

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2006

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

COMMISSION FILE NUMBER: 1-11718

EQUITY LIFESTYLE PROPERTIES, INC.
(Exact name of registrant as specified in its Charter)

MARYLAND
(State or other jurisdiction of
incorporation or organization)

36-3857664
(I.R.S. Employer
Identification No.)

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

60606
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an
accelerated filer, or a non-accelerated filer. See definition of "accelerated
filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in
Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date:

23,604,243 shares of Common Stock as of July 28, 2006.

EQUITY LIFESTYLE PROPERTIES, INC.

TABLE OF CONTENTS

| | Page |
|--|------|
| | ---- |
| PART I - FINANCIAL INFORMATION | |
| ITEM 1. FINANCIAL STATEMENTS | |
| INDEX TO FINANCIAL STATEMENTS | |
| Consolidated Balance Sheets as of June 30, 2006 (unaudited) and December 31, 2005..... | 3 |
| Consolidated Statements of Operations for the quarters and six months ended June 30, 2006 and 2005 (unaudited)..... | 4 |
| Consolidated Statements of Cash Flows for the six months ended June 30, 2006 and 2005 (unaudited)..... | 6 |
| Notes to Consolidated Financial Statements..... | 8 |
| ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations..... | 23 |
| ITEM 3. Quantitative and Qualitative Disclosures About Market Risk..... | 38 |
| ITEM 4. Controls and Procedures..... | 38 |
| PART II - OTHER INFORMATION | |
| ITEM 1. Legal Proceedings..... | 39 |
| ITEM 1A. Risk Factors..... | 39 |
| ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds..... | 44 |
| ITEM 3. Defaults Upon Senior Securities..... | 44 |
| ITEM 4. Submission of Matters to a Vote of Security Holders..... | 44 |
| ITEM 5. Other Information..... | 44 |
| ITEM 6. Exhibits..... | 44 |

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2006 AND DECEMBER 31, 2005
(AMOUNTS IN THOUSANDS)

| | JUNE 30, 2006 (UNAUDITED) | DECEMBER 31, 2005 |
|---|---------------------------------|----------------------|
| | ----- | ----- |
| ASSETS | | |
| Investment in real estate: | | |
| Land | \$ 523,546 | \$ 493,213 |
| Land improvements | 1,629,311 | 1,523,564 |
| Buildings and other depreciable property | 137,524 | 135,790 |
| | ----- | ----- |
| | 2,290,381 | 2,152,567 |
| Accumulated depreciation | (404,724) | (378,325) |
| | ----- | ----- |
| Net investment in real estate | 1,885,657 | 1,774,242 |
| Cash and cash equivalents | 945 | 610 |
| Notes receivable | 25,999 | 11,631 |
| Investment in joint ventures | 13,687 | 46,211 |
| Rents receivable, net | 1,794 | 1,619 |
| Deferred financing costs, net | 15,625 | 15,096 |
| Inventory | 72,664 | 59,412 |
| Prepaid expenses and other assets | 41,698 | 40,053 |
| | ----- | ----- |
| TOTAL ASSETS | \$2,058,069 | \$1,948,874 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Mortgage notes payable and other | \$1,573,682 | \$1,500,581 |
| Unsecured lines of credit | 148,000 | 37,700 |
| Unsecured term loan | -- | 100,000 |
| Accounts payable and accrued expenses | 37,249 | 31,508 |
| Accrued interest payable | 8,126 | 8,549 |
| Rents received in advance and security deposits | 33,999 | 27,868 |
| Distributions payable | 2,233 | 773 |
| | ----- | ----- |
| TOTAL LIABILITIES | 1,803,289 | 1,706,979 |
| | ----- | ----- |
| Commitments and contingencies | -- | -- |
| Minority interest - Common OP Units and other | 12,033 | 9,379 |
| Minority interest - Perpetual Preferred OP Units | 200,000 | 200,000 |
| Stockholders' Equity: | | |
| Preferred stock, \$.01 par value | | |
| 10,000,000 shares authorized; none issued | -- | -- |
| Common stock, \$.01 par value | | |
| 50,000,000 shares authorized; 23,393,229 and 23,295,956 | | |
| shares issued and outstanding for June 30, 2006 and | | |
| December 31, 2005, respectively | 228 | 226 |
| Paid-in capital | 301,898 | 299,444 |
| Distributions in excess of accumulated earnings | (259,379) | (267,154) |
| | ----- | ----- |
| TOTAL STOCKHOLDERS' EQUITY | 42,747 | 32,516 |
| | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$2,058,069 | \$1,948,874 |
| | ===== | ===== |

The accompanying notes are an integral part of the financial statements.

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

| | QUARTERS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|---|----------------------------|-----------|------------------------------|-----------|
| | 2006 | 2005 | 2006 | 2005 |
| PROPERTY OPERATIONS: | | | | |
| Community base rental income | \$ 56,409 | \$ 53,041 | \$111,739 | \$105,960 |
| Resort base rental income | 19,999 | 15,223 | 46,907 | 39,794 |
| Utility and other income | 7,769 | 6,936 | 15,913 | 14,634 |
| Property operating revenues | 84,177 | 75,200 | 174,559 | 160,388 |
| Property operating and maintenance | 29,544 | 24,510 | 57,261 | 50,804 |
| Real estate taxes | 6,753 | 6,286 | 13,351 | 12,446 |
| Property management | 4,374 | 3,966 | 9,226 | 7,615 |
| Property operating expenses (exclusive of depreciation shown separately below) | 40,671 | 34,762 | 79,838 | 70,865 |
| Income from property operations | 43,506 | 40,438 | 94,721 | 89,523 |
| HOME SALES OPERATIONS: | | | | |
| Gross revenues from inventory home sales | 18,068 | 17,450 | 30,001 | 27,687 |
| Cost of inventory home sales | (15,793) | (15,623) | (26,104) | (24,570) |
| Gross profit from inventory home sales | 2,275 | 1,827 | 3,897 | 3,117 |
| Brokered resale revenues, net | 618 | 813 | 1,275 | 1,417 |
| Home selling expenses | (2,449) | (2,224) | (4,923) | (4,262) |
| Ancillary services revenues, net | 199 | (13) | 2,002 | 1,710 |
| Income from home sales operations and other | 643 | 403 | 2,251 | 1,982 |
| OTHER INCOME (EXPENSES): | | | | |
| Interest income | 555 | 312 | 840 | 683 |
| Income from other investments, net | 4,779 | 4,347 | 9,283 | 8,396 |
| General and administrative | (3,578) | (3,815) | (6,801) | (6,685) |
| Rent control initiatives | (204) | (43) | (298) | (613) |
| Interest and related amortization | (26,261) | (25,003) | (50,886) | (50,002) |
| Depreciation on corporate assets | (102) | (223) | (211) | (439) |
| Depreciation on real estate assets | (15,101) | (13,761) | (29,475) | (27,259) |
| Total other expenses, net | (39,912) | (38,186) | (77,548) | (75,919) |
| Income before minority interests, equity in income of unconsolidated joint ventures and discontinued operations | 4,237 | 2,655 | 19,424 | 15,586 |
| Income allocated to Common OP Units | (320) | (553) | (2,912) | (2,864) |
| Income allocated to Perpetual Preferred OP Units | (4,038) | (3,056) | (8,068) | (5,912) |
| Equity in income of unconsolidated joint ventures | 1,339 | 3,003 | 2,643 | 3,720 |
| Income from continuing operations | 1,218 | 2,049 | 11,087 | 10,530 |
| DISCONTINUED OPERATIONS: | | | | |
| Discontinued operations | 193 | 554 | 437 | 1,173 |
| Depreciation on discontinued operations | -- | -- | -- | (329) |
| Loss on sale from discontinued real estate | (192) | -- | (192) | -- |
| Income allocated to Common OP Units from discontinued operations | -- | (116) | (51) | (178) |
| Income from discontinued operations | 1 | 438 | 194 | 666 |
| NET INCOME AVAILABLE FOR COMMON SHARES | \$ 1,219 | \$ 2,487 | \$ 11,281 | \$ 11,196 |

The accompanying notes are an integral part of the financial statements.

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

| | QUARTERS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|--|----------------------------|----------|------------------------------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| EARNINGS PER COMMON SHARE - BASIC: | | | | |
| Income from continuing operations | \$ 0.05 | \$ 0.09 | \$ 0.47 | \$ 0.46 |
| Income from discontinued operations | 0.00 | 0.02 | 0.01 | 0.03 |
| Net income available for Common Shares | \$ 0.05 | \$ 0.11 | \$ 0.48 | \$ 0.49 |
| EARNINGS PER COMMON SHARE - FULLY DILUTED: | | | | |
| Income from continuing operations | \$ 0.05 | \$ 0.09 | \$ 0.46 | \$ 0.45 |
| Income from discontinued operations | 0.00 | 0.02 | 0.01 | 0.03 |
| Net income available for Common Shares | \$ 0.05 | \$ 0.11 | \$ 0.47 | \$ 0.48 |
| Distributions declared per Common Share outstanding | \$ 0.075 | \$ 0.025 | \$ 0.150 | \$ 0.050 |
| Weighted average Common Shares outstanding - basic | 23,384 | 23,042 | 23,358 | 23,008 |
| Weighted average Common Shares outstanding - fully diluted ... | 30,205 | 29,974 | 30,197 | 29,934 |

The accompanying notes are an integral part of the financial statements.

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

| | JUNE 30, 2006 | JUNE 30, 2005 |
|--|------------------|------------------|
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 11,281 | \$ 11,196 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Income allocated to minority interests | 11,031 | 8,954 |
| Loss on sale of properties and other | 192 | -- |
| Depreciation expense | 30,693 | 28,851 |
| Amortization expense | 1,415 | 1,378 |
| Debt premium amortization | (696) | (1,334) |
| Equity in income of unconsolidated joint ventures | (3,651) | (4,554) |
| Distributions from unconsolidated joint ventures | 2,287 | 2,919 |
| Amortization of stock related compensation | 1,517 | 1,337 |
| Increase (decrease) in provision for uncollectible rents receivable | (6) | 346 |
| Increase in inventory reserve | -- | 300 |
| Increase in provision for notes receivable | -- | 268 |
| Changes in assets and liabilities: | | |
| Rents receivable | (168) | (208) |
| Inventory | (11,090) | (7,048) |
| Prepaid expenses and other assets | (3,123) | (5,381) |
| Accounts payable and accrued expenses | 7,820 | 9,183 |
| Rents received in advance and security deposits | 2,218 | 120 |
| | ----- | ----- |
| Net cash provided by operating activities | 49,720 | 46,327 |
| | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of rental properties | (19,931) | (6,587) |
| Joint Ventures: | | |
| Investments in | (865) | (7,030) |
| Distributions from | 1,647 | 4,912 |
| (Increase) decrease in notes receivable | (11,172) | 915 |
| Improvements: | | |
| Improvements - corporate | (178) | (436) |
| Improvements - rental properties | (6,366) | (5,333) |
| Site development costs | (9,813) | (7,949) |
| | ----- | ----- |
| Net cash used in investing activities | (46,678) | (21,508) |
| | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net proceeds from stock options and employee stock purchase plan | 1,572 | 1,398 |
| Proceeds from issuance of Perpetual Preferred OP Units | -- | 75,000 |
| Distributions to Common Stockholders, Common OP Unitholders, and Perpetual Preferred OP Unitholders | (11,020) | (7,035) |
| Lines of credit: | | |
| Proceeds | 94,200 | 34,200 |
| Repayments | (83,900) | (111,800) |
| Term loan repayment | -- | (7,200) |
| Principal payments | (8,041) | (6,782) |
| New financing proceeds | 5,617 | -- |
| Debt issuance costs | (1,135) | (489) |
| | ----- | ----- |
| Net cash used in financing activities | (2,707) | (22,708) |
| | ----- | ----- |
| Net increase in cash and cash equivalents | 335 | 2,111 |
| Cash and cash equivalents, beginning of year | 610 | 5,305 |
| | ----- | ----- |
| Cash and cash equivalents, end of period | \$ 945 | \$ 7,416 |
| | ===== | ===== |

The accompanying notes are an integral part of the financial statements.

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

| | JUNE 30, 2006 ----- | JUNE 30, 2005 ----- |
|--|---------------------------|---------------------------|
| SUPPLEMENTAL INFORMATION: | | |
| Cash paid during the period for interest | \$49,064 | \$52,049 |
| Non-cash investing and financing activities: | | |
| Real estate acquisition and disposition | | |
| Mortgage debt assumed on acquisition of real estate | \$25,898 | \$ -- |
| Mortgage financed on acquisition of real estate | \$47,100 | \$ -- |
| Seller financing on Mid-Atlantic portfolio | \$(3,425) | |
| Mezzanine investment applied to real estate acquisition | \$32,118 | \$ -- |
| Other assets and liabilities, net, acquired on acquisition of real estate .. | \$ 4,583 | \$ -- |
| Financing fees incurred on acquisition of real estate | \$ (809) | \$ -- |
| Proceeds from loan to pay insurance premiums | \$ 3,638 | \$ 2,404 |

The accompanying notes are an integral part of the financial statements.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DEFINITION OF TERMS:

Equity LifeStyle Properties, Inc., a Maryland corporation, together with MHC Operating Limited Partnership (the "Operating Partnership") and other consolidated subsidiaries ("Subsidiaries"), are referred to herein as the "Company," "ELS," "we," "us," and "our." Capitalized terms used but not defined herein are as defined in the Company's Annual Report on Form 10-K ("2005 Form 10-K") for the year ended December 31, 2005.

PRESENTATION:

These unaudited Consolidated Financial Statements have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the financial statements and notes thereto included in the 2005 Form 10-K. The following Notes to Consolidated Financial Statements highlight significant changes to the Notes included in the 2005 Form 10-K and present interim disclosures as required by the SEC. The accompanying Consolidated Financial Statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature. Certain revenue amounts reported in previously issued 2005 statements of operations have been reclassified in the attached statements of operations due to the Company's expansion of the related revenue activity. The Company's interim results are subject to certain seasonalities and as such may not be indicative of full fiscal year results.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The Company consolidates its majority-owned Subsidiaries in which it has the ability to control the operations of the Subsidiaries and all variable interest entities with respect to which the Company is the primary beneficiary. The Company also consolidates entities in which it has a controlling direct or indirect voting interest. All inter-company transactions have been eliminated in consolidation. The Company's acquisitions were all accounted for as purchases in accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS No. 141").

The Company has applied the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46R, Consolidation of Variable Interest Entities ("FIN 46R") - an interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements ("ARB 51"). The objective of FIN 46R is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, non-controlling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate such entity if the company absorbs a majority of the entity's expected losses or receives a majority of the entity's expected residual returns if they occur, or both (i.e., the primary beneficiary). The Company has also applied Emerging Issues Task Force Issue No. 04-5 - Accounting for Investments in Limited Partnerships When the Investor is the Sole General Partner and the Limited Partners have Certain Rights ("EITF 04-5") which determines whether a general partner or the general partners as a group control a limited partnership or similar entity and therefore should consolidate the entity. The Company will apply FIN 46R and EITF 04-5 to all types of entity ownership (general and limited partnerships and corporate interests).

The Company applies the equity method of accounting to entities in which the Company does not have a controlling direct or indirect voting interest or is not considered the primary beneficiary, but can exercise influence over the entity with respect to its operations and major decisions. The cost method is applied when both (i) the investment is minimal (typically less than 5%) and (ii) the Company's investment is passive.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Markets

The Company manages all its operations on a property-by-property basis. Since each Property has similar economic and operational characteristics, the Company has one reportable segment, which is the operation of land lease Properties. The distribution of the Properties throughout the United States reflects our belief that geographic diversification helps insulate the portfolio from regional economic influences. The Company intends to target new acquisitions in or near markets where the Properties are located and will also consider acquisitions of Properties outside such markets.

(d) Inventory

Inventory primarily consists of new and used Site Set homes and is stated at the lower of cost or market after consideration of the N.A.D.A. (National Automobile Dealers Association) Manufactured Housing Appraisal Guide and the current market value of each home included in the home inventory. Inventory sales revenues and resale revenues are recognized when the home sale is closed. Inventory is recorded net of an inventory reserve of \$580,000 as of June 30, 2006 and December 31, 2005. Resale revenues are stated net of commissions paid to employees of \$703,000 and \$747,000 for the six months ended June 30, 2006 and 2005, respectively.

(e) Real Estate

In accordance with SFAS No. 141, we allocate the purchase price of Properties we acquire to net tangible and identified intangible assets acquired based on their fair values. In making estimates of fair values for purposes of allocating purchase price, we utilize a number of sources, including independent appraisals that may be available in connection with the acquisition or financing of the respective Property and other market data. We also consider information obtained about each Property as a result of our due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired.

Real estate is recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. We use a 30-year estimated life for buildings acquired and structural and land improvements, a ten-to-fifteen-year estimated life for building upgrades and a three-to-seven-year estimated life for furniture, fixtures and equipment. The values of above and below market leases are amortized and recorded as either an increase (in the case of below market leases) or a decrease (in the case of above market leases) to rental income over the remaining term of the associated lease. The value associated with in-place leases is amortized over the expected term, which includes an estimated probability of lease renewal. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred, and significant renovations and improvements that improve the asset and extend the useful life of the asset are capitalized and then expensed over the asset's estimated useful life.

The Company evaluates its Properties for impairment when conditions exist which may indicate that it is probable that the sum of expected future cash flows (undiscounted) from a Property over the anticipated holding period is less than its carrying value. Upon determination that a permanent impairment has occurred, the applicable Property is reduced to fair value.

For Properties to be disposed of, an impairment loss is recognized when the fair value of the Property, less the estimated cost to sell, is less than the carrying amount of the Property measured at the time the Company has a commitment to sell the Property and/or is actively marketing the Property for sale. A Property to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less costs to sell. Subsequent to the date that a Property is held for disposition, depreciation expense is not recorded. The Company accounts for its Properties held for disposition in accordance with Statement of Financial Accounting Standards No. 144 ("SFAS No. 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets". Accordingly, the results of operations for all assets sold or held for sale have been classified as discontinued operations in all periods presented.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and Cash Equivalents

The Company considers all demand and money market accounts and certificates of deposit with a maturity, when purchased, of three months or less to be cash equivalents.

(g) Notes Receivable

Notes receivable generally are stated at their outstanding unpaid principal balances net of any deferred fees or costs on originated loans, or unamortized discounts or premiums net of a valuation allowance. Interest income is accrued on the unpaid principal balance. Discounts or premiums are amortized to income using the interest method. In certain cases we finance the sales of homes to our customers (referred to as "Chattel Loans") which loans are secured by the homes. The valuation allowance for the Chattel Loans is calculated based on a comparison of the outstanding principal balance of each note compared to the N.A.D.A. value and the current market value of the underlying manufactured home collateral.

(h) Investments in Joint Ventures

Investments in joint ventures in which the Company does not have a controlling direct or indirect voting interest, but can exercise significant influence over the entity with respect to its operations and major decisions, are accounted for using the equity method of accounting whereby the cost of an investment is adjusted for the Company's share of the equity in net income or loss from the date of acquisition and reduced by distributions received. The income or loss of each entity is allocated in accordance with the provisions of the applicable operating agreements. The allocation provisions in these agreements may differ from the ownership interests held by each investor. Differences between the carrying amount of the Company's investment in the respective entities and the Company's share of the underlying equity of such unconsolidated entities are amortized over the respective lives of the underlying assets, as applicable.

(i) Income from Other Investments, net

Income from other investments includes revenue relating to the Company's ground lease with Privileged Access L.P. ("Privileged Access"). On April 14, 2006, Thousand Trails Operations Holding Company, L.P. ("TT") was acquired by Privileged Access. In accordance with the terms of the original lease with TT, the Company consented to the ownership change. The terms of the original lease included monthly rental payments for 57 Properties for a term of 15 years at approximately \$16.5 million per year subject to annual increases of 3.25%. At the time of the Privileged Access acquisition, the original lease was amended to include two new Properties and fixtures (see Note 4 - Investment in Real Estate and Note 6 - Notes Receivable) generating annual rental payments of approximately \$17.5 million, subject to annual CPI increases for a term of approximately 14 years. In accordance with SFAS No. 13 "Accounting for Leases", the Company accounts for the lease as an operating lease and records lease payments on a straight-line basis over the term of the lease.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Insurance Claims

The Properties are covered against fire, flood, property damage, earthquake, windstorm and business interruption by insurance policies containing various deductible requirements and coverage limits. Recoverable costs are classified in other assets as incurred. Insurance proceeds are applied against the asset when received. Recoverable costs relating to capital items are treated in accordance with the Company's capitalization policy. The book value of the original capital item is written off once the value of the impaired asset has been determined. Insurance proceeds relating to the capital costs are recorded as income in the period they are received.

