1000 TRUST 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 LENDER'S PRIOR WRITTEN APPROVAL. BORROWER, THE REIT, MHC TRUST AND T1000 TRUST 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, MHC TRUST, T1000 TRUST AND LENDER 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 TO 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 LENDER TO BRING PROCEEDINGS AGAINST BORROWER, THE REIT, MHC TRUST OR T1000 TRUST IN THE COURTS OF ANY OTHER JURISDICTION. BORROWER, THE REIT, MHC TRUST AND T1000 TRUST 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 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 Lender in connection herewith, embodies the entire agreement and supersedes all prior agreements, written and oral, relating to the subject matter hereof.

12.22 Lender's Action for Its Own Protection Only The authority herein conferred upon Lender, and any action taken by Lender, to inspect any Property will be exercised and taken by Lender for its own protection only and may not be relied upon by Borrower for any purposes whatsoever, and Lender shall not be deemed to have assumed any responsibility to Borrower with respect to any such action herein authorized or taken by Lender. Any review, investigation or inspection conducted by Lender, any consultants retained by Lender or any agent or representative of Lender in order to verify independently Borrower's satisfaction of any conditions precedent to the 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 Lender of) (i) any of Borrower's representations and warranties under this Agreement or Lender's reliance thereon or (ii) Lender's reliance upon any certifications of Borrower required under this Agreement or any other facts, information or reports furnished to Lender by Borrower hereunder.

12.23 Lender's ERISA Covenant. Lender hereby agrees (a) that on the date any Loan is disbursed hereunder no portion of the Loans will constitute "assets" within the meaning of 29 C.F.R. Section 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 Lender shall not allocate the Loans to an account of Lender if such allocation (i) by itself would cause the Loans to then constitute "assets" (within the meaning of 29 C.F.R. Section 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 the Loans 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 Lender being deemed in violation of Section 404 of ERISA.

12.24 Pledge to Federal Reserve Bank.

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 Lender from its obligations thereunder.

12.25 USA Patriot Act Notice; Compliance.

The USA Patriot Act of 2001 (Public Law 107-56) and federal regulations issued with respect thereto require all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Lender may from time-to-time request, and Borrower shall provide to Lender, Borrower's name, address, tax identification number and/or such other identification information as shall be necessary for Lender to comply with federal law. An "account" for this purpose may include, without limitation, a deposit account, cash management service, a transaction or asset account, a credit account, a loan or other extension of credit, and/or other financial services product.

12.26 Tax Shelter Regulations.

None of Borrower, the REIT, MHC Trust, T1000 Trust nor any subsidiary of any of the foregoing intends to treat the Loan or the transactions contemplated by this Agreement and the other Loan Documents as being a "reportable transaction" (within the meaning of Treasury Regulation section 1.6011-4). If Borrower, the REIT, MHC Trust, T1000 Trust or any subsidiary of any of the foregoing or any other party to the Loan determines to take any action inconsistent with such intention, Borrower will promptly notify Lender thereof. If Borrower so notifies Lender, Borrower acknowledges that Lender may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Lender will maintain the lists and other records, including the identity of the applicable party to the Loan as required by such Treasury Regulation.

[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: MHC Trust, a Maryland real estate investment trust, its General Partner

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

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"REIT"

MANUFACTURED HOME COMMUNITIES, INC.,
a Maryland corporation

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

AGREED AND ACKNOWLEDGED
FOR PURPOSES OF SECTION 1.04:

"REIT"

MANUFACTURED HOME
COMMUNITIES, INC., a Maryland corporation

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

"MHC TRUST"

MHC TRUST, a Maryland real estate investment trust

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

"MHC Trust"

MHC Trust, a Maryland real estate investment trust

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

"T1000 Trust"

MHC T1000 Trust, a Maryland real estate investment trust

By: _____
Name: Michael B. Berman
Title: Vice President/Chief Financial Officer

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

"Lender"

WELLS FARGO BANK, N.A.,
as Lender

By: _____
Name: _____
Title: _____

Address:
123 North Wacker Drive, Suite 1900
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, California 94163
Attn.: Chief Credit Officer
Telecopy: 415/391-2971

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EXHIBIT C

TRANSFER AUTHORIZER DESIGNATION
(For Disbursement of Loan Proceeds by Funds Transfer)

[] NEW [] REPLACE PREVIOUS DESIGNATION [] ADD [] CHANGE [] DELETE LINE
NUMBER

The following representatives of MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower") are authorized to request the disbursement of Loan Proceeds and initiate funds transfers for Loan Number 100762 dated {DATE OF DOCUMENTS} among Wells Fargo Bank, National Association ("Bank"), Borrower and certain affiliates of borrower. Bank is authorized to rely on this Transfer Authorizer Designation until it has received a new Transfer Authorizer Designation signed by Borrower, even in the event that any or all of the foregoing information may have changed.