Approximately 70 Florida Properties suffered damage from the four hurricanes that struck the state during August and September 2004. As of July 20, 2006, the Company estimates its total claim to be \$20.1 million of which approximately \$18.9 million of claims, including business interruption, have been submitted to its insurance companies for reimbursement. Through June 30, 2006, the Company has made total expenditures of approximately \$12.8 million and expects to incur additional expenditures to complete the work necessary to restore the Properties to their pre-hurricanes condition. The Company has received proceeds from insurance carriers of approximately \$3.9 million through June 30, 2006. On July 31, 2006, the Company received an additional \$0.5 million in proceeds from its insurance carriers. The Company has reserved approximately \$2.0 million related to these expenditures (\$0.7 million in 2005 and \$1.3 million in 2004). Approximately \$3.9 million of these expenditures have been capitalized per the Company's capitalization policy through June 30, 2006.

Approximately 33 Properties located in southern Florida were impacted by Hurricane Wilma in October 2005. As of July 19, 2006, approximately \$1.3 million of claims have been submitted to the Company's insurance company for reimbursement. Through June 30, 2006, the Company has made total expenditures of approximately \$2.4 million and is still evaluating the total costs it expects to incur. Through June 30, 2006, \$1.6 million has been charged to operations (\$0.3 million in 2006 and \$1.3 million in 2005) and \$0.4 million was capitalized to fixed assets.

Approximately \$3.2 million is included in other assets as a receivable from insurance providers as of June 30, 2006, and approximately \$3.9 million was included in other assets as of December 31, 2005.

(k) Deferred Financing Costs

Deferred financing costs include fees and costs incurred to obtain long-term financing. The costs are being amortized over the terms of the respective loans on a level yield basis. Unamortized deferred financing fees are written-off when debt is retired before the maturity date. Upon amendment of the line of credit, unamortized deferred financing fees are accounted for in accordance with EITF No. 98-14, Debtor's Accounting for Changes in Line-of-Credit or Revolving-Debt Arrangements. Accumulated amortization for such costs was \$8.0 million and \$6.6 million at June 30, 2006 and December 31, 2005, respectively.

NOTE 2 - EARNINGS PER COMMON SHARE

Earnings per common share are based on the weighted average number of common shares outstanding during each year. Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS No. 128") defines the calculation of basic and fully diluted earnings per share. Basic and fully diluted earnings per share are based on the weighted average shares outstanding during each period and basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. The conversion of OP Units has been excluded from the basic earnings per share calculation. The conversion of an OP Unit to a share of Common Stock has no material effect on earnings per common share.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - EARNINGS PER COMMON SHARE (CONTINUED)

The following table sets forth the computation of basic and diluted earnings per common share for the quarters and six months ended June 30, 2006 and June 30, 2005 (amounts in thousands):

| | QUARTERS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|---|----------------------------|----------|------------------------------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| NUMERATORS: | | | | |
| INCOME FROM CONTINUING OPERATIONS: | | | | |
| Income from continuing operations - basic | \$1,218 | \$ 2,049 | \$11,087 | \$10,530 |
| Amounts allocated to dilutive securities | 320 | 553 | 2,912 | 2,864 |
| | ----- | ----- | ----- | ----- |
| Income from continuing operations - fully diluted | \$1,538 | \$ 2,602 | \$13,999 | \$13,394 |
| | ===== | ===== | ===== | ===== |
| INCOME FROM DISCONTINUED OPERATIONS: | | | | |
| Income from discontinued operations - basic | \$ 1 | \$ 438 | \$ 194 | \$ 666 |
| Amounts allocated to dilutive securities | -- | 116 | 51 | 178 |
| | ----- | ----- | ----- | ----- |
| Income from discontinued operations - fully diluted | \$ 1 | \$ 554 | \$ 245 | \$ 844 |
| | ===== | ===== | ===== | ===== |
| NET INCOME AVAILABLE FOR COMMON SHARES - FULLY DILUTED: | | | | |
| Net income available for Common Shares - basic | \$1,219 | \$ 2,487 | \$11,281 | \$11,196 |
| Amounts allocated to dilutive securities | 320 | 669 | 2,963 | 3,042 |
| | ----- | ----- | ----- | ----- |
| Net income available for Common Shares - fully diluted .. | \$1,539 | \$ 3,156 | \$14,244 | \$14,238 |
| | ===== | ===== | ===== | ===== |
| DENOMINATOR: | | | | |
| Weighted average Common Shares outstanding - basic | 23,384 | 23,042 | 23,358 | 23,008 |
| Effect of dilutive securities: | | | | |
| Redemption of Common OP Units for | | | | |
| Common Shares | 6,201 | 6,314 | 6,204 | 6,325 |
| Employee stock options and restricted shares | 620 | 618 | 635 | 601 |
| | ----- | ----- | ----- | ----- |
| Weighted average Common Shares outstanding - fully diluted | 30,205 | 29,974 | 30,197 | 29,934 |
| | ===== | ===== | ===== | ===== |

NOTE 3 - COMMON STOCK AND OTHER EQUITY RELATED TRANSACTIONS

On July 14, 2006, the Company paid a \$0.075 per share distribution for the quarter ended June 30, 2006 to the stockholders of record on June 30, 2006.

On April 14, 2006, the Company paid a \$0.075 per share distribution for the quarter ended March 31, 2006 to stockholders of record on March 31, 2006.

On June 30, 2006 and March 31, 2006, the Operating Partnership paid distributions of 8.0625% per annum on the \$150 million of Series D 8% Units and 7.95% per annum on the \$50 million of Series F 7.95% Units.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT IN REAL ESTATE

Investment in real estate is comprised of (amounts in thousands):

Properties Held for Long Term

| | JUNE 30, 2006 | DECEMBER 31, 2005 |
|--|------------------|----------------------|
| | ----- | ----- |
| Investment in real estate: | | |
| Land | \$ 519,029 | \$ 486,299 |
| Land improvements | 1,609,078 | 1,494,427 |
| Buildings and other depreciable property ... | 136,386 | 134,187 |
| | ----- | ----- |
| | 2,264,493 | 2,114,913 |
| Accumulated depreciation | (395,370) | (365,688) |
| | ----- | ----- |
| Net investment in real estate | \$1,869,123 | \$1,749,225 |
| | ===== | ===== |

Properties Held for Sale

| | JUNE 30, 2006 | DECEMBER 31, 2005 |
|--|------------------|----------------------|
| | ----- | ----- |
| Investment in real estate: | | |
| Land | \$ 4,517 | \$ 6,914 |
| Land improvements | 20,233 | 29,137 |
| Buildings and other depreciable property ... | 1,138 | 1,603 |
| | ----- | ----- |
| | 25,888 | 37,654 |
| Accumulated depreciation | (9,354) | (12,637) |
| | ----- | ----- |
| Net investment in real estate | \$16,534 | \$ 25,017 |
| | ===== | ===== |

Land improvements consist primarily of improvements such as grading, landscaping and infrastructure items such as streets, sidewalks or water mains. Building and other depreciable property consists of permanent buildings in the Properties such as clubhouses, laundry facilities, maintenance storage facilities, and furniture, fixtures and equipment.

During the six months ended June 30, 2006, the Company acquired the following Properties (amounts in millions except site information):

| CLOSING DATE | PROPERTY | LOCATION | TOTAL SITES | REAL ESTATE | DEBT | NET EQUITY |
|----------------|-------------------------------|-------------------------|----------------|----------------|--------|---------------|
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| March 22, 2006 | Mezzanine Portfolio (a) | Various (11 Properties) | 5,057 | \$105.0 | \$73.0 | \$ 0.0 |
| April 14, 2006 | Thousand Trails Portfolio (b) | Various (2 Properties) | 624 | 10.0 | -- | 10.0 |
| April 25, 2006 | Mid-Atlantic Portfolio (c) | Various (7 Properties) | 1,594 | 14.3 | -- | 5.0 |
| June 13, 2006 | Tranquil Timbers (d) | Door County, WI | 270 | 2.8 | -- | 2.8 |

(a) Purchased remaining interest in the Mezzanine Portfolio in which we had initially invested approximately \$30.0 million to acquire preferred equity interests during the first quarter of 2004. The purchase price of \$105.0 million included our existing investment of \$32.2 million and our general partner investment of \$1.4 million. Net working capital acquired included \$3.2 million of rents received in advance and \$0.4 million in other net payables. In connection with this acquisition we purchased \$1.9 million of inventory. The acquisition was funded by new debt financing of \$47.1 million and assumed debt of approximately \$25.9 million.

(b) The purchase price includes certain personal property acquired from Privileged Access located throughout the Thousand Trails Portfolio. The Company leased back these Properties to Privileged Access as part of the Thousand Trails Lease (see Note 1(i) - Income from Other Investments, net and Note 6 - Notes Receivable).

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT IN REAL ESTATE (CONTINUED)

- (c) The portfolio was acquired in exchange for \$5.0 million in cash, and two Properties previously held for sale, located in Indiana. The Company provided short-term seller financing of \$3.4 million. The financing matures on August 25, 2006 and is classified in notes receivable. Net working capital acquired included \$0.6 million of rents received in advance. The Company leased all 1,594 sites in the portfolio to Privileged Access for a one-year term expiring April 2007 at an annual rent of \$735,000.
- (d) Net working capital acquired included approximately \$0.2 million of rents received in advance.

All acquisitions have been accounted for utilizing the purchase method of accounting, and, accordingly, the results of operations of acquired assets are included in the statements of operations from the dates of acquisition. Certain purchase price adjustments may be recorded within one year following the acquisitions. The Company acquired all of these Properties from unrelated third parties, including an unrelated joint venture partner.

The Company actively seeks to acquire additional properties and currently is engaged in negotiations relating to the possible acquisition of a number of properties. At any time these negotiations are at varying stages that may include outstanding contracts to acquire certain properties which are subject to satisfactory completion of our due diligence review.

As of March 31, 2005, the Company designated seven Properties as held for disposition pursuant to SFAS No. 144. The Company determined that these Properties no longer met its investment criteria. As such, the results from operations of these Properties have been classified as income from discontinued operations. On November 10, 2005, one Property, Five Seasons in Cedar Rapids, Iowa, was sold. On April 25, 2006 the Company sold Forest Oaks and Windsong, located in Indiana. These properties were sold as part of an exchange for the Mid-Atlantic portfolio (see note (c) above). The remaining four Properties held for disposition are in various stages of negotiations and the Company expects to sell these Properties for proceeds greater than their net book value. Del Rey in Albuquerque, New Mexico, was under contract to be sold for \$16.5 million to a single-family home builder. The contract terminated on July 13, 2006, and the Company retained a \$1 million non-refundable deposit. The Properties classified as held for disposition as of June 30, 2006 are listed in the table below.

| Property | Location | Sites |
|----------------------|-----------------|-----------|
| - - - - - | - - - - - | - - - - - |
| Casa Village..... | Billings, MT | 490 |
| Creekside..... | Wyoming, MI | 165 |
| Del Rey..... | Albuquerque, NM | 407 |
| Holiday Village..... | Sioux City, IA | 519 |

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT IN REAL ESTATE (CONTINUED)

The following table summarizes the combined results of operations of the four Properties held for sale and three sold Properties for the quarters and six months ended June 30, 2006 and 2005, respectively (amounts in thousands).

| | QUARTERS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|--|----------------------------|---------|------------------------------|---------|
| | 2006 | 2005 | 2006 | 2005 |
| Rental income | \$ 866 | \$1,543 | \$1,985 | \$3,149 |
| Utility and other income | 82 | 147 | 191 | 321 |
| Property operating revenues | 948 | 1,690 | 2,176 | 3,470 |
| Property operating expenses | 541 | 893 | 1,308 | 1,818 |
| Income from property operations | 407 | 797 | 868 | 1,652 |
| Income from home sales operations and other | 21 | (7) | 38 | (9) |
| Interest | (227) | (228) | (452) | (454) |
| Amortization | (8) | (8) | (17) | (16) |
| Depreciation | -- | -- | -- | (329) |
| Total other expenses | (235) | (236) | (469) | (799) |
| Minority interest | -- | (116) | (51) | (178) |
| Loss on sale of property | (192) | -- | (192) | -- |
| Net income from discontinued operations | \$ 1 | \$ 438 | \$ 194 | \$ 666 |
| | ===== | ===== | ===== | ===== |

NOTE 5 - INVESTMENT IN JOINT VENTURES

The Company recorded approximately \$2.6 million and \$3.7 million of net income from unconsolidated joint ventures, net of \$1.0 million and \$0.8 million of depreciation expense for the six months ended June 30, 2006 and 2005, respectively. Included in net income from unconsolidated joint ventures above is \$1.2 million and \$1.2 million for the six months ended June 30, 2006 and 2005, respectively, due to distributions exceeding the Company's basis.

The Company received approximately \$3.9 million in distributions from such joint ventures for the six months ended June 30, 2006. Included in such distributions is \$1.4 million received as a result of the sale of Indian Wells, \$0.6 million received as a result of the sale of the Company's interest in Blazing Star, and \$0.2 million received from a refinancing. The Company received approximately \$7.8 million in distributions from such joint ventures for the six months ended June 30, 2005. Included in such distributions is \$6.1 million of proceeds received from refinancings. Due to the Company's inability to control the joint ventures, the Company accounts for its investment in the joint ventures using the equity method of accounting.

On March 22, 2006, the Company acquired the remaining interest in the Mezzanine Investments (see Note 4 - Investment in Real Estate).

On April 13, 2006, the Company invested in three joint ventures known as the Morgan Portfolio each owning one Property for approximately \$0.9 million. These Properties are located in the Northeast and contain 706 sites.

On April 18, 2006, the Property owned by the Indian Wells joint venture was sold for proceeds of approximately \$9.5 million. Approximately \$4.2 million of debt was repaid leaving net proceeds of \$5.3 million. The Company received a distribution from the joint venture of approximately \$1.4 million as a result of this sale. A net gain on sale of property of approximately \$1.0 million is included in equity in income of unconsolidated joint ventures.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - INVESTMENT IN JOINT VENTURES (CONTINUED)

On June 29, 2006, the Company sold its 40% interest in Blazing Star, a Diversified Investment, and received a return of capital of approximately \$0.6 million. There was no gain or loss as a result of this sale.

The following table summarizes the Company's investment in unconsolidated joint ventures (with the number of Properties shown parenthetically for the six months ended June 30, 2006 and the year ended December 31, 2005, respectively):

| INVESTMENT ----- | LOCATION ----- | NUMBER OF SITES ----- | ECONOMIC INTEREST (A) ----- | INVESTMENT AS OF JUNE 30, 2006 ----- (in thousands) | INVESTMENT AS OF DEC. 31, 2005 ----- (in thousands) |
|------------------------------|--------------------|-----------------------------|-----------------------------------|--|--|
| Meadows Investments..... | Various (2),(2) | 1,027 | 50% | \$ 572 | \$ 280 |
| Lakeshore Investments..... | Florida (2),(2) | 343 | 90% | 27 | 32 |
| Voyager..... | Tucson, AZ (1),(1) | 1,575 | 25% | 3,370 | 3,115 |
| Mezzanine Investments..... | Various (0),(11) | -- | --(b) | -- | 32,380 |
| Indian Wells..... | Indio, CA (0),(1) | -- | -- | -- | 248 |
| Diversified Investments..... | Various (11),(12) | 4,443 | 25% | 2,183 | 3,258 |
| Maine Portfolio..... | Maine (3),(3) | 495 | 50% | 6,670 | 6,898 |
| Morgan Portfolio..... | Various (3),(0) | 706 | 25% | 865 | -- |
| | | ----- | | ----- | ----- |
| | | 8,589 | | \$13,687 | \$46,211 |
| | | ===== | | ===== | ===== |

(a) The percentages shown approximate the Company's economic interest. The Company's legal ownership interest may differ.

(b) The Company purchased the remaining interest in the Mezzanine Investments on March 22, 2006 (see Note 4 - Investment in Real Estate).

UNCONSOLIDATED REAL ESTATE JOINT VENTURE FINANCIAL INFORMATION

The following tables present combined summarized financial information of the unconsolidated real estate joint ventures (amounts in thousands).

BALANCE SHEETS

| | AS OF | |
|----------------------------------|---------------------------|-------------------------------|
| | JUNE 30, 2006 ----- | DECEMBER 31, 2005 ----- |
| ASSETS | | |
| Real estate, net | \$117,133 | \$194,788 |
| Other assets | 14,030 | 23,378 |
| | ----- | ----- |
| TOTAL ASSETS | \$131,163 | \$218,166 |
| | ===== | ===== |
| LIABILITIES & EQUITY | | |
| Mortgage debt & other loans .. | \$104,954 | \$171,285 |
| Other liabilities | 13,243 | 15,169 |
| Partners' equity | 12,966 | 31,712 |
| | ----- | ----- |
| TOTAL LIABILITIES & EQUITY | \$131,163 | \$218,166 |
| | ===== | ===== |

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - INVESTMENT IN JOINT VENTURES (CONTINUED)

STATEMENTS OF OPERATIONS

| | QUARTERS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|--------------------------------|----------------------------|----------|------------------------------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| Rentals | \$ 4,882 | \$ 7,913 | \$ 8,403 | \$17,107 |
| Other Income | 1,353 | 1,429 | 2,933 | 3,403 |
| TOTAL REVENUES | 6,235 | 9,342 | 11,336 | 20,510 |
| Operating Expenses | 3,340 | 4,478 | 6,722 | 9,128 |
| Interest | 1,441 | 2,399 | 3,033 | 4,774 |
| Other (Income) & Expenses | (4,257) | 438 | (4,080) | 1,188 |
| Depreciation & Amortization .. | 1,702 | 2,893 | 3,396 | 5,630 |
| TOTAL EXPENSES | 2,226 | 10,208 | 9,071 | 20,720 |
| NET INCOME (LOSS) | \$ 4,009 | \$ (866) | \$ 2,265 | \$ (210) |
| | ===== | ===== | ===== | ===== |

NOTE 6 - NOTES RECEIVABLE

As of June 30, 2006 and December 31, 2005, the Company had approximately \$26.0 million and \$11.6 million in notes receivable, respectively. As of June 30, 2006, the Company had approximately \$9.9 million in Chattel Loans receivable, which had an interest yield at a per annum average rate of approximately 9.8%, and an average term and amortization of 5 to 15 years, require monthly principal and interest payments and are collateralized by homes at certain of the Properties. These notes are recorded net of allowances of \$81,000 as of June 30, 2006 and December 31, 2005.

On November 15, 2005, the Company entered into an agreement to loan Privileged Access up to \$0.5 million. As of June 30, 2006, this loan has been repaid in full and has been cancelled.

On April 14, 2006, the Company loaned Privileged Access \$12.25 million in order to facilitate the Privileged Access acquisition of TT (see Note 1(i) - Income from Other Investments, net and Note 4 - Investment In Real Estate). This loan is secured by the net contract receivables owned by Privileged Access. The note receivable bears interest at a per annum rate of prime plus 1.5% and matures on April 13, 2007.

On April 25, 2006, the Company provided short-term seller financing in the form of a note receivable of \$3.4 million relating to the acquisition of the Mid-Atlantic Portfolio (see Note 4 - Investment in Real Estate). The notes receivable bear interest at a per annum rate of prime and mature in August 2006.

As of June 30, 2006 and December 31, 2005 the Company has approximately \$0.4 million in notes receivable which bear interest at a per annum rate of prime plus 0.5% and mature on December 31, 2011. The notes are collateralized with a combination of common OP Units and partnership interests in certain joint ventures.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM BORROWINGS

FINANCING, REFINANCING AND EARLY DEBT RETIREMENT

On March 22, 2006, the Company assumed \$25.9 million in mortgage debt on four of the eleven Properties related to the acquisition of the Mezzanine Portfolio (see Note 4 - Investment in Real Estate). In addition, the Company financed \$47.1 million of mortgage debt on the remaining seven Properties in the Mezzanine Portfolio. The seven mortgages bear interest at weighted average rates ranging from 5.70% to 5.72% per annum, and mature in April 2016. The Company assumed \$25.9 million in mortgage debt on four of the eleven Properties related to the acquisition of the Mezzanine Portfolio. On April 16, 2006, the mortgage debt of approximately \$4.1 million on one Property was defeased and net proceeds of approximately \$2.6 million were received. These proceeds were used to pay down the lines of credit. The loan bears interest at 5.72% per annum and matures in April, 2016. The mortgage debt on two Properties will be defeased and refinanced in the third quarter of 2006 at an average rate of 5.7% and mature in April 2016. The mortgage debt on two Properties will be defeased and refinanced in the third quarter of 2006 at an average rate of 5.7% and mature in April 2016. The remaining mortgage debt of approximately \$10 million bears interest at 5.22% and matures in April 2009. The Company is currently reviewing its options for this debt.

On June 13, 2006 as a result of meeting certain operational criteria at its Monte Vista Property, the Company received an additional \$3 million in mortgage debt proceeds as per the loan document. Proceeds from this transaction were used to pay down the Company's lines of credit.

In addition, the Company recently renewed its unsecured debt. The Term Loan and \$160 million in lines of credit were replaced with \$275 million in lines of credit with a four-year maturity and one-year extension option, bearing interest at LIBOR plus 1.20% with 0.15% facility fee. The interest rate, including a facility fee, on \$100 million of the outstanding balance on the new lines of credit is fixed at 6.18% per annum through mid-December 2006.

Secured Debt

As of June 30, 2006 and December 31, 2005, the Company had outstanding mortgage indebtedness on Properties held for long term of approximately \$1,557 million and \$1,485 million, respectively, and approximately \$15 million of mortgage indebtedness as of June 30, 2006 and December 31, 2005 on Properties held for sale. The weighted average interest rate on this mortgage indebtedness for the six months ended June 30, 2006 and June 30, 2005 was approximately 5.75% and 6.24% per annum, respectively. The debt bears interest at rates of 4.17% to 9.35% per annum and matures on various dates ranging from 2007 to 2016, with one additional loan maturing in 2027. Included in our debt balance are three capital leases with an imputed interest rate of 11.6% per annum. The debt encumbered a total of 161 and 150 of the Company's Properties as of June 30, 2006 and December 31, 2005, respectively, and the carrying value of such Properties held for the long term was approximately \$1,706 million and \$1,603 million, respectively, as of such dates.

Unsecured Loans

During the quarter ended June 30, 2006 the Company replaced its \$110 million line of credit and its \$100 million Term Loan with a \$225 million line of credit with a group of banks, bearing interest at LIBOR plus 1.20% per annum with a 0.15% facility fee, and maturing on June 29, 2010 with a one-year extension. On July 14, 2006, the Company also renewed its \$50 million line of credit with the same terms as above totaling \$275 million in lines of credit. As of June 30, 2006, the Company had \$127 million available to be drawn on its lines of credit.

Other Loans

During the six months ended June 30, 2006, the Company borrowed \$3.6 million to finance its insurance premium payments. As of June 30, 2006, approximately \$2.3 million remained outstanding. This loan is due in January 2007 and bears interest at 5.30% per annum.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation in accordance with Statement of Financial Accounting Standards No. 123(R), "Share Based Payment" ("SFAS 123(R)"), which was adopted on July 1, 2005. Prior to this, the Company accounted for its stock-based compensation in accordance with SFAS No. 123 and its amendment (SFAS No. 148), "Accounting for Stock Based Compensation," which resulted in compensation expense being recorded based on the fair value of the stock option compensation issued. Since the Company chose to use the modified prospective method and the Black-Scholes-Merton formula to estimate the value of Options granted to employees and non-employees the results of the adoption had no material impact on the Company's results of operations or financial position.

Stock-based compensation expense was approximately \$1.5 million and \$1.3 million for the six months ended June 30, 2006 and 2005, respectively.

Pursuant to the Stock Option Plan as discussed in Note 12 to the 2005 Form 10-K, certain officers, directors, employees and consultants have been offered the opportunity to acquire shares of common stock of the Company through stock options ("Options"). During the six months ended June 30, 2006, Options for 75,604 shares of common stock were exercised for proceeds of approximately \$1.0 million.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

CALIFORNIA RENT CONTROL LITIGATION

As part of the Company's effort to realize the value of its Properties subject to rent control, the Company has initiated lawsuits against several municipalities in California. The Company's goal is to achieve a level of regulatory fairness in California's rent control jurisdictions, and in particular those jurisdictions that prohibit increasing rents to market upon turnover. Regulations in California allow tenants to sell their homes for a premium representing the value of the future discounted rent-controlled rents. In the Company's view, such regulation results in a transfer of the value of the Company's stockholders' land, which would otherwise be reflected in market rents, to tenants upon the sales of their homes in the form of an inflated purchase price that cannot be attributed to the value of the home being sold. As a result, in the Company's view, the Company loses the value of its asset and the selling tenant leaves the Property with a windfall premium. The Company has discovered through the litigation process that certain municipalities considered condemning the Company's Properties at values well below the value of the underlying land. In the Company's view, a failure to articulate market rents for sites governed by restrictive rent control would put the Company at risk for condemnation or eminent domain proceedings based on artificially reduced rents. Such a physical taking, should it occur, could represent substantial lost value to stockholders. The Company is cognizant of the need for affordable housing in the jurisdictions, but asserts that restrictive rent regulation does not promote this purpose because the benefits of such regulation are fully capitalized into the prices of the homes sold. The Company estimates that the annual rent subsidy to tenants in these jurisdictions may be in excess of \$15 million. In a more well balanced regulatory environment, the Company would receive market rents that would eliminate the subsidy and homes would trade at or near their intrinsic value.

In connection with such efforts, the Company announced it has entered into a settlement agreement with the City of Santa Cruz, California and that, pursuant to the settlement agreement, the City amended its rent control ordinance to exempt the Company's Property from rent control as long as the Company offers a long term lease which gives the Company the ability to increase rents to market upon turnover and bases annual rent increases on the CPI. The settlement agreement benefits the Company's stockholders by allowing them to receive the value of their investment in this Property through vacancy decontrol while preserving annual CPI based rent increases in this age-restricted Property.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Company has filed two lawsuits in federal court against the City of San Rafael, challenging its rent control ordinance on constitutional grounds. The Company believes that one of those lawsuits was settled by the City agreeing to amend the ordinance to permit adjustments to market rent upon turnover. The City subsequently rejected the settlement agreement. The Court initially found the settlement agreement was binding on the City, but then reconsidered and determined to submit the claim of breach of the settlement agreement to a jury. In October 2002, the first case against the City went to trial, based on both breach of the settlement agreement and the constitutional claims. A jury found no breach of the settlement agreement; the Company then filed motions asking the Court to rule in its favor on that claim, notwithstanding the jury verdict. The Court postponed decision on those motions and on the constitutional claims, pending a ruling on some property rights issues by the United States Supreme Court. The Company also had pending a claim seeking a declaration that the Company could close the Property and convert it to another use which claim was not tried in 2002. The United States Supreme Court issued the property rights rulings in 2005 and subsequently on January 27, 2006, the Court hearing the San Rafael cases issued a ruling that granted the Company's motion for leave to amend to assert alternative takings theories in light of the United States Supreme Court's decisions. The Court's ruling also denied the Company's post trial motions related to the settlement agreement and dismissed the park closure claim without prejudice to the Company's ability to reassert such claim in the future. As a result, the Company has filed a new complaint challenging the City's ordinance as violating the takings clause and substantive due process. The City of San Rafael filed a motion to dismiss the amended complaint and the Company awaits the Court's ruling on this motion. The Company expects further legal proceedings to occur in 2006.

The Company's efforts to achieve a balanced regulatory environment incentivize tenant groups to file lawsuits against the Company seeking large damage awards. The homeowners association at Contempo Marin ("CMHOA"), a 396 site Property in San Rafael, California, sued the Company in December 2000 over a prior settlement agreement on a capital expenditure pass-through after the Company sued the City of San Rafael in October 2000 alleging its rent control ordinance is unconstitutional. In the Contempo Marin case, the CMHOA prevailed on a motion for summary judgment on an issue that permits the Company to collect only \$3.72 out of a monthly pass-through amount of \$7.50 that the Company believes had been agreed to by the CMHOA in a settlement agreement. On May 23, 2004, the California Court of Appeal affirmed the trial court's order dismissing the Company's claims against the City of San Rafael. The CMHOA continues to seek damages from the Company in this matter. The Company has reached a settlement with the CMHOA in this matter which allows the Company to recover \$3.72 of the requested monthly pass-through and does not provide for the payment of any damages to the CMHOA. Both the CMHOA and the Company will bring motions for their respective attorneys' fees which motions are expected to be heard by the Court in the last quarter of 2006. The Company intends to vigorously defend this matter should the settlement not become final. The Company believes that such lawsuits will be a consequence of the Company's efforts to change rent control since tenant groups actively desire to preserve the premium value of their homes in addition to the discounted rents provided by rent control. The Company has determined that its efforts to rebalance the regulatory environment despite the risk of litigation from tenant groups are necessary not only because of the \$15 million annual subsidy to tenants, but also because of the condemnation risk.

Similarly, in June 2003, the Company won a judgment against the City of Santee in California Superior Court (case no. 777094). The effect of the judgment was to invalidate, on state law grounds, two (2) rent control ordinances the City of Santee had enforced against the Company and other property owners. However, the Court allowed the City to continue to enforce a rent control ordinance that predated the two invalid ordinances (the "prior ordinance"). As a result of the judgment the Company was entitled to collect a one-time rent increase based upon the difference in annual adjustments between the invalid ordinance(s) and the prior ordinances and to adjust its base rents to reflect what the Company could have charged had the prior ordinance been continually in effect. The City of Santee appealed the judgment. The court of appeal and California Supreme Court refused to stay enforcement of these rent adjustments pending appeal. After the City was unable to obtain a stay, the City and the tenant association each sued the Company in separate actions alleging the rent adjustments pursuant to the judgment violate the prior ordinance (Case Nos. GIE 020887 and GIE 020524). They seek to rescind the rent adjustments, refunds of amounts paid, and penalties and damages in these separate actions. On January 25, 2005, the California Court of Appeal reversed the judgment in part and affirmed it in part with a remand. The Court of Appeal affirmed that one ordinance was unlawfully adopted and therefore void and that the second ordinance contained unconstitutional

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

provisions. However, the Court ruled the City had the authority to cure the issues with the first ordinance retroactively. On remand the trial court is directed to decide the issue of damages to the Company which the Company believes is consistent with the Company receiving the economic benefit of invalidating one of the ordinances and also consistent with the Company's position that it is entitled to market rent and not merely a higher amount of regulated rent. In the remand action, the City of Santee filed a motion seeking restitution of amounts collected by the Company following the judgment which motion was denied. The Company intends to vigorously pursue its damages in the remand action and to vigorously defend the two new lawsuits.

In addition, the Company has sued the City of Santee in federal court alleging all three of the ordinances are unconstitutional under the Fifth and Fourteenth Amendments to the United States Constitution. Thus, it is the Company's position that the ordinances are subject to invalidation as a matter of law in the federal court action. Separately, the Federal District Court granted the City's Motion for Summary Judgment in the Company's federal court lawsuit. This decision was based not on the merits, but on procedural grounds, including that the Company's claims were moot given its success in the state court case. The Company has appealed the decision.

In October 2004, the United States Supreme Court granted certiorari in *State of Hawaii vs. Chevron USA, Inc.*, a Ninth Circuit Court of Appeal case that upheld the standard that a regulation must substantially advance a legitimate state purpose in order to be constitutionally viable under the Fifth Amendment. On May 24, 2005 the United States Supreme Court reversed the Ninth Circuit Court of Appeal in an opinion that clarified the standard of review for regulatory takings brought under the Fifth Amendment. The Supreme Court held that the heightened scrutiny applied by the Ninth Circuit is not the applicable standard in a regulatory takings analysis, but is an appropriate factor for determining if a due process violation has occurred. The Court further clarified that regulatory takings would be determined in significant part by an analysis of the economic impact of the regulation. The Company believes that the severity of the economic impact on its Properties caused by rent control will enable it to continue to challenge the rent regulations under the Fifth Amendment and the due process clause.

DISPUTE WITH LAS GALLINAS VALLEY SANITARY DISTRICT

In November 2004, the Company received a Compliance Order (the "Compliance Order") from the Las Gallinas Valley Sanitary District (the "District"), relating to the Company's Contempo Marin Property in San Rafael, California. The Compliance Order directed the Company to submit and implement a plan to bring the Property's domestic wastewater discharges into compliance with the applicable District ordinance (the "Ordinance"), and to ensure continued compliance with the Ordinance in the future.

Without admitting any violation of the Ordinance, the Company promptly engaged a consultant to review the Property's sewage collection system and prepare a compliance plan to be submitted to the District. The District approved the compliance plan in January 2005, and the Company promptly took all necessary actions to implement same.

Thereafter, the Company received a letter dated June 2, 2005 from the District's attorney (the "June 2 Letter"), acknowledging that the Company has "taken measures to bring the Property's private sanitary system into compliance" with the Ordinance, but claiming that prior discharges from the Property had damaged the District's sewers and pump stations in the amount of approximately \$368,000. The letter threatened legal action if necessary to recover the cost of repairing such damage. By letter dated June 23, 2005, counsel for the Company denied the District's claims set forth in the June 2 Letter.

On July 1, 2005, the District filed a Complaint for Enforcement of Sanitation Ordinance, Damages, Penalties and Injunctive Relief in the California Superior Court for Marin County, and on August 17, 2005, the District filed its First Amended Complaint (the "Complaint"). On September 26, 2005, the Company filed its Answer to the Complaint, denying each and every allegation of the Complaint and further denying that the District is entitled to any of the relief requested therein.

EQUITY LIFESTYLE PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The District subsequently issued a Notice of Violation dated December 12, 2005 (the "NOV"), alleging additional violations of the Ordinance. By letter dated December 23, 2005, the Company denied the allegations in the NOV.

On June 22, 2006, the parties participated in a mediation session, and the mediation has been continued to an unspecified future date. In addition, discovery in the case is ongoing. The case has been set for trial on October 26, 2006.

The Company believes that it has complied with the Compliance Order and the Ordinance. The Company further believes that the allegations in the Complaint and the NOV are without merit, and will vigorously defend against any such claims by the District.

COUNTRYSIDE AT VERO BEACH

The Company previously received letters dated June 17, 2002 and August 26, 2002 from Indian River County ("County"), claiming that the Company owed sewer impact fees in the amount of approximately \$518,000 with respect to the Property known as Countryside at Vero Beach, located in Vero Beach, Florida, purportedly under the terms of an agreement between the County and a prior owner of the Property. In response, the Company advised the County that these fees are no longer due and owing as a result of a 1996 settlement agreement between the County and the prior owner of the Property, providing for the payment of \$150,000 to the County to discharge any further obligation for the payment of impact or connection fees for sewer service at the Property. The Company paid this settlement amount (with interest) to the County in connection with the Company's acquisition of the Property. In February 2006, the Company was served with a complaint filed by the County in Indian River County Circuit Court, requesting a judgment declaring a lien against the Property for allegedly unpaid impact fees, and foreclosing said lien. On March 30, 2006, the Company served its answer and affirmative defenses, and the case is now in the discovery stage. The Company will vigorously defend the lawsuit.

On January 12, 2006, the Company was served with a complaint filed in Indian River County Circuit Court on behalf of a purported class of homeowners at Countryside at Vero Beach. The complaint includes counts for alleged violations of the Florida Mobile Home Act and the Florida Deceptive and Unfair Trade Practices Act, and claims that the Company required homeowners to pay water and sewer impact fees, either to the Company or to the County, "as a condition of initial or continued occupancy in the Park", without properly disclosing the fees in advance and notwithstanding the Company's position that all such fees were fully paid in connection with the settlement agreement described above. On February 8, 2006, the Company served its motion to dismiss the complaint, which is currently pending. The Company will vigorously defend the lawsuit.

OTHER

The Company is involved in various other legal proceedings arising in the ordinary course of business. Additionally, in the ordinary course of business, the Company's operations are subject to audit by various taxing authorities. Management believes that all proceedings herein described or referred to, taken together, are not expected to have a material adverse impact on the Company. In addition, to the extent any such proceedings or audits relate to newly acquired Properties, the Company considers any potential indemnification obligations of sellers in favor of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS
OF OPERATIONS

OVERVIEW

The Company is a fully integrated owner and operator of lifestyle-oriented properties ("Properties"). The Company leases individual developed areas ("sites") with access to utilities for placement of factory built homes, cottages, cabins or recreational vehicles ("RVs"). The Company was formed to continue the property operations, business objectives and acquisition strategies of an entity that had owned and operated Properties since 1969. As of June 30, 2006, the Company owned or had an ownership interest in a portfolio of 294 Properties located throughout the United States and Canada containing 108,439 residential sites. These Properties are located in 30 states and British Columbia (with the number of Properties in each state or province shown parenthetically) Florida (86), California (47), Arizona (35), Texas (15), Washington (13), Colorado (10), Oregon (9), Delaware (7), North Carolina (7), Pennsylvania (7), Nevada (6), Wisconsin (6), Indiana (5), Maine (5), New York (5), Virginia (5), Illinois (3), Michigan (3), South Carolina (3), Massachusetts (2), New Jersey (2), Ohio (2), Tennessee (2), Utah (2), Alabama (1), Iowa (1), Kentucky (1), Montana (1), New Hampshire (1), New Mexico (1), and British Columbia (1).

This report includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used, words such as "anticipate," "expect," "believe," "project," "intend," "may be" and "will be" and similar words or phrases, or the negative thereof, unless the context requires otherwise, are intended to identify forward-looking statements. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, including, but not limited to: in the age-qualified Properties, home sales results could be impacted by the ability of potential homebuyers to sell their existing residences as well as by financial markets volatility; in the all-age Properties, results from home sales and occupancy will continue to be impacted by local economic conditions, lack of affordable manufactured home financing, and competition from alternative housing options including site-built single-family housing; our ability to maintain rental rates and occupancy with respect to Properties currently owned or pending acquisitions; our 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 our filings with the Securities and Exchange Commission. These forward-looking statements are based on management's present expectations and beliefs about future events. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. The Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

The following chart lists the Properties acquired, invested in, or sold since January 1, 2005.

| PROPERTY ----- | TRANSACTION DATE ----- | SITES ----- |
|---|---------------------------|----------------|
| TOTAL SITES AS OF JANUARY 1, 2005..... | | 102,432 |
| PROPERTY OR PORTFOLIO (# OF PROPERTIES IN PARENTHESES): | | |
| San Francisco RV..... | June 20, 2005 | 182 |
| Morgan Portfolio (5)..... | August 12, 2005 | 2,929 |
| Lake George Escape..... | September 15, 2005 | 576 |
| Thousand Trails (2)..... | April 14, 2006 | 624 |
| Mid-Atlantic Portfolio (7)..... | April 25, 2006 | 1,594 |
| Tranquil Timbers..... | June 13, 2006 | 270 |
| JOINT VENTURES: | | |
| Maine Portfolio (3)..... | April 7, 2005 | 495 |
| Morgan Portfolio (3)..... | April 13, 2006 | 706 |
| EXPANSION SITE DEVELOPMENT AND OTHER: | | |
| Sites added (reconfigured) in 2005..... | | 113 |
| Sites added (reconfigured) in 2006..... | | 7 |
| DISPOSITIONS: | | |
| Five Seasons..... | November 10, 2005 | (390) |
| Indian Wells (Joint Venture)..... | April 18, 2006 | (350) |
| Forest Oaks..... | April 25, 2006 | (227) |
| Windsong..... | April 25, 2006 | (268) |
| Blazing Star (Joint Venture)..... | June 29, 2006 | (254) |
| | | ----- |
| TOTAL SITES AS OF JUNE 30, 2006..... | | 108,439 |
| | | ===== |

Since December 31, 2004, the gross investment in real estate has increased from \$2,036 million to \$2,290 million as of June 30, 2006. The total number of sites owned, controlled, or in which the Company holds an investment, has increased from 102,432 as of December 31, 2004 to 108,439 as of June 30, 2006.

OUTLOOK

Occupancy in our Properties as well as our ability to increase rental rates directly affect revenues. We currently have approximately 64,500 annual sites for which we expect to have average annual revenue of approximately \$4,500 per site. We have 8,000 seasonal sites, which are leased to customers generally for three to six months, for which it expects to collect annualized rental revenues in the range of \$1,900 to \$2,000 per site. We also have 7,200 transient sites, occupied by customers who lease on a short-term basis, for which we expect to collect annualized rental revenues in the range of \$2,600 to \$2,800 per site. We expect to service 60,000 customers with these transient sites. We consider the transient revenue stream to be our most volatile. It is subject to weather conditions, gas prices, and other factors affecting the marginal RV customer's vacation and travel preferences. Finally, we have approximately 20,100 Membership sites consisting of Thousand Trails and Mid-Atlantic Portfolio sites for which we receive ground rent of \$18.2 million annually (subject to annual escalations). See the following discussion under "Privileged Access" for changes we made to this lease and the impact of these changes. This rent is classified in Income from other investments, net in the Consolidated Statements of Operations. We have interests in Properties containing approximately 8,600 sites for which revenue is classified as Equity in income of unconsolidated joint ventures in the Consolidated Statements of Operations.

| | TOTAL SITES AS OF JUNE 30, 2006 (rounded to 000s) | TOTAL SITES AS OF DECEMBER 31, 2005 (rounded to 000s) | APPROX. ANNUAL REVENUE RANGE (1) 2006 |
|------------------------|--|--|---|
| Community sites (2) .. | 45,700 | 44,900 | \$5,700-\$5,800(3) |
| Resort sites: | | | |
| Annual | 18,800 | 15,500 | \$3,000-\$3,200 |
| Seasonal | 8,000 | 8,000 | \$1,900-\$2,000 |
| Transient | 7,200 | 6,500 | \$2,600-\$2,800 |
| Membership | 20,100 | 17,900 | |
| Joint Ventures | 8,600 | 13,500 | |
| | ----- | ----- | |
| | 108,400 | 106,300 | |
| | ===== | ===== | |

- (1) All ranges exclude utility and other income.
- (2) Quarter ended June 30, 2006 includes 1,581 sites from discontinued operations. Quarter ended December 31, 2005 includes 2,076 sites from discontinued operations.
- (3) Based on occupied sites. Average occupancy for the six months ended June 30, 2006 was approximately 90.1%.