NAME -----	TITLE -----	MAXIMUM WIRE AMOUNT1 -----
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

BENEFICIARY BANK AND ACCOUNT HOLDER INFORMATION

1.
TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME):

RECEIVING PARTY ACCOUNT NUMBER:

RECEIVING BANK NAME, CITY AND STATE: _____ RECEIVING BANK ROUTING (ABA) NUMBER

MAXIMUM TRANSFER AMOUNT:

FURTHER CREDIT INFORMATION/INSTRUCTIONS:

2.
TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME):

RECEIVING PARTY ACCOUNT NUMBER:

RECEIVING BANK NAME, CITY AND STATE: _____ RECEIVING BANK ROUTING (ABA) NUMBER

MAXIMUM TRANSFER AMOUNT:

FURTHER CREDIT INFORMATION/INSTRUCTIONS:

3.
TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME):

RECEIVING PARTY ACCOUNT NUMBER:

RECEIVING BANK NAME, CITY AND STATE:

RECEIVING BANK ROUTING (ABA) NUMBER

MAXIMUM TRANSFER AMOUNT:

FURTHER CREDIT INFORMATION/INSTRUCTIONS:

1 Maximum Wire Amount may not exceed the Loan Amount.

Date: {DATE OF DOCUMENTS}

"BORROWER"

MHC OPERATING LIMITED PARTNERSHIP, AN
ILLINOIS LIMITED PARTNERSHIP

BY: MHC TRUST, A MARYLAND REAL ESTATE
INVESTMENT TRUST, ITS GENERAL PARTNER

By: _____

Its: _____

CONTACT: Michael Berman
(312) 279-1496

FOR IMMEDIATE RELEASE
November 10, 2004

MHC (EQUITY LIFESTYLE PROPERTIES, INC.)
CLOSES THOUSAND TRAILS TRANSACTION

CHICAGO, IL -- NOVEMBER 10, 2004 -- Manufactured Home Communities, Inc. (NYSE: MHC) today announced the acquisition of the entity that owns 57 properties and approximately 3,000 acres of vacant land. The purchase price was \$160 million. These properties will be leased by Thousand Trails Operations Holding Company, L.P. (Thousand Trails), the largest operator of membership-based campgrounds in the United States. The Company has provided the long-term lease of the real estate (excluding the vacant land) to Thousand Trails, which will continue to operate the properties for the benefit of its approximately 108,000 members nationwide. The properties are located in 16 states (primarily in the western and southern United States) and British Columbia, and contain 17,911 sites.

The lease will generate \$16 million in rental income to the Company on an absolute triple net basis, subject to annual escalations of 3.25%. The initial term of the lease is 15 years, with two five-year renewals at the option of the lessee. The Company financed this acquisition with a \$120 million unsecured three-year term loan at LIBOR plus 175 basis points. The remaining proceeds will be drawn from the Company's existing line of credit.

Based on the closing of this transaction, the Company projects that 2004 fully diluted Funds From Operations ("FFO") per share will be between \$1.90 and \$1.95. With respect to 2005, we project fully diluted FFO per share to be between \$2.44 and \$2.54. The guidance for 2005 takes into account future decisions that may be made with respect to hedging or fixing the floating interest rate on some or all of the debt in connection with this transaction. In addition, the Company expects to incur some modest incremental selling and advertising expenses with respect to promoting Thousand Trails products in its other communities.

According to Thomas Heneghan, CEO and President of the Company, "We are excited about our increased presence in the Western part of the United States. We look forward to working with Thousand Trails as we introduce the customers of both companies to the increased lifestyle opportunities that exist."

As previously announced, MHC is in the process of changing its name to Equity Lifestyle Properties, Inc. With this acquisition, the Company owns or has an interest in 272 quality communities in 25 states and British Columbia consisting of 100,203 sites. The Company is a self-administered, self-managed, real estate investment trust (REIT) with headquarters in Chicago.

Thousand Trails is the largest operator of membership-based campgrounds in the U.S., offering a network of 59 resort campground locations (two of which are owned directly by Thousand Trails) and serving 108,000 members. Through its subsidiaries, Thousand Trails also provides a reciprocal use program for members of approximately 280 recreational facilities and manages 197 public campgrounds for the United States Forest Service and other entities. Thousand Trails is owned by an affiliate of Kohlberg & Company, L.L.C., a private merchant banking firm with offices in New York and California.

The forward-looking statements contained in this news release are subject to certain risks and uncertainties including, but not limited to, the Company's ability to maintain rental rates and occupancy with respect to properties currently owned or pending acquisitions; the Company's assumptions about rental and home sales markets; the completion of pending acquisitions and timing with respect thereto; the effect of interest rates as well as other risks indicated from time to time in the Company's filings with the Securities and Exchange Commission. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.