SUPPLEMENTAL PROPERTY DISCLOSURE

We provide the following disclosures with respect to certain assets:

- **Sunshine Key** - Sunshine Key is a 409-site lifestyle-oriented resort Property containing a 200-slip marina located in the Florida Keys. The Property is an individual 54-acre island. We purchased Sunshine Key for approximately \$21 million in February 2004 as part of a larger portfolio. In 2005, the Property generated approximately \$2 million in property and home sales operations. Sunshine Key is owned by a taxable REIT subsidiary. Subject to certain provisions, there are rights to redevelop the Property into 104 attached hotel units, 152 detached hotel units (park models) and 146 RV sites.

We believe that because of the size, quality and location of Sunshine Key, it represents an irreplaceable asset and therefore, would not normally be considered for sale. However, based on unsolicited purchase inquiries, we determined that a sale may be beneficial if we could defer the gain on sale and reinvest the proceeds from the sale into a diversified portfolio of properties meeting our long-term investment criteria, or if we could significantly increase cash flow from the Property by participating in a transaction with a developer where we could retain an interest in the Property through a ground lease structure.

In November 2005, we entered into a contract to sell Sunshine Key. At the time, we were negotiating for the acquisition of a portfolio that we believed would be an appropriate alternative use of the capital gained from the sale. A provision of the contract allowed us to terminate the contract through June 2006 to the extent we were unable to find appropriate alternative investments. Discussions with respect to a potential replacement portfolio did not lead to a transaction and we communicated such to the potential acquirer of Sunshine Key. In response, the potential acquirer discussed potential alternative transactions with us including, among others the sale of the Property at an increased price, and entering into a long-term ground lease transaction. After consideration, we exercised our right to terminate the contract. The purchase price of the Property under the contract was \$70 million.

- **Lazy Lakes** - Lazy Lakes is a 100-site lifestyle-oriented resort Property located in Sugar Loaf Key, Florida on 12.6 acres, including an 8-acre lagoon. We purchased Lazy Lakes for approximately \$3 million in February 2004 as part of a larger portfolio. In 2005, the Property generated approximately \$150,000 in property and home sales operations.

In January 2006, we entered into a contract to sell Lazy Lakes for \$8 million. This Property is owned by a limited partnership. The contract provided us the right to terminate the contract through June 2006 to the extent we were not able to find appropriate alternative investments for the capital gained from the potential sale; however, such right was not exercised. As a result, the buyer deposited an additional \$250,000 of earnest money for a total non-refundable deposit of \$500,000. The contract, including an extension option, expires in January 2007. However, there are no assurances that the transaction will close. The decision to pursue the transaction was based on 1) existing limitations on utilizing the sites within the Property due to size constraints, 2) the relative difficulty of redeveloping the Property in a manner consistent with our business, 3) the impact that recent hurricanes have had on the infrastructure and 4) potential development restrictions imposed by government agencies.

- **Monte Vista** - Monte Vista is a lifestyle-oriented resort Property located in Mesa, Arizona containing approximately 50 acres of vacant land. We have obtained approval to develop 275 manufactured home and 240 RV sites on this land. In connection with evaluating the development of Monte Vista, we evaluated selling the land and subsequently decided to list 26 acres of the land for sale. We have received several bids of approximately \$10.4 million and are now evaluating those bids. No assurances can be given that any sale transaction will materialize. With respect to the land not listed for sale, we intend to develop additional RV sites and may consider other alternative uses for the land or sale of the acreage. We anticipate that we will proceed with the development if we determine that any offers or the terms thereof are unacceptable.

- Bulow Plantation - Bulow Plantation is a 626-site mixed lifestyle-oriented resort Property and manufactured home community located in Flagler Beach, Florida which contains approximately 180 acres of adjacent vacant land. We have obtained approval for an additional manufactured home community development of approximately 700 sites on this land. In connection with evaluating the possible development and based on inquiries from single-family home developers, we evaluated a sale of the land. Subsequently, we listed the land for sale for a purchase price of \$28 million. We anticipate that we will proceed with the development if we determine that any offers or the terms thereof are unacceptable.
- Holiday Village, Florida - Holiday Village is a 128-site manufactured home community located in Vero Beach, Florida, on approximately 18 acres of land. As a result of the 2004 hurricanes, this Property is less than 50% occupied. We expect to notify the residents that we intend to list the Property for sale for a purchase price of \$6 million.

PRIVILEGED ACCESS

On October 17, 2005, we announced that Mr. Joe McAdams resigned from the Company's Board of Directors in order to pursue a new venture called Privileged Access. Privileged Access is leasing sites at certain of our Properties for the purpose of creating flexible use products. These products may include the sale of timeshare or fractional interests in resort homes or cottages and membership and vacation-club products. Leasing our sites to Privileged Access allows us to participate in these products and activities while achieving long-term rental of our sites. We expect to lease additional sites to Privileged Access for this purpose at other Properties in the future.

On April 14, 2006, Privileged Access acquired our tenant, Thousand Trails ("TT"). Under the terms of the lease with TT, the Company consented to the ownership change. In addition, we waived an existing right of first offer due to the relatively accelerated timing of the transaction and the lack of definitive guidance regarding the tax treatment of gross income from membership contracts for REIT gross income test purposes. TT generates approximately \$100 million in annual revenue principally related to its member contracts. In connection with the transaction, we acquired two additional Properties for \$10 million and amended the lease to include those Properties for a total of 59 Properties and 18,535 sites. The amended terms include, among other provisions, an increase in the annual fixed rent to approximately \$17.5 million (subject to annual CPI escalations beginning on January 1, 2007), and an increase in the cash reserves held for the benefit of the Company from approximately \$3 million, to in excess of \$12 million. The remaining term of the amended lease is approximately 14 years, with two five-year renewals, at the option of TT.

The Company also entered into an option, subject to certain contingencies, to acquire TT beginning in April of 2009. One of the option contingencies requires the Company to obtain assurance regarding the qualification of the income from membership contracts for REIT income test purposes. In order to facilitate the closing of the transaction, the Company loaned Privileged Access approximately \$12.3 million at per annum interest rate of prime plus 1.5%, maturing in one year and secured by approximately \$17 million of TT membership sales contract receivables. The Company financed the acquisition of the additional Properties and the loan with a draw on its existing lines of credit.

On April 25, 2006, the Company acquired seven lifestyle-oriented Properties ("Mid-Atlantic Portfolio") which contain 1,594 sites including 950 acres of developable expansion land and are located in Florida, New York, North Carolina, South Carolina, Michigan, Kentucky and Alabama. The resort sites, which service an existing member base in excess of 7,000 active members, were leased to Privileged Access for a term of approximately one year at \$735,000 per annum.

On June 12, 2006, the Company entered into an additional one-year lease with Privileged Access to lease 130 sites at Tropical Palms, a Property located near Orlando, Florida for an annual rate of approximately \$1.9 million.

As of June 30, 2006, the Company is leasing 20,259 sites at 67 Properties to Privileged Access or its subsidiaries.

INSURANCE

The Properties are covered against fire, flood, property damage, earthquake, windstorm and business interruption by insurance policies containing various deductible requirements and coverage limits. Recoverable costs are classified in other assets as incurred. Insurance proceeds are applied against the asset when received. Recoverable costs relating to capital items are treated in accordance with the Company's capitalization policy. The book value of the original capital item is written off once the value of the impaired asset has been determined. Insurance proceeds relating to the capital costs are recorded as income in the period they are received.

Approximately 70 Florida Properties suffered damage from the four hurricanes that struck the state during August and September 2004. As of July 20, 2006, the Company estimates its total claim to be \$20.1 million of which, approximately \$18.9 million of claims, including business interruption, have been submitted to our insurance companies for reimbursement. Through June 30, 2006, the Company has made total expenditures of approximately \$12.8 million and expects to incur additional expenditures to complete the work necessary to restore our Properties to their pre-hurricanes condition. The Company has received proceeds from insurance carriers of approximately \$3.9 million through June 30, 2006. On July 31, 2006, the Company received an additional \$0.5 million in proceeds from its insurance carriers. The Company has reserved approximately \$2.0 million related to these expenditures (\$0.7 million in 2005 and \$1.3 million in 2004). Approximately \$3.9 million of these expenditures have been capitalized per the Company's capitalization policy through June 30, 2006.

Approximately 33 Properties located in southern Florida were impacted by Hurricane Wilma in October 2005. As of July 19, 2006, approximately \$1.3 million of claims have been submitted to our insurance company for reimbursement. Through June 30, 2006, the Company has made total expenditures of approximately \$2.4 million and is still evaluating the total costs it expects to incur. Through June 30, 2006, \$1.6 million has been charged to operations (\$0.3 million in 2006 and \$1.3 million in 2005) and \$0.4 million was capitalized to fixed assets.

Approximately \$3.2 million is included in other assets as a receivable from insurance providers as of June 30, 2006, and approximately \$3.9 million was included in other assets as of December 31, 2005.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to the 2005 Form 10-K for a discussion of our critical accounting policies, which includes impairment of real estate assets and investments, investment in unconsolidated joint ventures, accounting for stock compensation and other critical estimates. During the six months ended June 30, 2006, there were no changes to these policies.

RESULTS OF OPERATIONS

The results from operations for the four Properties and three sold Properties designated as held for disposition pursuant to SFAS No. 144 have been classified as income from discontinued operations. See Note 4 - Investment in Real Estate of the Notes to the Consolidated Financial Statements for summarized information for these Properties.

COMPARISON OF THE QUARTER ENDED JUNE 30, 2006 TO THE QUARTER ENDED JUNE 30, 2005

The following table summarizes certain financial and statistical data for the Property Operations for all Properties owned throughout both periods ("Core Portfolio") and the Total Portfolio for the quarters ended June 30, 2006 and 2005 (amounts in thousands).

| | CORE PORTFOLIO | | | | TOTAL PORTFOLIO | | | |
|---|----------------|----------|--------------------------|-------------|-----------------|----------|--------------------------|-------------|
| | 2006 | 2005 | INCREASE / (DECREASE) | % CHANGE | 2006 | 2005 | INCREASE / (DECREASE) | % CHANGE |
| Community base rental income | \$55,424 | \$53,041 | \$2,383 | 4.5% | \$56,409 | \$53,041 | \$3,368 | 6.4% |
| Resort base rental income | 15,933 | 15,223 | 710 | 4.7% | 19,999 | 15,223 | 4,776 | 31.4% |
| Utility and other income | 7,222 | 6,936 | 286 | 4.1% | 7,769 | 6,936 | 833 | 12.0% |
| Property operating revenues | 78,579 | 75,200 | 3,379 | 4.5% | 84,177 | 75,200 | 8,977 | 11.9% |
| Property operating and maintenance | 26,795 | 24,510 | 2,285 | 9.3% | 29,544 | 24,510 | 5,034 | 20.5% |
| Real estate taxes | 6,316 | 6,286 | 30 | 0.5% | 6,753 | 6,286 | 467 | 7.4% |
| Property management | 4,096 | 3,966 | 130 | 3.3% | 4,374 | 3,966 | 408 | 10.3% |
| Property operating expenses | 37,207 | 34,762 | 2,445 | 7.0% | 40,671 | 34,762 | 5,909 | 17.0% |
| Income from property operations .. | \$41,372 | \$40,438 | \$ 934 | 2.3% | \$43,506 | \$40,438 | \$3,068 | 7.6% |
| | ===== | ===== | ===== | === | ===== | ===== | ===== | ==== |

PROPERTY OPERATING REVENUES

The 4.5% increase in the Core Portfolio property operating revenues reflects: (i) a 4.6% increase in rates in our community base rental income combined with a 0.1% decrease in occupancy, (ii) a 4.7% increase in revenues for our resort base income, and (iii) an increase in utility income due to increased pass-throughs at certain Properties. Total Portfolio property operating revenues increased due to site rental rate increases and our 2005 and 2006 acquisitions.

PROPERTY OPERATING EXPENSES

The 7.0% increase in property operating expenses in the Core Portfolio reflects a 9.3% increase in property operating and maintenance expense due primarily to increases in utilities, repairs and maintenance, and insurance costs. The increase in real estate taxes in the Core Portfolio is generally due to higher property assessments on certain Properties. Our Total Portfolio property operating expenses increased due to higher tax assessments and our 2005 and 2006 acquisitions. Core Portfolio and Total Portfolio property management expense increased mainly due to increased resources required as a result of our recent growth.

HOME SALES OPERATIONS

The following table summarizes certain financial and statistical data for the Home Sales Operations for the quarters ended June 30, 2006 and June 30, 2005 (dollars in thousands).

| | HOME SALES OPERATIONS | | | |
|--|-----------------------|-----------|----------|----------|
| | 2006 | 2005 | VARIANCE | % CHANGE |
| Gross revenues from new home sales ... | \$ 17,351 | \$ 16,253 | \$1,098 | 6.8% |
| Cost of new home sales | (15,045) | (14,061) | (984) | (7.0%) |
| Gross profit from new home sales | 2,306 | 2,192 | 114 | 5.2% |
| Gross revenues from used home sales .. | 717 | 1,197 | (480) | (40.1%) |
| Cost of used home sales | (748) | (1,562) | 814 | 52.1% |
| Gross profit from used home sales | (31) | (365) | 334 | (91.4%) |
| Brokered resale revenues, net | 618 | 813 | (195) | (24.0%) |
| Home selling expenses | (2,449) | (2,224) | (225) | (10.1%) |
| Ancillary services revenues, net | 199 | (13) | 212 | 1630.8% |
| Income from home sales operations | \$ 643 | \$ 403 | \$ 240 | 59.6% |
| | ===== | ===== | ===== | ===== |
| HOME SALES VOLUMES | | | | |
| New home sales (1) | 208 | 186 | 22 | 11.8% |
| Used home sales (2) | 104 | 92 | 12 | 13.0% |
| Brokered home resales | 377 | 439 | (62) | (14.1%) |

(1) Includes third-party dealer home sales of 15 and four for the periods ending June 30, 2006 and 2005, respectively.

(2) Includes third-party dealer home sales of two and zero for the periods ending June 30, 2006 and 2005, respectively.

New home sales gross profit reflects a 6.0% increase in sales volume. Used home sales gross profit increased due to a 10.9% increase in sales volume combined with an increase in the gross margin. Brokered resale volumes decreased 14.1% while revenues per home also decreased slightly.

OTHER INCOME AND EXPENSES

The following table summarizes other income and expenses for the quarters ended June 30, 2006 and June 30, 2005 (amounts in thousands).

| | 2006 | 2005 | VARIANCE | % CHANGE |
|---------------------------------------|------------|------------|-----------|----------|
| Interest income | \$ 555 | \$ 312 | \$ 243 | 77.9% |
| Income from other investments, net .. | 4,779 | 4,347 | 432 | 9.9% |
| General and administrative | (3,578) | (3,815) | 237 | (6.2%) |
| Rent control initiatives | (204) | (43) | (161) | (373.6%) |
| Interest and related amortization ... | (26,261) | (25,003) | (1,258) | (5.0%) |
| Depreciation on corporate assets | (102) | (223) | 122 | (54.4%) |
| Depreciation on real estate assets .. | (15,101) | (13,761) | (1,340) | (9.7%) |
| Total other (expenses), net | \$(39,912) | \$(38,186) | \$(1,726) | (4.5%) |
| | ===== | ===== | ===== | ===== |

Interest income increased due to interest earned on the Privileged Access note. Income from other investments, net increased as a result of the TT lease amendments and a reduction in corporate expenses. General and administrative expense decreased due to a decrease in rent litigation-related legal costs. Interest expense increased primarily due to our acquisitions. Depreciation expense increased due to the 2005 and 2006 acquisitions. Rent control initiatives increased as a result of the varying legal activity related to these cases.

EQUITY IN INCOME OF UNCONSOLIDATED JOINT VENTURES

For the quarter ended June 30, 2006, equity in income of unconsolidated joint ventures decreased \$1.7 million from the same period last year, due primarily to refinancing proceeds from one joint venture received in 2005 of which \$1.2 million was included in income and the purchase of the remaining interest in the Mezzanine Properties in the first quarter of 2006 now included in income from property operations.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2006 TO THE SIX MONTHS ENDED JUNE 30, 2005

The following table summarizes certain financial and statistical data for the Property Operations for our Core Portfolio and our Total Portfolio for the six months ended June 30, 2006 and 2005 (amounts in thousands).

| | CORE PORTFOLIO | | | | TOTAL PORTFOLIO | | | |
|---------------------------------------|----------------|-----------|--------------------------|-------------|-----------------|-----------|--------------------------|-------------|
| | 2006 | 2005 | INCREASE / (DECREASE) | % CHANGE | 2006 | 2005 | INCREASE / (DECREASE) | % CHANGE |
| Community base rental income | \$110,645 | \$105,960 | \$4,685 | 4.4% | \$111,739 | \$105,960 | \$ 5,779 | 5.5% |
| Resort base rental income | 41,235 | 39,794 | 1,441 | 3.6% | 46,907 | 39,794 | 7,113 | 17.9% |
| Utility and other income | 15,325 | 14,634 | 691 | 4.7% | 15,913 | 14,634 | 1,279 | 8.7% |
| Property operating revenues | 167,205 | 160,388 | 6,817 | 4.3% | 174,559 | 160,388 | 14,171 | 8.8% |
| Property operating and maintenance .. | 53,783 | 50,804 | 2,979 | 5.9% | 57,261 | 50,804 | 6,457 | 12.7% |
| Real estate taxes | 12,710 | 12,446 | 264 | 2.1% | 13,351 | 12,446 | 905 | 7.3% |
| Property management | 8,640 | 7,615 | 1,025 | 13.5% | 9,226 | 7,615 | 1,611 | 21.2% |
| Property operating expenses | 75,133 | 70,865 | 4,268 | 6.0% | 79,838 | 70,865 | 8,973 | 12.7% |
| Income from property operations | \$ 92,072 | \$ 89,523 | \$2,549 | 2.8% | \$ 94,721 | \$ 89,523 | \$ 5,198 | 5.8% |

PROPERTY OPERATING REVENUES

The 4.3% increase in the Core Portfolio property operating revenues reflects: (i) a 4.6% increase in rates in our community base rental income combined with a 0.2% decrease in occupancy, (ii) a 3.6% increase in revenues for our resort base income, and (iii) an increase in utility income due to increased pass-throughs at certain Properties. Total Portfolio property operating revenues increased due to site rental rate increases and our 2005 and 2006 acquisitions.

PROPERTY OPERATING EXPENSES

The 6.0% increase in property operating expenses in the Core Portfolio reflects a 5.9% increase in property operating and maintenance expense due primarily to increases in utilities, repairs and maintenance, and insurance premiums. The increase in real estate taxes in the Core Portfolio is generally due to higher property assessments on certain Properties. Our Total Portfolio property operating expenses increased due to our 2005 and 2006 acquisitions and an overall increase in insurance, utilities, and repairs and maintenance. Core Portfolio and Total Portfolio property management expense increased mainly due to increased resources required as a result of our recent growth.

HOME SALES OPERATIONS

The following table summarizes certain financial and statistical data for the Home Sales Operations for the six months ended June 30, 2006 and June 30, 2005 (dollars in thousands).

| | HOME SALES OPERATIONS | | | |
|--|-----------------------|-----------|----------|----------|
| | 2006 | 2005 | VARIANCE | % CHANGE |
| Gross revenues from new home sales ... | \$ 28,688 | \$ 25,856 | \$ 2,832 | 11.0% |
| Cost of new home sales | (24,931) | (22,380) | (2,551) | (11.4%) |
| Gross profit from new home sales | 3,757 | 3,476 | 281 | 8.1% |
| Gross revenues from used home sales .. | 1,313 | 1,831 | (518) | (28.3%) |
| Cost of used home sales | (1,173) | (2,190) | 1,017 | 46.4% |
| Gross profit from used home sales | 140 | (359) | 499 | 139.0% |
| Brokered resale revenues, net | 1,275 | 1,417 | (142) | (10.0%) |
| Home selling expenses | (4,923) | (4,262) | (661) | (15.5%) |
| Ancillary services revenues, net | 2,002 | 1,710 | 292 | 17.1% |
| Income from home sales operations | \$ 2,251 | \$ 1,982 | \$ 269 | 13.6% |
| HOME SALES VOLUMES | | | | |
| New home sales (1) | 354 | 313 | 41 | 13.1% |
| Used home sales (2) | 180 | 138 | 42 | 30.4% |
| Brokered home resales | 744 | 808 | (64) | (7.9%) |

(1) Includes third-party dealer home sales of 29 and 13 for the six months ending June 30, 2006 and 2005, respectively.

(2) Includes third-party dealer home sales of two and zero for the six months ending June 30, 2006 and 2005, respectively.

New home sales gross profit reflects an 8.3% increase in sales volume. Used home sales gross profit increased due to a 29.0% increase in sales volume combined with an increase in the gross margin. Brokered resale volumes and revenues per home decreased slightly.

OTHER INCOME AND EXPENSES

The following table summarizes other income and expenses for the six months ended June 30, 2006 and June 30, 2005 (amounts in thousands).

| | 2006 | 2005 | VARIANCE | % CHANGE |
|---------------------------------------|------------|------------|-----------|----------|
| Interest income | \$ 840 | \$ 683 | \$ 157 | 23.0% |
| Income from other investments, net .. | 9,283 | 8,396 | 887 | 10.6% |
| General and administrative | (6,801) | (6,685) | (116) | (1.7%) |
| Rent control initiatives | (298) | (613) | 315 | 51.4% |
| Interest and related amortization ... | (50,886) | (50,002) | (884) | (1.8%) |
| Depreciation on corporate assets | (211) | (439) | 228 | 51.9% |
| Depreciation on real estate assets .. | (29,475) | (27,259) | (2,216) | (8.1%) |
| Total other (expenses), net | \$(77,548) | \$(75,919) | \$(1,629) | (2.1%) |

Interest income increased due to interest earned on our Privileged Access note (see "Privileged Access" above). Income from other investments, net increased as a result of the TT lease amendments and a reduction in corporate expenses. General and administrative expense increased due to higher payroll costs related to increased staffing offset by a decrease in legal costs and banking fees. Interest expense increased primarily due to acquisitions offset by a decrease in our average interest rates due to refinancings in the fourth quarter of 2005. Depreciation expense increased due to the 2005 and 2006 acquisitions. Rent control initiatives decreased as a result of the varying legal activity related to these cases.

EQUITY IN INCOME OF UNCONSOLIDATED JOINT VENTURES

During the six months ended June 30, 2006, equity in income of unconsolidated joint ventures decreased \$1.1 million due primarily to refinancing proceeds from one joint venture in 2005 and the Company's purchase of the remaining interest in the Mezzanine Properties in the first quarter 2006, now included in income from property operations.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

As of June 30, 2006, the Company had approximately \$0.9 million in cash and cash equivalents and \$127 million available on its lines of credit. The Company expects to meet its short-term liquidity requirements, including its distributions, generally through its working capital, net cash provided by operating activities and availability under the existing lines of credit. The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities, property acquisitions and capital improvements by long-term collateralized and uncollateralized borrowings including borrowings under its existing lines of credit and the issuance of debt securities or additional equity securities in the Company, in addition to working capital. The table below summarizes cash flow activity for the six months ended June 30, 2006 and 2005 (amounts in thousands).

| | FOR THE SIX MONTHS ENDED JUNE 30, | |
|--|--------------------------------------|-----------|
| | 2006 | 2005 |
| Cash provided by operating activities .. | \$ 49,720 | \$ 46,327 |
| Cash used in investing activities | (46,678) | (21,508) |
| Cash used in financing activities | (2,707) | (22,708) |
| Net increase in cash | \$ 335 | \$ 2,111 |
| | ===== | ===== |

OPERATING ACTIVITIES

Net cash provided by operating activities increased \$3.4 million from \$46.3 million for the six months ended June 30, 2005. The increase reflects increased property operating income as a result of our acquisitions and a decrease in working capital requirements.

INVESTING ACTIVITIES

Net cash used in investing activities reflects the impact of the following investing activities:

ACQUISITIONS AND DISPOSITIONS OF REAL ESTATE

During the six months ended June 30, 2006, we completed the following transactions:

- Purchased the remaining interest in the Mezzanine Properties (the "Mezzanine Portfolio") in which we had initially invested approximately \$30.0 million to acquire preferred equity interests during the first quarter of 2004. The Mezzanine Portfolio consists of 11 Properties containing 5,057 sites: five Properties are located in Arizona, four in Florida, and one each in North Carolina and South Carolina. The total purchase price was approximately \$105.0 million, including our existing investment in these Properties of \$32.2

million and our general partnership investment of \$1.4 million. The acquisition was funded by new debt financing of \$47.1 million and assumed debt of approximately \$25.9 million. Net working capital acquired included \$3.2 million of rents received in advance and \$0.4 million in other net payables. In connection with this acquisition we also purchased \$1.9 million of inventory.

- Purchased seven lifestyle-oriented Properties which contain 1,594 sites including 950 acres of developable expansion land and are located in Florida, New York, North Carolina, South Carolina, Michigan, Kentucky and Alabama. The total purchase price of approximately \$14.3 million was funded by the exchange of two all-age Properties, located in Indiana, previously held for sale containing 495 sites, and \$5.0 million in cash. We provided short-term seller financing of \$3.4 million. Net working capital acquired included \$0.6 million of rents received in advance. The acquisition was funded from our lines of credit.
- Purchased two additional Thousand Trails Properties, located in California and Florida, and certain personal property for \$10.0 million. These Properties were leased back as part of the amended TT lease (see Privileged Access discussion above). The acquisition was funded from our lines of credit.
- Purchased Tranquil Timbers, a Property located in Door County, Wisconsin, containing 270 sites for a total purchase price of \$2.8 million. The acquisition was funded from our lines of credit.

During the six months ended June 30, 2005, we acquired one Property. The combined real estate investment in this Property was approximately \$6.6 million and was funded from our lines of credit.

We currently have four family Properties held for disposition, which are in various stages of negotiations. We plan to reinvest the proceeds or reduce outstanding lines of credit with the proceeds from these dispositions.

We continue to look at acquiring additional assets and are at various stages of negotiations with respect to potential acquisitions. Funding is expected to be provided by either proceeds from potential dispositions, lines of credit draws, or other financing.

NOTES RECEIVABLE ACTIVITY

On April 14, 2006, in connection with Privileged Access purchase of TT (see Privileged Access discussion above) the Company loaned Privileged Access \$12.25 million. This loan is secured by the net contract receivables owned by Privileged Access. The note receivable bears interest at a per annum rate of prime plus 1.5% and matures on April 14, 2007. The note contains certain quarterly covenants.

INVESTMENTS IN/ DISTRIBUTIONS FROM UNCONSOLIDATED JOINT VENTURES

On April 13, 2006, we invested in three joint ventures each owning one Property for approximately \$0.9 million. These Properties are located in the Northeast and contain 706 sites.

During the six months ended June 30, 2006, we received approximately \$3.9 million in distributions from our joint ventures. \$2.3 million of these distributions were classified as return on capital and were included in operating activities. The remaining distributions of approximately \$1.6 million were classified as a return of capital and were included in investing activities. These related to our sale of the Property owned by Indian Wells joint venture and the sale of our interest in the Blazing Star joint venture.

During the six months ended June 30, 2005, we received approximately \$7.8 million in distributions from our joint ventures. \$2.9 million of these distributions were classified as return on capital and were included in operating activities. The remaining distributions of approximately \$4.9 million were classified as a return of capital and were included in investing activities. These related to a refinancing at one of our joint ventures.

During the six months ended June 30, 2005, the Company invested approximately \$7 million for a 50% preferred joint venture interest in three Properties located near Bar Harbor, Maine.

CAPITAL IMPROVEMENTS

Capital expenditures for improvements are identified by the Company as recurring capital expenditures ("Recurring CapEx"), site development costs and corporate costs. Recurring CapEx was approximately \$5.4 million and \$5.3 million for the six months ended June 30, 2006 and June 30, 2005, respectively. Site development costs were approximately \$9.8 million and \$7.9 million for the six months ended June 30, 2006 and June 30, 2005, respectively, and represent costs to develop expansion sites at certain of the Company's Properties, and costs for improvements to sites when a used home is replaced with a new home. Approximately \$0.9 million and \$0.0 million in hurricane costs were capitalized in the six months ended June 30, 2006 and 2005, respectively. Corporate costs were approximately \$178,000 and \$436,000 for the six months ended June 30, 2006 and June 30, 2005, respectively, which reflects an increase in property management support in the previous year.

FINANCING ACTIVITIES

Net cash used in financing activities reflects the following financing activities:

MORTGAGES AND CREDIT FACILITIES

Financing, Refinancing and Early Debt Retirement

During the six months ended June 30, 2006, the Company completed the following transactions:

- Assumed \$25.9 million in mortgage debt on four of the eleven Properties related to the acquisition of the Mezzanine Portfolio. The mortgage debt of approximately \$4.1 million on one Property was defeased in the second quarter of 2006. We received net proceeds of approximately \$2.6 million. The proceeds were used to pay down the lines of credit. The loan bears interest at 5.72% per annum and matures in April 2016. The mortgage debt on two of the four Properties will be defeased and refinanced in the third quarter of 2006 at an average interest rate of 5.7% per annum and mature in April 2016. The loan on the fourth Property of approximately \$10 million bears interest at 5.22% per annum and matures in April 2009. We are currently reviewing our options for this debt. In addition, we financed \$47.1 million of mortgage debt to acquire the remaining seven Properties in the Mezzanine Portfolio. The seven mortgages bear interest at weighted average rates ranging from 5.70% to 5.72% per annum, and mature in April 2016.
- Received \$3.0 million in mortgage debt proceeds as a result of meeting certain operational criteria at the Monte Vista Property. These proceeds were used to pay down the lines of credit.
- Renewed our unsecured debt. We replaced the term loan which had a remaining balance of \$100 million maturing in 2007, and a \$110 million line of credit maturing in August 2006 with a \$225 million line of credit with a four-year maturity and one-year extension option. The new facility bears interest at LIBOR plus 1.20% per annum with a 0.15% facility fee per annum. The interest rate on the term loan was LIBOR plus 1.75% per annum and the \$110 million line of credit had an interest rate of LIBOR plus 1.65% and had a 0.15% unused fee, both per annum. The interest rate, including a facility fee, on \$100 million of the outstanding balance on the new lines of credit is fixed at 6.18% per annum through mid-December 2006. The renewal increases our financial flexibility and lowers our credit spread.

On July 14, 2006, the Company also renewed its \$50 million line of credit which bears interest at LIBOR plus 1.20% per annum with a 0.15% facility fee per annum, maturing on June 29, 2010.

Secured Debt

Our average long-term debt balance was approximately \$1.6 billion in the six months ended June 30, 2006, with a weighted average interest rate of approximately 5.75% per annum. The debt bears interest at rates of 4.17% to 9.35% per annum and matures on various dates ranging from 2007 to 2016, with one additional loan maturing in 2027. Included in our debt balance are three capital leases with an imputed interest rate of 11.6% per annum. Regular debt amortizations for the six months ended June 30, 2006 were approximately \$8.0 million.

Unsecured Debt

Our average unsecured debt balance for the six months ended June 30, 2006 was approximately \$135 million with a weighted average interest rate of approximately 6.41% per annum. Throughout the six months ended June 30, 2006, the Company borrowed \$94.2 million on its lines of credit and paid down \$83.9 million on the lines of credit for a net borrowing of \$10.3 million used to fund acquisitions net of repayments from other proceeds and operations. For the six months ended June 30, 2005, we had a net pay down of approximately \$77 million, mainly as a result of the preferred OP Unit issuance (see Equity Transactions). As of July 27, 2006, approximately \$135.4 million is available to be drawn on these lines of credit.

Other Loans

During the first quarter of 2006, we borrowed \$3.6 million to finance our insurance premium payments. As of June 30, 2006, \$2.3 million remained outstanding. This loan is due in January 2007 and bears interest at 5.30% per annum.

Certain of our mortgage and credit agreements contain covenants and restrictions including restrictions as to the ratio of secured or unsecured debt versus encumbered or unencumbered assets, the ratio of fixed charges-to-earnings before interest, taxes, depreciation and amortization ("EBITDA"), limitations on certain holdings and other restrictions.

As of June 30, 2006, we were subject to certain contractual payment obligations as described in the table below (dollars in thousands).

| Contractual Obligations | Total | 2006 | 2007 | 2008 | 2009 | 2010 (2) | Thereafter |
|--|-------------|----------|----------|-----------|----------|-----------|-------------|
| Long Term Debt (1)..... | \$1,716,637 | \$12,188 | \$36,095 | \$202,055 | \$86,490 | \$376,006 | \$1,003,803 |
| Weighted average per annum interest rates..... | 5.99% | 3.28% | 6.80% | 5.56% | 6.63% | 7.16% | 5.73% |

(1) Balance excludes net premiums and discounts of \$5.8 million.

(2) Includes lines of credit repayments in 2010 of \$148 million. We have an option to extend this maturity for one year to 2011.

Included in the above table are certain capital lease obligations totaling approximately \$6.5 million. These agreements expire in June 2009 and are paid semi-annually at an imputed interest rate of 11.6% per annum.

In addition, we have various contracts with vendors to perform services in the future for our operations. These contracts include terms for cancellation and are individually immaterial.

Furthermore, we lease land under non-cancelable operating leases at certain of the Properties expiring in various years from 2022 to 2032, with terms which require twelve equal payments per year plus additional rents calculated as a percentage of gross revenues. For the six months ended June 30, 2006 and 2005, ground lease rent was approximately \$800,000. Minimum future rental payments under the ground leases are approximately \$1.6 million for each of the next five years and approximately \$20.9 million thereafter.

EQUITY TRANSACTIONS

On July 14, 2006, we paid a \$0.075 per share distribution for the quarter ended June 30, 2006 to the stockholders of record on June 30, 2006.

On April 14, 2006, the Company paid a \$0.075 per share distribution for the quarter ended March 31, 2006 to stockholders of record on March 31, 2006.

On June 30, 2006 and March 31, 2006, the Operating Partnership paid distributions of 8.0625% per annum on the \$150 million of Series D 8% Units and 7.95% per annum on the \$50 million of Series F 7.95% Units.

During the six months ended June 30, 2006 and 2005, we received approximately \$1.6 million and \$1.4 million, respectively, in net proceeds from stock option exercises and the employee stock purchase plan.

During the quarter ended March 31, 2005, the Operating Partnership issued \$25 million of 8.0625% Series D Cumulative Redeemable Perpetual Preference Units (the "Series D 8% Units"), to institutional investors. The Series D 8% Units are non-callable for five years. In addition, the Operating Partnership had an existing \$125 million of 9.0% Series D Cumulative Redeemable Perpetual Preference Units (the "Series D 9% Units") outstanding that were callable by the Company as of September 2004. In connection with the new issue, the Operating Partnership agreed to extend the non-call provision of the Series D 9% Units to be coterminous with the new issue, and the institutional investors holding the Series D 9% Units have agreed to lower the rate on such units to 8.0625%. All of the units have no stated maturity or mandatory redemption. Net proceeds from the offering were used to pay down amounts outstanding under the Company's lines of credit.

On June 30, 2005, the Operating Partnership issued \$50 million of 7.95% Series F Cumulative Redeemable Perpetual Preference Units (the "Series F 7.95% Units"), to institutional investors. The Series F 7.95% Units are non-callable for five years and have no stated maturity or mandatory redemption. Net proceeds from the offering were used to pay down amounts outstanding under the Company's lines of credit.

INFLATION

Substantially all of the leases at the Properties allow for monthly or annual rent increases which provide the Company with the opportunity to achieve increases, where justified by the market, as each lease matures. Such types of leases generally minimize the risk of inflation to the Company.

FUNDS FROM OPERATIONS

Funds from Operations ("FFO") is a non-GAAP financial measure. We believe FFO, as defined by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), to be an appropriate measure of performance for an equity REIT. While FFO is a relevant and widely used measure of operating performance for equity REITs, it does not represent cash flow from operations or net income as defined by GAAP, and it should not be considered as an alternative to these indicators in evaluating liquidity or operating performance.

FFO is defined as net income, computed in accordance with GAAP, excluding gains or losses from sales of properties, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. We believe that FFO is helpful to investors as one of several measures of the performance of an equity REIT. We further believe that by excluding the effects of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO can facilitate comparisons of operating performance between periods and among other equity REITs. Investors should review FFO, along with GAAP net income and cash flow from operating activities, investing activities and financing activities, when evaluating an equity REIT's operating performance. We compute FFO in accordance with standards established by NAREIT, which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than we do. FFO does not represent cash generated from operating activities in accordance with GAAP, nor does it represent cash available to pay distributions and should not be considered as an alternative to net income, determined in accordance with GAAP, as an indication of our financial performance, or to cash flow from operating activities, determined in accordance with GAAP, as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

The following table presents a calculation of FFO for the quarters and six months ended June 30, 2006 and 2005 (amounts in thousands):

| | QUARTERS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|---|----------------------------|-----------------|------------------------------|-----------------|
| | 2006 | 2005 | 2006 | 2005 |
| COMPUTATION OF FUNDS FROM OPERATIONS: | | | | |
| Net income available for common shares | \$ 1,219 | \$ 2,487 | \$11,281 | \$11,196 |
| Income allocated to common OP Units | 320 | 669 | 2,963 | 3,042 |
| Depreciation on real estate assets | 15,101 | 13,761 | 29,475 | 27,259 |
| Depreciation on unconsolidated joint ventures | 559 | 398 | 1,006 | 824 |
| Depreciation on discontinued real estate assets | -- | -- | -- | 329 |
| Gain on sale of property | (852) | -- | (852) | -- |
| Funds from operations available for common shares .. | <u>\$16,347</u> | <u>\$17,315</u> | <u>\$43,873</u> | <u>\$42,650</u> |
| Weighted average common shares outstanding - fully diluted | <u>30,205</u> | <u>29,974</u> | <u>30,197</u> | <u>29,934</u> |

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our earnings, cash flows and fair values relevant to financial instruments are dependent on prevailing market interest rates. The primary market risk we face is long-term indebtedness, which bears interest at fixed and variable rates. The fair value of our long-term debt obligations is affected by changes in market interest rates. At June 30, 2006, approximately 99% or approximately \$1.6 billion of our outstanding debt had fixed interest rates, which minimizes the market risk until the debt matures. For each increase in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would decrease by approximately \$104.8 million. For each decrease in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would increase by approximately \$112.5 million.

At June 30, 2006, approximately 4% or approximately \$68 million of our outstanding debt was at variable rates. Earnings are affected by increases and decreases in market interest rates on this debt. For each increase/decrease in interest rates of 1% (or 100 basis points), our earnings would increase/decrease by approximately \$675,950 annually.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2006. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2006.

Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no material changes in the Company's internal control over financial reporting during the quarter ended June 30, 2006.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 9 of the Consolidated Financial Statements contained herein.

ITEM 1A. RISK FACTORS

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

Adverse Economic Conditions and Other Factors Could Adversely Affect the Value of Our Properties and Our Cash Flow. Several factors may adversely affect the economic performance and value of our Properties. These factors include:

- - changes in the national, regional and local economic climate;
- - local conditions such as an oversupply of lifestyle-oriented properties or a reduction in demand for lifestyle-oriented properties in the area, the attractiveness of our Properties to customers, competition from manufactured home communities and other lifestyle-oriented properties and alternative forms of housing (such as apartment buildings and site-built single family homes);
- - our ability to collect rent from customers and pay maintenance, insurance and other operating costs (including real estate taxes), which could increase over time;
- - the failure of our assets to generate income sufficient to pay our expenses, service our debt and maintain our Properties, which may adversely affect our ability to make expected distributions to our stockholders;
- - our inability to meet mortgage payments on any Property that is mortgaged, in which case the lender could foreclose on the mortgage and take the Property;
- - interest rate levels and the availability of financing, which may adversely affect our financial condition; and
- - changes in laws and governmental regulations (including rent control laws and regulations governing usage, zoning and taxes), which may adversely affect our financial condition.

New Acquisitions May Fail to Perform as Expected and Competition for Acquisitions May Result in Increased Prices for Properties. We intend to continue to acquire properties. Newly acquired properties may fail to perform as expected. We may underestimate the costs necessary to bring an acquired property up to standards established for its intended market position. Difficulties in integrating acquisitions may prove costly or time-consuming and could divert management attention. Additionally, we expect that other real estate investors with significant capital will compete with us for attractive investment opportunities. These competitors include publicly traded Real Estate Investment Trusts ("REIT"), private REITs and other types of investors. Such competition increases prices for properties. We expect to acquire properties with cash from secured or unsecured financings, proceeds from offerings of equity or debt, undistributed funds from operations and sales of investments. We may not be in a position or have the opportunity in the future to make suitable property acquisitions on favorable terms.

Because Real Estate Investments Are Illiquid, We May Not be Able to Sell Properties When Appropriate. Real estate investments generally cannot be sold quickly. We may not be able to vary our portfolio promptly in response to economic or other conditions, forcing us to accept lower than market value. This inability to respond promptly to changes in the performance of our investments could adversely affect our financial condition and ability to service debt and make distributions to our stockholders.

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

DEBT FINANCING, FINANCIAL COVENANTS AND DEGREE OF LEVERAGE COULD ADVERSELY AFFECT OUR ECONOMIC PERFORMANCE.

Scheduled Debt Payments Could Adversely Affect Our Financial Condition. Our business is subject to risks normally associated with debt financing. The total principal amount of our outstanding indebtedness was approximately \$1.6 billion as of June 30, 2006. Our substantial indebtedness and the cash flow associated with serving our indebtedness could have important consequences, including the risks that:

- - our cash flow could be insufficient to pay distributions at expected levels and meet required payments of principal and interest;
- - we will be required to use a substantial portion of our cash flow from operations to pay our indebtedness, thereby reducing the availability of our cash flow to fund the implementation of our business strategy, acquisitions, capital expenditures and other general corporate purposes;
- - our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- - we may not be able to refinance existing indebtedness (which in virtually all cases requires substantial principal payments at maturity) and, if we can, the terms of such refinancing might not be as favorable as the terms of existing indebtedness;
- - if principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow will not be sufficient in all years to repay all maturing debt; and
- - if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates, increased interest expense would adversely affect cash flow and our ability to service debt and make distributions to stockholders.

Financial Covenants Could Adversely Affect Our Financial Condition. If a Property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the Property, resulting in loss of income and asset value. The mortgages on our Properties contain customary negative covenants which, among other things, limit our ability, without the prior consent of the lender, to further mortgage the Property and to discontinue insurance coverage. In addition, our credit facilities contain certain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to assets ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt. Foreclosure on mortgaged Properties or an inability to refinance existing indebtedness would likely have a negative impact on our financial condition and results of operations.

Our Degree of Leverage Could Limit Our Ability to Obtain Additional Financing. Our debt to market capitalization ratio (total debt as a percentage of total debt plus the market value of the outstanding common stock and Units held by parties other than the Company) is approximately 57% as of June 30, 2006. The degree of leverage could have important consequences to stockholders, including an adverse effect on our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes, and makes us more vulnerable to a downturn in business or the economy generally.

WE DEPEND ON OUR SUBSIDIARIES' DIVIDENDS AND DISTRIBUTIONS.

Substantially all of our assets are indirectly held through the Operating Partnership. As a result, we have no source of operating cash flow other than from distributions from the Operating Partnership. Our ability to pay dividends to holders of common stock depends on the Operating Partnership's ability first to satisfy its obligations to its creditors and make distributions payable to third party holders of its preferred Units and then to make distributions to MHC Trust and common Unit holders. Similarly, MHC Trust must satisfy its obligations to its creditors and preferred shareholders before making common stock distributions to us.

STOCKHOLDERS' ABILITY TO EFFECT CHANGES OF CONTROL OF THE COMPANY IS LIMITED.

Provisions of Our Charter and Bylaws Could Inhibit Changes of Control. Certain provisions of our charter and bylaws may delay or prevent a change of control of the Company or other transactions that could provide our stockholders with a premium over the then-prevailing market price of their common stock or which might otherwise be in the best interest of our stockholders. These include the Ownership Limit described below. Also, any future series of preferred stock may have certain voting provisions that could delay or prevent a change of control or other transaction that might involve a premium price or otherwise be good for our stockholders.

Maryland Law Imposes Certain Limitations on Changes of Control. Certain provisions of Maryland law prohibit "business combinations" (including certain issuances of equity securities) with any person who beneficially owns ten percent or more of the voting power of outstanding common stock, or with an affiliate of the Company who, at any time within the two-year period prior to the date in question, was the owner of ten percent or more of the voting power of the outstanding voting stock (an "Interested Stockholder"), or with an affiliate of an Interested Stockholder. These prohibitions last for five years after the most recent date on which the Interested Stockholder became an Interested Stockholder. After the five-year period, a business combination with an Interested Stockholder must be approved by two super-majority stockholder votes unless, among other conditions, our common stockholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Stockholder for its shares of common stock. The Board of Directors has exempted from these provisions under the Maryland law any business combination with Samuel Zell, who is the Chairman of the Board of the Company, certain holders of Units who received them at the time of our initial public offering, the General Motors Hourly Rate Employees Pension Trust and the General Motors Salaried Employees Pension Trust, and our officers who acquired common stock at the time we were formed and each and every affiliate of theirs.

We Have a Stock Ownership Limit for REIT Tax Purposes. To remain qualified as a REIT for U.S. federal income tax purposes, not more than 50% in value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the federal income tax laws applicable to REITs) at any time during the last half of any taxable year. To facilitate maintenance of our REIT qualification, our charter, subject to certain exceptions, prohibits Beneficial Ownership (as defined in our charter) by any single stockholder of more than 5% (in value or number of shares, whichever is more restrictive) of our outstanding capital stock. We refer to this as the "Ownership Limit." Within certain limits, our charter permits the Board of Directors to increase the Ownership Limit with respect to any class or series of stock. The Board of Directors, upon receipt of a ruling from the IRS, opinion of counsel, or other evidence satisfactory to the Board of Directors and upon fifteen days prior written notice of a proposed transfer which, if consummated, would result in the transferee owning shares in excess of the Ownership Limit, and upon such other conditions as the Board of Directors may direct, may exempt a stockholder from the Ownership Limit. Absent any such exemption, capital stock acquired or held in violation of the Ownership Limit will be transferred by operation of law to us as trustee for the benefit of the person to whom such capital stock is ultimately transferred, and the stockholder's rights to distributions and to vote would terminate. Such stockholder would be entitled to receive, from the proceeds of any subsequent sale of the capital stock transferred to us as trustee, the lesser of (i) the price paid for the capital stock or, if the owner did not pay for the capital stock (for example, in the case of a gift, devise of other such transaction), the market price of the capital stock on the date of the event causing the capital stock to be transferred to us as trustee or (ii) the amount realized from such sale. A transfer of capital stock may be void if it causes a person to violate the Ownership Limit. The Ownership Limit could delay or prevent a change in control of the Company and, therefore, could adversely affect our stockholders' ability to realize a premium over the then-prevailing market price for their common stock.

CONFLICTS OF INTEREST COULD INFLUENCE THE COMPANY'S DECISIONS.

Certain Stockholders Could Exercise Influence in a Manner Inconsistent With the Stockholders' Best Interests. As of June 30, 2006, Mr. Zell and certain affiliated holders beneficially owned approximately 14.5% of our outstanding common stock (in each case including common stock issuable upon the exercise of stock options and the exchange of Units). Accordingly, Mr. Zell has significant influence on our management and operation. Such influence could be exercised in a manner that is inconsistent with the interests of other stockholders.

Mr. Zell and His Affiliates Continue to be Involved in Other Investment Activities. Mr. Zell and his affiliates have a broad and varied range of investment interests, including interests in other real estate investment companies involved in other forms of housing, including multifamily housing. Mr. Zell and his affiliates may acquire interests in other companies. Mr. Zell may not be able to control whether any such company competes with the Company. Consequently, Mr. Zell's continued involvement in other investment activities could result in competition to the Company as well as management decisions which might not reflect the interests of our stockholders.

RISK OF EMINENT DOMAIN AND TENANT LITIGATION.

We own Properties in certain areas of the country where real estate values have increased faster than rental rates in our Properties either because of locally imposed rent control or long term leases. In such areas, we have learned that certain local government entities have investigated the possibility of seeking to take our Properties by eminent domain at values below the value of the underlying land. While no such eminent domain proceeding has been commenced, and we would exercise all of our rights in connection with any such proceeding, successful condemnation proceedings by municipalities could adversely affect our financial condition. Moreover, certain of our Properties located in California are subject to rent control ordinances, some of which not only severely restrict ongoing rent increases but also prohibit us from increasing rents upon turnover. Such regulation allows customers to sell their homes for a premium representing the value of the future discounted rent-controlled rents. As part of our effort to realize the value of our Properties subject to rent control, we have initiated lawsuits against several municipalities in California. In response to our efforts, tenant groups have filed lawsuits against us seeking not only to limit rent increases, but to be awarded large damage awards. If we are unsuccessful in our efforts to challenge rent control ordinances, it is likely that we will not be able to charge rents that reflect the intrinsic value of the affected Properties. Finally, tenant groups in non-rent controlled markets have also attempted to use litigation as a means of protecting themselves from rent increases reflecting the rental value of the affected Properties. An unfavorable outcome in the tenant group lawsuits could have an adverse impact on our financial condition.

ENVIRONMENTAL PROBLEMS ARE POSSIBLE AND CAN BE COSTLY.

Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or petroleum product releases at such property. The owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with the contamination. Such laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site.

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

WE HAVE A SIGNIFICANT CONCENTRATION OF PROPERTIES IN FLORIDA AND CALIFORNIA, AND NATURAL DISASTERS OR OTHER CATASTROPHIC EVENTS IN THESE OR OTHER STATES COULD ADVERSELY AFFECT THE VALUE OF OUR PROPERTIES AND OUR CASH FLOW.

As of June 30, 2006, we owned or had an ownership interest in 294 Properties located in 30 states and British Columbia, including 86 Properties located in Florida and 47 Properties located in California. The occurrence of a natural disaster or other catastrophic event in any of these areas may cause a sudden decrease in the value of our Properties. While we have obtained insurance policies providing certain coverage against damage from fire, flood, property damage, earthquake, wind storm and business interruption, these insurance policies contain coverage limits, limits on covered property and various deductible amounts that the Company must pay before insurance proceeds are available. Such insurance may therefore be insufficient to restore our economic position with respect to damage or destruction to our Properties caused by such occurrences. Moreover, each of these coverages must be renewed every year and there is the possibility that all or some of the coverages may not be available at a reasonable cost. In addition, in the event of such natural disaster or other catastrophic event, the process of obtaining reimbursement for covered losses, including the lag between expenditures incurred by us and reimbursements received from the insurance providers, could adversely affect our economic performance.

MARKET INTEREST RATES MAY HAVE AN EFFECT ON THE VALUE OF OUR COMMON STOCK.

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

WE ARE DEPENDENT ON EXTERNAL SOURCES OF CAPITAL.

To qualify as a REIT, we must distribute to our stockholders each year at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding any net capital gain). In addition, we intend to distribute all or substantially all of our net income so that we will generally not be subject to U.S. federal income tax on our earnings. Because of these distribution requirements, it is not likely that we will be able to fund all future capital needs, including for acquisitions, from income from operations. We therefore will have to rely on third-party sources of debt and equity capital financing, which may or may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including conditions in the capital markets generally and the market's perception of our growth potential and our current and potential future earnings. Moreover, additional equity offerings may result in substantial dilution of stockholders' interests, and additional debt financing may substantially increase our leverage.

OUR QUALIFICATION AS A REIT IS DEPENDENT ON COMPLIANCE WITH U.S. FEDERAL INCOME TAX REQUIREMENTS.

We believe we have been organized and operated in a manner so as to qualify for taxation as a REIT, and we intend to continue to operate so as to qualify as a REIT for U.S. federal income tax purposes. Qualification as a REIT for U.S. federal income tax purposes, however, is governed by highly technical and complex provisions of the Code for which there are only limited judicial or administrative interpretations. Our qualification as a REIT requires analysis of various facts and circumstances that may not be entirely within our control, and we cannot provide any assurance that the Internal Revenue Service (the "IRS") will agree with our analysis. These matters can affect our qualification as a REIT. In addition, legislation, new regulations, administrative interpretations or court decisions might significantly change the tax laws with respect to the requirements for qualification as a REIT or the U.S. federal income tax consequences of qualification as a REIT.

If, with respect to any taxable year, we fail to maintain our qualification as a REIT (and specified relief provisions under the Code were not applicable to such disqualification), we could not deduct distributions to stockholders in computing our net taxable income and we would be subject to U.S. federal income tax on our net taxable income at regular corporate rates. Any U.S. federal income tax payable could include applicable alternative minimum tax. If we had to pay U.S. federal income tax, the amount of money available to distribute to stockholders and pay indebtedness would be reduced for the year or years involved, and we would no longer be required to distribute money to stockholders. In addition, we would also be disqualified from treatment as a REIT for the four

taxable years following the year during which qualification was lost, unless we were entitled to relief under the relevant statutory provisions. Although we currently intend to operate in a manner designed to allow us to qualify as a REIT, future economic, market, legal, tax or other considerations may cause us to revoke the REIT election.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its Annual Meeting of Stockholders on May 3, 2006. Stockholders holding 21,973,029 Common Shares (being the only class of shares entitled to vote at the meeting), or 93.22% of the Company's issued and outstanding Common Shares as of the record date for the meeting, attended the meeting or were represented by proxy. The Company's shareholders voted on two matters presented at the meeting, which received the requisite number of votes to pass. The results of the stockholders' votes were as follows:

PROPOSAL NO. 1: Election of eight directors to terms expiring in 2007

| | TOTAL VOTE FOR EACH DIRECTOR* | TOTAL VOTE WITHHELD FROM EACH DIRECTOR* |
|---------------------|----------------------------------|--|
| | ----- | ----- |
| Philip C. Calian | 99.62% | 0.38% |
| Donald S. Chisholm | 99.81% | 0.19% |
| Thomas E. Dobrowski | 97.40% | 2.60% |
| Thomas P. Heneghan | 98.47% | 1.53% |
| Sheli Z. Rosenberg | 97.11% | 2.89% |
| Howard Walker | 98.46% | 1.54% |
| Gary L. Waterman | 99.82% | 0.18% |
| Samuel Zell | 95.92% | 4.08% |

PROPOSAL NO. 2: Ratification of Selection of Independent Accountants

| | |
|----------|--------|
| For | 97.44% |
| Against | 2.55% |
| Abstain | 0.01% |
| Non-Vote | 0.00% |

* This percentage represents the number of shares voting on this matter out of the total number of shares voted at the meeting, not out of the total shares outstanding. This matter required a plurality of votes cast for approval.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

- 10.27 Credit Agreement (\$225 million Revolving Facility) dated June 29, 2006
- 10.28 Second Amended and Restated Loan Agreement (\$50 million Revolving Facility) dated July 14, 2006
- 31.1 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350
- 32.2 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350

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 thereunto duly authorized.

EQUITY LIFESTYLE PROPERTIES, INC.

Date: August 4, 2006

By: /s/ Thomas P. Heneghan

Thomas P. Heneghan
President and Chief Executive
Officer
(Principal executive officer)

Date: August 4, 2006

By: /s/ Michael B. Berman

Michael B. Berman
Executive Vice President and Chief
Financial Officer
(Principal financial and accounting
officer)

CREDIT AGREEMENT
(REVOLVING FACILITY)

AMONG

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

EQUITY LIFESTYLE PROPERTIES, 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 11.11, AND THOSE PERSONS
BECOMING PARTIES HERETO PURSUANT TO
SECTION 2.12, AS LENDERS,

WELLS FARGO BANK, N.A.
AS ADMINISTRATIVE AGENT, SOLE LEAD ARRANGER,
SWINGLINE LENDER AND ISSUING LENDER,

BANK OF AMERICA, N.A.
AS CO-SYNDICATION AGENT,

AND

LASALLE BANK NATIONAL ASSOCIATION
AS CO-SYNDICATION AGENT

DATED AS OF JUNE 29, 2006

TABLE OF CONTENTS

| | PAGE |
|--|------|
| | ---- |
| ARTICLE I. DEFINITIONS..... | 1 |
| 1.01 Certain Defined Terms..... | 1 |
| 1.02 Computation of Time Periods..... | 24 |
| 1.03 Terms..... | 24 |
| ARTICLE II. LOANS..... | 24 |
| 2.01 Loan Advances and Repayment..... | 24 |
| 2.02 Authorization to Obtain Loans and Letters of Credit..... | 27 |
| 2.03 Interest on the Loans..... | 27 |
| 2.04 Fees..... | 31 |
| 2.05 Payments..... | 32 |
| 2.06 Increased Capital..... | 33 |
| 2.07 Notice of Increased Costs..... | 33 |
| 2.08 Option to Replace Lenders..... | 34 |
| 2.09 Letters of Credit..... | 34 |
| 2.10 Swingline Loans..... | 38 |
| 2.11 Funds Transfer Disbursements..... | 41 |
| 2.12 Increased Commitment..... | 41 |
| ARTICLE III. EXTENSION OPTION..... | 43 |
| 3.01 Extension Option..... | 43 |
| ARTICLE IV. CONDITIONS TO LOANS..... | 43 |
| 4.01 Conditions Precedent to All Loans and Issuance of Letters of Credit..... | 43 |
| ARTICLE V. REPRESENTATIONS AND WARRANTIES..... | 44 |
| 5.01 Representations and Warranties as to Borrower..... | 44 |
| 5.02 Representations and Warranties as to the REIT..... | 49 |
| 5.03 Representations and Warranties as to MHC Trust..... | 52 |
| 5.04 Representations and Warranties as to T1000 Trust..... | 54 |
| ARTICLE VI. REPORTING COVENANTS..... | 55 |
| 6.01 Financial Statements and Other Financial and Operating Information..... | 55 |
| 6.02 Press Releases; SEC Filings and Financial Statements..... | 58 |
| 6.03 Environmental Notices..... | 58 |
| 6.04 Qualifying Unencumbered Properties..... | 58 |
| ARTICLE VII. AFFIRMATIVE COVENANTS..... | 59 |
| 7.01 With respect to Borrower:..... | 59 |
| 7.02 With respect to the REIT:..... | 61 |
| 7.03 With respect to MHC Trust:..... | 62 |
| ARTICLE VIII. NEGATIVE COVENANTS..... | 62 |
| 8.01 With respect to Borrower:..... | 62 |
| 8.02 With respect to the REIT:..... | 67 |
| 8.03 With respect to MHC Trust:..... | 69 |

| | | |
|--|---|----|
| 8.04 | With respect to T1000 Trust..... | 71 |
| ARTICLE IX. FINANCIAL COVENANTS..... | | |
| 9.01 | Total Liabilities to Gross Asset Value..... | 71 |
| 9.02 | EBITDA to Fixed Charges Ratio..... | 71 |
| 9.03 | Unencumbered Net Operating Income to Unsecured Interest Expense.. | 71 |
| 9.04 | Unencumbered Pool..... | 71 |
| 9.05 | Minimum Net Worth..... | 71 |
| 9.06 | Permitted Holdings..... | 71 |
| 9.07 | Calculation..... | 72 |
| ARTICLE X. EVENTS OF DEFAULT; RIGHTS AND REMEDIES..... | | |
| 10.01 | Events of Default..... | 72 |
| 10.02 | Rights and Remedies..... | 76 |
| 10.03 | Rescission..... | 77 |
| 10.04 | Suspension of Lending..... | 77 |
| ARTICLE XI. AGENCY PROVISIONS..... | | |
| 11.01 | Appointment..... | 78 |
| 11.02 | Nature of Duties..... | 78 |
| 11.03 | Loan Disbursements..... | 78 |
| 11.04 | Distribution and Apportionment of Payments..... | 79 |
| 11.05 | Rights, Exculpation, Etc..... | 80 |
| 11.06 | Reliance..... | 81 |
| 11.07 | Indemnification..... | 81 |
| 11.08 | Agent Individually..... | 82 |
| 11.09 | Successor Agent; Resignation of Agent; Removal of Agent..... | 82 |
| 11.10 | Consents and Approvals..... | 83 |
| 11.11 | Assignments and Participations..... | 84 |
| 11.12 | Ratable Sharing..... | 86 |
| 11.13 | Delivery of Documents..... | 87 |
| 11.14 | Notice of Events of Default..... | 87 |
| 11.15 | Agent's Reliance..... | 87 |
| 11.16 | Decisions..... | 88 |
| ARTICLE XII. MISCELLANEOUS..... | | |
| 12.01 | Expenses..... | 89 |
| 12.02 | Indemnity..... | 89 |
| 12.03 | Change in Accounting Principles..... | 91 |
| 12.04 | Setoff..... | 91 |
| 12.05 | Amendments and Waivers..... | 92 |
| 12.06 | Independence of Covenants..... | 93 |
| 12.07 | Notices and Delivery..... | 93 |
| 12.08 | Survival of Warranties, Indemnities and Agreements..... | 93 |
| 12.09 | Failure or Indulgence Not Waiver; Remedies Cumulative..... | 94 |
| 12.10 | Marshalling; Recourse to Security; Payments Set Aside..... | 94 |
| 12.11 | Severability..... | 94 |
| 12.12 | Headings..... | 94 |

| | | |
|-------|--|----|
| 12.13 | Governing Law..... | 94 |
| 12.14 | Limitation of Liability..... | 94 |
| 12.15 | Successors and Assigns..... | 95 |
| 12.16 | Usury Limitation..... | 95 |
| 12.17 | Confidentiality..... | 95 |
| 12.18 | Consent to Jurisdiction and Service of Process; Waiver of Jury Trial; Waiver Of Permissive Counterclaims..... | 96 |
| 12.19 | Counterparts; Effectiveness; Inconsistencies..... | 97 |
| 12.20 | Construction..... | 97 |
| 12.21 | Entire Agreement..... | 97 |
| 12.22 | Agent's Action for Its Own Protection Only..... | 97 |
| 12.23 | Lenders' ERISA Covenant..... | 97 |
| 12.24 | Sole Lead Arranger and Syndication Agents..... | 98 |
| 12.25 | USA Patriot Act Notice; Compliance..... | 98 |
| 12.26 | Tax Shelter Regulations..... | 98 |
| 12.27 | Document Delivery..... | 98 |

EXHIBITS

A - Assignment and Assumption
 B - Guaranty
 C - Form of Transfer Authorizer Designation
 D - Revolving Loan Notes
 E - Swingline Note
 F - Qualifying Unencumbered Properties
 G - Letter of Credit Note
 H - Letter of Credit Application
 I - Notice of Borrowing
 J - Notice of Continuation/Conversion

SCHEDULES

5.01(c) - Ownership of Borrower
 5.01(r) - Environmental Matters

CREDIT AGREEMENT

THIS CREDIT AGREEMENT is dated as of June 29, 2006 (as amended, supplemented or modified from time to time, the "Agreement") and is among MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), Equity Lifestyles Properties, 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 (in which capacity Wells Fargo serves as contractual representative of the Lenders (as defined below)), as Sole Lead Arranger, as Swingline Lender, as Issuing Lender and as a Lender, Bank of America, N.A., as a Co-Syndication Agent and as a Lender, LaSalle Bank National Association, as a Co-Syndication Agent and as a Lender, and U.S. Bank National Association, as a Lender.

RECITALS

Borrower, the REIT, MHC Trust, T1000 Trust, Wells Fargo, as Agent, Sole Lead Arranger, Swingline Lender, Issuing Lender and as a Lender, and the other Lenders desire that certain credit facilities be made available to Borrower on the terms and conditions set forth in this Agreement.

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 one-hundredths (0.07).

"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" of Borrower 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 contractual representative 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 Facility Fee Rate" means, for any day, the rate per annum set forth below opposite the applicable Level Period then in effect:

| Level Period | Applicable Facility Fee Rate |
|------------------|------------------------------|
| - - - - - | - - - - - |
| Level I Period | 0.10% |
| Level II Period | 0.15% |
| Level III Period | 0.15% |

| | |
|-----------------|-------|
| Level IV Period | 0.15% |
| Level V Period | 0.15% |
| Level VI Period | 0.20% |

The Applicable Facility Fee Rate 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 Facility Fee Rate shall be made retroactively.

"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 | 0.80% |
| Level II Period | 0.85% |
| Level III Period | 1.00% |
| Level IV Period | 1.10% |
| Level V Period | 1.20% |
| Level VI Period | 1.30% |

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 11.11.

"Balloon Payment" means, with respect to any loan constituting Indebtedness, any required principal payment of such loan which is either (i) payable at the maturity of such 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 Agent at its principal office in San Francisco, California, 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 June 29, 2006 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 (a) set out under such Lender's name under the heading "Loan Commitment" on the counterpart signature pages attached to this Agreement (b) set forth in a Joinder Agreement executed by such Lender, as such amount may be adjusted pursuant to the terms of this Agreement or (c) 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.

"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.

"Extended Maturity Date" has the meaning set forth in Section 3.01.

"Facility" means the loan facility of up to Two Hundred Twenty-Five Million Dollars (\$225,000,000) described in Section 2.01(a), as may be increased to an amount not greater than Two Hundred Fifty Million Dollars (\$250,000,000.00) from time to time pursuant to Section 2.12.

"Facility Fee" has the meaning ascribed to such term in Section 2.04(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.

"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, (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.

"Guaranty" means the Guaranty dated as of the closing date executed by the REIT, MHC Trust and T1000 Trust, in favor of Agent and the Lenders. A Copy of the Guaranty is attached hereto as Exhibit B.

"Increased Commitment Letter" means any letter agreement executed by Borrower and any new or existing Lender in connection with an increase in the Facility pursuant to Section 2.12.

"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 June 29, 2010.

"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 a Joinder Agreement in form and substance acceptable to Agent executed and delivered to Agent in connection with an increase in the Facility pursuant to Section 2.12.

"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, a Joinder Agreement or an Assignment and Assumption, as assignee, provided that with respect to matters requiring the consent to or approval of Requisite 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 0.45:1.

"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 0.45:1 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 but shall be less than 0.65:1.

"Level VI 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 0.65:1 but shall not exceed 0.675:1.

"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 Agent at which Dollar deposits in immediately available funds are offered by Agent 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 Guaranty, and all other agreements, instruments and documents (together with amendments and supplements thereto and replacements thereof) now or hereafter executed by the REIT, Borrower or any Agreement Party, which evidence, guaranty or secure the Obligations.

"Loan Notes" means the promissory notes evidencing the Loans (other than

Swingline Loans) in the aggregate original principal amount of Two Hundred Twenty-Five Million Dollars (\$225,000,000) 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 11.11(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.

"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 (a) Non-Designated Use Property (other than cash or Cash Equivalents), (b) Securities issued by real estate investment trusts primarily engaged in the development, ownership, operation and management of Designated Use Properties, (c) 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, (d) Designated Use Property Ownership Interests other than Controlled Ownership Interests and/or (e) Development Activity.

"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.

"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.

"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.

"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 Agents" means Bank of America, N.A. and LaSalle Bank National Association in their capacity as co-syndication agents for Lenders under this Agreement.

"T1000 Trust" means MHC T1000 Trust, a Maryland real estate investment trust. T1000 Trust is a guarantor under the 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 Amended and Restated Lease Agreement, dated as of April 14, 2006 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.

"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 twenty-five ten-thousandths (0.0725) 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.

"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 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 Second 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, 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. 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: Eva Lopez, 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 Karen Mancuso at (312) 279-1408 or Paul Seavey at (312) 279-1488 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").

(e) Closing Date Loan. On the Closing Date, and without the requirement for providing any other notice under this Agreement, Lenders shall make, and Borrower shall borrow, a Loan in the principal amount of One Hundred Million Dollars (\$100,000,000), which shall bear interest through December 12, 2006 at the rate per annum equal to four and eighty-three one-hundredths percent (4.83%) plus the Applicable Margin as of the Closing Date (such Loan is referred to as the "Fixed Rate Loan"). Unless Borrower elects otherwise in accordance with the terms and conditions of this Agreement, immediately after December 12, 2006, the

Fixed Rate Loan shall automatically convert to a Base Rate Loan.

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 Requisite Lenders 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 11.11, the date upon which such Lender becomes a party hereto) a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender, in a form satisfactory to Borrower and 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, 2007, 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) 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, a Facility Fee accruing from and after the Closing Date at the rate described below upon the amount of the Facility during each calendar quarter. The Facility Fee will be calculated and will accrue at the rate per annum equal to the Applicable Facility Fee Rate. Subject to Section 11.04(b), each Lender shall be entitled to receive its Pro Rata Share of such Facility Fee. All such Facility Fees payable under this paragraph shall be payable in arrears on the last Business Day in each calendar quarter beginning with the first calendar quarter after the Closing Date.

(b) 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.

(c) 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.

(d) Payment of Fees. The fees described in this Section 2.04 and in Section 2.12 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 and in Section 2.12 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 Section 2.12 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 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. All payments of principal, interest and fees hereunder shall be made by 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 6023ZMC with telephonic notice to Eva Lopez at (310) 335-9471, or to such other bank or account 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 11.11, proposing the introduction of a replacement Lender reasonably satisfactory to Agent, or obtaining the agreement of one or more existing Lenders, to assume the entire amount of the Commitment of the Lender whose Commitment is being terminated, on the effective date of such termination. Upon the satisfaction of all of the foregoing conditions, such Lender which is being terminated pursuant to this Section 2.08 shall cease to be a "Lender" for purposes of this Agreement provided that Borrower shall continue to be obligated to such Lender under Sections 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 4.01 are then satisfied, (iii) whether an Event of Default or Unmatured Event of Default then exists, (iv) failure of any such request or deemed request for a Borrowing to be made by the time otherwise required in Section 2.01 hereof, (v) the date of such Letter of Credit Mandatory Borrowing (provided that such date must be a Business Day), or (vi) any termination of the Commitments immediately prior to such Letter of Credit Mandatory Borrowing or contemporaneously therewith. In the event that any Letter of Credit Mandatory Borrowing cannot for any reason occur in respect of a Letter of Credit on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to Borrower), then each Lender hereby agrees that it shall forthwith fund (as of the date the Letter of Credit Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from Borrower on or after such date and prior to such funding) its participation interest in the outstanding obligations arising in connection with such Letter of Credit, provided that (A) all interest payable on Borrower's reimbursement obligation with respect to such Letter of Credit shall be for the account of Issuing Lender until but excluding the day upon which the Letter of Credit Mandatory Borrowing would otherwise have occurred, and (B) in the event of a delay between the day upon which the Letter of Credit Mandatory Borrowing would otherwise have occurred and the time any funding of a participation pursuant to this sentence is actually made, the funding Lender shall be required to pay to the Issuing Lender interest on the principal amount of such participation for each day from and including the day upon which the Letter of Credit Mandatory Borrowing would otherwise have occurred to but excluding the date of funding of such participation, at the rate equal to the Federal Funds Rate, for the two (2) Business Days after the date the Letter of Credit Mandatory Borrowing would otherwise have occurred, and thereafter at a rate equal to the Base Rate.

(g) Modification, Extension. The issuance of any supplement, modification, amendment, renewal, or extension to any Letter of Credit shall, for purposes hereof, be treated in all respects the same as if it were the issuance of a new Letter of Credit hereunder.

(h) Uniform Customs and Practices. Issuing Lender may have the Letters of Credit be subject to The Uniform Customs and Practice for Documentary Credits, as published as of the date of issue by the International Chamber of Commerce (the "UCP"), in which case the UCP may be incorporated therein and deemed in all respects to be a part thereof.

(i) Collateralization at Termination Date. Upon the occurrence of the Termination Date prior to the expiration of all Letters of Credit, Borrower shall provide to Issuing Lender a standby letter of credit issued by a bank with a rating of its senior unsecured debt obligations of not less than A by Moody's, in form and substance satisfactory to Issuing Lender, in favor of Issuing Lender in a face amount equal to the outstanding Letters of Credit on that date, or shall make other provisions satisfactory to Issuing Lender and Agent for the full collateralization, by cash or cash equivalent, of such outstanding Letters of Credit. In the event of failure of Borrower to comply with the requirement of this Section 2.09(i), such portion of the face amount of all outstanding Letters of Credit as to which Borrower has failed to comply shall be deemed to be immediately due and payable.

(j) Limitation of Liability. Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit absent the bad faith, gross negligence or willful misconduct of Issuing Lender. Neither Issuing Lender, Agent, any Lender nor any of their respective officers, directors, employees or agents shall be liable or responsible for, nor shall Borrower's obligations hereunder in respect of such Letters of Credit be impaired as a result of any of the following absent the bad faith, gross negligence or willful misconduct of Issuing Lender:

(i) any lack of validity or enforceability of any Letter of Credit or any other agreement or instrument relating thereto (such Letter of Credit and any other agreement or instrument relating thereto being, collectively, the "Letter of Credit Documents");

(ii) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith;

(iii) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the existence of any claim, setoff, defense or other right that Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), Issuing Lender or any other Person, whether in connection with the transactions contemplated by the Letter of Credit Documents or any unrelated transaction;

(v) failure of any documents to bear any reference or adequate reference to the Letter of Credit; or

(vi) any other circumstances whatsoever in making or failing to make payment

under any Letter of Credit.

In furtherance and not in limitation of the foregoing, Issuing Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, absent the bad faith, gross negligence or willful misconduct of Issuing Lender.

(k) Lenders. Any action taken or omitted to be taken by Issuing Lender under or in connection with any Letter of Credit, if taken or omitted in the absence of bad faith, gross negligence or willful misconduct, shall not put Issuing Lender under any resulting liability to any Lender or relieve that Lender of its obligations hereunder to Issuing Lender. In determining whether to pay under any Letter of Credit, Issuing Lender shall have no obligations to Lenders other than to confirm that any documents required to be delivered under such Letter of Credit appear to have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit.

(l) Indemnification. Borrower shall indemnify and hold harmless Issuing Lender, Agent and Lenders from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses of any kind whatsoever, including reasonable fees and expenses of attorneys that such indemnified Person may incur, together with all reasonable costs and expenses resulting from the compromise or defense of any claims or liabilities hereinafter described, by reason of or in connection with (i) the execution and delivery or transfer of, or payment or failure to pay under, any Letter of Credit, (ii) any suit, action or proceeding brought by any Person to require or present payment under any Letter of Credit, or (iii) any breach by Borrower of any warranty, covenant, term or condition in, or the occurrence of any default under, any Letter of Credit or any related contract; provided, however, that Borrower shall not be required to indemnify Issuing Lender, Agent or any Lender for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct, gross negligence, bad faith or fraud of such indemnified Person; and provided, further, that Issuing Lender will be liable to Borrower for any damages suffered by Borrower as a result of Issuing Lender's grossly negligent or willful failure to pay under any Letter of Credit after the presentation 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, Routing #026009593, Account Number 7366901095, Name: MHC Operating LP 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 4.01 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 or such other rate as may be agreed upon by Borrower and Swingline Lender.

2.11 Funds Transfer Disbursements.

(a) Borrower hereby authorizes Agent and Lenders to disburse the proceeds of any Loan(s) made by Lenders or their affiliates pursuant to the Loan Documents as requested by an authorized representative of the Borrower to any of the accounts designated by Borrower in a Transfer Authorizer Designation in the form of Exhibit C hereto. 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 or Lenders 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 any Lender is 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 or any Lender takes these actions neither Agent nor any Lender 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 among Agent, 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 fourteen (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 (iv) 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.

2.12 Increased Commitment. At any time prior to the Initial Maturity Date, the

amount of the Facility may be increased from time to time to an amount not greater than Two Hundred Fifty Million Dollars (\$250,000,000) by either (x) an increase in the Commitment of an existing Lender or (y) the addition of new Lender, provided that each of the following conditions is satisfied:

(a) If the increase is by addition of a new Lender, such increase shall be in an amount equal to Ten Million Dollars (\$10,000,000) or an integral multiple of One Million Dollars (\$1,000,000) in excess thereof;

(b) If the increase is by an increase in the Commitment of an existing Lender, such increase shall be in an amount equal to Five Million Dollars (\$5,000,000) or an integral multiple of One Million Dollars (\$1,000,000) in excess thereof; provided, however, that nothing contained herein shall obligate in any way whatsoever any Lender to increase its Commitment;

(c) Each of Agent, Borrower and the new or existing Lender shall consent to such increase, which consent shall be in the sole discretion of Borrower and the new or existing Lender, as applicable, and in the reasonable discretion of Agent;

(d) Concurrently with the increase in the Facility, Borrower shall pay to the new or existing Lender, as applicable, any fees set forth in an Increased Commitment Letter executed by such new or existing Letter;

(e) No Unmatured Event of Default or Event of Default shall have occurred or be continuing as of the effective date of such increase in the Facility;

(f) All of the representations and warranties contained in Article V of this Agreement shall be true and correct in all material respects on and as of the effective date of such increase in the Facility except to the extent they related to a specific date;

(g) The amount of the Loans then outstanding shall not exceed the Loan Availability as of the effective date of such increase in the Facility;

(h) Borrower shall have delivered a compliance certificate to Agent dated as of the effective date of such increase in the Facility (i) confirming the absence of any Unmatured Event of Default or Event of Default and compliance with the financial covenants contained in Article IX and (ii) confirming the accuracy of the representations and warranties contained in Article V in all material respects on and as of such effective date except to the extent they related to a specific date;

(i) The new or existing Lender shall execute a Joinder Agreement; and

(j) Borrower shall prepay with proceeds from the increased Commitments any Loans outstanding on the effective date of such increase in the Facility (and pay any additional amounts required pursuant to 2.04(h)(iii)) to the extent necessary to keep the outstanding Loans ratable with any revised Pro Rata Shares arising from any nonratable increase in the Commitments under this Section 2.12. Minimum prepayment amounts in Section 2.05 shall not apply to prepayments pursuant to this Section.

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 fifteen one-hundredths of one percent (0.15%) of the amount of the Facility on the Initial Maturity Date.

ARTICLE IV.
CONDITIONS TO LOANS

4.01 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 Lender 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 4.01 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 state of Illinois, (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 March 31, 2006, the Consolidated and Combined Statement of Operations for the Quarter Ended March 31, 2006, and the Consolidated and Combined Statement of Cash Flows for the Quarter Ended March 31, 2006 of the REIT contained in the Form 10-Q Quarterly Report of the REIT as of March 31, 2006 (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 March 31, 2006, 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 11.21, 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) [intentionally omitted]

(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) [intentionally omitted.]

(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) [intentionally omitted.]

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) [intentionally omitted.]

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 10-K), 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 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 predevelopment costs, development costs, acquisitions, working capital, equity investments, capital expenditures, repayment of Indebtedness, scheduled amortization payments on Indebtedness and other general partnership purposes in accordance with the provisions of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, no Swingline Loan shall be used more than once for the purpose of refinancing another Swingline Loan, in whole or part.

(j) Further Assurance. Borrower shall take and shall cause its Subsidiaries and each Agreement Party to take all such further actions and execute all such further documents and instruments as Agent may at any time reasonably determine to be necessary or advisable to (i) correct any technical defect or technical error that may be discovered in any Loan Document or in the execution, acknowledgment or recordation thereof, and (ii) cause the execution, delivery and performance of the Loan Documents to be duly authorized.

7.02 With respect to the REIT:

(a) 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 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 or 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) 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 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 or 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 any 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 any 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 any 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 any 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 any 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 any 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. 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 0.675:1.

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 the Unencumbered Asset Value to 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 Permitted Holdings if and so long as 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. The value of the 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) 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; (iv) the value of Development Activity by Borrower or any Subsidiary shall be equal to the full budgeted cost thereof; and (v) 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), 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 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) 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(b)), and all payments in respect of any other Obligations shall be allocated among such of Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein. Agent shall promptly, but in any event within two (2) Business Days (with interest thereon, if required pursuant to this Section 11.04(a)), distribute to each Lender at its primary address set forth on the appropriate counterpart signature page hereof or on the Assignment and Assumption or a Joinder Agreement, 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 or all Lenders. No 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. 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 or, where applicable, all Lenders. Agent shall promptly notify each Lender at any time that the Requisite Lenders 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", or any similar terms may include Agent in its individual capacity as a Lender, or one of the Requisite Lenders but Requisite 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 and any action taken by Agent not requiring consent by Requisite 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 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 ten (10) 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 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 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;

(vi) Except for amendments, modifications and waivers requiring the consent of all Lenders pursuant to Section 12.05(b), amendment or modification of Sections 9.01, 9.02, 9.03, 9.04, 9.05 or 10.01(a) or waiver of any requirement thereof or amendment or modification of this Section 11.10(a).

(b) 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, all Lenders. Agent shall promptly notify each Lender at any time that the Requisite Lenders have instructed Agent to act or refrain from acting pursuant hereto.

11.11 Assignments and Participations.

(a) Subject to the provisions of Section 11.11(j), after first obtaining the approval of Agent and Borrower, which approval will not be unreasonably withheld (and which approval from Borrower shall not be required upon the occurrence and during the continuance of an Event of Default), each Lender may assign to one or more 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 Five Hundred Dollars (\$3,500). 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 (other than pursuant to Section 2.12), (B) extensions of the Maturity Date (except pursuant to Article III), (C) decreases in the interest rates described in this Agreement (other than those applicable to Swingline Loans), and (D) a release of the 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 11.11, any Lender may at any time and from time to time pledge and assign all or any portion of its rights under all or any of the Loan Documents to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from its obligations thereunder.

(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 Five Hundred Dollars (\$3,500).

(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).

11.12 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 11.12 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.

11.13 Delivery of Documents. Agent shall as soon as reasonably practicable distribute to each Lender at its primary address set forth on the appropriate counterpart signature page hereof or at such other address as a Lender may request in writing, (i) all documents to which such Lender is a party or of which such Lender is a beneficiary 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.

11.14 Notice of Events of Default. Except as expressly provided in this Section 11.14, Agent shall not be deemed to have knowledge or notice of the occurrence of any Unmatured Event of Default or Event of Default (other than nonpayment of principal of or interest on the 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.

11.15 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.

11.16 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 Indemnatee 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 Indemnatee 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. Notwithstanding the foregoing, each Lender hereby acknowledges that the exercise by any Lender of offset, set-off, banker's lien or similar rights against any deposit account or other

property or asset of Borrower, whether or not located in California, could result under certain laws in significant impairment of the ability of all Lenders to recover any further amounts in respect of the Loan. Therefore, each Lender agrees not to charge or offset any amount owed to it by Borrower against any of the accounts, property or assets of Borrower or any of its affiliates held by such Lender without the prior written approval of Agent.

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 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 11.11 and excluding any increase pursuant to Section 2.12);

(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," or "Pro Rata Shares";

(g) Changing any provision contained in Section 12.05;

(h) Releasing any obligor under any Loan Document (including, without limitation, releasing the REIT, MHC Trust or T1000 Trust from any of their respective obligations under the Guaranty), 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);

(k) Waiving any Default or Event of Default under Section 10.01(a);

and

(1) 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 11.11 (except subsection (i) thereof) which has an adverse effect on Borrower or Borrower's rights hereunder shall be effective without the written concurrence of Borrower. Agent and Lenders further acknowledge and agree that the remaining provisions of Article 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, an Assignment and Assumption Agreement or a Joinder Agreement, as applicable, 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., EQUITY LIFESTYLE PROPERTIES, 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 and Syndication Agents. Each of the parties to this Agreement acknowledges and agrees that the obligations of Sole Lead Arranger and Syndication Agents hereunder shall be limited to those obligations that are expressly set forth herein, if any, and Sole Lead Arranger and Syndication Agents 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 and Syndication Agents.

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.

12.27 Document Delivery. Documents required to be delivered pursuant to the Loan Documents shall be delivered by electronic communication and delivery, including, the Internet, e-mail or intranet websites to which Agent and each Lender have access (including a

commercial, third-party website such as www.Edgar.com (<http://www.Edgar.com>) or a website sponsored or hosted by the Agent or Borrower) provided that the foregoing shall not apply to notices to Agent or any Lender (or the Issuing Lender) pursuant to Article II. Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic delivery pursuant to procedures previously approved by it in writing for all or particular notices or communications. Documents delivered electronically in accordance with the provisions of this Section 12.27 shall be deemed to have been delivered twenty-four (24) hours after the date and time on which Agent or Borrower posts such documents or the documents become available on a commercial website and Agent or Borrower notifies each Lender of said posting and provides a link thereto, provided that, if such notice or other communication is not sent during the normal business hours of the recipient, said posting date and time shall be deemed to have commenced as of 9:00 a.m. on the opening of business on the next Business Day for the recipient. Notwithstanding anything contained herein, in every instance Borrower shall be required to provide paper copies of the certificate required by Sections 2.12(h) and 6.01(c) to Agent and shall deliver paper copies of any documents to Agent or to any Lender that requests such paper copies until a written request to cease delivering paper copies is given by Agent or such Lender. Except for the certificates required by Sections 2.12(h) and 6.01(c), Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents delivered electronically, and in any event shall have no responsibility to monitor compliance by Borrower with any such request for delivery. Each Lender shall be solely responsible for requesting delivery to it of paper copies and maintaining its paper or electronic documents.

[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: Equity LifeStyle Properties,
Inc., a Maryland corporation,
its Sole Voting Shareholder

By: _____
Name: _____
Title: _____

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

S-1

"REIT"

EQUITY LIFESTYLE PROPERTIES, INC., a
Maryland corporation

By: -----
Name: -----
Title: -----

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: Equity LifeStyle Properties,
Inc., a Maryland corporation,
its Sole Voting Shareholder

By: _____
Name: _____
Title: _____

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: _____
Title: _____

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: Scott S. Solis
Title: Vice President

Address:
123 North Wacker Drive
Suite 1900
Chicago, Illinois 60606
Attn.: Scott S. Solis
Telecopy: 312/782-0969

Commitment: \$90,000,000
40.000000%

BANK OF AMERICA, N.A.,
as a Lender

By: -----
Name: -----
Title: -----

Address:
IL1-231-10-35
231 S. LaSalle Street
Chicago, Illinois 60697
Attn: Cheryl Sneor
Telecopy: 312/974-4970

Commitment: \$50,000,000
22.222222%

LASALLE BANK NATIONAL ASSOCIATION,
as a Lender

By: -----
Name: -----
Title: -----

Address:
135 South LaSalle Street
Suite 1260
Chicago, Illinois 60603
Attention: Robert Goeckel
Telecopy: 312/992-1324

Commitment: \$50,000,000
22.222222%

U.S. BANK, NATIONAL ASSOCIATION., as a
Lender

By: -----
Name: -----
Title: -----

Address:
209 S. LaSalle Street, Suite 410
Chicago, Illinois 60604
Attention: Megan McBride
Telecopy: (312) 325-8852

Commitment: \$35,000,000
15.555556%

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 6023ZMC 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, _____ RECEIVING BANK ROUTING
CITY AND STATE: _____ (ABA) NUMBER _____
MAXIMUM TRANSFER AMOUNT: _____
FURTHER CREDIT INFORMATION/INSTRUCTIONS: _____

2.
TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME): _____
RECEIVING PARTY ACCOUNT NUMBER: _____
RECEIVING BANK NAME, _____ RECEIVING BANK ROUTING
CITY AND STATE: _____ (ABA) NUMBER _____

MAXIMUM TRANSFER AMOUNT: _____
FURTHER CREDIT INFORMATION/INSTRUCTIONS: _____

3.
TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME): _____
RECEIVING PARTY ACCOUNT NUMBER: _____
RECEIVING BANK NAME, _____ RECEIVING BANK ROUTING
CITY AND STATE: _____ (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: _____

SECOND AMENDED AND RESTATED
LOAN AGREEMENT

AMONG

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

EQUITY LIFESTYLE PROPERTIES, 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 JULY 14, 2006

TABLE OF CONTENTS

| | PAGE |
|---|------|
| | ---- |
| ARTICLE I. DEFINITIONS..... | 1 |
| 1.01 Certain Defined Terms..... | 1 |
| 1.02 Computation of Time Periods..... | 21 |
| 1.03 Terms..... | 21 |
| 1.04 Interrelationship With the Existing Loan Agreement..... | 21 |
| ARTICLE II. LOANS..... | 22 |
| 2.01 Loan Advances and Repayment..... | 22 |
| 2.02 Borrowing and Interest Rate Election Authorization..... | 23 |
| 2.03 Interest on the Loans..... | 24 |
| 2.04 Fees..... | 28 |
| 2.05 Payments..... | 28 |
| 2.06 Increased Capital..... | 29 |
| 2.07 Notice of Increased Costs..... | 29 |
| 2.08 Funds Transfer Disbursements..... | 30 |
| ARTICLE III. EXTENSION OPTION..... | 30 |
| 3.01 Extension Option..... | 30 |
| ARTICLE IV. CONDITIONS TO LOANS..... | 31 |
| 4.01 Intentionally Omitted..... | 31 |
| 4.02 Conditions Precedent to All Loans..... | 31 |
| ARTICLE V. REPRESENTATIONS AND WARRANTIES..... | 32 |
| 5.01 Representations and Warranties as to Borrower..... | 32 |
| 5.02 Representations and Warranties as to the REIT..... | 37 |
| 5.03 Representations and Warranties as to MHC Trust..... | 40 |
| 5.04 Representations and Warranties as to T1000 Trust..... | 42 |
| ARTICLE VI. REPORTING COVENANTS..... | 43 |
| 6.01 Financial Statements and Other Financial and Operating Information..... | 43 |
| 6.02 Press Releases; SEC Filings and Financial Statements..... | 45 |
| 6.03 Environmental Notices..... | 46 |
| 6.04 Qualifying Unencumbered Properties..... | 46 |
| ARTICLE VII. AFFIRMATIVE COVENANTS..... | 46 |
| 7.01 With respect to Borrower:..... | 46 |
| 7.02 With respect to the REIT:..... | 49 |
| 7.03 With respect to MHC Trust:..... | 50 |
| ARTICLE VIII. NEGATIVE COVENANTS..... | 50 |
| 8.01 With respect to Borrower:..... | 50 |
| 8.02 With respect to the REIT:..... | 55 |
| 8.03 With respect to MHC Trust:..... | 57 |
| 8.04 With respect to T1000 Trust..... | 58 |

| | |
|--|----|
| ARTICLE IX. FINANCIAL COVENANTS..... | 59 |
| 9.01 Total Liabilities to Gross Asset Value..... | 59 |
| 9.02 EBITDA to Fixed Charges Ratio..... | 59 |
| 9.03 Unencumbered Net Operating Income to Unsecured Interest Expense.. | 59 |
| 9.04 Unencumbered Pool..... | 59 |
| 9.05 Minimum Net Worth..... | 59 |
| 9.06 Permitted Holdings..... | 59 |
| 9.07 Calculation..... | 60 |
| ARTICLE X. EVENTS OF DEFAULT; RIGHTS AND REMEDIES..... | 60 |
| 10.01 Events of Default..... | 60 |
| 10.02 Rights and Remedies..... | 64 |
| 10.03 Suspension of Lending..... | 65 |
| ARTICLE XI. [INTENTIONALLY DELETED]..... | 65 |
| ARTICLE XII. MISCELLANEOUS..... | 65 |
| 12.01 Expenses..... | 65 |
| 12.02 Indemnity..... | 66 |
| 12.03 Change in Accounting Principles..... | 67 |
| 12.04 Setoff..... | 67 |
| 12.05 Amendments and Waivers..... | 68 |
| 12.06 Independence of Covenants..... | 68 |
| 12.07 Notices and Delivery..... | 68 |
| 12.08 Survival of Warranties, Indemnities and Agreements..... | 68 |
| 12.09 Failure or Indulgence Not Waiver; Remedies Cumulative..... | 68 |
| 12.10 Marshalling; Recourse to Security; Payments Set Aside..... | 68 |
| 12.11 Severability..... | 69 |
| 12.12 Headings..... | 69 |
| 12.13 Governing Law..... | 69 |
| 12.14 Limitation of Liability..... | 69 |
| 12.15 Successors and Assigns..... | 69 |
| 12.16 Usury Limitation..... | 69 |
| 12.17 Confidentiality..... | 70 |
| 12.18 Consent to Jurisdiction and Service of Process; Waiver of Jury Trial; Waiver Of Permissive Counterclaims..... | 70 |
| 12.19 Counterparts; Effectiveness; Inconsistencies..... | 71 |
| 12.20 Construction..... | 71 |
| 12.21 Entire Agreement..... | 71 |
| 12.22 Lender's Action for Its Own Protection Only..... | 71 |
| 12.23 Lender's ERISA Covenant..... | 72 |
| 12.24 Pledge to Federal Reserve Bank..... | 72 |
| 12.25 USA Patriot Act Notice; Compliance..... | 72 |
| 12.26 Tax Shelter Regulations..... | 73 |
| 12.27 Document Delivery..... | 73 |

EXHIBITS

- A - [Intentionally Deleted]
- B - [Intentionally Deleted]
- C - Transfer Authorizer Designation
- D - Revolving Loan Note
- E - [Intentionally Deleted]
- F - Qualifying Unencumbered Properties
- G - [Intentionally Deleted]
- H - [Intentionally Deleted]
- I - Notice of Borrowing
- J - Notice of Continuation/Conversion

SCHEDULES

- 5.01(c) - Ownership of Borrower
- 5.01(r) - Environmental Matters

SECOND AMENDED AND RESTATED LOAN AGREEMENT

THIS SECOND AMENDED AND RESTATED LOAN AGREEMENT is dated as of July 14, 2006 (as amended, supplemented or modified from time to time, the "Agreement") and is among MHC Operating Limited Partnership, an Illinois limited partnership ("Borrower"), Equity Lifestyles Properties, 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 (f/k/a Manufactured Home Communities, Inc.), MHC Trust and Lender have previously entered into that certain Loan Agreement dated as of May 4, 2004 (the "Original Loan Agreement").

B. Borrower, the REIT, MHC Trust, T1000 Trust and the Lender modified certain provisions of the original Loan Agreement pursuant to that certain First Amended and Restated Loan Agreement, dated as of November 10, 2004 (the "Existing Loan Agreement").

C. 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 one-hundredths (0.07).

"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" of Borrower 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 | 0.80% |
| Level II Period | 0.85% |
| Level III Period | 1.00% |
| Level IV Period | 1.10% |
| Level V Period | 1.20% |
| Level VI Period | 1.30% |

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 July 14, 2006.

"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, (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 June 29, 2010.

"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 November 10, 2004, 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 0.45:1.

"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 0.45:1 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 but shall be less than 0.65:1.

"Level VI 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 0.65:1 but shall not exceed 0.675:1.

"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.

"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 (a) Non-Designated Use Property (other than cash or Cash Equivalents), (b) Securities issued by real estate investment trusts primarily engaged in the development, ownership, operation and management of Designated Use Properties, (c) 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, (d) Designated Use Property Ownership Interests other than Controlled Ownership Interests and/or (e) Development Activity.

"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 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, replaced or modified from time to time.

"T1000 Trust" means MHC T1000 Trust, a Maryland real estate investment trust. 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 Amended and Restated Lease Agreement, dated as of April 14, 2006, 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.

"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 twenty-five ten-thousandths (0.0725) 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.

"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.

"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.

"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: Eva Lopez, 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 Karen Mancuso at (312) 279-1408 or Paul Seavey at (312) 279-1488 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.

(i) Withholding Tax Exemption. Any assignee of all or a portion of Lender's interest in the Loan in accordance with Section 12.15 (each such assignee, an "Assignee") 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 Lender, no later than the date upon which such Assignee becomes a party hereto, a true and accurate certificate executed in duplicate by a duly authorized officer of such Assignee, in a form satisfactory to Borrower and Lender, to the effect that such Assignee 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 Lender or any Assignee 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 Lender 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 Lender or such Assignee 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 Lender or such Assignee 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 such Assignee further agrees to deliver to Borrower and Lender a true and accurate certificate executed in duplicate by a duly authorized officer of such Assignee 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 Lender, 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 Lender pursuant to this Section 2.03(i). Further, each Assignee which delivers a certificate accompanied by Form W-8BEN of the Internal Revenue Service covenants and agrees to deliver to Borrower and Lender within fifteen (15) days prior to January 1, 2007, 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 Assignee that delivers a certificate accompanied by Form W-8ECI of the Internal Revenue Service covenants and agrees to deliver to Borrower and Lender within fifteen (15) days prior to the beginning of each subsequent taxable year of such Assignee 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) Lender or any Assignee is required under this Section 2.03(i) to provide a certificate or other evidence described above and fails to deliver to Borrower and Lender such certificate or other evidence or (ii) Lender or any Assignee 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 Lender or such Assignee became a party hereto, Lender or such Assignee 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 Lender's or such Assignee's failure to deliver the certificate described in (i) above or Lender's or such Assignee's delivery of the certificate described in (ii) above, Borrower shall be entitled to deduct or withhold taxes from the payments owed to Lender or such Assignee.

2.04 Fees

(a) Intentionally Deleted.

(b) Commitment Fee. On the Closing Date and, until the Obligations are paid in full and this Agreement is terminated, on each anniversary of the Closing Date, Borrower shall pay to Lender a commitment fee equal to twenty one-hundredths of one percent (0.20%) of the amount of the Facility. All such commitment fees payable under this paragraph shall be payable in advance on the Closing Date and on each anniversary of the Closing Date, or if any such anniversary is not a Business Day, on the Business Day immediately preceding such anniversary. All such commitment fees payable under this paragraph shall be deemed fully earned when paid and are not refundable or proratable.

(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 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. All payments of principal, interest and fees hereunder shall be made by 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 Eva Lopez at (310) 335-9471, account 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 by Borrower in a Transfer Authorizer Designation in the form of Exhibit C hereto. 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 fifteen one-hundredths of one percent (0.15%) 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 Trust 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 state of Illinois, (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 March 31, 2006, the Consolidated and Combined Statement of Operations for the Quarter Ended March 31, 2006, and the Consolidated and Combined Statement of Cash Flows for the Quarter Ended March 31, 2006 of the REIT contained in the Form 10-Q Quarterly Report of the REIT as of March 31, 2006 (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 March 31, 2006, 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) [intentionally omitted]

(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 to 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) [intentionally omitted]

(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) [intentionally omitted]

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) [intentionally omitted]

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 10-K), 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 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 partnership 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; and the "Obligations" under the Syndicated 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 or 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) 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; and the "Obligations" under the Syndicated 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 or 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 any 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 any 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 any 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 any 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 any 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 any 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. 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 0.675:1.

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 the Unencumbered Asset Value to 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 Permitted Holdings if and so long as 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. The value of the 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) [INTENTIONALLY OMITTED.]

(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. After first obtaining the approval of Borrower, which approval will not be unreasonably withheld (and which approval shall not be required upon the occurrence and during the continuance of an Event of Default or for any assignment to an Affiliate of Lender), Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including without limitation all or a portion of its commitments hereunder and the Loans owing to it). 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. 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.

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., EQUITY LIFESTYLE PROPERTIES, 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.

Notwithstanding anything to the contrary contained in this Agreement, 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.

12.27 Document Delivery. Documents required to be delivered pursuant to the Loan Documents shall be delivered by electronic communication and delivery, including, the Internet, e-mail or intranet websites to which Lender has access (including a commercial, third-party website such as www.Edgar.com (<http://www.Edgar.com>) or a website sponsored or hosted by Lender or Borrower) provided that the foregoing shall not apply to notices to Lender pursuant to Article II. Lender or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic delivery pursuant to procedures previously approved by it in writing for all or particular notices or communications. Documents delivered electronically in accordance with the provisions of this Section 12.27 shall be deemed to have been delivered twenty-four (24) hours after the date and time on which Lender or Borrower posts such documents or the documents become available on a commercial website and Borrower notifies Lender of said posting and provides a link thereto, provided that, if such notice or other communication is not sent during the normal business hours of the recipient, said posting date and time shall be deemed to have commenced as of 9:00 a.m. on the opening of business on the next Business Day for the recipient. Notwithstanding anything contained herein, in every instance Borrower shall be required to provide paper copies of the certificate required by Section 6.01(c) to Lender and shall deliver paper copies of any documents to Lender if Lender requests such paper copies until a written request to cease delivering paper copies is given by Lender.

[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: Equity LifeStyle Properties, Inc., a
Maryland corporation, its Sole
Voting Shareholder

By: _____

Name: _____

Title: _____

Address:
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

"REIT"

EQUITY LIFESTYLE PROPERTIES, INC.,
a Maryland corporation

By: _____

Name: _____

Title: _____

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: _____

Title: _____

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: _____

Title: _____

Address:

Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606
Telecopy: 312/279-1710

"Lender"

WELLS FARGO BANK, N.A.,
as Lender

By: _____

Name: Scott S. Solis
Title: Vice President

Address:
123 North Wacker Drive, Suite 1900
Chicago, Illinois 60606
Attn.: Scott S. Solis
Telecopy: 312/782-0969

S-3

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 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, _____ RECEIVING BANK ROUTING
CITY AND STATE: _____ (ABA) NUMBER _____
MAXIMUM TRANSFER AMOUNT: _____
FURTHER CREDIT INFORMATION/INSTRUCTIONS: _____

2.
TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME): _____
RECEIVING PARTY ACCOUNT NUMBER: _____
RECEIVING BANK NAME, _____ RECEIVING BANK ROUTING
CITY AND STATE: _____ (ABA) NUMBER _____

MAXIMUM TRANSFER AMOUNT: _____
FURTHER CREDIT INFORMATION/INSTRUCTIONS: _____

3.
TRANSFER FUNDS TO (RECEIVING PARTY ACCOUNT NAME): _____
RECEIVING PARTY ACCOUNT NUMBER: _____
RECEIVING BANK NAME, _____ RECEIVING BANK ROUTING
CITY AND STATE: _____ (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: _____

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael B. Berman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity LifeStyle Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

By: /s/ Michael B. Berman

Michael B. Berman
Executive Vice President and
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas P. Heneghan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity LifeStyle Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

By: /s/ Thomas P. Heneghan

Thomas P. Heneghan
President and Chief Executive
Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Equity LifeStyle Properties, Inc. for the quarter and six months ended June 30, 2006 (the "Form 10-Q"), I, Michael B. Berman, Executive Vice President and Chief Financial Officer of Equity LifeStyle Properties, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Equity LifeStyle Properties, Inc.

Date: August 4, 2006

By: /s/ Michael B. Berman

Michael B. Berman
Executive Vice President and
Chief Financial Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO EQUITY LIFESTYLE PROPERTIES, INC. AND WILL BE RETAINED BY EQUITY LIFESTYLE PROPERTIES, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Equity LifeStyle Properties, Inc. for the quarter and six months ended June 30, 2006 (the "Form 10-Q"), I, Thomas P. Heneghan, President and Chief Executive Officer of Equity LifeStyle Properties, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Equity LifeStyle Properties, Inc.

Date: August 4, 2006

By: /s/ Thomas P. Heneghan

Thomas P. Heneghan
President and Chief Executive
Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO EQUITY LIFESTYLE PROPERTIES, INC. AND WILL BE RETAINED BY EQUITY LIFESTYLE PROPERTIES, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.